



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, June 19, 2019

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

PUBLIC REQUEST

- 3) Request of JJ's Legacy to present a 'Donate Life' plaque for display at the Kern Medical Center flag pole –
MAKE PRESENTATION

RECOGNITION

- 4) Presentation by the Chief Executive Officer recognizing the 'Association of Kern County Nurse Leaders - 2019 RN of the Year' nominees from Kern Medical Center –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

- CA
- 5) Minutes for Kern County Hospital Authority Board of Governors regular meeting on May 15, 2019 –
APPROVE
- CA
- 6) Proposed approval of the Kern Medical Center Policy and Procedures Manual –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN SIGNATURE PAGE
- CA
- 7) Proposed Agreement with Mikhail Bekarev, M.D., a contract employee, for professional medical services in the Department of Surgery from August 17, 2019 through August 16, 2022, in an amount not to exceed \$2,762,500, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA
- 8) Proposed Agreement with Michael J. Eagan, M.D., a contract employee, for professional medical services in the Department of Surgery from July 17, 2019 through July 16, 2022, in an amount not to exceed \$3,300,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Agreement with M. Brandon Freeman, M.D., a contract employee, for professional medical services in the Department of Surgery from June 25, 2019 through June 24, 2022, in an amount not to exceed \$1,800,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Agreement with Ramon S. Snyder, M.D., a contract employee, for professional medical services in the Department of Surgery from July 1, 2019 through June 30, 2022, in an amount not to exceed \$1,602,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive Agreement with RightSourcing, Inc., an independent contractor, containing nonstandard terms and conditions, for temporary staffing services from May 29, 2019 through May 28, 2024, in an annual amount not to exceed \$16,430,124 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed Amendment No. 13 to Agreement 2016-036 with Cerner Corporation, an independent contractor, for the period July 1, 2016 through November 1, 2024, for services related to the Cerner Millennium project, extending the term from November 1, 2024 to December 31, 2027, and increasing the maximum payable by \$2,200,000, to cover the implementation delay, effective June 19, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 13) Proposed retroactive Amendment No. 2 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 22, 2017 through May 22, 2019, extending the term for two years from May 23, 2019 through May 21, 2021, and increasing the maximum payable by \$2,250,000, from \$750,000 to \$3,000,000, to cover the extended term, effective May 23, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 14) Proposed renewal and binding of insurance coverages for hospital professional liability, general liability and umbrella/excess liability, excess workers' compensation and employers liability, automobile liability, helipad liability, directors and officers liability, employment practices liability, crime, privacy and securing (cyber) liability, premises pollution liability, underground storage tank liability, property (building, equipment, business interruption, earthquake and flood), employed lawyers liability, and fiduciary liability from July 1, 2019 through June 30, 2020, with option to finance selected premiums through IPFS Corporation of California and CSAC-EIA in an amount not to exceed \$1,634,629 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN PREMIUM FINANCE AGREEMENT AND CERTIFICATE OF INCUMBENCY

15)

- Proposed Memorandum of Understanding with Kern Behavioral Health and Recovery Service, an independent contractor, containing nonstandard terms and conditions, for mental health services, effective July 1, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 16) Report on 2019 Community Health Needs Assessment for Kern Medical Center – APPROVE; RECEIVE AND FILE
 - 17) Request to employ retired Kern County Hospital Authority employee Tina Anderson, as Extra Help Senior Paralegal, for the period ending June 30, 2020, or 960 hours, whichever occurs first, effective July 1, 2019 – APPROVE
 - 18) Kern County Hospital Authority Chief Financial Officer report – RECEIVE AND FILE
 - 19) Kern County Hospital Authority Chief Executive Officer report – RECEIVE AND FILE
- CA
- 20) Claims and Lawsuits Filed as of May 31, 2019 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 21) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff – Unrepresented Employee: Chief Financial Officer (Government Code Section 54957.6) –
- 22) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: Two (2) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –
- 23) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Resource Anesthesiology Associates of California, A Medical Corporation, a California corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 DRL –
- 24) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JULY 17, 2019, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

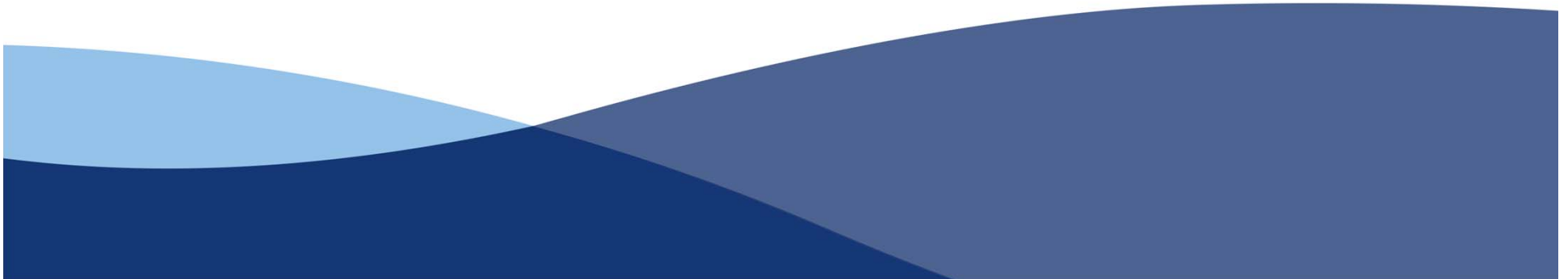
The Kern Medical Center Conference Room is accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Kern County Hospital Authority Board of Governors may request assistance at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, California, or by calling (661) 326-2102. Reasonable efforts will be made to 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.

20) CLAIMS AND LAWSUITS FILED AS OF MAY 31, 2019 –
RECEIVE AND FILE

- A) Claim in the matter of Paras Hatzeson



**AKCNL – 2019 RN of the Year
Kern County Chapter
Kern Medical Nominees**





Education - Direct Patient/Staff Educator

Patrick Sevegny Clinical Supervisor, Behavioral Health Unit

Patrick is an exceptional Clinical Nurse Supervisor, who has devoted the last four years to organizational education in patient crisis communication and de-escalation techniques. The countless hours education, he has devoted to this endeavor, have provided many employees with the opportunity and skills to best interact with patients experiencing difficult times as well as positively changed the outcomes of many, many patients. He has a vast knowledge of the unique behavioral health population and is always willing and available to educate staff on evidenced-based practices within the behavioral health population. He demonstrates an innovative approach when providing education and has a way of captivating his audience. He demonstrates confidence and professionalism and is an expert in caring for the behavioral health population. He has the patience and heart for his profession and is a tremendous resource for the organization, patients and the community.



Clinical Practice - Inpatient Setting

Allison Osvog

Clinical Nurse Leader - Emergency Department

Allison is a compassionate nurse that goes above and beyond for her patients and her colleagues. She has a great sense of humor and always has a smile on her face. She is an avid patient advocate that takes pride in making sure her patients receive high quality, safe care. Allison has stayed well past the end of her shift when caring for an end of life patient to ensure they receive the emotional support needed. She is a great role model and supportive, encouraging preceptor that helps mold and shape our new grad nurses into the kind of nurse anyone would want to provide care for their own family members. The nurses she mentors know they can count on Allison to be there for them, even in the middle of the night when they are questioning their ability to face another challenging day in the ED. She is always there to listen, encourage and inspire. Allison enjoys being part of programs that promote patient safety, health and wellness in the community. Her participation in the progressive mobility program at Kern Medical has helped countless patients recover quicker and has helped prevent many patient and staff injuries.



Leadership - Emerging Nurse Leader

Ricco Reynolds

Clinical Nurse Leader, Emergency Department

Ricco consistently shows his desire to be a leader on the unit and he has thus far done an exemplary job at stepping into a leadership role. He sets goals for himself and gets to them faster than even he expects. Ricco actively seeks opportunities to assist in improving the unit and the care we surpass all expectations of those around him. As a new graduate nurse he said he wanted to be a resource for the unit and in a brief time, he has done exactly that and even more. He continues to be an invaluable asset to his peers, the Emergency Department, Kern Medical and the community he serves. For these reasons, Kern Medical feels that Ricco Reynolds is a perfect nominee for Kern County Emerging Nurse Leader.



Leadership - Exemplary Nurse Leader

Rachel LaPatka

Clinical Nurse Leader, Behavioral Health Unit

Rachel is an expert nurse, who is certified in Psychiatric Nursing. She prides herself in learning, teaching and leading new innovative approaches to fostering a recovery-oriented environment for our behavioral health patients. As a leader, she is versatile in many roles and understands that her purpose is to meet the needs of our patients. Her versatile duties include anything from providing direct patient care to being a manager in the department. As a Clinical Nurse Leader, she empowers others and encourages them to seek professional advancements in their careers. She creates a learning environment that is optimal for all staff. As a nurse, her passion is to advocate and care for the mentally ill population. In her role as a leader, she motivates her co-workers to practice to their full potential. We are so proud to have Rachel lead in our organization and we value her work as she creates a collaborative environment, upholds nursing's best practices and provides excellent patient care.



Innovation in Professional Nursing

Carmelita Magno **Director of Outpatient Quality**

Carmi Magno is a dynamic nurse who has contributed in many positive ways from her early days as a bedside nurse twenty years ago, when she would provide direct patient care, through her experience in managed care when her objectives were to improve patient outcomes by reducing gaps in care through improved care coordination, to her current role as Outpatient Quality Director at Kern Medical where she has been able to fully use her passion for Population Health Maintenance. This combination of experiences, no doubt, played an important role in her desire to become an advocate for patients. She is now creatively working with multiple outpatient and inpatient team members as well as physicians to collaborate, evaluate and intervene in processes which change outcomes thereby, literally, changing the lives of many of our patients. In the meantime, Carmi successfully continued her education and received her Master's Degree in Clinical Leadership Nursing.



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

**Regular Meeting
Wednesday, May 15, 2019**

11:30 A.M.

BOARD RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
Roll Call: 4 Present; 3 Absent - Alsop, Brar, Sistrunk

NOTE: The vote is displayed in bold below each item. For example, Alsop-McLaughlin denotes Director Alsop made the motion and Director 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. In addition, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**
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 EXPRESSED HIS APPRECIATION TO ALL THOSE WHO PARTICIPATED IN AND ASSISTED WITH THE RESEARCH FORUM

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Kern Medical Center residents, fellows, medical students, nurses, pharmacists, research assistants and faculty physicians for their outstanding research studies –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 20, 2019 –
APPROVED
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

CA

- 5) Proposed Amendment No. 4 to Agreement 14818 with Healthcare Performance Group, Inc., an independent contractor, for consulting services related to the Cerner Millennium project for the period June 11, 2018 through November 29, 2019, extending the term for one month through December 29, 2019, and increasing the maximum payable by \$643,720, from \$953,896 to \$1,597,616, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 023-2019
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

CA

- 6) Proposed Agreement with Central Admixture Pharmacy Services, Inc., an independent contractor, containing nonstandard terms and conditions, for compounded sterile solutions from May 15, 2019 through May 14, 2022, in an amount not to exceed \$500,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 024-2019
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

CA

- 7) Proposed Post Employment Health Plan with Nationwide Retirement Solutions, Inc., an independent contractor, for a tax-exempt post-retirement health plan for non-collectively bargained employees –
APPROVED; ADOPTED RESOLUTION 2019-005; AUTHORIZED CHAIRMAN TO SIGN THE POST EMPLOYMENT HEALTH PLAN FOR PUBLIC EMPLOYEES (AGREEMENT 025-2019), EMPLOYER PARTICIPATION AGREEMENT FOR THE POST EMPLOYMENT HEALTH PLAN FOR NON-COLLECTIVELY BARGAINED PUBLIC EMPLOYEES (AGREEMENT 026-2019), EMPLOYER DATA SHEET (AGREEMENT 027-2019), AND DISCLOSURE AND ACKNOWLEDGMENT FORM (AGREEMENT 028-2019)
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

CA

- 8) Proposed acceptance of donation from Health Care Interpreter Network (HCIN), an independent contractor, for travel and related expenses to cover all costs for two Kern Medical Center employees to attend the HCIN “National Quality Assurance Conference” in Marina del Rey, California, on May 16 and 17, 2019 –
APPROVED; ADOPTED RESOLUTION 2019-006
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

CA

- 9) Proposed Engagement Letter from Moss-Adams, LLP, an independent contractor, regarding the audit Kern Medical Center financial statements for the fiscal year ended June 30, 2019, in an amount not to exceed \$145,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN (AGREEMENT 029-2019)
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

- 10) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
Berjis-McLaughlin: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

- 11) Proposed Kern County Hospital Authority operating and capital budget for Fiscal Year 2019-2020 –
APPROVED; REFERED TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL
Pelz-McLaughlin: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

- 12) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
McLaughlin-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

CA

- 13) Claims and Lawsuits Filed as of April 30, 2019 –
RECEIVED AND FILED
Berjis-Pelz: 4 Ayes; 3 Absent - Alsop, Brar, Sistrunk

ADJOURNED TO CLOSED SESSION

Berjis-Pelz

CLOSED SESSION

- 14) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 15) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman, M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 SDS – SEE RESULTS BELOW
- 16) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Resource Anesthesiology Associates of California, A Medical Corporation, a California corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 DRL – SEE RESULTS BELOW
- 17) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Eric vanSonnenberg, M.D. v. County of Kern, et al., Kern County Superior Court Case No. BCV-15-100859 TSC - SEE RESULTS BELOW
- 18) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: Three (3) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs – SEE RESULTS BELOW
- 19) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

Pelz-McLaughlin

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 14 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR PELZ, SECOND BY DIRECTOR MCLAUGHLIN; 3 ABSENT - DIRECTORS ALSOP, BRAR, SISTRUNK), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR REAPPOINTMENT, RELEASE OF PROCTORING, AND CHANGE IN STAFF STATUS; NO OTHER REPORTABLE ACTION TAKEN

Item No. 15 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman, M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 SDS – SEE RESULTS BELOW

Item No. 16 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Resource Anesthesiology Associates of California, A Medical Corporation, a California corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 DRL – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 17 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Eric vanSonnenberg, M.D. v. County of Kern, et al., Kern County Superior Court Case No. BCV-15-100859 TSC - HEARD; NO REPORTABLE ACTION TAKEN

Item No. 18 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: Three (3) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 19 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JUNE 19, 2019, AT 11:30 A.M.

Berjis

/s/ Mona A. Allen
Authority Board Coordinator

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



The Policy and Procedures Manual for Kern Medical Center was reviewed and approved by the Kern County Hospital Authority Board of Governors on the date set forth below.

June 19, 2019

Russell E. Bigler, Chairman



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

June 19, 2019

Subject: Proposed Agreement with Mikhail Bekarev, M.D., for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary: Kern Medical requests your Board approve an agreement with Mikhail Bekarev, M.D., for professional medical services in the Department of Surgery. Dr. Bekarev will serve as a full-time faculty member in the Department and will provide general orthopedic and orthopedic trauma services as well as acute trauma and fresh fracture call coverage.

The proposed Agreement is for a term of three-years from August 17, 2019 through August 16, 2022. The majority of Dr. Bekarev's compensation is based on his productivity. The maximum payable will not to exceed \$2,762,500 over the three-year term of the Agreement

Dr. Bekarev's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Bekarev.

Therefore, it is recommended that your Board approve the Agreement with Mikhail Bekarev, M.D., for professional medical services in the Department of Surgery from August 17, 2019 through August 16, 2022, in an amount not to exceed \$2,762,500 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Mikhail Bekarev, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Mikhail Bekarev, M.D. (“Physician”).

**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 requires the assistance of Physician to provide professional medical services in the Department of Surgery at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and
- (c) Physician has special training, knowledge and experience to provide such services; and

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.** The initial term of this Agreement (“Initial Term”) shall be for a period of three (3) years, commencing as of August 17, 2019 (the “Commencement Date”). 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. **Employment.** Authority hereby employs Physician for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician's license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician's medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the Term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit "A," attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

4.3.2 **Board Certification.** Physician shall obtain board certification by the American Board of Orthopaedic Surgery in orthopedic surgery-general within 36 months of the Commencement Date, and maintain such certification at all times thereafter during the Term of this Agreement.

4.3.3 **Medical Staff Status.** Physician shall at all times during the Term of this Agreement be a member in good standing of the KMC medical staff with "active" staff status and hold all clinical privileges on the active medical staff appropriate to the discharge of his obligations under this Agreement.

¹ An "Ineligible Person" is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

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

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician's medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician's professional practice or that materially adversely affects Physician's ability to perform Physician's obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians 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.

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC's entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a "Managed Care Organization") designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and

incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. 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 Physician shall 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. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that he shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine or provide similar services to other organizations, directly or indirectly, during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any

employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. **Compensation Package.**

5.1 **Annual Compensation – Commencement Date through August 16, 2020.** For the period from the Commencement Date through and including August 16, 2020 (the "Guarantee Period"), Physician shall be paid a guarantee salary for teaching and administrative services and payment for care of KMC patients as described below ("Guarantee Salary").

5.1.1 **Compensation Methodology.** Authority shall pay Physician a Guarantee Salary in the amount of the greater of (i) \$610,000 (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") for full time physician compensation with more than one year in the specialty for all physicians section. This section is divided into four categories: 25th percentile, median, 75th percentile and 90th percentile. 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") in that category. Physician shall be compensated for each Worked RVU at the rate of \$65.27 ("RVU Effort").

5.1.2 **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 the Commencement Date 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.

5.1.3 **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 according to the compensation methodology set forth in paragraph 5.1 shall be subject to all applicable federal and state taxes and withholding requirements.

5.2 **Annual Compensation – August 17, 2020 through August 16, 2022.** For the period from August 17, 2020 through and including August 16, 2022, Physician shall be compensated with cash and other value as described below in this paragraph 5.2 ("Annual Salary").

5.2.1 Compensation Methodology. Authority shall pay Physician an Annual Salary comprised of the following: (i) a base salary for teaching and administrative services based on the actual number of documented hours for assigned teaching and administrative duties multiplied by the current MGMA Survey Data academic compensation rate of pay per hour; and (ii) payment for care of KMC patients using the current MGMA Survey Data. Physician will be compensated for each Worked RVU by multiplying the Worked RVU by the lowest conversion factor for each KMC patient (“RVU Effort”).

5.2.2 Salary Adjustment. KMC will establish an estimate (“Estimate”) of Physician’s RVU Effort using Physician’s RVU Effort for the immediately preceding three (3) month period annualized. The Estimate will be divided by the number of Authority payroll periods in a calendar year in order to calculate the amount of RVU Effort to be paid to Physician each payroll period (the “Paycheck Amount”). Within 30 days after the end of each quarter, KMC will calculate the RVU Effort for such immediately preceding quarter, and adjust the payment for RVU Effort accordingly (the “Actual Amount”). If the Estimate is lower than the Actual Amount, then such difference shall be paid to Physician within 30 days after such calculation has been completed, or as of the effective date of any termination of this Agreement, whichever occurs sooner. If the Estimate exceeds the Actual Amount, then Physician shall pay such difference to KMC: (i) in a lump sum within 30 days after such calculation has been completed; or (ii) through a reduction in the Paycheck Amount during the next quarter; or (iii) in a lump sum as of the effective date of any termination of this Agreement, whichever occurs sooner. The Estimate shall be reestablished as of each Employment Year. **Physician hereby expressly grants to KMC the right to offset any amounts owed to KMC against any payment to be made to Physician by KMC pursuant to this paragraph if Physician fails to pay such excess to KMC.**

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 by reference 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 according to the compensation methodology set forth in paragraph 5.2 shall be subject to all applicable federal and state taxes and withholding requirements.

5.3 Excess Call Coverage. Authority shall pay Physician for excess call coverage as follows: (i) Physician shall be paid the greater of a fixed fee amount of \$2,500 or the Worked RVU per 24-hour day for weekend² coverage that exceeds one (1) in four (4) weekends; and

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

Physician shall be paid the greater of a fixed fee amount of \$2,500 or the Worked RVU per 24-hour day for weekday³ coverage that exceeds one (1) in four (4) weekdays.

5.4 Limitations on Compensation. Authority shall exclude from payment for care of KMC patients any Worked RVU that is not reimbursed by Medicare or Medi-Cal, unless authorized in advance by KMC.

5.5 Fair Market Value Compensation. The compensation payable under this section 5 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.6 Starting Bonus.

5.6.1 Bonus. Physician shall receive a starting bonus in the amount of \$17,000, less all applicable federal and state taxes and withholdings, payable within 10 business days of the Commencement Date. Physician shall forfeit the starting bonus if he fails to report to work on the Commencement Date.

5.6.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician will repay to Authority an amount equal to \$17,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of his termination of employment with Authority.

5.6.3 Offset. Physician hereby authorizes Authority to offset against and reduce any amounts otherwise due to him for any amounts in respect of the obligation to repay the starting bonus.

5.7 Professional Fee Billing.

5.7.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician 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.

³ For purposes of weekday call coverage, a "weekday" is defined as Monday through Thursday or, in the event of a holiday, Tuesday through Thursday.

5.7.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within 45 days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within 45 days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.8 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,762,500 over the three-year Term of this Agreement.

6. **Benefits Package.**

6.1 Retirement. Physician shall participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (the "Plan"), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees' Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall continue to receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is 20% of the current biweekly premium. Physician is eligible for coverage the first day of the biweekly payroll period coincident with or next following the day he completes one (1) month of continuous service. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least 40 hours per biweekly pay period to be eligible for coverage.

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

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

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

6.6 Education Leave. Physician shall receive 80 hours paid education leave annually. The first 80 hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional 80 hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave

upon termination of employment. The Department chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Kern\$Flex. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Relocation Reimbursement. Authority shall reimburse Physician for actual relocation expenses (defined as the packing, moving and unpacking of household goods and vehicles) and travel expenses (defined as lodging, meals, mileage and incidental expenses) associated in moving to Bakersfield, California, in an amount not to exceed \$7,500, payable in arrears, in accordance with Authority policy. Reimbursement of travel expenses will include per

mile reimbursement for one (1) personal vehicle at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration, meals and incidental expenses for Physician only at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by Authority. Physician shall be deemed vested in reimbursement of relocation expenses in the amount of \$208.33 per month beginning on the last day of the month in which the relocation expenses are reimbursed to Physician. In the event Physician's employment is terminated by either party, with or without cause, then, on the effective date of such termination, Physician shall repay to Authority all amounts received in which Physician has not yet become vested.⁴

6.16 **Limitation on Benefits.** Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. **Assignment.** Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. **Assistance in Litigation.** Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

9. **Authority to Incur Financial Obligation.** It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. **Captions and Interpretation.** Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

12. **Compliance with Law.** Physician 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.

13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation

⁴ By way of example only, in the event Physician terminates his employment after 12-months then Physician will be vested to the extent of \$2,500 in the relocation expenses described herein and will be obligated to repay Authority the amount of \$5,000. **In the event Physician fails to pay such amount to Authority, Physician expressly grants to Authority the right to offset any amounts owed to Authority against any payments made to Physician by Authority.**

whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.

14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. 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.

15. **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.

16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.

17. **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.

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician 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 Practice Sites 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 Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent

any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

20. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

21. **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 Physician, 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. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

23. **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 Physician. 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.

24. **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 Physician:

Mikhail Bekarev, M.D.
5700 West 6th Street, Apt. 401
Los Angeles, California 90036

Notice to Authority:

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

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

27. **Sole Agreement.** This Agreement 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.

28. **Termination.**

28.1 **Termination without Cause.** Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than 120 days' prior written notice to the other party.

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

29.1 **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 Physician after the effective date of the termination, and Physician shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

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

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

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

30. **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.

PHYSICIAN

By: _____
Mikhail Bekarev, 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

Agreement.Bekarev.051019

EXHIBIT “A”
Job Description
Mikhail Bekarev, M.D.

Position Description: Reports to Chair, Department of Surgery and Chief, Division of Orthopedic Surgery; serves as full-time faculty member in the Department; provides no fewer than 2,500 hours of service per year for all teaching, administrative, and clinical services; works collaboratively with clinic and surgery staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions:

1. Clinical Responsibilities and Assignments:
 - Provides service and improves efficiency for orthopedic clinic activities and surgical cases
 - Provides faculty service for acute trauma and fresh fracture call coverage; rounds and follows up as appropriate on patients admitted to KMC
 - Provides general orthopedic and orthopedic trauma services
 - Supervises orthopedic Physician Assistant activity and competence
 - Operating Room – minimum of three (3) full days per week
 - KMC, Stockdale Highway, or other designated clinic sites – minimum of three (3) half-day clinics per week
 - Call coverage – minimum of one (1) day per week and one (1) weekend per month

2. Administrative Responsibilities:
 - Participates in clinical and administrative integration efforts across KMC as appropriate for orthopedic surgery ensuring proper program planning, resource allocation, analysis, communication and assessment
 - Gathers data through best practices and collaborates with other members of the Department and Division to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
 - Supports the Department chair and Division chief in developing monitoring tools to measure financial, access, quality, and satisfaction outcomes
 - Attends and actively participates in assigned Medical Staff and hospital committees
 - Participates in the preparation, monitoring, review, and performance of clinical activity in the Division
 - Participates in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Division
 - Provides didactic teaching and resident physician and medical student education as assigned and participates in setting goals and expectations for orthopedic surgery medical student rotations
 - Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation

- Works collaboratively with other clinical departments to develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services
- Works collaboratively with Department and Division leadership and KMC administration to develop an orthopedic sports medicine program to complement existing orthopedic services at KMC
- Follows and complies with the Medical Staff bylaws, rules, regulations, and policies and Authority and KMC policies and procedures

Employment Standards:

One (1) year of post-residency experience in orthopedic surgery

AND

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

AND

Certification by the American Board of Orthopaedic Surgery in orthopedic surgery-general

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

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center (“KMC”) and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Physician

Date

EXHIBIT "C"
TIME LOG FORM

[See attached]

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**

June 19, 2019

Subject: Proposed Agreement with Michael J. Eagan, M.D., for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an agreement with Michael J. Eagan, M.D., a contract employee, for professional medical services in the Department of Surgery. Dr. Eagan, who is a trained orthopedic trauma surgeon, has been employed by Kern Medical since 2012.

The proposed Agreement is for a term of three-years from June 25, 2019 through June 24, 2022. Dr. Eagan is paid based strictly on his productivity. The maximum payable will not to exceed \$3,300,000 over the three-year term of the Agreement.

Dr. Eagan's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Eagan.

Therefore, it is recommended that your Board approve the Agreement with Michael J. Eagan, M.D., for professional medical services in the Department of Surgery from June 25, 2019 through June 24, 2022, in an amount not to exceed \$3,300,000 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Michael J. Eagan, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Michael J. Eagan, M.D. (“Physician”).

**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 requires the assistance of Physician to provide professional medical services in the Department of Surgery at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician has special training, knowledge and experience to provide such services; and

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical services in the Department and teaching services to resident physicians employed by Authority (Kern County Agt. #760-2016, dated June 21, 2016), for the period June 25, 2016 through June 24, 2019; and

(e) Each party expressly understands and agrees that Kern County Agt. #760-2016 is superseded by this Agreement as of the Commencement Date;

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.** The term of this Agreement shall be for a period of three (3) years, commencing as of June 25, 2019 (the “Commencement Date”), and shall end June 24, 2022 (the “Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein stated. This Agreement may be renewed for additional terms, but only upon mutual written agreement of the parties. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician’s license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician’s medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the Term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

¹ An “Ineligible Person” is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

4.3.2 Board Certification. Physician shall be board certified by the American Board of Orthopaedic Surgery in orthopedic surgery-general and maintain such certification at all times during the Term of this Agreement.

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

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

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians 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.

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC’s entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed Care Organization”) designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written

agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. 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 Physician shall 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. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that he shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine or provide similar services to other organizations, directly or indirectly, during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of 80 hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative services based on the actual number of documented hours for assigned teaching and administrative duties multiplied by the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") academic compensation rate of pay per hour and (ii) payment for care of KMC patients using the MGMA Survey physician compensation with more than one year in the specialty for all physicians section. This section is divided into four categories: 25th percentile, median, 75th percentile and 90th percentile. 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") in that category. Physician will be compensated for each Worked RVU by multiplying the Worked RVU by the lowest conversion factor for each KMC patient ("RVU Effort").

5.1.2 Salary Adjustment. KMC will establish an estimate ("Estimate") of Physician's RVU Effort using Physician's RVU Effort for the immediately preceding 12-month period annualized. The Estimate will be divided by the number of Authority payroll periods in a calendar year in order to calculate the amount of RVU Effort to be paid to Physician each payroll period (the "Paycheck Amount"). Within 30 days after the end of each quarter, KMC will calculate the RVU Effort for such immediately preceding quarter, and adjust the payment for RVU Effort accordingly (the "Actual Amount"). If the Estimate is lower than the Actual Amount, then such difference shall be paid to Physician within 30 days after such calculation has been completed, or as of the effective date of any termination of this Agreement, whichever occurs sooner. If the Estimate exceeds the Actual Amount, then Physician shall pay such difference to KMC: (i) in a lump sum within 30 days after such calculation has been completed; or (ii) through a

reduction in the Paycheck Amount during the next quarter; or (iii) in a lump sum as of the effective date of any termination of this Agreement, whichever occurs sooner. The Estimate shall be reestablished as of each Employment Year. **Physician hereby expressly grants to KMC the right to offset any amounts owed to KMC against any payment to be made to Physician by KMC pursuant to this paragraph if Physician fails to pay such excess to KMC.**

5.1.3 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.

5.1.4 Limitations on Compensation. Authority shall exclude from payment for care of KMC patients any Worked RVU that is not reimbursed by Medicare or Medi-Cal, unless authorized in advance by KMC.

5.15 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.

5.1.6 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties’ good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Excess Call Coverage. Authority shall pay Physician for excess call coverage as follows: (i) Physician shall be paid the greater of a fixed fee amount of \$2,500 or the Worked RVU per 24-hour day for weekend¹ coverage that exceeds one weekend per month; and (ii) Physician shall be paid the greater of a fixed fee amount of \$2,500 or the Worked RVU per 24-hour day for weekday² coverage that exceeds one weekday per week. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.3 Professional Fee Billing.

5.3.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation,

¹ For purposes of weekend call coverage, a “weekend” is defined as Friday through Sunday or, in the event of a holiday, Friday through Monday.

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

both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician 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.

5.3.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within 45 days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within 45 days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.4 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$3,300,000 over the three-year Term of this Agreement.

6. Benefits Package.

6.1 Retirement. Physician shall continue to participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (f/k/a Kern County Pension Plan for Physician Employees) (the "Plan"), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees' Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall continue to receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is 20% of the current biweekly premium. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least 40 hours per biweekly pay period to be eligible for coverage.

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

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

6.5 Sick Leave. Physician shall retain his sick leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive 80 hours paid education leave annually. The first 80 hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional 80 hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Kern\$Flex. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Limitation on Benefits. Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. Assignment. Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. Assistance in Litigation. Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

9. Authority to Incur Financial Obligation. It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. Captions and Interpretation. Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

11. Choice of Law/Venue. This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

12. Compliance with Law. Physician 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.

13. Confidentiality. Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.

14. Conflict of Interest. Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. 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.

15. **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.

16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.

17. **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.

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician 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 Practice Sites 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 Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

20. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

21. **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 Physician, 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. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

23. **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 Physician. 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.

24. **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 Physician:

Michael J. Eagan, M.D.
12007 Harrington Street
Bakersfield, California 93311

Notice to Authority:

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

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

27. **Sole Agreement.** This Agreement 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.

28. **Termination.**

28.1 **Termination without Cause.** Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than 90 days' prior written notice to the other party.

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

29.1 **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 Physician after the effective date of the termination, and Physician shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

29.2 Vacate Premises. Upon expiration or earlier termination of this Agreement, Physician shall immediately vacate KMC, removing at such time any and all personal property of Physician. KMC may remove and store, at the expense of Physician, any personal property that Physician has not so removed.

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

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

30. **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.

PHYSICIAN

By: _____
Michael J. Eagan, 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

Agreement.Eagan.043019

EXHIBIT “A”
Job Description
Michael J. Eagan, M.D.

Position Description: Reports to Chair, Department of Surgery and Chief, Division of Orthopedic Surgery; serves as full-time faculty member in the Department; provides no fewer than 80 hours per pay period of service; works collaboratively with clinic and surgery staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions:

1. Clinical Responsibilities and Assignments:
 - Provides service and improves efficiency for orthopedic clinic activities and surgical cases
 - Provides faculty service for acute trauma and fresh fracture call coverage; rounds and follows up as appropriate on patients admitted to KMC
 - Supervises orthopedic Physician Assistant activity and competence
 - Operating Room – minimum of three (3) full days per week
 - KMC, Stockdale Highway, Truxtun Avenue, or other designated clinic sites – minimum of three (3) half-day clinics per week
 - Call coverage – one (1) day per week and one (1) weekend per month

2. Administrative Responsibilities:
 - Participates in clinical and administrative integration efforts across KMC as appropriate for orthopedic surgery ensuring proper program planning, resource allocation, analysis, communication and assessment
 - Gathers data through best practices and collaborates with other members of the Department and Division to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
 - Supports the Department chair and Division chief in developing monitoring tools to measure financial, access, quality, and satisfaction outcomes
 - Attends and actively participates in assigned Medical Staff and hospital committees
 - Participates in the preparation, monitoring, review, and performance of clinical activity in the Division
 - Participates in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Division
 - Provides didactic teaching and resident physician and medical student education as assigned and participates in setting goals and expectations for orthopedic surgery medical student rotations
 - Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation
 - Works collaboratively with other clinical departments to develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services

- Follows and complies with the Medical Staff bylaws, rules, regulations, and policies and Authority and KMC policies and procedures

Employment Standards:

One (1) year of post-residency experience in orthopedic surgery

AND

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

AND

Certification by the American Board of Orthopaedic Surgery in orthopedic surgery-general

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

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center (“KMC”) and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Physician

Date

EXHIBIT "C"
TIME LOG FORM

[See attached]

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**

June 19, 2019

Subject: Proposed Agreement with M. Brandon Freeman, M.D., for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an agreement with M. Brandon Freeman, M.D., a contract employee, for professional medical services in the Department of Surgery. Dr. Freeman serves as Chief in the Division of Plastic Surgery. Dr. Freeman is responsible for efficient, key program development, day-to-day operations and resident education within the Department for the plastic surgery division and has been employed by Kern Medical Center since 2008.

The proposed Agreement is for a term of three-years from July 17, 2019 through July 16, 2022. Dr. Eagan is paid based strictly on his productivity. The maximum payable will not to exceed \$1,800,000 over the three-year term of the Agreement.

Dr. Freeman's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Freeman.

Therefore, it is recommended that your Board approve the Agreement with M. Brandon Freeman, M.D., for professional medical services in the Department of Surgery from June 25, 2019 through June 24, 2022, in an amount not to exceed \$1,800,000 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – M. Brandon Freeman, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and M. Brandon Freeman, M.D. (“Physician”).

**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 requires the assistance of Physician to provide professional medical services in the Department of Surgery at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician has special training, knowledge and experience to provide such services; and

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical services in the Department and teaching services to resident physicians employed by Authority (Agt. #2017-049, dated July 19, 2017), for the period July 17, 2017 through July 16, 2019; and

(e) Each party expressly understands and agrees that Agt. #2017-049 is superseded by this Agreement as of the Commencement Date;

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.** The term of this Agreement shall be for a period of three (3) years, commencing as of July 17, 2019 (the “Commencement Date”), and shall end July 16, 2022 (the “Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein stated. This Agreement may be renewed for additional terms, but only upon mutual written agreement of the parties. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician as Chief, Division of Plastic Surgery and for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician’s license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician’s medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the Term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis as an exempt employee of Authority. Physician shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

¹ An “Ineligible Person” is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

4.3.2 Board Certification. Physician shall be board certified by the American Board of Plastic Surgery in plastic surgery-general and maintain such certification at all times during the Term of this Agreement.

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

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

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians 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.

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC’s entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed Care Organization”) designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional

services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. 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 Physician shall 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. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician shall be permitted to provide services outside KMC, as an independent contractor, during the Term of this Agreement. Physician, while engaged in activities outside KMC or the scope of this Agreement, is not covered by the professional liability insurance provided by Authority under this Agreement during the performance of such activities. If Physician engages in outside activities, which are beyond the scope of this Agreement, Physician hereby agrees to indemnify and hold Authority and KMC harmless from and against any and all liability arising therefrom.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person,

hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of 80 hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative services as Chief, Division of Plastic Surgery in the amount of \$83,005 per year and (ii) payment for care of KMC patients using the current Medical Group Management Association Physician Compensation and Production Survey with more than one year in the specialty for all physicians section. This section is divided into four categories: 25th percentile, median, 75th percentile and 90th percentile. 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") in that category. Physician will be compensated for each Worked RVU by multiplying the Worked RVU by the median conversion factor for each KMC patient ("RVU Effort").

5.1.2 Salary Adjustment. KMC will establish an estimate ("Estimate") of Physician's RVU Effort using Physician's RVU Effort for the immediately preceding 12-month period annualized. The Estimate will be divided by the number of Authority payroll periods in a calendar year in order to calculate the amount of RVU Effort to be paid to Physician each payroll period (the "Paycheck Amount"). Within 30 days after the end of each quarter, KMC will calculate the RVU Effort for such immediately preceding quarter, and adjust the payment for RVU Effort accordingly (the "Actual Amount"). If the Estimate is lower than the Actual Amount, then such difference shall be paid to Physician within 30 days after such calculation has been completed, or as of the effective

date of any termination of this Agreement, whichever occurs sooner. If the Estimate exceeds the Actual Amount, then Physician shall pay such difference to KMC: (i) in a lump sum within 30 days after such calculation has been completed; or (ii) through a reduction in the Paycheck Amount during the next quarter; or (iii) in a lump sum as of the effective date of any termination of this Agreement, whichever occurs sooner. The Estimate shall be reestablished as of each Employment Year. **Physician hereby expressly grants to KMC the right to offset any amounts owed to KMC against any payment to be made to Physician by KMC pursuant to this paragraph if Physician fails to pay such excess to KMC.**

5.1.3 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.

5.1.4 Limitations on Compensation. Authority shall exclude from payment for care of KMC patients any Worked RVU that is not reimbursed by Medicare or Medi-Cal, unless authorized in advance by KMC.

5.15 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.

5.1.6 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Call Coverage. Authority will pay Physician a fixed fee in the amount of \$750 per 24-hour day, less all applicable federal and state taxes and withholdings, for weekday call coverage that exceed one (1) in four (4) days and weekend call coverage that exceeds one (1) in four (4) weekends.

5.3 Professional Fee Billing.

5.3.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter.

Physician 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.

5.3.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within 45 days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within 45 days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.4 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,800,000 over the three-year Term of this Agreement.

6. **Benefits Package.**

6.1 Retirement. Physician shall continue to participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (the "Plan"), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees' Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall continue to receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is 20% of the current biweekly premium. Physician's initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least 40 hours per biweekly pay period to be eligible for coverage.

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

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

6.5 Sick Leave. Physician shall retain his sick leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive 80 hours paid education leave annually. The first 80 hours will accrue on the Commencement Date. On each successive Employment Year, if any, an additional 80 hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Kern\$Flex. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 **Limitation on Benefits.** Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. **Assignment.** Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.

8. **Assistance in Litigation.** Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.

9. **Authority to Incur Financial Obligation.** It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. **Captions and Interpretation.** Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.

11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.

12. **Compliance with Law.** Physician 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.

13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.

14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. 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.

15. **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.

16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.

17. **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.

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician 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 designated KMC Practice Sites without approval by the Kern County Hospital Authority Board of Governors, including, without limitation, outside activities beyond the scope of this Agreement, and, provided further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

20. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

21. **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 Physician, 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. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

23. **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 Physician. 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.

24. **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 Physician:

M. Brandon Freeman, M.D.
14009 Yokuts Lane
Bakersfield, California 93306

Notice to Authority:

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

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

27. **Sole Agreement.** This Agreement 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.

28. **Termination.**

28.1 **Termination without Cause.** Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than 90 days' prior written notice to the other party.

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

29.1 **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 Physician after the effective date of the termination, and Physician shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

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

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

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

30. **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.

PHYSICIAN

By: _____
M. Brandon Freeman, 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

Agreement.Freeman.050319

EXHIBIT “A”
Job Description
M. Brandon Freeman, M.D.

Position: Chief, Division of Plastic Surgery.

Position Description: Reports to Chair, Department of Surgery; serves as the chief physician responsible for efficient, key program development, day-to-day operations and resident education within the Department for the plastic surgery division at KMC; serves as a full-time faculty member in the Department; provides no fewer than 80 hours per pay period of service.

Essential Functions:

1. Clinical Responsibilities.

- Serves as attending physician in the Division of Plastic Surgery
- Supervises residents and medical students assigned to the plastic surgery service
- Supervises orthopedic and plastic surgery physician assistant activity and competency
- Provides service and improves efficiency for hand, plastic and microvascular surgery clinical activities – two (2) half days per week
- Provides service and improves efficiency for hand and plastic surgery cases
- Provides faculty call coverage for hand, plastic and maxilla-facial trauma

2. Administrative Responsibilities.

- Serves as Chief, Division of Plastic Surgery
- Leads clinical and administrative integration efforts across KMC as appropriate for hand, plastic and microvascular surgery ensuring proper program planning, surgeon recruitment and faculty development, resource allocation, analysis, communication and assessment
- Gathers data through best practices and collaborates with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
- Supports the Department chair with development of monitoring tools to measure financial, access, quality and satisfaction outcomes for hand, plastic and microvascular surgery

3. Teaching Responsibilities.

- Assists in resident mentoring, counseling, and evaluation, as appropriate
- Assists in resident research and scholarly activity
- Provides didactic lectures for residents and medical students, as assigned by one or more program directors

Employment Standards:

One (1) year of post-residency experience in plastic surgery
AND

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

AND

Certification by the American Board of Plastic Surgery in plastic surgery-general

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

Ability to: Plan, organize, direct and coordinate plastic surgery services; perform plastic surgery procedures; supervise and instruct professional and technical personnel; develop and present educational programs for interns, residents and ancillary medical staff; maintain records and prepare comprehensive reports; work effectively with staff, patients, and others.

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center (“KMC”) and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Physician

Date

**EXHIBIT “C”
TIME LOG FORM**

[See attached]

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**

June 19, 2019

Subject: Proposed Agreement with Ramon S. Snyder, M.D., for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an agreement with Ramon S. Snyder, M.D., a contract employee, for professional medical services in the Department of Surgery. Dr. Snyder serves as Director of minimally invasive surgery and has been employed by Kern Medical since 2012. Dr. Snyder participates in clinical and administrative integration efforts across the hospital as appropriate for the Department ensuring proper program planning, resource allocation, analysis, communication, and assessment.

The proposed Agreement is for a term of three-years from July 1, 2019 through June 30, 2022, the maximum payable will not to exceed \$1,602,000 over the three-year term of the Agreement.

Dr. Snyder's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Snyder.

Therefore, it is recommended that your Board approve the Agreement with Ramon S. Snyder, M.D., for professional medical services in the Department of Surgery from July 1, 2019 through June 30, 2022, in an amount not to exceed \$1,602,000 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Ramon S. Snyder, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Ramon S. Snyder, M.D. (“Physician”).

**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 requires the assistance of Physician to provide professional medical services in the Department of Surgery at KMC (the “Department”), as such services are unavailable from Authority resources, and Physician desires to accept employment on the terms and conditions set forth in this Agreement; and

(c) Physician has special training, knowledge and experience to provide such services; and

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical services in the Department and teaching services to resident physicians employed by Authority (Kern County Agt. #823-2016, dated June 28, 2016), for the period July 1, 2016 through June 30, 2019; and

(e) Each party expressly understands and agrees that Kern County Agt. #823-2016 is superseded by this Agreement as of the Commencement Date;

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.** The term of this Agreement shall be for a period of three (3) years, commencing as of July 1, 2019 (the “Commencement Date”), and shall end June 30, 2022 (the “Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein stated. This Agreement may be renewed for additional terms, but only upon mutual written agreement of the parties. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

2. **Employment.** Authority hereby employs Physician for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

3. **Representations and Warranties.** Physician represents and warrants to Authority and KMC, upon execution and throughout the Term of this Agreement, as follows: (i) Physician is not bound by any agreement or arrangement which would preclude Physician from entering into, or from fully performing the services required under this Agreement; (ii) Physician’s license to practice medicine in the state of California or in any other jurisdiction has never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to the terms of probation or other restriction; (iii) Physician’s medical staff privileges at any health care facility have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction; (iv) Physician holds a valid Controlled Substance Registration Certificate issued by the Drug Enforcement Administration that has never been revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (v) Physician is not currently and has never been an Ineligible Person¹; (vi) Physician is not currently the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; and (vii) Physician has, and shall maintain throughout the Term of this Agreement, an unrestricted license to practice medicine in the state of California and staff membership and privileges at KMC.

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis exclusively as an exempt employee of Authority. Physician shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.

4.2 **Use of Premises.** Physician shall use the Practice Sites as designated by Authority or KMC exclusively for the practice of medicine in the care and treatment of patients and shall comply with all applicable federal, state, and local laws, rules and regulations related thereto.

4.3 **Qualifications.**

4.3.1 **Licensure.** Physician shall maintain a current valid license to practice medicine in the state of California at all times during the Term of this Agreement.

¹ An “Ineligible Person” is an individual or entity who: (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the federal health care programs or in federal procurement or non-procurement programs; or (ii) has been convicted of a criminal offense that falls within the range of activities described in 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

4.3.2 Board Certification. Physician shall be board certified by the American Board of Surgery in surgery-general and maintain such certification at all times during the Term of this Agreement.

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

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

4.4 Loss or Limitation. Physician shall notify KMC in writing as soon as possible (but in any event within three (3) business days) after any of the following events occur: (i) Physician’s license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (ii) Physician’s medical staff privileges at KMC or any other health care facility are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (iii) Physician’s Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (iv) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (v) Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (vi) an event occurs that substantially interrupts all or a portion of Physician’s professional practice or that materially adversely affects Physician’s ability to perform Physician’s obligations hereunder.

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians 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.

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC’s entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed Care Organization”) designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written

agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

4.7 Authorization to Release Information. Physician hereby authorizes Managed Care Organizations, government programs, hospitals and other third parties to release to KMC and its agents any information requested by KMC or its agents from time to time relating to Physician's professional qualifications or competency. Physician agrees to execute the Authorization to Release Information in the form set forth in Exhibit "B," attached hereto and incorporated herein by this reference, and to execute all other documents required by KMC from time to time and to otherwise fully cooperate with KMC to enable KMC and its agents to obtain such information from third parties.

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. 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 Physician shall 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. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

4.9 Physician Private Practice. Physician understands and agrees that he shall not enter into any other physician employment contract or otherwise engage in the private practice of medicine or provide similar services to other organizations, directly or indirectly, during the Term of this Agreement or any extensions thereof.

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician's activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

4.11 Physician Covenants. Physician covenants that from the Commencement Date and continuing throughout the Term of this Agreement, Physician, unless otherwise permitted by the written consent of Authority shall not, on Physician's own account or as an employee, landlord, lender, trustee, associate, consultant, partner, agent, principal, contractor, owner, officer, director, investor, member or stockholder of any other person, or in any other capacity, directly or indirectly, in whole or in part: (i) engage in any activities that are in competition with KMC, including the operation of any medical practice or offering of any medical services that are similar to services offered at the Practice Sites; (ii) solicit or encourage the resignation of any employee of Authority or KMC with whom Physician had a working relationship during Physician's employment with Authority; (iii) solicit or divert patients with whom Physician had personal contact during such employment; or (iv) influence or attempt to influence any payer, provider or other person or entity to cease, reduce or alter any business relationship with Authority or KMC relating to the Practice Sites.

5. Compensation Package.

5.1 Annual Compensation. Physician shall work full time, which is a minimum of 80 hours per biweekly pay period, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative duties and (ii) payment for the care of KMC patients in the amount of \$425,739 per year, to be paid as follows: Physician shall be paid \$16,374.57 biweekly not to exceed \$425,739 annually. Physician understands and agrees that (i) the Annual Salary set forth in this paragraph 5.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") for specialty and (ii) Physician will maintain a median level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the Term of this Agreement.

5.1.2 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.

5.1.3 Fair Market Value Compensation. The compensation provided under section 5.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Physician under this Agreement.

5.2 Clerkship Director Stipend. Authority shall pay Physician an annual stipend of \$923.07 biweekly, less all applicable federal and state taxes and withholdings, not to exceed \$24,000 annually for services as medical student clerkship director for the Department. Physician understands and agrees that he must remain in the position of medical student clerkship director as of each biweekly payout date in order to earn and receive the stipend payment.

5.3 Incentive Compensation. Within 30 days following the end of each Employment Year, beginning from the Commencement Date, KMC will calculate the professional fee net collections (defined as actual cash received) for all professional services provided by Physician. Physician shall receive 25% of the professional fee net collections in excess of \$425,739, less all applicable federal and state taxes and withholdings, per Employment Year.

5.4 Quality Bonus. Upon satisfaction of the relevant criteria set forth below and subject to the other terms and conditions set forth in this Agreement, in addition to the Annual Salary, Physician shall be eligible to receive a quality bonus based on the following measures:

5.4.1 Quality/Safety Measure(s). Physician shall be eligible to receive a quality bonus an amount not to \$12,500 each Employment Year if Physician achieves certain quality/safety measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. The first quality bonus, if any, shall be paid for the 12 months ending June 30, 2020. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$12,500 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

5.4.2 Patient Satisfaction Measure. Physician shall be eligible to receive a quality bonus in an amount not to exceed \$12,500 each Employment Year if the general surgery physicians as a group achieve certain patient satisfaction target metrics. Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. The first quality bonus, if any, shall be paid for the 12 months ending June 30, 2020.

5.4.3 Criteria for Payment. Physician understands and agrees that he must remain actively employed by Authority and in compliance with Authority policies and directives concerning job performance and conduct as of each payout date in order to earn and receive the quality bonus payment. All quality bonus payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.5 Professional Fee Billing.

5.5.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician 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.

5.5.2 Remittance of Professional Fee Charges. Physician shall remit all professional fee charges to KMC within 45 days of the date direct patient care services are provided by Physician. Any professional fee charges not remitted by Physician to KMC within 45 days of the date of such service, or any charges for which relevant documentation has not been provided, will not be credited to Physician as Worked RVU.

5.6 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,602,000 over the three-year Term of this Agreement.

6. **Benefits Package.**

6.1 Retirement. Physician shall continue to participate in the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (f/k/a Kern County Pension Plan for Physician Employees) (the “Plan”), a qualified defined contribution pension plan, pursuant to the terms of the instrument under which the Plan has been established, as from time to time amended. Physician is not eligible to participate in any other retirement plan established by Authority for its employees, including but not limited to the Kern County Employees’ Retirement Association, and this Agreement does not confer upon Physician any right to claim entitlement to benefits under any such retirement plan(s).

6.2 Health Care Coverage. Physician shall continue to receive the same health benefits (medical, dental, prescription and vision coverage) as all eligible Authority employees. The employee share of cost is 20% of the current biweekly premium. Physician’s initial hire date is the initial opportunity to enroll in the health plan. Physician must work at least 40 hours per biweekly pay period to be eligible for coverage.

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

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

6.5 Sick Leave. Physician shall retain his sick leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, Physician shall be entitled to sick leave subject to Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

6.6 Education Leave. Physician shall receive 80 hours paid education leave annually. The first 80 hours will accrue on the Commencement Date. On each successive Employment

Year, if any, an additional 80 hours paid education leave will accrue. Education leave must be used within the year that it is accrued. Physician will not be paid for unused education leave upon termination of employment. The Department chair must approve education leave in advance of use. Physician's participation in educational programs, services or other approved activities set forth herein shall be subordinate to Physician's obligations and duties under this Agreement.

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$2,500 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

6.8 Kern\$Flex. Physician shall be eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician and the Department chair. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

6.10 Unpaid Leave of Absence. Physician may take an unpaid leave of absence in accordance with Authority policies in effect at the time the leave is taken.

6.11 Social Security. Physician is exempt from payment of Social Security taxes as the Kern County Hospital Authority Defined Contribution Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

6.12 Deferred Compensation. Physician shall be eligible to participate in the Kern County Deferred Compensation Plan ("457 Plan") on a pre-tax basis. Physician shall make all contributions if he elects to participate in the 457 Plan.

6.13 Disability Insurance. Physician shall be eligible to purchase Long Term Disability or Short Term Disability insurance coverage through payroll deduction on a post-tax basis. This is a voluntary benefit that is paid by Physician if he elects to participate in the plan.

6.14 Employee Assistance/Wellness Programs. Physician shall be eligible to participate in any Authority-sponsored employee assistance and employee wellness programs.

6.15 Limitation on Benefits. Except as expressly stated herein, Physician shall receive no other benefits from Authority.

7. **Assignment.** Physician shall not assign or transfer this Agreement or his obligations hereunder or any part thereof. Physician shall not assign any money due or which becomes due to Physician under this Agreement without the prior written approval of Authority.
8. **Assistance in Litigation.** Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.
9. **Authority to Incur Financial Obligation.** It is understood that Physician, in his performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.
10. **Captions and Interpretation.** Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.
11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.
12. **Compliance with Law.** Physician 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.
13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.
14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. 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.
15. **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.
16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties

shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.

17. **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.

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician 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 Practice Sites 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 Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

19. **Invalidity of a Portion.** Should a portion, section, paragraph, or term of this Agreement be construed as invalid by a court of competent jurisdiction, or a competent state or federal agency, the balance of the Agreement shall remain in full force and effect. Further, to the extent any term or portion of this Agreement is found invalid, void or inoperative, the parties agree that a court may construe the Agreement in such a manner as will carry into force and effect the intent appearing herein.

20. **Modifications of Agreement.** This Agreement may be modified in writing only, signed by the parties in interest at the time of the modification.

21. **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 Physician, 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. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

22. **Nondiscrimination.** No party to this Agreement shall discriminate on the basis of race, color, religion, sex, national origin, age, marital status or sexual orientation, ancestry, physical or mental disability, medical conditions, political affiliation, veteran's status, citizenship or marital

or domestic partnership status or on the basis of a perception that an individual is associated with a person who has, or is perceived to have, any of these characteristics.

23. **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 Physician. 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.

24. **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 Physician:

Ramon S. Snyder, M.D.
9601 Marseilles Court
Bakersfield, California 93314

Notice to Authority:

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

25. **Relationship.** Authority and Physician recognize that Physician is rendering specialized, professional services. The parties recognize that each is possessed of legal knowledge and skill, and that this Agreement is fully understood by the parties, and is the result of bargaining between the parties. Each party acknowledges their opportunity to fully and independently review and consider this Agreement and affirm complete understanding of the effect and operation of its terms prior to entering into the same.

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

27. **Sole Agreement.** This Agreement 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.

28. **Termination.**

28.1 Termination without Cause. Either party shall have the right to terminate this Agreement, without penalty or cause, by giving not less than 90 days' prior written notice to the other party.

28.2 Immediate Termination. Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

29.1 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 Physician after the effective date of the termination, and Physician shall be entitled to receive compensation for services satisfactorily rendered, calculated on a prorated basis up to the effective date of termination.

29.2 Vacate Premises. Upon expiration or earlier termination of this Agreement, Physician shall immediately vacate KMC, removing at such time any and all personal property of Physician. KMC may remove and store, at the expense of Physician, any personal property that Physician has not so removed.

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

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

30. **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.

PHYSICIAN

By: _____
Ramon S. Snyder, 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

Agreement.Snyder.050919

EXHIBIT “A”
Job Description
Ramon S. Snyder, M.D.

Position Description: Reports to Chair, Department of Surgery; serves as a full-time core general surgery faculty member in the Department; serves as Director of minimally invasive surgery; provides a minimum work effort of 2,500 hours annually in teaching, administrative, and clinical activity; day-to-day activities and clinical workload will include coverage for non-acute general surgery; provides comprehensive and safe clinical coverage for day-to-day operations, timely completion of surgery, direct patient care, scholarly research and resident education; works collaboratively with clinic and surgery staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions:

1. Clinical Responsibilities and Assignments:
 - Coordinates with current general surgery faculty schedules and activities to provide service and improve efficiency for general surgery clinical activities
 - Conducts daily inpatient rounds
 - Provides service and improves efficiency for general surgical and minimally invasive surgery cases
 - Provides faculty service for non-acute general surgical coverage
 - Supervises surgery Physician Assistant activity and competence
 - Operating Room –minimum of two (2) half days per week
 - KMC, Stockdale Highway, Truxtun Avenue, or other designated clinic sites – minimum of three (3) half-day clinics per week
 - Provides call coverage in coordination with other faculty for non-acute general surgery

2. Administrative Responsibilities:
 - Assists in clinical and administrative integration efforts across KMC as appropriate for general surgery assisting with proper program planning, surgeon recruitment and faculty development, resource allocation, analysis, communication and assessment
 - Coordinates development activities and operations in the ambulatory surgery center for the general surgeons
 - Assists with program oversight and strategic planning for the surgery residency program
 - Gathers data through best practices and collaborates with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
 - Supports the Department chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes for minimally invasive and general surgery services
 - Attends and actively participates in assigned Medical Staff and hospital committees
 - Participates in clinical and administrative integration efforts across the hospital as appropriate for the Department ensuring proper program planning, resource allocation, analysis, communication, and assessment

- Participates in the preparation, monitoring, review, and performance of clinical activity in the Department
 - Participates in the quality improvement and risk management activities, including peer review and quality control functions, as assigned to services in the Department
 - Provides didactic teaching and resident physician and medical student education, as assigned, and participates in setting goals and expectations for the surgery resident and medical student rotations
 - Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation
 - Works collaboratively with other clinical departments to develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services
 - Follows and complies with the Medical Staff bylaws, rules, regulations, and policies and County and KMC policies and procedures
3. Teaching Responsibilities:
- Assists the Program Director with individual resident mentoring, counseling, and evaluation as appropriate for general surgery and critical care rotations
 - Assist with didactic curriculum and teaching conference activity including noon, preoperative, oncology, and journal club
 - Assist in resident research and scholarly activity
4. Medical Student Clerkship Director Responsibilities:
- Prepares and maintains syllabus/curriculum including clerkship instructional materials, key contacts of faculty, residents, and coordinators, and rotation and call schedules
 - Conducts faculty, resident, and medical student development
 - Ensures an educational environment conducive to student experience, which includes, without limitation the following: student understanding of responsibilities and clerkship objectives; duty hour policy; meaningful and supervised patient care that meets criteria for patient conditions and numbers; monitoring students' use of Patient Log; providing for direct observation of at least one History and Physical by a faculty member; providing ongoing faculty and resident feedback to students about clinical service; and appropriately advocating for students
 - Ensures didactic lectures and case sessions for students occur as well as review and observe lectures for quality and consistency, including student evaluations

Employment Standards:

One (1) year of post-residency experience in general and trauma surgery

AND

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

AND

Certification by the American Board of Surgery in surgery-general

Knowledge of: The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to general and trauma surgery; principles of effective supervision and program development.

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

I, the undersigned physician, hereby authorize Kern Medical Center (“KMC”) and its duly authorized representatives to obtain information from time to time about my professional education, training, licensure, credentials competence, ethics and character from any source having such information. This information may include, without limitation, peer review information, DRG and RVU analyses, ancillary usage information and other utilization and quality related data.

I hereby release the Kern County Hospital Authority and KMC, its authorized representatives and any third parties from any liability for actions, recommendations, statements, reports, records or disclosures, including privileged and confidential information, involving me that are made, requested, taken or received by KMC or its authorized representatives to, from or by any third parties in good faith and relating to or arising from my professional conduct, character and capabilities.

I agree that this authorization to release information shall remain effective until termination of my employment by the Kern County Hospital Authority and KMC. A duplicate of this authorization may be relied upon to the same degree as the original by any third party providing information pursuant to this request.

Physician

Date



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

June 19, 2019

Subject: Proposed retroactive Agreement with RightSourcing, Inc. to provide contingent labor and manage contracts with providers of contingent labor

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board retroactively approve the Supplier Managed Services Client Terms and Conditions (“Agreement”) with RightSourcing, Inc. for purposes of providing management of our contingent workforce for a five (5) year term beginning May 29, 2019 through May 28, 2024.

Since December 2008, RightSourcing, Inc. has served as Kern Medical’s primary source for contract labor services and has coordinated the recruiting activities related to our contingent workforce, which includes our traveling registered nurses, locum tenens physicians, and ancillary healthcare professionals. Kern Medical continues to require these listed services with RightSourcing and has also included the option of using RightSourcing for payroll services for placed workers and direct hire services if so desired. The annual not-to exceed amount for the Agreement is \$16,430,124.

The Agreement contains non-standard terms and conditions and cannot be approved as to form by Counsel, due to RightSourcing’s demand that the Kern County Hospital Authority contractually agree to indemnify RightSourcing against the acts or omissions of the placed labor. Efforts were made to negotiate the deletion of this offending provision to no avail. In mitigation, the Agreement does require that RightSourcing include a provision in each placed labor contract that the third party vendor indemnify the hospital authority for the acts or omissions of the placed labor.

Therefore, it is recommended that your Board approve the Agreement with RightSourcing, Inc. for the provision of the contingent labor and the management of contracts with providers of contingent labor for Kern Medical for a term of five (5) years in an amount not to exceed of \$16,430,124 annually, and authorize the Chairman to sign.



**RIGHTSOURCING® SUPPLIER MANAGED SERVICES
CLIENT TERMS AND CONDITIONS**

This Supplier Managed Services Client Terms and Conditions ("Agreement") is entered into this 29th day of May, 2019, by and between RightSourcing, Inc., a New York corporation, with its principal place of business at 9 Executive Circle, Suite 290, Irvine, CA 92614 (hereinafter "RightSourcing" or "Managing Supplier") and Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center with its principal place of business at 1700 Mount Vernon Avenue, Bakersfield, CA 93306 (hereinafter "Client").

RECITALS

WHEREAS, RightSourcing is a provider of contingent labor to Client, and RightSourcing will hold contracts with providers of contingent labor and manage contracts with providers of contingent labor (hereinafter "Supplier") to facilitate through those Suppliers the engagement of contingent labor in response to requisitions duly approved and submitted by Client to RightSourcing (hereinafter "Client Requisitions") through a web-based system;

WHEREAS, Client shall refer to RightSourcing client-sourced individuals ("Referred Workers") for whom RightSourcing will provide payrolling services and will assume full responsibility for payment of wages, taxes and benefits as the employer of record ("Payrolling Services");

WHEREAS, pursuant to the terms and conditions described herein, Client has engaged to implement and maintain its Vendor Management program for all clinical and non-clinical contingent labor needs at Client, as well as any additional contract staff as requested by Client; and

WHEREAS, Client intends that RightSourcing shall act as the managing supplier to Client's engagement of certain Suppliers and in a direct contractual relationship between RightSourcing and other Suppliers, to provide Supplier management and consolidated billing services to Client for all such entities ("Managing Supplier"). This program shall include the ongoing management of Supplier performance across a set of metrics to be mutually determined, as well as the generation of a select number of reports, the number and frequency to be mutually determined.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. DUTIES AND RESPONSIBILITIES OF RIGHTSOURCING

- (a) RightSourcing shall act as the Managing Supplier for all Client Requisitions. RightSourcing holds the contracts with Supplier, distributes Client's Requirements to Supplier, awards placements based upon Client approval, collects and presents time records in a timely manner, generates a consolidated invoice and addresses all Client support concerns within a reasonable timeframe. Supplier is the employer of the contingent labor it sends to supplement Client's workforce (hereinafter "Supplier Employees"). The services to be provided by RightSourcing are set forth in Schedule A, Description of Services, which may be amended from time to time. Client rates for services provided by RightSourcing shall be agreed to between Client and RightSourcing, attached hereto as Schedule B, Payment and Pricing. A service fee will be collected by RightSourcing from all Suppliers billing as set forth in Supplier Agreement, as defined below.

The responsibilities and contractual expectations of all Suppliers shall be in accordance with Client's requirements and documented in a separate agreement between RightSourcing and Suppliers, the (hereinafter "Supplier Agreement"), including the requirement for each Supplier to

maintain a paper or electronic file for each Supplier Employee assigned to Client as summarized below in Schedule C, Supplier Employee Documentation Requirements, the Supplier Employee Documentation Requirements, which shall be fully detailed in Schedule D of the Supplier Agreement. Each such Supplier Agreement shall specifically include Client as an intended third party beneficiary of such agreement.

- (b) RightSourcing shall require Suppliers to comply with the applicable terms herein as described in the Supplier Agreement. Where any Supplier does not or is unable to comply with the terms flowed down to Supplier from Agreement, a RightSourcing authorized designee may request a waiver from Client, which may be provided via e-mail or other verifiable electronic transmission by an authorized Client designee. If Client provides such a waiver, RightSourcing shall be waived from compliance regarding the applicable obligation with respect to such Supplier. However, RightSourcing may modify any terms of the Supplier Agreement that are not material to the services provided to Client without Client's approval.
- (c) RightSourcing will report to Client on all Client Requisitions supported by RightSourcing and provide a single invoice for such contingent staffing services on a weekly basis for payment by Client. RightSourcing will be responsible for payment to all Suppliers providing contingent labor.
- (d) RightSourcing will require of all Suppliers evidence of insurance coverage compliant with the minimum limits specified by Client for Suppliers as further described below in Section 7, entitled "Insurance Requirements."

2. DUTIES AND RESPONSIBILITIES OF CLIENT

- (a) Client will ensure all Client Requisitions for contingent staffing are submitted through the RightSourcing program. Client will support and augment publication of the program to maximize participation including, but not limited to, an annual announcement from Client's executive management reinforcing support of the program. Client will make available necessary resources to support the logistical and technical requirements for the RightSourcing on-site program, if applicable, as mutually agreed by the parties, including but not limited to reasonable office space and equipment sufficient to perform services required by on-site personnel.
- (b) Client will make all reasonable efforts to enforce RightSourcing's exclusivity for the provision of Payrolling Services of Referred Workers, whether or not such Referred Workers were initially presented as prospective independent contractors. Further, Client will make all reasonable efforts to enforce RightSourcing's exclusivity for the provision of Payrolling Services.
- (c) An authorized representative of Client will approve either manually or electronically, on a weekly basis designated by RightSourcing, time records for each Supplier Employee assigned to provide services to Client. The time records will reflect all time worked by Supplier Employees for Client as well as any other hours that Client authorizes RightSourcing to pay and for which Client will be billed including, but not limited to, overtime. If Client fails to approve the time records weekly, unless Client notifies RightSourcing in writing of a valid reason for such failure, the time records submitted by Supplier Employee will be presumed accurate. The time records are the basis used by a Supplier to pay Supplier Employees and shall be considered conclusive as to the allowable, billable time RightSourcing may bill Client for each such Supplier Employee.
- (d) The hourly rates in each duly executed Supplier Agreement include all employer taxes inclusive of federal, state, or local withholding, or other payroll taxes relating to the performance of services by Supplier's Employees.
- (e) Client shall materially comply with relevant particulars of Supplier Agreement in so far as they apply to Client.
- (f) Client shall comply with all federal, state and local laws, rules, and regulations regarding employment including but not limited to those relating to hiring practices. RightSourcing acknowledges that all hospital environments contain hazardous substances standard to the

industry, including, but not limited to agents used for sterilization, chemotherapeutic agents, and blood-borne pathogens. Client shall have no duty to report the presence of such hazards to RightSourcing, but shall inform Supplier Employee in the same manner as such information is provided to Client's own employees. Client agrees to assume and be responsible for compliance with all federal, state and local safety laws, rules, regulations and directives with regard to Supplier Employees and any of RightSourcing's on-site representatives and will indemnify and hold harmless RightSourcing from any violations of those requirements.

3. BILLING

Invoices for RightSourcing Supplier Managed Services are payable to RightSourcing net thirty-five (35) days after receipt of invoice by Client's Accounts Payable department under the terms as set forth in Schedule B, Payment and Pricing. In order to facilitate RightSourcing's billing reconciliation and payment processing to Suppliers, payment terms to Suppliers will be released within seven (7) business days after receipt of payment from Client.

4. IDEAS, DISCOVERIES AND INVENTIONS

RightSourcing agrees that, to the extent permitted by law, any and all ideas, discoveries, and/or inventions arising from the services provided by Supplier Employees to Client hereunder shall be the sole and exclusive property of Client. This provision shall survive termination of Agreement regardless of the cause of such termination.

5. CONFIDENTIALITY

RightSourcing, Client and Supplier shall each hold all information regarding each other's business operations or business systems in trust and confidence and not use or disclose such information to any person, unless required to do so by process of law or as permitted by this Agreement. The parties further agree as set forth below:

- (a) Client's Confidential Information. RightSourcing and Supplier may have access to confidential information and trade secrets of Client. During the term of Agreement and at any other time, RightSourcing shall not, and shall require Supplier not to directly or indirectly, disclose or use to the detriment of Client or for RightSourcing's or Supplier's own benefit or for the benefit of any other person or persons, or misuse in any way, any of Client's confidential information. For purposes of this section, "Confidential Information" shall include, but not be limited to, Client's customer lists, vendor lists, business plans, financial statements, marketing strategies or expansion plans, contracts, contract rates, and any other information regarding Client or its manner of operation.
- (b) Rightsourcing is aware that Client is a government entity and is subject to the California Public Records Act, Cal.Govt.Code §6250 et seq., the Brown Act, Cal.Govt.Code §54950 et seq., and other laws pertaining to government entities. Information required by law to be disclosed under these laws will not be considered Proprietary and Confidential by the Parties and will be disclosed only to the extent required to comply with that legal obligation.

6. INDEMNIFICATION

- (a) Except as otherwise may be provided in Agreement, RightSourcing and Client shall indemnify, hold harmless and defend each other from any and all loss, liability, claim, lawsuit, injury, expense or damage whatsoever, including but not limited to, attorneys' fees and court costs, arising out of, incident to, or in any manner occasioned by the performance or nonperformance by such indemnifying party, its agents, employees, servants, or subcontractors, of any covenant or condition of Agreement or by the gross negligence, improper conduct or acts or omissions of such indemnifying parties, its agents, employees, servants or subcontractors. In the event of legal action to enforce or interpret this Agreement or any of its provisions, the prevailing party may be entitled,

in addition to any other form of relief, to recover its reasonable attorneys' fees and costs of suit.

- (b) Client shall indemnify, defend and hold harmless RightSourcing from any and all third party liability or claims arising as a result of the acts or services of Supplier Employees and Referred Workers. RightSourcing shall not be held liable by Client for the acts and services of Supplier Employees or Referred Workers. If Client requires that RightSourcing implement a Client required drug testing program, Client will indemnify, defend and hold RightSourcing harmless from the implementation and operation of such program. RightSourcing will agree, however, to be held liable to Client for the negligent acts, omissions and services of its own employees including gross negligence or willful misconduct. In the event of a breach of contract by RightSourcing, Client may terminate Agreement and will only be responsible for payment of all services provided up to the date of termination.
- (c) Rightsourcing shall require Suppliers to indemnify, defend and hold harmless RightSourcing and Client from any and all liabilities arising from the actions of its employees and/or Supplier's failure to comply with its obligations to remit all withholding, income and Social Security taxes to the proper authorities, to pay state and federal unemployment insurance taxes, remit the employer's share of Social Security taxes and maintain all statutorily required insurance.
- (d) Rightsourcing shall require Supplier to indemnify, defend and hold harmless RightSourcing and Client and their respective directors, officers, employees and agents from and against all demands, claims, actions, losses, judgments, costs and expenses (including reasonable attorneys' fees) imposed upon or incurred by RightSourcing or Client arising out of any actual or alleged act or omission or misconduct on the part of Supplier, its officers, employees (including its employees on assignment) or agents, within the scope of their employment but only in proportion to and to the extent that such liability loss, expense, attorneys' fees or claims for injury or damages are caused by or result from the acts or omissions of Supplier and its officers, employees or agents.
- (e) Client shall defend, indemnify and hold harmless Supplier, its officers, agents, and employees from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the negligent or intentional acts or omissions of Client, its officers, employees or agents but only in proportion to and to the extent that such liability, loss, expense, attorneys' fees or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of Client and its officers, employees or agents.
- (f) In no event will RightSourcing or Client be liable to each other for any indirect, incidental, special or consequential damages, including but not limited to, lost profits, even if RightSourcing or Client have knowledge of the possibility of such damages.

These indemnification provisions shall continue in full force and effect subsequent to and notwithstanding the termination of Agreement for any reason.

7. INSURANCE REQUIREMENTS

- (a) RightSourcing shall purchase and maintain during the duration of this Agreement of this Agreement as provided below, the following insurance coverage:
 - i. Workers' Compensation and employer's liability for RightSourcing's legal and statutory obligations as required by the laws of the jurisdiction in which the services are performed;
- (b) In accordance with the Insurance provision in the Supplier Agreement, RightSourcing shall require that each Supplier, at its own cost and expense, secure and shall maintain in effect at all times during which this Agreement is in effect General Liability Insurance with limits of liability in an amount not less than one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) aggregate and Professional Liability Insurance with limits of liability in an amount not less than one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) aggregate, which insurance shall cover contractor and any individual who provides services

hereunder. The policies shall include a "tail" covering acts or occurrences during the term of this Agreement as to which a claim may be asserted after termination of this Agreement.

8. TERM AND TERMINATION

- (a) Term. Agreement shall be effective as of the effective date first shown above and shall continue for five (5) years unless earlier terminated as provided in this Agreement.
- (b) Termination. Notwithstanding any other provisions of this Agreement, this Agreement may be terminated upon any of the following:
 - i. Without Cause. Either party may terminate this Agreement, without cause or penalty, by giving no fewer than ninety (90) days prior written notice to the other party.
 - ii. For Breach. Either party may terminate this Agreement in the event of the other party's breach hereof by giving thirty (30) days' prior written notice of the general nature of such breach. Notwithstanding the foregoing, this Agreement shall not terminate in the event that the breaching party cures the breach to the satisfaction of the non-breaching party within thirty (30) days of the receipt of such notice.

9. NOTICE

Notices or other communications required or permitted hereunder, (with the exception of requests by Client for services or cancellations of services), shall be in writing and shall be personally delivered or mailed, certified mail, return receipt requested, in the United States postal system, addressed to the parties as follows:

To Client:
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306
Attn: Legal Department

To RightSourcing:
RightSourcing, Inc.
9 Executive Circle, Suite 290
Irvine, CA 92614
Attn: Contracts Department

cc:
RightSourcing Inc.
1150 Iron Point Road, Suite 100
Folsom, CA 95630
Attn: Legal Department

10. LABOR DISPUTES

- (a) RightSourcing agrees that in the event of a strike or any other work stoppage, or job action, RightSourcing shall remain responsible for augmenting contingent labor to Client, as contracted for by Client, either as the provider of direct labor, or as the Managing Supplier for other Suppliers who supply contingent labor to Client.
- (b) RightSourcing agrees that it will supply any additional labor as may be contracted for by Client as necessary during any strike, work stoppage or other job action and that it shall comply with all notice and other requirements as provided by law when supplying such labor.
- (c) RightSourcing agrees that, in the event of a strike, work stoppage or job action, Client may contract directly with any other company to supply whatever labor is necessary as determined by Client.

11. FEDERAL & STATE PROGRAM ELIGIBILITY

RightSourcing represents and warrants to Client that during the term of Agreement, that RightSourcing and all of its owners, officers, directors and employees shall not have been (a) suspended or excluded

from participation in any federal or state health care program (including, without limitation, Medicare, Medi-Cal, or CHAMPUS/Tricare), (b) convicted of any criminal offense related to the delivery of any good or service paid for by a federal or state health care program or to the neglect or abuse of patients, or (c) suspended, excluded or sanctioned under any other federal program, including the Department of Defense, the Department of Veterans Affairs. RightSourcing shall notify Client immediately if any event occurs which would make the foregoing representation untrue. Breach of this provision shall be grounds for immediate termination of Agreement.

In the event RightSourcing subcontracts any of the services provided under this Agreement, RightSourcing shall require that each such subcontractor warrants that neither it nor its employees have been convicted of a criminal offense or is listed by a federal or state agency as debarred, excluded, or otherwise ineligible for participation in state or federal health care programs, or is currently under investigation by any federal or state agency under its current name or under any aliases.

12. BOOKS AND RECORDS ACCESS

- (a) Until the expiration of four (4) years after the furnishing of the services provided under this contract, RightSourcing shall cooperate fully with Client by maintaining and making available all necessary records, or by executing any agreements, in order to assure that Client will be able to meet all requirements for participation and payment associated with public or private third party payment programs including, but not limited to, the Federal Medicare program. Consistent with the foregoing, RightSourcing agrees to comply with § 1861(v)(1)(I) of the Social Security Act, as amended, and any regulations promulgated pursuant thereto, under which RightSourcing agrees to maintain its books, documents and records that are necessary to certify the nature and extent of such services and payments under Agreement and to furnish such books, documents and records, upon written request to the Secretary of Health and Human Services or to the Comptroller General, or any of their duly authorized representatives. If RightSourcing is requested to disclose books, documents or records pursuant to this section for purpose of an audit, RightSourcing shall notify Client of the nature and scope of such request and RightSourcing shall make available, upon written request of Client, all such books, documents or records, during regular business hours of RightSourcing.
- (b) If RightSourcing carries out the duties of the contract through a subcontract worth \$10,000.00 or more over a twelve (12) month period with a related organization, the subcontract will also contain an access clause to permit access by the Secretary of Health and Human Services or to the Comptroller General, or any of their duly authorized representatives to the related organization's books and records.

13. DISPUTE RESOLUTION

The parties will make good faith efforts to resolve informally all disputes arising under Agreement. Before terminating agreement for initiating arbitration or litigation, each party will offer to make available one of its senior managers with authority to resolve the dispute without the consent of other persons to meet or otherwise act to resolve the dispute.

14. CONVERSION OF SUPPLIER EMPLOYEES

During the term of Agreement and for ninety (90) days after termination or expiration, Client may hire Supplier Employees placed on assignment only in accordance with the Conversion provision set forth below in Schedule B, Payment and Pricing, unless the Supplier Employee has applied in response to a general advertisement for a position that is substantially different from the temporary work assignment such Supplier Employee held through Supplier.

15. SUPPLIERS CONFIDENTIAL INFORMATION

RightSourcing and Client shall keep confidential all Confidential Information (as defined below) of Supplier, and shall not use or disclose such Confidential Information either during or at any time after the term of Agreement, without Supplier's express written consent, unless required to do so by law,

court order or subpoena in which case RightSourcing and Client shall not disclose such information until it has provided advance notice to Supplier such that Supplier may timely act to protect such disclosure. For purposes of this provision, "Confidential Information" means non-public information about Supplier and its employees that is disclosed or becomes known to RightSourcing or Client as a consequence of or through Supplier's activities under Agreement, including, but not limited to, matters of a business nature, such as Supplier Employees' and prospective Supplier Employees' names and information, bill rates, compensation and benefits packages and structure, hiring decision making process, hiring needs and for requests for placement, costs, profits, margins, markets, sales, business processes, information systems, and any other information of a similar nature. Notwithstanding the foregoing, Confidential Information does not include information which Client can demonstrate is (i) already in its possession; (ii) was or becomes generally available to the public other than as a result of disclosure by Client or its agents in violation of Agreement; or (iii) was independently developed by Client without access to, or benefit of, the Confidential Information.

16. THIRD-PARTY BENEFICIARY

Just as Client is a third-party beneficiary in the Supplier Agreements, Client agrees that Suppliers are an intended third-party beneficiary of Agreement. To the extent there are terms in Agreement that obligate Client to the Suppliers, examples of which are the terms of mutual confidentiality and indemnification, Client authorizes RightSourcing to provide a copy of any relevant portion of Agreement that contains any relevant Client obligation to any Supplier upon Supplier's request (including a copy of this provision).

17. DIRECT HIRE SERVICES

From time to time, Client may request assistance with directly hiring employees ("Direct Hire Services"). If Direct Hire Services are requested, Supplier will conduct sourcing, recruiting and screening as identified in Agreement and refer qualified candidates to Client for final interview and selection as further described in Schedule B, Payment and Pricing.

18. GENERAL PROVISIONS

Assignment. The parties acknowledge that the services to be performed are unique and personal to the parties, hence no rights herein may be assigned or otherwise transferred without the express written consent of the other party, which consent shall not be unreasonably withheld; except that Client may assign Agreement to a majority owned subsidiary without the consent of RightSourcing.

Complete Agreement. Agreement and its Schedules express the complete and exclusive statement of the understanding between the parties regarding subject matter herein and supersede any prior or contemporaneous written or oral proposals and agreements, representation or courses of dealing.

Choice of Law. The parties hereby agree that jurisdiction and venue in any cause of action arising from Agreement shall be maintained in state and federal courts within the **State of California**, and that Agreement shall be construed in accordance with the laws of such state.

Independent Contractors. It is understood that each party hereto is an independent contractor with respect to the other.

Liability of Client. The liabilities or obligations of Client with respect to its activities pursuant to this Agreement shall be the liabilities or obligations solely of Client and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California. California Health and Safety Code Section 101853(g).

Non-Solicitation of Employees. Except to the extent Client may hire a Supplier Employee as set forth in Schedule B, Payment and Pricing, Supplier, Client, and RightSourcing, their respective officers, directors and employees, shall not, without the express written consent of the other party, directly

employ or knowingly solicit for employment any person employed by the other party, whose job responsibilities include the administration of Agreement until twelve (12) months after such employment by the respective party has ceased. Except to the extent Client may hire a Supplier Employee as set forth in Schedule B, Payment and Pricing, Client and RightSourcing, their respective officers, directors and employees, shall not, without the express written consent of the other party, directly and knowingly solicit for employment, Supplier's Employees or healthcare staff of Client during the term of Agreement. The parties agree that direct solicitation shall not include broad based recruitment activities including, but not limited to, general advertising through mail, Internet, telephone campaigns, trade journals, state associations, etc.

Non-Discrimination. Each party agrees not to discriminate on the basis of religion, race, ethnicity, gender, color, national origin, sex, age, handicap, or any other basis deemed unlawful under federal, state or local law.

Force Majeure. Neither party will be responsible or considered to be in default in respect to any obligation hereunder if delays in or failure of performance shall be due to any cause beyond the control of the other party affected and not due to its fault or negligence, including, but not limited to labor disputes and strikes, fire, riot, war, acts of God or any other causes beyond the control of RightSourcing or Client.

Consent to Fax, Call, Email. Each party hereby expressly grants permission to the other party to telephone and email the other party and to send any and all future facsimile or email communications to the other party's fax numbers as such communications apply to Agreement.

Severability; Waiver. If any term or provision of Agreement shall be held void, illegal, unenforceable or in conflict with any law of a federal, state or local government having jurisdiction over Agreement, the validity of the remaining portions or provisions of Agreement shall not be affected thereby. The failure of either party to enforce at any time, or from time to time, any provision of Agreement shall not be construed as a waiver thereof.

Agreement may not be amended or modified, except by written instrument signed by the parties hereto.

All references in Agreement to RightSourcing are intended to include its parent, subsidiaries, affiliates, local licensed offices, employer of record of the RightSourcing Employees, agents and/or representatives as applicable.

Intending to be legally bound, Agreement is executed by authorized representatives of both parties hereto.

Client

Signature: _____

Printed Name: Russell E. Bigler

Title: Chairman, Board of Governors

Date: June 19, 2019

RightSourcing, Inc.

Signature: *Maria Luoni*
Maria Luoni (May 30, 2019)

Print Name: Maria Luoni

Title: President

Date: May 30, 2019

**REVIEWED ONLY
NOT APPROVED AS TO FORM**

By 
Legal Services Department

SCHEDULE A
DESCRIPTION OF SERVICES

RIGHTSOURCING SUPPLIER MANAGED SERVICES

1. PROGRAM MANAGEMENT STAFF

Management of the program by either on- or off-site staff will be provided to Client at RightSourcing's option based on the overall volume of the program.

2. SUPPLIER MANAGEMENT

RightSourcing will perform the following services:

1. Conduct selection, assessment and monitoring of Suppliers including negotiation and execution of Supplier Agreements;
2. Conduct initial and quarterly training for Suppliers on the web-based RightSourcing system;
3. Require all Suppliers to carry and provide evidence of insurance coverage compliant with the minimum limits specified by Client for Suppliers as further described above;
4. Ensure that all documentation requirements are met and provide evidence of meeting these requirements;
5. Distribute Clients Requisitions to Supplier in a timely manner and maintain web-based Supplier access to all applicable open Client Requisitions;
6. Collect, present, and process time records in a timely manner;
7. Be responsible for verification of billable time and deliver to Client a weekly consolidated invoice with approved time;
8. Be responsible for making timely payment to all Suppliers providing contingent labor;
9. Report to Client on all Client Requisitions supported by RightSourcing;
10. Require Supplier to conduct background screening and/or drug testing for all Supplier Employee on assignment at Client as defined during the implementation of the program;
11. Manage Supplier dispute resolutions.

3. SUPPLIER EMPLOYEE SOURCING & ENGAGEMENT

RightSourcing will perform the following services:

1. Timely processing of all Client Requisitions from internal users;
2. Coordinate and schedule Supplier Employee interviews with Client manager;
3. Confirm assignment with Supplier and Client manager; and
4. Coordinate Supplier Employee orientation.

4. COMPLIANCE MANAGEMENT

RightSourcing will perform the following services:

1. Track all pertinent data for each Supplier Employee including name, specialty, and rates;
2. Track Supplier Employee compliance documentation using requirements defined during implementation;
3. Coordinate periodic Performance Evaluations with Client management.

5. REPORTING

RightSourcing will provide reports from a standard report library to be determined during implementation.

6. CLIENT RELATIONS

RightSourcing will coordinate and manage the following:

1. Weekly, monthly and/or quarterly Client meetings; and
2. Annual meetings/reviews/presentations with Client's management.

7. CANCELLATIONS

1. After a Supplier Employee has begun working on an assignment, either Client or the Supplier may cancel a long term assignment without any penalty if a thirty (30) day advance notice is provided to the other party. If less than a thirty (30) days advance notice is given by the cancelling party, then the cancelling party will reimburse the other party for one (1) week for Supplier Employee at the appropriate rate.
2. After a Supplier Employee has begun working on an assignment, in case of low census or other call-offs, Client may cancel within a thirteen (13) week assignment, two (2) previously scheduled shifts. Said shifts are defined as a regular shift (i.e., twelve (12) hours in one (1) workday or eight (8) hours in a day or as otherwise agreed to among Client, RightSourcing and Supplier). Client cannot break down the two (2) shift cancellations into hourly increments. Make up of lost time will be at the mutual agreement of Client and Supplier Employee. Client will not pay Supplier for shifts that are not made up or any penalties that Supplier may impose.
3. Short Term Clinical Services – Registry-Nursing & Respiratory Services
 - a. Prior to two (2) hours before the scheduled start of a shift, Client may change or cancel a request for Supplier Employees without incurring any liability to Supplier. It shall be Supplier's responsibility to contact Supplier Employees whenever Client changes or cancels any request for Clinical Services.
 - b. If Client changes or cancels a request for Registry Supplier Employee services less than two (2) hours before the scheduled start of a shift or assignment, and Supplier Employee cannot be contacted by Supplier prior to reporting to Client for work, Client will pay Supplier for two (2) hours per the regular bill rate for that Supplier Employee's job classification in effect at time of cancellation. Supplier shall use best efforts to re-assign the Supplier Employee, and if Supplier Employee is reassigned, Client shall not be billed or liable for the payment of two (2) hours services. Supplier shall be solely responsible for satisfying any reporting time pay obligations due Supplier Employees under state or federal wage and hour laws.
 - c. When Client requests Supplier Employees less than two (2) hours prior to the scheduled start of a shift ("Late Call"), Supplier will be paid for the Supplier Employee from the scheduled start of the shift provided Supplier Employees actually reports to and commences work within one (1) hour of the start of the shift. If Supplier Employees actually reports to and commences work

later than one (1) hour after the scheduled start of shift, Supplier will only be paid for the actual hours worked. Notwithstanding the foregoing, Client reserves the option to designate to the Supplier whether payment will be made for the full shift or for actual hours worked.

- d. Prior to two (2) hours before the scheduled start of a shift or assignment, Supplier may cancel Supplier Employee services without incurring any liability to Client. It shall be Supplier's responsibility to contact Client and Supplier Employer whenever Supplier cancels services. If Supplier cancels a scheduled shift less than two (2) hours prior to the start of the shift and Supplier is unable to replace Supplier Employee with a substitute acceptable to Client, a two (2) hour credit will be issued to Client by Supplier.
- e. Client may immediately cancel a Supplier Employee if Supplier Employee does not report to his or her assignment or reports to assignment and/or does not satisfy the criteria for the services, is physically or emotionally incapable of performing his/her duties, refuses an appropriate assignment, has previously been placed on a "do not send" list, fails to display a photo identification badge provided by Supplier, and/or fails to produce evidence of an original license or other appropriate credentials. Supplier shall pay to Client a "no show" fee of four (4) hours per the regular bill rate for that Supplier Employee's job classification in effect at the time. The determination that Supplier Employee does not satisfy the criteria for the services or is otherwise incapable of performing assigned work shall be made in good faith by and in the sole discretion of Client. Client shall immediately inform Supplier once such a determination is made, but Client shall incur no debt or liability to Supplier as a result of the determination.
- f. If Client finds Supplier Employee is not qualified and notifies Supplier, Supplier shall use best efforts to find a replacement; and if Supplier finds a fully qualified replacement that appears at Client, Client will pay for the actual hours worked by the replacement.
- g. If Supplier Employee is no longer needed by Client after reporting for work and beginning his or her assignment, Supplier Employee may be "called-off" by Client. If Supplier Employee is "called-off" by Client, Supplier shall be paid for the actual hours worked by Supplier Employee or up to four (4) hours of the services, whichever is greater, per the regular bill rate for that Supplier Employee's job classification in effect at time of "call-off". Client reserves the right to utilize such Supplier Employee in an assignment reasonably consistent with his/her license and experience for up to four (4) hours of such paid time. If Supplier Employee refuses to perform services per Client's request, he or she will be paid only for the actual hours worked.

10. LOCUM TENEN SERVICES

Upon request from Client, RightSourcing shall provide an additional service to Client to administer contract and billings for services related to Locum Tenens healthcare professionals ("LT Workers") provided by various supplier(s) ("LT Suppliers") as more specifically described below.

RightSourcing will do the following:

1. Act as Client's administrative agent for the purpose of administering invoices and payment to LT Suppliers.
2. Be the exclusive provider for managing the billing for Client's use of LT Suppliers.
3. Manage all communication between Client and LT Suppliers.
4. Collect, present, and process time records.
5. Responsible for verification of billable time and present to Client a weekly invoice for payment.
6. Provide reports from a standard report library (to be determined during implementation).
7. Distribute requisitions to LT Suppliers as specified by Client.

Client will do the following:

1. Directly contract with LT Suppliers.
2. Use best efforts to promote and support RightSourcing's LT Supplier program services, including but not limited requiring all LT Suppliers to bill through RightSourcing.
3. Have sole control over the means and/or the quality of medical services furnished by any LT Worker and/or LT Supplier.
4. Understand that LT Providers are independent contractors and are not employed by LT Supplier or RightSourcing.
5. Client will be responsible for all hospital privileges and credentialing for the LT provider including any associated fees. LT Suppliers will assist in acquiring necessary documents relative to credentialing.
6. Provide all instruments, tools, supplies, and support personnel necessary to enable the LT Workers to perform the medical services required.
7. Comply with AMA and governmental procedural and ethical standards relating to patient care and other operations and to provide a reasonable work schedule and suitable practice environment for the LT Workers to perform medical services to Client.
8. Participate in and cooperate with LT Supplier's peer review and quality assurance programs.
9. Conduct all credentials verification necessary for LT Workers to be accorded staff or other privileges necessary to fulfilling the placement or for collecting payment for services rendered.
10. Be responsible for overseeing and directing the medical services of LT Workers.
11. Reimburse all incurred expenses due to changes in schedule or cancellation of assignment initiated by Client.
12. Subject to Client's preapproval and payment of any expenses and costs, RightSourcing shall reimburse LT Supplier for the cost of travel, housing and local transportation arrangements for LT Workers per Client's travel policy.

**SCHEDULE B
PAYMENT AND PRICING**

RIGHTSOURCING SUPPLIER MANAGED SERVICES

1. Payment

- (a) Consolidated Billing – RightSourcing shall submit to Client’s Accounts Payable department the consolidated weekly invoice detailed by department which includes a breakdown of Client approved hours per Supplier Employee and the associated billing per the hours the Supplier Employee worked. This invoice will be sent to Client every Friday by 5:00 p.m. PT for the previous week. RightSourcing will pay Supplier in accordance with the Supplier Agreement provided that RightSourcing shall have no obligation to pay Supplier unless and until Client pays RightSourcing for the invoiced services. RightSourcing’s payment terms with Client are net thirty-five (35) days from receipt of invoice by RightSourcing.
- (b) Billing Inquiries – RightSourcing will only be paid for time properly reflected and authorized by Client as described in the Consolidated Billing process.

2. Supplier Pricing

Supplier bill rates (“Blended Bill Rate”) are all inclusive of all fees for services provided by RightSourcing. Blended Bill Rates are as follows:

Job Title – Traveler	Blended Client Bill Rate	Crisis Bill Rate Range	
Clinical Dietician	\$76.22	\$80.03	\$106.71
Clinical Director	\$133.90	\$140.60	\$187.46
Clinical Lab Scientist (CLS/MT)	\$90.64	\$95.17	\$126.90
Clinical Supervisor	\$89.61	\$94.09	\$125.45
Coding Supervisor	\$55.62	\$58.40	\$77.87
CPTA, COTA	\$77.25	\$81.11	\$108.15
ER Technician	\$61.80	\$64.89	\$86.52
Histologic/Cytology Tech – Level I	\$90.64	\$95.17	\$126.90
Histologic/Cytology Tech – Level II	\$90.64	\$95.17	\$126.90
Hospital Shift Manager	\$77.25	\$81.11	\$108.15
Infection Control - Level I, 2-5 years experience	\$63.86	\$67.05	\$89.40
Infection Control - Level II, 5 + years experience	\$67.98	\$71.38	\$95.17
Medical Lab Technician (MLT)	\$75.19	\$78.95	\$105.27
Medical Social Worker	\$57.68	\$60.56	\$80.75
MRI, Mammo Technologist	\$76.22	\$80.03	\$106.71
Nuclear Med Technician	\$76.28	\$80.09	\$106.79
Occupational Therapist	\$94.76	\$99.50	\$132.66
On Call	\$6.18	\$6.49	\$8.65
OR & L/D Surgical Tech	\$57.68	\$60.56	\$80.75
Perfusion RN	\$62.83	\$65.97	\$87.96
Pharmacist	\$118.45	\$124.37	\$165.83
Pharmacy Director	\$133.90	\$140.60	\$187.46
Pharmacy Technician	\$45.32	\$47.59	\$63.45
Physical Therapist	\$94.76	\$99.50	\$132.66
Quality Management – General	\$63.86	\$67.05	\$89.40
Quality Management - Peer Review	\$73.13	\$76.79	\$102.38

Radiation Therapist	\$87.55	\$91.93	\$122.57
Radiologic Technologist - General	\$80.34	\$84.36	\$112.48
Radiologic Technologist-Level II Echo, Cardiac Cath, CV Tech, CT Tech	\$80.34	\$84.36	\$112.48
Radiology Manager	\$100.94	\$105.99	\$141.32
Registered Nurse - Case Manager	\$81.37	\$85.44	\$113.92
Registered Nurse - Case Manager Level II, 5+ yrs	\$81.37	\$85.44	\$113.92
Registered Nurse - Correctional Medicine	\$66.95	\$70.30	\$93.73
Registered Nurse - DOU	\$79.83	\$83.82	\$111.76
Registered Nurse - ER/Trauma	\$82.92	\$87.07	\$116.09
Registered Nurse - GI Procedure Lab	\$79.83	\$83.82	\$111.76
Registered Nurse - Intensive Care	\$82.92	\$87.07	\$116.09
Registered Nurse - Interventional Radiology	\$90.64	\$95.17	\$126.90
Registered Nurse - L/D	\$87.55	\$91.93	\$122.57
Registered Nurse - Level II Other	\$82.92	\$87.07	\$116.09
Registered Nurse - Level III Other	\$79.83	\$83.82	\$111.76
Registered Nurse - Med/Surg	\$79.83	\$83.82	\$111.76
Registered Nurse - Neuro	\$79.83	\$83.82	\$111.76
Registered Nurse - NICU	\$82.40	\$86.52	\$115.36
Registered Nurse - Nuclear Medicine	\$79.83	\$83.82	\$111.76
Registered Nurse - Oncology	\$79.83	\$83.82	\$111.76
Registered Nurse - Operating Room (10 Hour)	\$86.52	\$90.85	\$121.13
Registered Nurse - Operating Room (12 Hour)	\$87.55	\$91.93	\$122.57
Registered Nurse - Operating Room (8 Hour)	\$84.98	\$89.23	\$118.97
Registered Nurse - Outpatient Clinics	\$69.01	\$72.46	\$96.61
Registered Nurse - Pediatrics	\$79.83	\$83.82	\$111.76
Registered Nurse - Post Partum	\$79.83	\$83.82	\$111.76
Registered Nurse - Psych	\$76.22	\$80.03	\$106.71
Registered Nurse - Recovery Room (10 Hour)	\$82.92	\$87.07	\$116.09
Registered Nurse - Recovery Room (12 Hour)	\$83.95	\$88.15	\$117.53
Registered Nurse - Recovery Room (8 Hour)	\$81.37	\$85.44	\$113.92
Registered Nurse - Tele	\$79.83	\$83.82	\$111.76
Respiratory Therapist	\$67.98	\$71.38	\$95.17
RN Charge	\$4.12	\$4.33	\$5.77
Speech Language Pathologist	\$89.61	\$94.09	\$125.45
Sterilization Processing Tech I	\$56.65	\$64.89	\$86.52
Sterilization Processing Tech II	\$61.80	\$59.48	\$79.31
Ultra Sound- General	\$83.43	\$87.60	\$116.80
Ultra Sound- Specialty Vascular/OB	\$84.46	\$88.68	\$118.24

**** Client shall approve final Traveler Crisis Bill Rates on a case-by-case basis**

Job Titles - Registry	Blended Client Bill Rate
C.N.A.	\$31.93
Clinical Dietician	\$76.22
Clinical Lab Scientist (CLS)	\$81.89
CPTA/COTA	\$67.98
Emergency Room Technician	\$57.17
Licensed Vocational Nurse	\$57.17

Medical Lab Technician	\$74.16
MRI, Mammo	\$69.01
Nuclear Med Technician	\$84.98
Occupational Therapist	\$79.57
On Call	\$6.18
Operating Room Technician	\$57.17
Pharmacist	\$108.15
Physical Therapist	\$79.57
Radiation Therapist	\$95.28
Radiologic Technologist - General	\$74.16
Radiologic Technologist Level II - Echo, Cardiac Cath, CV Tech, CT Tech	\$79.57
Registered Nurse - Case Manager	\$74.16
Registered Nurse - Case Manager Level II, 5+ yrs	\$74.16
Registered Nurse - Correctional Medicine	\$71.07
Registered Nurse - ER/Trauma	\$74.16
Registered Nurse - GI Procedure Lab	\$75.19
Registered Nurse - Intensive Care	\$74.16
Registered Nurse - L/D	\$84.98
Registered Nurse - Level II Other	\$73.13
Registered Nurse - Level III Other	\$71.07
Registered Nurse - Med/Surg	\$71.07
Registered Nurse - Neuro	\$74.16
Registered Nurse - NICU	\$74.16
Registered Nurse - Nuclear Medicine	\$74.16
Registered Nurse - Oncology	\$71.07
Registered Nurse - Operating Room (10 Hour)	\$82.92
Registered Nurse - Operating Room (12 Hour)	\$84.98
Registered Nurse - Operating Room (8 Hour)	\$80.34
Registered Nurse - Outpatient Clinics	\$70.04
Registered Nurse - Pediatrics	\$73.13
Registered Nurse - Recovery Room	\$75.19
Registered Nurse - Tele	\$71.07
Respiratory Therapist	\$69.01
RN Charge	\$4.12
Speech Language Pathologist	\$76.22
Ultra Sound Tech- General	\$76.22
Ultra Sound Tech- Specialty Vascular/OB	\$79.31

The parties agree that pricing will be adjusted by RightSourcing to reflect increases in wage and/or related tax and premiums, benefit and other costs as the result of any determination, order or action by or under any applicable governmental authority, insurance, or benefit program, including statutorily mandated benefits. Adjustments will be applied as of the effective date of the increased tax, benefit, or cost. RightSourcing will provide client with 15 days advance notice of any such changes. RightSourcing will also adjust pricing for changes in sales, use, or gross receipts taxes. Such increases will be applied retroactively, if necessary. In addition, on an annual basis RightSourcing and Client will review the pricing to determine if any changes need to be made and such pricing will be adjusted effective as mutually agreed by RightSourcing and Client.

(a) Overtime, Holidays, On Call/Call Back.

- (i) Overtime – Unless otherwise agreed at the time services are requested, hours worked in excess of forty (40) regular hours in a week are billed at one and thirty-five hundredths (1.35) times the Blended Bill Rate. Hours worked in excess of twelve hours in one day are billed at one and thirty-five hundredths (1.35) times the Blended Bill Rate.
- (ii) Holidays are billed one and thirty-five hundredths (1.35) times the Blended Bill Rate and shall be applicable for the following holidays:

New Year's Day
 Martin Luther King's Birthday
 Memorial Day
 Independence Day
 Thanksgiving Day
 Day after Thanksgiving Day
 Christmas Eve
 Christmas Day

Holiday pay is based on when a shift begins. If a shift begins on a designated holiday, Supplier will be paid at the holiday rate or overtime rate for the entire shift. If the shift begins the day before a designated holiday and ends on the designated holiday, Supplier will be paid the rate for regular hours for the entire shift.

- (iii) Call Back hours, when Supplier Employees are "On Call" for all departments are billed at one and five-tenths (1.5) times the Blended Bill Rate with a minimum of two (2) hours paid to Supplier Employee except in the Cath Lab which is paid at a three (3) hour minimum.

3. Conversion of Temporary Employees

Should Client wish to hire ("convert") on a full or part time basis a Supplier Employee assigned to Client, Client may do so without a fee after a minimum number of hours/weeks has been worked. RightSourcing will have no responsibility for payment of any conversion fee. The requirements are as follows:

a. Nursing and Allied

Local – After 468 Hours no fee applicable
 Traveler – After completion of one (1) thirteen (13) week travel assignment – no fee applicable

Should Client elect to hire a Supplier Employer *before* they have met the minimum thirteen (13) weeks worked, a conversion fee will be paid to RightSourcing based on the table below.

Number of Hours on Assignment	Fee (Based on 1st Year Salary with Client)
Up to 160 Hours	20%
161 Hours- 320 Hours	15%
321 Hours- 468 Hours	10%
More Than 468 Hours	No fee after 468 Hours

b. Clerical, Administrative and Technical After 520 Hours – no fee is applicable.

Should Client elect to hire a Supplier Employee *before* they have met the minimum 520 hours worked, a conversion fee will be paid to the Supplier up to a maximum of twenty percent (20%) of the Supplier Employee's annualized salary. A conversion fee will be paid to Supplier based on the

table below.

Number of Hours on Assignment	Fee (Based on 1 st Year Salary with Client)
Up to 160 Hours	20%
161 Hours- 320 Hours	15%
321 Hours- 520 Hours	10%
More Than 520 Hours	No fee after 520 Hours

4. Direct Placement

RightSourcing will contract with staffing agencies for the recruitment, procurement, and placement of candidates ("Candidate") for direct employment by Client. RightSourcing will charge a direct placement fee of twenty percent (20%) of the Candidate's annual base salary on the salary level at the date of hire, excluding any bonuses, commissions, and ancillary compensation. RightSourcing will invoice Client a placement fee after the first day of employment with Client.

No direct placement fee is due to staffing agency unless a Candidate is engaged, directly or indirectly, through Client referral. Furthermore, no direct placement fee will be due to the staffing agency if: (a) Client became aware of the Candidate from any other source; (b) the Candidate was referred to Client more than six (6) months prior to being hired if referred as a direct hire; (c) after a 90-day break in service if the Candidate worked for Client as a temporary employee; and/or (d) the Candidate was at any time an employee of Client or any of its affiliates.

RightSourcing will require staffing agency to provide a guarantee period of ninety (90) calendar days from the date of the Candidate's first day of employment with Client. In the event Candidate leaves or is discharged by Client, then RightSourcing will require staffing agency to guarantee one (1) qualified replacement Candidate or at Client's election refund the entire fee paid. RightSourcing will require staffing agency to refund such money within thirty (30) days from RightSourcing's notification.

Staffing agency will not provide replacements in the event of layoff, change of the original job description, change of the employment location or elimination of the position. In order for Client to receive said guarantee, RightSourcing will require staffing agency to notify RightSourcing or Client no later than five (5) days after the Candidate's separation and staffing agency must be the only source used to secure the replacement Candidate.

5. Payroll Service

RightSourcing offers professional payroll for contractors not affiliated with a staffing agency or consulting firm or that have been sourced directly by the client. As the employer of record, RightSourcing is responsible for employee payment, employee relations, adherence to corporate guidelines, and on boarding services include credential validation and screenings. When Client refers a candidate to RightSourcing for engagement as a temporary employee, the markup percentage for such Personnel, including administrative and or technical Personnel, shall be as follows:

30% for non-clinical
37% for clinical and light industrial

For each RightSourcing Employee, Client shall pay RightSourcing the RightSourcing Employee's gross wages, plus a mark-up over gross wages (as stated above) and other properly billable items. Gross wages shall include all compensation paid to the RightSourcing Employees, including but not limited to any expenses, bonuses, commissions, paid leave, and any locally mandated minimum wage or paid leave. Client agrees to pay all sales, use, excise and other taxes incident to the services provided, which shall be billed to Client at cost.

Additionally, Client agrees to reimburse RightSourcing for any required background screening, drug testing, examinations, and/or any other screening requirements requested by Client for any Referred Worker who work on assignment at Client.

6. Locum Tenens Services

RightSourcing will charge a 3.5% fee, which is Supplier funded, to all billing processed by RightSourcing for LT services.

**SCHEDULE C
SUPPLIER EMPLOYEE DOCUMENTATION REQUIREMENTS**

Prior to any Supplier Employee performing services for Client, Supplier will ensure that all Supplier Employee files are in compliance with State of California employment laws. Suppliers will maintain all documents required by this Schedule in the personnel files for each Supplier Employee. The Supplier agrees to have Supplier Employee files available for periodic on-site or off-site audits by RightSourcing or by Client.

The following requirements are subject to change, memorialized via email between Client and RightSourcing:

Compliance Item	Clinical	Detail
Assignment Documents		
Profile/Resume	X	Must include up to 7 years work history including city and state for each position.
References	X	Supplier must submit two (2) professional references obtained within the 12 months prior to the start of assignment verifying Supplier Employee's experience.
Photo Identification	X	Current/valid identification is required including front and back copies. State issued driver's license, an unexpired US passport or other state issued identification is acceptable. Photo identification must be presented to RightSourcing or Client upon arrival for assignment.
Job Description	X	Supplier Employee will sign and date a detailed description of duties specific to his/her job classification prior to start of assignment with Client.
Skills Checklist	X	Checklist provided by Agency is to be signed and dated by Supplier Employee. The checklist must be specialty specific for all units where Supplier Employee will perform services and completed within one year prior to start of assignment.
Unit Specific Competency Testing	X	Unit/job specific, proof of specialty testing is required to be completed within one year prior to start of assignment with minimum score of 80%.
Confirmation Form	X	Employee's name, job/classification, specialty, bill rate, Traveler start date, Traveler end date, confirmed shift, unit assigned, weekly guaranteed hours and any requested time off during assignment.
RightSourcing Authorization Release Form	X	The RightSourcing release form allows RightSourcing the ability to share documentation pertaining to the supplier employee with the client when necessary. Each supplier employee must fill out and sign this document and upload it into the VMS.
Background Check Requirements		
Social Security Trace	X	A social security trace must be completed within 30 days prior to start. This search produces all address history for the last 7 years and all the names (including aliases and variations) associated with the social security number.
County Background Check	X	Criminal search must be completed within 30 days of start of assignment. Background check to include: Felony & Misdemeanor background history for all counties where employee lived and worked for the previous 7 years.
National Criminal Search	X	Search must be completed 30 days prior to start of assignment.

National Sex Offender (NSO) search	X	Search must be completed 30 days prior to start of assignment.
OIG	X	Search must be completed 30 days prior to start of assignment.
SAM	X	Search must be completed 30 days prior to start of assignment.
Licensure and Certifications		
Licensure	X	This requirement is mandated by position. Proof of a current valid license and/or certification, as appropriate, issued by the applicable state or agency.
Primary Source On-Line Verification of License	X	This requirement is mandated by position. Primary source verifications must be completed by agency dated within 30 days prior to the start of assignment. These documents must remain current and available throughout the candidate's assignment.
Certifications	X	This requirement is mandated by position. Requirements for unit specific assignments may include, but are not limited to: BLS, ACLS, PALS, NRP, NIHSS and TNCC. All required CPR certifications must be completed through AHA and present upon arrival and be immediately available throughout assignment of all Travel and Registry Supplier Employees.
Health Documents		
Physical	X	Must be completed within one year prior to start of assignment and annually thereafter.
Drug Screen Results	X	A Supplier initiated <u>13 panel</u> (minimum) drug screen is required within thirty (30) days prior to start date of assignment with Client. Test results must be prepared by a licensed laboratory. Results must be negative for all of the following: Amphetamine, Barbiturates, Opiates, Benzodiazepines, Cannabinoids, Cocaine metabolites, Phencyclidine (PCP), Methadone, Oxycodone, Propoxyphene, Methaqualone, Fentanyl, Meperidine. <i>*It is highly recommended that specimens are overnighted to National Toxicology out of Bakersville, CA to prevent delays in processing. Many labs do not process 13 panel drug screens in house.</i>
Color Vision	X	Color vision must be assessed prior to the start of assignment.
Negative TB	X	Either of the following will meet the TB requirement: 1) 1st step negative TB Skin Test (TST) completed within 30 days prior to start and 2nd Negative TB skin test (TST) completed no sooner than 3 weeks <i>after</i> the 1st TB skin test and annually thereafter. *Results must include induration. 2) Negative Interferon-gamma Release Assay (IGRA) completed within 90 days prior to start and annually thereafter. If IGRA positive follow TB positive process.
Positive TB	X	A. No new employee (with positive PPD reactor history) will be cleared for employment until a chest x-ray is performed and verified as negative/normal (free of active disease). Documentation of negative/normal chest x-ray that has been done at another facility within three months will be accepted but must include employee's name, date of birth, and provider performing the chest x-ray. If the employee cannot provide documentation of a previous positive test, he/she will receive a Mantoux skin test using 5TU of Purified Protein Derivative or an IGRA lab test to rule out TB. B. TB symptom questionnaire is required to be completed within 90 days prior to the start date and annually thereafter.

Flu Vaccination/Declination	X	During the flu season (October 1st thru April 31st), proof of the current seasonal flu vaccination status is required prior to the start of the assignment. Any one of the following will meet the proof requirement: a) Written proof of vaccination with the current seasonal flu vaccine. Proof can be any immunization record that includes: vaccination name or abbreviation, date vaccine administered and name (written or stamped) of the clinic, office or doctor administering the vaccine; OR b) Signed declination (using OSHA mandated wording) for those who decline the offered vaccine.
Mask Fit	X	Mask fit must be completed by a certified fit tester one (1) year prior to start of assignment and annually thereafter. Facility carries both Kimberly Clark N95 and 3M N95. PAPR does not require testing, and is available throughout the hospital.
Hepatitis B	X	Laboratory evidence of immunity required. If non-immune, proof of vaccination series or declination is required.
Hepatitis C	X	Laboratory evidence of Hepatitis C anti-body screen required.
MMR	X	Laboratory evidence of immunity required for Measles (Rubeola), Mumps and Rubella. If non-immune, proof of vaccination series or declination required.
Varicella	X	Laboratory evidence of immunity required. If non-immune, proof of vaccination series or declination required.
Mandated Education - TJC Topics		
TJC Attestation	X	Required prior to the start of assignment and annually thereafter. Supplier must attest that all of the following have been completed successfully: HIPAA, Environmental Safety, Fire Safety, Emergency Preparedness, Infection Control/Blood borne Pathogens, Age Specific, Patients Rights, Abbreviations- Do Not Use, Drugs in the Workplace, Advanced Directives, Hazardous Chemicals, Workplace Violence, Abuse, Sexual Harassment, Cultural Diversity, Domestic Violence, National Patient Safety, Preventing Medication Errors, Pain Management, End of Life Care, Restraints, Body Mechanics
Client Specific Orientation Documents		
Fingernail Hygiene Policy	X	Must be completed and uploaded prior to start of assignment.
Latex Questionnaire	X	Must be completed and uploaded prior to start of assignment.
Driving Prohibition Statement	X	Must be completed and uploaded prior to start of assignment.
Abuse Reporting	X	Must be completed and uploaded prior to start of assignment.
Confidentiality Statement	X	Must be completed and uploaded prior to start of assignment.
Receipt of Information	X	Must be completed and uploaded prior to start of assignment.
Connelly Asbestos Notice	X	This is a read-only document provided for candidates
Dress and Grooming's Standards	X	This is a read-only document provided for candidates
Hostile Work Environment	X	This is a read-only document provided for candidates
Nepotism Policy	X	This is a read-only document provided for candidates
Notice of Privacy Practices	X	This is a read-only document provided for candidates
Request for Relief From Duty	X	This is a read-only document provided for candidates

**SCHEDULE C
BUSINESS ASSOCIATE AGREEMENT
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SCHEDULE D
SICK PAY

For any Referred Workers categorized as exempt and paid on a weekly or less frequently salary basis Client agrees to reimburse RightSourcing for such Referred Worker's sick leave time. Exempt Referred Workers shall receive sick leave time as follows: after twenty-six (26) weeks Referred Worker shall accrue two (2) days; after twelve (12) months three (3) additional days; after each twelve-month period thereafter Referred Worker shall accrue five (5) sick days. Referred Worker may not accrue more than five (5) sick days. Such days must be used within twelve (12) months of accrual or they will be forfeited. In the event of termination no pay will be given for any unused sick time. As an exempt Referred Worker such sick time must be used in increments of no less than a full day.

Further for such exempt salaried Referred Workers, Client agrees to reimburse RightSourcing for holiday time paid to such Referred Workers. Referred Workers shall be paid for any Client holiday when the work site where such Referred Worker is assigned to is closed. Referred Workers may be required to work any holiday for which such Referred Worker is allowed access to the work site. Below is a schedule of current Client holidays for which Client is closed. These may be amended by Client from time to time.

For exempt salaried Referred Workers the parties agree that there are no prior eligibility requirements for the Referred Worker in order to receive holiday pay.

For exempt salaried Referred Workers, for any day on which such Referred Worker chooses not to work and does not use sick time nor is it a holiday where Referred Worker's work site is closed, a deduction from such Referred Worker's salary for the following month shall be made in an amount equal to whatever fraction of the month that work day is compared to the total number of workdays in the month (e.g.: 2 days off in a month of 21 work days would mean 2/21 is deducted and employee shall receive 19/21 of Referred Worker's monthly rate). If such Referred Worker is on a weekly salary rate and chooses not to work on a day for which such Referred Worker does not use sick time nor is it a holiday where Referred Worker's work site is closed, RightSourcing shall deduct from such Referred Worker's salary for the following week an amount equal to whatever fraction of the week that work day is compared with the number of regular workdays in employee's week (e.g., Monday holiday where Client is closed and Referred Worker elects to take Tuesday off and works the balance of the week. Regular work week is five (5) days. Referred Worker is paid for the holiday and a deduction is made for the day off so Referred Worker will receive 4/5 of Referred Worker's weekly rate).



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

June 19, 2019

Subject: Proposed Amendment No. 13 to Agreement # HA2016-036 with Cerner Corporation, an independent contractor.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Amendment No. 13 with Cerner Corporation to extend current services to support the delay in the Cerner Millennium project.

In 2016, the Kern County Hospital Authority selected Cerner Millennium as the new electronic health record for Kern Medical. The Authority and Cerner have entered into multiple agreements that outline the terms, conditions and payments for the new system.

The installation of this expansive and expensive system began in December 2017. The parties anticipated, and the agreements, outlined a go live date of July 1, 2019. We have now determined that completing the build, training, and implementation of the system by that date is not possible, so we have extended the go live date of the Millennium project to November 1, 2019. To accommodate this change in go live date, it is necessary to amend the agreement with Cerner.

This delay increases the associated costs of implementing the system. Significant discussion where held with Cerner to outline the reasons for delaying the go live date. Upon review, both parties agreed that actions by both parties lead to the delay in the go live date. Cerner has agreed to provide reimbursement to Kern Medical for their portion of the delay.

This Amendment No. 13 addresses the following items:

1. The listed contracts will be extended through December 31, 2027. This extension will solidify the partnership of the two parties, as well as reduce the associated costs.
2. The CPI language has been updated to read that it will not exceed the lesser of the previous calendar year's percentage increase in CPI, or three percent (3%) per annum. This is a 2% reduction.
3. Six (6) module upgrades will be price protected for two (2) years. This includes upgrades for Millennium (1 release upgrade and 1 service package upgrade), CareAware, and FetaLink modules.

Therefore, it is recommended that your Board approve Amendment No. 13 to the Cerner Business Agreement with Cerner Corporation to extend the term from December 31, 2024 to December 31, 2027 and increase the maximum payable by \$2,200,000, effective June 19, 2019.



AMENDMENT NO. 13

THIS AMENDMENT NO. 13 to the Cerner Business Agreement (the "Agreement") dated July 01, 2016 between Cerner Corporation ("Cerner"), a Delaware corporation with its principal place of business at 2800 Rockcreek Parkway, Kansas City, Missouri, 64117 and Kern County Hospital Authority ("Client"), a local unit of government having its principal place of business at 1700 Mount Vernon Ave, Bakersfield, CA, 93306-4018, is effective as of June 19, 2019 ("Amendment No. 13 Effective Date").

WITNESSETH:

WHEREAS, the parties hereto wish to amend the Agreement and to amend certain Ordering Documents under the Agreement, specifically the documents detailed in the table below, collectively referred to as the "**Covered Ordering Documents**",

OPPTY ID	Contract Description	Sign Date
1-53F4EWX	Cerner System Schedule No. 1	July 1, 2016
1-2WKJ3CN	Cerner System Schedule No. 2	January 15, 2017
1-65FB0P5	Cerner Sales Order - AMS Services	November 15, 2017
1-63XGF18	Cerner Sales Order - Claims Management	November 15, 2017
1-3H7XXBV	Cerner System Schedule No. 3	November 15, 2017
1-6DXSK3G	Cerner System Schedule No. 7	July 20, 2018
1-6F6J9ZM	Cerner Sales Order - RHO add-on	August 29, 2018
1-6DF7RBJ	Cerner Sales Order - Experian	September 26, 2018
1-6C9GT9E	Cerner System Schedule No. 10	September 25, 2018
1-6KKR0LI	Cerner Sales Order - Experian	January 10, 2019
1-6DJE6AU	Cerner Sales Order	February 20, 2019

NOW, THEREFORE, in consideration of the premises, the parties hereto do hereby covenant and agree as follows:

- Term Extension:** Cerner and Client agree to extend the term of the Covered Ordering Documents through December 31, 2027. Client will continue to be invoiced in accordance of the payment terms set forth in the Covered Ordering Documents, unless specifically amended herein.
- Renewal:** Each solution and service of the Covered Ordering Documents may be renewed for additional 12-month periods beginning January 1, 2028 at the rate charged in the final period of the then-current term by written agreement of the parties no less than 90 days prior to the expiration of the applicable then-current term.
- Annual Increase:** Cerner may revise the fees for all recurring services of the Covered Ordering Documents beginning on January 1, 2021 (but no more frequently than once in any twelve (12) month period) by giving Client sixty (60) days' prior written notice. The amount of any increase in the fees shall not exceed the lesser of the previous calendar year's percentage increase in CPI, or three percent (3%) per annum. Cerner may increase the monthly fees at any time during the term if Cerner's third-party supplier increases the fees to be paid by Cerner, with such increase being limited to the amount of increase in Cerner's fee to the third-party supplier.

4. As of the Amendment No. 13 Effective Date, the fixed fee professional services in Cerner System Schedule No. 3 will be increased by an additional \$2,200,000. For clarification, the \$2,200,000 includes \$161,700 for the additional hours to cover the extension at the Kern County Corrections Facilities, originally scoped in Cerner System Schedule No. 10. In result of the additional professional services, the Fixed Technology Fee in Cerner System Schedule No. 3 will be restated beginning June 1, 2019 as follows.

Dates	Invoice Amount	Dates	Invoice Amount
6/1/2019	298,732	12/1/2023	538,736
9/1/2019	977,720	3/1/2024	538,736
12/1/2019	1,057,214	6/1/2024	538,736
3/1/2020	1,087,214	9/1/2024	538,736
6/1/2020	1,087,214	12/1/2024	524,394
9/1/2020	537,214	3/1/2025	524,394
12/1/2020	538,736	6/1/2025	524,394
3/1/2021	538,736	9/1/2025	524,394
6/1/2021	538,736	12/1/2025	524,394
9/1/2021	538,736	3/1/2026	524,394
12/1/2021	538,736	6/1/2026	524,394
3/1/2022	538,736	9/1/2026	524,394
6/1/2022	538,736	12/1/2026	524,394
9/1/2022	538,736	3/1/2027	524,394
12/1/2022	538,736	6/1/2027	524,394
3/1/2023	538,736	9/1/2027	524,394
6/1/2023	538,736	12/1/2027	174,798
9/1/2023	538,736		

5. **Upgrade Services.** For a period beginning upon the Amendment No. 13 Effective Date and ending two years thereafter, Client shall have the option to purchase the upgrade services set forth in the table below at the fees indicated below. In addition, if Client chooses to purchase said services, a new Ordering Document will be executed by both parties with complete scope of work included. For clarification, the fees below do not include any costs to upgrade third-party systems that may require an upgrade to continue functioning with future Cerner code.

Services	One-Time Fees
Millennium Release Upgrade (including Bridge Medical)	\$866,139
Millennium Service Package Upgrade (including Bridge Medical)	\$586,502
CareAware Upgrade 1 (including Clairvia)	\$125,388
CareAware Upgrade 2 (including Clairvia)	\$125,388
FetaLink Upgrade 1	\$41,367
FetaLink Upgrade 2	\$41,367

In all other respects, the Cerner System Schedule(s) and the Agreement of which they are a part remain unchanged.

IN WITNESS WHEREOF, the parties hereto do hereby execute this Amendment No. 13 as of the Amendment No. 13 Effective Date.

KERN COUNTY HOSPITAL AUTHORITY

By: _____
(signature)
Russell Bigler

(type or print)
Title: Chairman, Board of Governors

Purchase Order #: _____
(if applicable)

CERNER CORPORATION

By: _____
Teresa Waller

Title: Senior Director, Contract Management

Purchase Order #: _____
(if applicable)

**APPROVED AS TO FORM
Legal Services Department**

By: _____
Kern County Hospital Authority



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

June 19, 2019

Subject: Proposed Retroactive Amendment No. 2 to Agreement 20117 with LocumTenens.Com

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical is amending the current agreement with LocumTenens.com to extend the agreement for two more years and to increase the maximum payable from \$750,000 to \$3,000,000. The per diem rate schedule contained in the original agreement is not changing. LocumTenens.com provides interim physician staffing.

The utilization of locums physicians through this agreement increased in order to staff psychiatrists employed by Kern Medical and reimbursed by Kern Behavioral Health and Recovery Services as well as to staff certain specialties that have seen increasing patient volumes that need coverage.

Therefore, Kern Medical requests your Board approve the proposed retroactive Amendment No. 2 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 23, 2019 through May 21, 2021, extending the term two years, increasing the maximum payable by \$2,250,000, from \$750,000 to \$3,000,000, to cover the extended term, effective May 23, 2019.

**AMENDMENT NO. 2
TO
PERSONAL/PROFESSIONAL SERVICES AGREEMENT
(Kern County Hospital Authority – LocumTenens.Com)**

THIS AMENDMENT TO AGREEMENT, effective May 23, 2019, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("Kern Medical"), and LocumTenens.Com. ("Consultant").

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated May 22, 2017 (#20177PA) and Amendment No. 1 effective May 23, 2018 (KCHA Agt.#044-2018) ("Agreement"), for the period May 22, 2017 through May 22, 2019; and

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

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

- Term.** The Agreement shall be extended from May 23, 2019 to May 21, 2021, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$2,250,000 from \$750,000 to \$3,000,000 and will include approved reimbursable travel expenses.
- Travel Expenses** will be reimbursed by KCHA for all necessary and reasonable actual costs incurred on behalf of KCHA. The travel expenses must be reasonable and necessary, approved in advance by KCHA, and shall not exceed the following KCHA per diems: Lodging, \$150.00 per night plus tax; economy rental car or mileage, if by private automobile, at \$.58 per mile; and airfare by common carrier at actual fare charged for economy or coach class. Meals and Incidentals are not reimbursable expenses.
- Services.** See Amendment No. 2 to Exhibit A, attached hereto and incorporated herein by this reference, for revised Services.
- Other:**

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

IN WITNESS WHEREOF, this Amendment No.2 to the Agreement is effective as of the date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell Bigler, Chairman
"KCHA"

Date: _____

APPROVED AS TO CONTENT:

Kern Medical Center

By _____
Scott Thygerson
Chief Strategy Officer

Date: _____

LOCUMTENENS.COM

By _____
Print Name: Scott Seiby
"Consultant"

Date: 6/10/19

APPROVED AS TO FORM:

Legal Services Department

By _____
Hospital Counsel, Kern County Hospital Authority

Date: 6/10/19



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

June 19, 2019

SUBJECT: Proposed renewal and binding of insurance coverages from July 1, 2019 through June 30, 2020, in an amount not to exceed \$1,634,629

RECOMMENDED ACTION: Approve; authorize Chief Executive Officer to sign the Premium Finance Agreement and Certificate of Incumbency with IPFS Corporation of California

Kern Medical requests your Board's approval to renew and bind the following insurance coverages for the period July 1, 2019 through June 30, 2020:

- Hospital Professional Liability, General Liability and Umbrella/Excess Liability
- Workers' Compensation and Employers Liability
- Automobile Liability
- Heliport & Non-Owned Aircraft Liability
- Directors & Officers Liability
- Employment Practices Liability
- Crime
- Privacy and Security (Cyber) Liability
- Premises Pollution Liability
- Underground Storage Tanks (UST) Liability
- Property: Building, Equipment, Business Interruption, Earthquake & Flood
- Employed Lawyers Liability
- Fiduciary Liability

Hospital Professional Liability, General Liability and Umbrella/Excess Liability *

Kern Medical recommends renewing coverage for the Hospital Professional Liability, General Liability and Umbrella/Excess Liability with Columbia Casualty Company (CNA).

- Insurance Carriers: Columbia Casualty Company (CNA) and National Fire & Marine Insurance Company (MedPro)
- A.M. Best Rating: CNA (A (Excellent) XV); MedPro (A++ (Superior) XV)
- Term: July 1, 2019 – July 1, 2020
- Coverage: Hospital Professional Liability insurance protects physicians and other licensed health care professionals from liability associated with wrongful practices resulting in bodily injury, medical expenses, and the cost of defending lawsuits related to such claims. General Liability insures against losses from bodily injury, personal injury and property damage. Umbrella/Excess Liability provides additional limits in excess of self-insured retentions and underlying coverages
- Limit per Medical Incident or per Occurrence: \$25,000,000

- Self-insured Retention (SIR):
 - \$2,000,000 per Professional Liability Claim
 - \$1,000,000 per General Liability Occurrence
- Underlying Coverages: Automobile Liability, Employers Liability and Heliport Liability
- Combined Annual Premium: \$692,447

Workers' Compensation and Employers Liability *

Kern Medical recommends renewing coverage for Workers' Compensation and Employers Liability with Safety National Casualty Corporation.

- Insurance Carrier: Safety National Casualty Corporation
- A.M. Best Rating: A+ (Superior) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: This policy insures against losses from work-related bodily injury or disease and the common law liability of an employer for injuries sustained by employees
- Limit per Occurrence:
 - Workers' Compensation - Statutory
 - Employers Liability - \$5,000,000
- SIR: \$1,000,000
- Annual Premium: \$126,533

Automobile Liability

Kern Medical recommends renewing coverage for Automobile Liability with Philadelphia Indemnity to cover 11 vehicles and 5 trailers with specific coverages as expiring.

- Insurance Carrier: Philadelphia Indemnity Insurance Co.
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: This policy insures against losses from automobile accident related injuries and property damage, including Owned, Non-Owned and Hired Automobiles
- Limit per Occurrence: \$1,000,000
- Deductible: \$500 for comprehensive and \$1,000 for collision (where coverage applies); \$0 for liability
- Annual Premium: \$15,983

Heliport Liability *

Kern Medical recommends renewing Heliport Liability coverage through ACE Property & Casualty Insurance Co (Chubb).

- Insurance Carrier: ACE Property & Casualty Insurance Co. (Chubb)
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: This policy insures against losses for injury to a third party or their property arising from the operation and maintenance of the hospital's helipad (e.g., damage caused to a vehicle from debris). The policy also protects the hospital against losses associated with non-owned aircraft (e.g., patient transport by helicopter)

- Limit per Occurrence: \$10,000,000
- Deductible: \$0
- Annual Premium: \$6,441

Directors and Officers Liability *

Kern Medical recommends placing coverage for Directors and Officers Liability through Lloyd's of London (Beazley Syndicate) as opposed to AIG Specialty Insurance Company, the incumbent carrier, due to a significant increase in premium proposed by AIG of approximately 12% and a higher retention (from \$25,000 to \$75,000). Beazley offers to package D&O and EPL at a lower rate, broaden coverage, and higher limits; however, with a \$100,000 retention change specific to D&O only.

- Insurance Carrier: Lloyd's Syndicate 2623/623 (Beazley)
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: This policy provides financial protection for managers against the consequences of actual or "wrongful acts" when acting within the scope of their managerial duties
- Limit Each Wrongful Act Claim: \$5,000,000
- SIR: \$100,000
- Annual Premium: \$29,408

Employment Practices Liability *

Kern Medical recommends placing Employment Practices Liability coverage through Lloyd's of London (Beazley Syndicate) as opposed to AIG Specialty Insurance Company, the incumbent carrier, due to a significant increase in premium proposed by AIG of approximately 51%. Beazley offers to package D&O and EPL at a lower rate, broaden coverage, and higher limits.

- Insurance Carrier: Lloyd's Syndicate 2623/623 (Beazley)
- A.M. Best Rating: A (Excellent) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: This policy insures against losses for wrongful acts, including wrongful termination, sexual harassment, discrimination, invasion of privacy, false imprisonment, breach of contract, and emotional distress.
- Limit Each Wrongful Act Claim: \$5,000,000
- SIR: \$500,000
- Annual Premium: \$63,886

Crime

Kern Medical recommends continued participation in the Crime insurance program offered by California State Association of Counties Excess Insurance Authority (CSAC-EIA).

- Insurance Carrier: National Union Fire Insurance of Pittsburgh, PA (AIG)
- A.M. Best Rating: A (Excellent) XV
- Term: June 30, 2019 – June 30, 2020

- Coverage: This policy insures against employee theft, robbery, forgery, extortion, and computer fraud
- Limit per Occurrence: \$15,000,000
- Deductible: \$25,000
- Annual Premium: \$13,203

Cyber Liability

Kern Medical recommends continued participation in the Cyber Liability program through California State Association of Counties Excess Insurance Authority (CSAC-EIA).

- Insurance Carrier: Primary program layer and breach notification through Lloyd's of London (Beazley Syndicate) and excess program layer through Greenwich Insurance Company (AXA XL) and Crum & Forster Specialty Insurance Company
- A.M. Best Rating: Lloyd's/Beazley (A [Excellent] XV); Greenwich (A+ [Superior] XV); Crum & Forster (A [Excellent] XIII)
- Term: July 1, 2019 – July 1, 2020
- Coverage: This policy insures against website media content liability (including cyber extortion, first party data protection and first party network business interruption) and privacy notification costs from data breaches in which patient and employee personal information, such as names, dates of birth, Social Security Numbers, credit card information, etc., is exposed and/or misappropriated
- Limit per Incident and Aggregate: \$7,000,000
- SIR: \$50,000
- Annual Premium: \$19,993

Premises Pollution Liability *

Kern Medical recommends placing Premises Pollution Liability coverage through Interstate Fire and Casualty Company (Allianz) as opposed to Illinois Union Insurance Company (Chubb), the incumbent carrier, due to an unacceptable mold exclusion and the offering of broadened coverages and lower premiums.

- Insurance Carrier: Interstate Fire and Casualty Company (Allianz)
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: Coverage for first-party claims arising from a pollution condition from premises, including clean-up, emergency response and business interruption; coverage for third-party bodily injury and property damage; coverage for transport of hazardous materials and non-owned disposal sites
- Limit per Pollution or Indoor Environmental Condition: \$1,000,000
- SIR: \$25,000
- Annual Premium: \$12,548

Underground Storage Tank Liability *

Kern Medical recommends renewing Underground Storage Tank Liability insurance through ACE American Insurance Company (Chubb) for one underground storage tank containing 10,000 gallons of diesel fuel and the associated aboveground day tanks.

- Insurance Carrier: ACE American Insurance Company (Chubb)
- A.M. Best Rating: A++ (Superior) XV
- Term: July 1, 2019 – July 1, 2020
- Coverage: Bodily Injury or Property Damage caused by a storage tank incident, including Corrective Action Costs and Legal Defense Expenses; meets requirements for Financial Responsibility
- Limit per Occurrence: \$1,000,000
- Deductible: \$25,000
- Annual Premium: \$841

Property

Kern Medical recommends continued participation in the Property insurance program through California State Association of Counties Excess Insurance Authority (CSAC-EIA). Note that premiums have increased by approximately 18% due to hardening market conditions, significant fire losses year over year by other program participants, and a shrinking availability for earthquake coverage.

- Insurance Carriers: CSAC-EIA with multiple layers of excess and reinsurance from various carriers
- A.M. Best Rating: A- (Excellent) IX
- Term: 3/31/2019 – 3/31/2020 (Billed from 07/01/2019 – 07/01/2020)
- Coverage: This policy provides All Risk coverage, including Real Property, Earthquake, Flood, Boiler & Machinery, Business Interruption, and more
- Limit per Occurrence: \$600,000,000 All Risk; \$465,000,000 Annual Aggregate for Earthquake
- Deductible: \$100,000 All Risk; 5% of Values for Earthquake (\$100,000 Minimum)
- Annual Premium: \$616,649

Employed Lawyers *

Kern Medical recommends renewing Employed Lawyers Professional Liability coverage through Federal Insurance Co (Chubb).

- Insurance Carrier: Federal Insurance Company (Chubb)
- A.M. Best Rating: A++ (Superior) XV
- Term: 7/1/2019 – 7/1/2020
- Coverage: This policy provides professional liability coverage for employed lawyers and support staff from claims arising from their professional legal services
- Limit per Occurrence/Aggregate: \$1,000,000
- SIR: \$0 Non-Indemnified Person; \$5,000 Organization
- Annual Premium: \$1,764

Fiduciary Liability *

Kern Medical recommends renewing Fiduciary Liability coverage through Hudson Insurance Co.

- Insurance Carrier: Hudson Insurance Company
- A.M. Best Rating: A (Excellent) XV

- Term: 7/1/2019 – 7/1/2020
- Coverage: This policy provides coverage for the Defined Contribution Plan fiduciaries, as they can be held personally liable for losses to a benefit plan incurred because of their alleged errors or omissions or breach of their fiduciary duties
- Limit per Occurrence/Aggregate: \$2,000,000
- SIR: \$0 Non-Indemnifiable Losses of Covered Penalties; \$50,000 All other Losses
- Annual Premium: \$6,518

Total Annual Premiums: \$1,606,214 (as recommended)

Premium Financing

Kern Medical recommends financing the premiums as follows:

1. CSAC-EIA will provide in-house financing of Property, Crime, and Privacy and Security (Cyber) coverages for an additional fee of \$6,267 with the cost of coverage and financing split between 12 equal payments; and
2. IPFS Corporation of California will finance those coverages identified with an * symbol. Financing will require a 15% cash down payment (\$141,000), plus finance charges currently at a rate of 6% (up to \$22,148), for total payments not to exceed \$962,020, as set forth below:

Total Premium -	\$939,887
Cash down payment	\$141,000
Amount financed -	\$798,886
Finance charges (6%) -	\$22,134
Total payments -	\$962,020

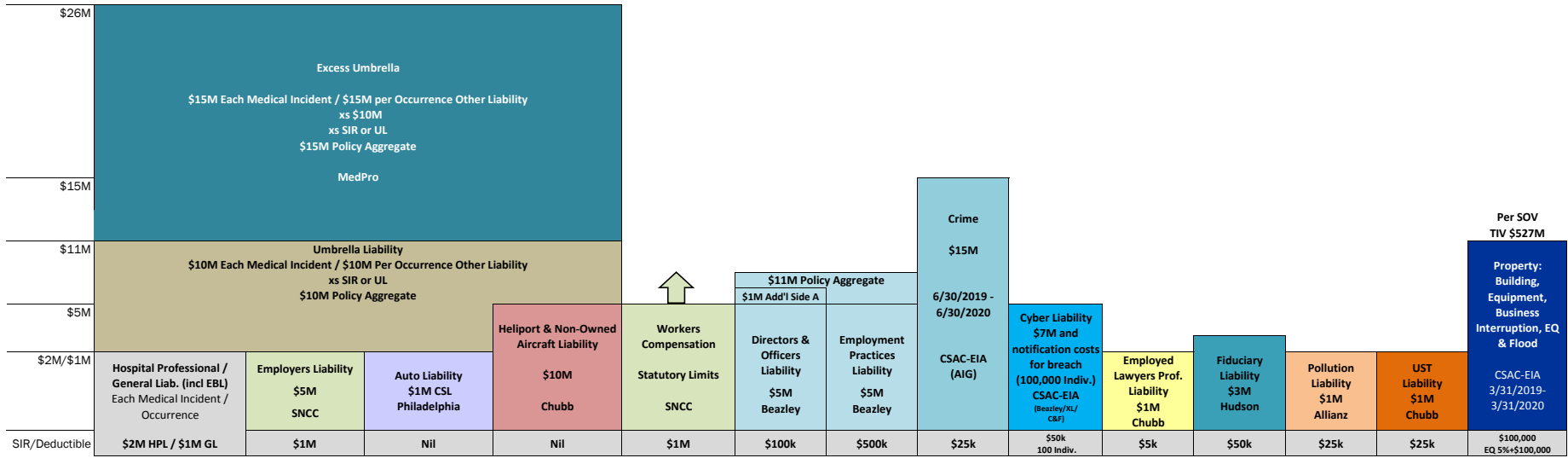
3. Financing through IPFS Corporation requires the signing of a separate Premium Finance Agreement and Certificate of Incumbency.

Attached for your ease of reference are a Proposed Program Summary and a Summary of Changes Per Policy Year from July 1, 2016 to the present.

Therefore, it is recommended that your Board approve the renewal and binding of insurance coverages from July 1, 2019 through June 30, 2020, with the option to finance selected premiums through CSAC-EIA and IPFS Corporation of California, in an amount not to exceed \$1,634,629; and authorize the Chief Executive Officer to sign the Premium Finance Agreement with IPFS Corporation and Certificate of Incumbency.

Kern County Hospital Authority

Proposed Program Summary
7/1/2019 to 7/1/2020



Graph is not to scale

18-19 PROGRAM COST (INCLUDING SURPLUS LINES TAXES & FEES AND OTHER FEES)

\$671,110	Incl w/WC	\$14,508	\$6,019	\$130,463	\$21,243	\$83,855	\$12,003	\$20,282	\$1,764	\$6,018	\$12,252	\$579	\$520,511	\$1,500,607
														TOTAL
														w/100k notified individuals
														Full Annual Cost w/Add'l Locations

19-20 RENEWAL PROGRAM COST (INCLUDING SURPLUS LINES TAXES AND FEES)

\$692,447	Incl w/WC	\$15,983	\$6,441	\$126,533	\$29,408	\$63,886	\$13,203	\$19,993	\$1,764	\$6,518	\$12,548	\$841	\$616,649	\$1,606,214
														TOTAL
														w/100k notified individuals
														Cost Difference \$105,608
														% Change 7.04%

Line of Coverage	FY 16/17	FY 17/18	FY 18/19	FY 19/20	% Change from 18/19 to 19/20
1 HPL/GL/UMB/Excess	\$ 911,050	\$ 643,246	\$ 671,110	\$ 692,447	3.18%
2 Auto	\$ 13,405	\$ 13,425	\$ 14,509	\$ 15,983	10.16%
3 Heliport	\$ 6,019	\$ 6,019	\$ 6,019	\$ 6,441	7.01%
4 Pollution	\$ 12,129	\$ 12,130	\$ 12,252	\$ 12,548	2.42%
5 UST	\$ 481	\$ 529	\$ 579	\$ 841	45.25%
6 D&O	\$ 19,944	\$ 20,023	\$ 21,243	\$ 29,408	38.44%
7 EPL	\$ 71,753	\$ 77,810	\$ 83,855	\$ 63,886	-23.81%
8 EWC	\$ 703,640	\$ 389,000	\$ 130,463	\$ 126,533	-3.01%
9 Crime	\$ 10,630	\$ 11,183	\$ 12,003	\$ 13,203	10.00%
10 Cyber/Excess/CEO	\$ 22,411	\$ 21,987	\$ 20,282	\$ 19,993	-1.42%
11 Property	\$ 550,251	\$ 519,869	\$ 520,511	\$ 616,649	18.47%
12 Employed Lawyers	N/C	\$ 1,764	\$ 1,764	\$ 1,764	0.00%
13 Fiduciary Liability	N/C	N/C	\$ 6,018	\$ 6,518	8.31%
Total	\$ 2,321,713	\$ 1,716,985	\$ 1,500,608	\$ 1,606,214	Average % 8.84%

Summary of Changes Per Policy Year

-
- 1 **HPL/GL/UMB/Excess** In **FY 16/17**, coverage limits were the same as present; however, the SIR for both HPL and GL were set at \$1M, each
In **FY 17/18**, coverage limits remained the same though the SIR for HPL changed to \$2M while GL remained at \$1M
For **FY 18/19**, coverages and SIR's remain the same for both HPL and GL
For **FY 19/20**, coverages and SIR's remain the same for both HPL and GL
-
- 2 **Auto** No changes had been made to this coverage through **FY 17/18**.
In **FY 18/19**, both changes in coverage and the addition of the four previously uninsured trailers were recommended. Coverage changes included the deletion of Collision coverage from two 2001 Dodge Cargo Vans as the deductible is equitable to half the vehicle value. Other coverage changes included the deletion of Med Pay, UM and UIM coverages as these are essentially duplicative of other available coverages such as workers compensation. In addition, passengers were prohibited from being transported in a KCHA vehicle by policy.
For **FY 19/20**, coverages and deductibles remain the same.
-
- 3 **Heliport** No changes have been made to this coverage since **FY 16/17**.
-
- 4 **Pollution** No changes had been made to this coverage through **FY 18/19**.
For **FY 19/20** incumbent carrier Chubb suddenly applied an exclusion to mold effectively excluding it as well as increased renewal price. Competing carrier, with nearly the same coverage absent the mold exclusion and a slightly less premium than renewing, was identified to place coverage with.
-
- 5 **UST** No changes have been made to this coverage through **FY 18/19**.
For **FY 19/20**, an audit of storage tanks revealed an additional two not previously disclosed to the carrier and needed to be added.
-

- 6 **D&O** No changes have been made to this coverage through **FY 18/19**.
For **FY 19/20**, incumbent carrier quoted renewal rates with nearly a 50% increase, the same coverage, but an increase to the SIR from \$25,000 to \$75,000. A competing carrier has provided a package deal with EPL, broader coverage and higher limits for an overall reduced price from the incumbent carrier, although with a \$100,000 SIR as compared to the incumbent carrier.
-
- 7 **EPL** No changes have been made to this coverage through **FY 18/19**.
For **FY 19/20**, incumbent carrier quoted renewal rates with nearly a 50% increase and the same coverage. A competing carrier has provided a package deal with D&O, broader coverage and higher limits for an overall reduced price from the incumbent carrier was selected to place coverage with.
-
- 8 **EWC** In **FY 16/17**, statutory limits were selected and coverage was placed through CSAC/EIA with an SIR of \$500k.
In **FY 17/18**, a recommendation was made and approved due to increase the SIR to \$1M as a result of favorable claims history and management resulting in a net premium decrease of \$314,640 (or 55%).
In **FY 18/19**, CSAC/EIA proposed a renewal premium of \$428,000 despite another decrease in claims and resolution of many legacy claims. To potentially avoid a 10% increase in premium, we went to market and solicited other quotes. Safety National, the Hospitals' previous carrier for 8 years (via Kern County from 2008 to 2016) was quite familiar with our program and eager to regain the business. Safety National offered a premium of \$130,463 with no material difference in coverage or a change from the \$1M SIR.
For **FY 19/20**, coverages and SIR remains the same with Safety National and premium continues to decrease to minimums.
-
- 9 **Crime** No changes in coverage have been made to this coverage for any FY.
-
- 10 **Cyber/Excess/CEO** No changes have been made to this coverage through **FY 18/19**.
For **FY 19/20**, higher limits and multiple broadening of coverages have occurred with the incumbent carriers.
-
- 11 **Property** In **FY 17/18**, the deductible was increased from \$50k to \$100k
Additionally, all of the mobile accounting trailers and F Ward were removed from structural coverage though liability remains.
In **FY 18/19**, minor changes were made to include an edit to business interruption coverage, adding/removing leased locations which includes tenant improvements and equipment.
For **FY 19/20**, no changes made to either coverages or the deductible; however, overall premiums have increased due to hardening of the market primarily due to the major fires in N. CA as well as an increase in EQ costs which is the result of a shrinking market for this type of coverage.
-
- 12 **Employed Lawyers** No changes have been made to this coverage since **FY 16/17**.
-
- 13 **Fiduciary Liability** No significant changes have been made to this coverage through **FY 18/19**.

For **FY 18/19**, added 401(A) Plan though there was no charge until next term.
For **FY 19/20**, Post Employment Health Plan added which increased premium
along with 401(A) by \$500.

49 STEVENSON STREET
 SUITE 1275
 SAN FRANCISCO, CA 94105
 (877)687-9826 FAX: (415)796-6156
 CUSTOMER SERVICE: (800)774-8282

PREMIUM FINANCE AGREEMENT
License # 973 9750

IPFS CORPORATION

A	CASH PRICE (TOTAL PREMIUMS)	\$940,386.15
B	CASH DOWN PAYMENT	\$141,000.00
C	PRINCIPAL BALANCE (A MINUS B)	\$799,386.15

AGENT (Name & Place of business) ALLIANT INSURANCE SERVICES INC 100 PINE ST STE 1100 SAN FRANCISCO, CA 94111-5113 (415)403-1400 FAX: (415)403-0773	INSURED (Name & Residence or business) KERN COUNTY HOSPITAL AUTHORITY 1700 MOUNT VERNON AVE BAKERSFIELD, CA 93306-4018 (661)862-7587
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Commercial

Account #: _____

LOAN DISCLOSURE
 Additional Policies Scheduled on Page 3

Quote Number: 8971739

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 6.000%	FINANCE CHARGE The dollar amount the credit will cost you. \$22,147.55	AMOUNT FINANCED The amount of credit provided to you or on your behalf. \$799,386.15	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled \$821,533.70
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YOUR PAYMENT SCHEDULE WILL BE

Number Of Payments 10	Amount Of Payments \$82,153.37	When Payments Are Due Beginning: MONTHLY 08/01/2019
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ITEMIZATION OF THE AMOUNT FINANCED: THE AMOUNT FINANCED IS FOR APPLICATION TO THE PREMIUMS SET FORTH IN THE SCHEDULE OF POLICIES UNLESS OTHERWISE NOTED.

Security: Refer to paragraph 1 below for a description of the collateral assigned to Lender to secure this loan.

Late Charges: A late charge will be imposed on any installment in default 10 days or more. This late charge will be 5.00% of the installment due.

Prepayment: If you pay your account off early, you may be entitled to a refund of a portion of the finance charge computed as provided in Sec. 18635, California Statute or as otherwise allowed by law. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$25.00. See the terms below and on the next page for additional information about nonpayment, default and penalties.

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
PENDING	07/01/2019	COLUMBIA CASUALTY CO	EXCESS PROF LIABILITY	25.00%	12	578,576.00 Tax: 18,514.43
Broker Fee:						\$0.00
TOTAL:						\$940,386.15

The undersigned insured directs IPFS Corporation of California (herein, "Lender") to pay the premiums on the policies described on the Schedule of Policies. In consideration of such premium payments, subject to the provisions set forth herein, the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender, the amount stated as Total of Payments in accordance with the Payment Schedule, in each case as shown in the above Loan Disclosure. The named insured(s), on a joint and several basis if more than one, hereby agree to the following provisions set forth on pages 1 and 2 of this Agreement: **1. SECURITY:** To secure payment of all amounts due under this Agreement, insured assigns Lender a security interest in all right, title and interest to the scheduled policies, including (but only to the extent permitted by applicable law): (a) all money that is or may be due insured because of a loss under any such policy that reduces the unearned premiums (subject to the interest of any applicable mortgagee or loss payee), (b) any unearned premium under each such policy, (c) dividends which may become due insured in connection with any such policy and (d) interests arising under a state guarantee fund. **2. POWER OF ATTORNEY:** Insured irrevocably appoints Lender attorney-in-fact with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to its Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this Agreement. **3. POLICY EFFECTIVE DATES:** The finance charge begins to accrue as of the earliest policy effective date.

NOTICE: A. Do not sign this agreement before you read it or if it contains any blank space. B. You are entitled to a completely filled in copy of this agreement. C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge. D. Keep your copy of this agreement to protect your legal rights.

**FOR INFORMATION CONTACT THE
 DEPARTMENT OF FINANCIAL INSTITUTIONS,
 STATE OF CALIFORNIA**

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.

 Signature of Insured or Authorized Agent

 DATE

 Signature of Agent

 DATE

Insured and Lender further agree that: **4. AGREEMENT EFFECTIVE DATE:** This Agreement shall be effective when written acceptance is mailed to the insured by Lender. **5. DEFAULT AND DELINQUENT PAYMENTS:** If any of the following happens insured will be in default: (a) a payment is not made when it is due, (b) a proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against insured, or (c) insured fails to keep any promise the insured makes in this Agreement; provided, however, that, to the extent required by applicable law, insured may be held to be in default only upon the occurrence of an event described in clause (a) above. The acceptance by Lender of one or more late payments from the insured shall not estop Lender or be a waiver of the rights of Lender to exercise all of its rights hereunder or under applicable law in the event of any subsequent late payment. **6. CANCELLATION:** Lender may cancel the scheduled policies after providing at least 10 days notice of its intent to cancel or any other required statutory notice if the insured does not pay any installment according to the terms of this Agreement or transfers any of the scheduled policies to a third party and the unpaid balance due to Lender shall be immediately due and payable by the insured. Lender at its option may enforce payment of this debt without recourse to the security given to Lender. **7. CANCELLATION CHARGES:** If Lender cancels any insurance policy in accordance with the terms of this Agreement and applicable law, then the insured shall pay Lender a cancellation charge equal to \$15.00 or the maximum amount permitted by law. If cancellation occurs, the insured agrees to pay a finance charge on the outstanding indebtedness at the maximum rate authorized by applicable state law in effect on the date of cancellation until the outstanding indebtedness is paid in full or until such other date as required by law. **8. INSUFFICIENT FUNDS (NSF) CHARGES:** If insured's check or electronic funding is dishonored for any reason, the insured will pay to Lender a fee of \$15.00 or the maximum amount permitted by law. **9. MONEY RECEIVED AFTER CANCELLATION:** Any payments made to Lender after Lender's Notice of Cancellation of the insurance policy(ies) has been mailed may be credited to the insured's account without any obligation on the part of Lender to request reinstatement of any policy. Any money Lender receives from an insurance company shall be credited to the balance due Lender with any surplus refunded to whomever is entitled to the money. In the event that Lender does request a reinstatement of the policy(ies) on behalf of the insured, such a request does not guarantee that coverage under the policy(ies) will be reinstated or continued. Only the insurance company has authority to reinstate the policy(ies). The insured agrees that Lender has no liability to the insured if the policy(ies) is not reinstated and Lender may charge a reinstatement fee where permitted up to the maximum amount allowed by law. **10. ASSIGNMENT:** The insured agrees not to assign this Agreement or any policy listed hereon or any interest therein (except for the interest of mortgagees or loss payees), without the written consent of Lender, and that Lender may sell, transfer and assign its rights hereunder or under any policy without the consent of the insured, and that all agreements made by the insured hereunder and all rights and benefits conferred upon Lender shall inure to the benefit of Lender's successors and assigns (and any assignees thereof). **11. INSURANCE AGENT OR BROKER:** The insured agrees that the insurance agent or broker soliciting the policies or through whom the policies were issued is not the agent of Lender; and the agent or broker named on the front of this Agreement is neither authorized by Lender to receive installment payments under this Agreement nor to make representations, orally or in writing, to the insured on Lender's behalf (except to the extent expressly required by applicable law). As and where permissible by law, Lender may compensate your insurance agent/broker for assisting in arranging the financing of your insurance premiums. If you have any questions about this compensation you should contact your agent/broker. **12. FINANCING NOT A CONDITION:** The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance. **13. COLLECTION COSTS:** Insured agrees to pay attorney fees and other collection costs to Lender to the extent permitted by law if this Agreement is referred to an attorney or collection agency who is not a salaried employee of Lender, to collect any money insured owes under this Agreement. **14. LIMITATION OF LIABILITY:** The insured agrees that Lender's liability to the insured, any other person or entity for breach of any of the terms of this Agreement for the wrongful or improper exercise of any of its powers under this Agreement shall be limited to the amount of the principal balance outstanding, except in the event of Lender's gross negligence or willful misconduct. Insured recognizes and agrees that Lender is a lender only and not an insurance company and that in no event does Lender assume any liability as an insurer hereunder or otherwise. **15. CLASSIFICATION AND FORMATION OF AGREEMENT:** This Agreement is and will be a general intangible and not an instrument (as those terms are used in the Uniform Commercial Code) for all purposes. Any electronic signature or electronic record may be used in the formation of this Agreement, and the signatures of the insured and agent and the record of this Agreement may be in electronic form (as those terms are used in the Uniform Electronic Transactions Act). A photocopy, a facsimile or other paper or electronic record of this Agreement shall have the same legal effect as a manually signed copy. **16. REPRESENTATIONS AND WARRANTIES:** The insured represents that (a) the insured is not insolvent or presently the subject of any insolvency proceeding (or if the insured is a debtor of bankruptcy, the bankruptcy court has authorized this transaction), (b) if the insured is not an individual, that the signatory is authorized to sign this Agreement on behalf of the insured, (c) all parties responsible for payment of the premium are named and have signed this Agreement, and (d) there is no term or provision in any of the scheduled policies that would require Lender to notify or get the consent of any third party to effect cancellation of any such policy. **17. ADDITIONAL PREMIUM FINANCING:** Insured authorizes Lender to make additional advances under this premium finance agreement at the request of either the Insured or the Insured's agent with the Insured's express authorization, and subject to the approval of Lender, for any additional premium on any policy listed in the Schedule of Policies due to changes in the insurable risk. If Lender consents to the request for an additional advance, Lender will send Insured a revised payment amount ("Revised Payment Amount"). Insured agrees to pay the Revised Payment Amount, which may include additional finance charges on the newly advanced amount, and acknowledges that Lender will maintain its security interest in the Policy with full authority to cancel all policies and receive all unearned premium if Insured fails to pay the Revised Payment Amount. **18. PRIVACY:** Our privacy policy may be found at <https://www.ipfs.com/Privacy.aspx>. **19. ENTIRE DOCUMENT / GOVERNING LAW:** This document is the entire Agreement between Lender and the insured and can only be changed in writing and signed by both parties except that the insured authorizes Lender to insert or correct on this Agreement, if omitted or incorrect, the insurer's name and the policy number(s). Lender is also authorized to correct patent errors and omissions in this Agreement. In the event that any provision of this Agreement is found to be illegal or unenforceable, it shall be deemed severed from the remaining provisions, which shall remain in full force and effect. The laws of the State of California will govern this Agreement. **20. AUTHORIZATION:** The insurance company(ies) and their agents, any intermediaries and the agent / broker named in this Agreement and their successors and assigns are hereby authorized and directed by insured to provide Lender with full and complete information regarding all financed insurance policy(ies), including without limitation the status and calculation of unearned premiums, and Lender is authorized and directed to provide such parties with full and complete information and documentation regarding the financing of such insurance policy(ies), including a copy of this Agreement and any related notices. **21. WAIVER OF SOVEREIGN IMMUNITY:** The insured expressly waives any sovereign immunity available to the insured, and agrees to be subject to the laws as set forth in this Agreement (and the jurisdiction of federal and/or state courts) for all matters relating to the collection and enforcement of amounts owed under this Agreement and the security interest in the scheduled policies granted hereby.

AGENT/BROKER REPRESENTATIONS

The agent/broker executing this, and any future, agreements represents, warrants and agrees: (1) installment payments totaling \$0.00 and all applicable down payment(s) have been received from the insured in immediately available funds, (2) the insured has received a copy of this Agreement; if the agent/broker has signed this Agreement on the insured's behalf, the insured has expressly authorized the agent/broker to sign this Agreement on its behalf or, if the insured has signed, to the best of the undersigned's knowledge and belief such signature is genuine, (3) the policies are in full force and effect and the information in the Schedule of Policies including the premium amounts is correct, (4) no direct company bill, audit, or reporting form policies or policies subject to retrospective rating or to minimum earned premium are included, except as indicated, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (5) the policies can be cancelled by the insured or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated, (6) there are no bankruptcy, receivership, or insolvency proceedings affecting the insured, (7) to hold Lender, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from these representations or from errors, omissions or inaccuracies of agent/broker in preparing this Agreement, (8) to pay the down payment and any funding amounts received from Lender under this Agreement to the insurance company or general agent (less any commissions where applicable), (9) to hold in trust for Lender or its assigns any payments made or credited to the insured through or to agent/broker directly or indirectly, actually or constructively by the insurance companies and to pay the monies, as well as the unearned commissions to Lender or its assigns upon demand to satisfy the outstanding indebtedness of the insured, (10) all material information concerning the insured and the financed policies necessary for Lender to cancel such policies and receive the unearned premium has been disclosed to Lender, (11) no term or provision of any financed policy requires Lender to notify or get the consent of any third party to effect cancellation of such policy, and (12) to promptly notify Lender in writing if any information on this Agreement becomes inaccurate.

AGENT
 (Name & Place of business)
 ALLIANT INSURANCE SERVICES INC
 100 PINE ST STE 1100
 SAN FRANCISCO, CA 94111-5113
 (415)403-1400 FAX: (415)403-0773

INSURED
 (Name & Residence or business)
 KERN COUNTY HOSPITAL AUTHORITY
 1700 MOUNT VERNON AVE
 BAKERSFIELD, CA 93306-4018
 (661)862-7587

Account #: _____

**SCHEDULE OF POLICIES
 (continued)**

Quote Number: 8971739

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
PENDING	07/01/2019	NATIONAL FIRE & MARINE INS CO MED PRO	EXCESS PROF LIABILITY	25.00%	12	92,400.00 Tax: 2,956.80
PENDING	07/01/2019	ACE PROPERTY & CASUALTY INSURANCE C	LIABILITY	0.000%	12	6,441.00
PENDING	07/01/2019	LLOYD'S LONDON - CERTAIN UNDERWRITE AMWINS INS. BROKERAGE OF CA, LLC	DIRECTORS & OFFICERS	0.000%	12	90,401.00 Tax: 2,892.83
PENDING	07/01/2019	INTERSTATE FIRE & CASUALTY CO	POLLUTION	25.00%	12	12,159.00 Tax: 389.09
PENDING	07/01/2019	ACE AMERICAN INSURANCE CO	LIABILITY	0.000%	12	841.00
PENDING	07/01/2019	SAFETY NATIONAL CASUALTY CORPORATIO	WORKMENS COMP	0.000%	12	126,533.00
PENDING	07/01/2019	FEDERAL INSURANCE CO	LAW PROF LIABILITY	0.000%	12	1,764.00
PENDING	07/01/2019	HUDSON INSURANCE CO AMWINS INS. BROKERAGE OF CA, LLC	FIDUCIARY	0.000%	12	6,518.00

TOTAL: \$940,386.15

IPFS Corporation of California
AUTOMATIC DEBIT AUTHORIZATION

Name & Address of Insured/Borrower: KERN COUNTY HOSPITAL AUTHORITY	
1700 MOUNT VERNON AVE BAKERSFIELD, CA 93306-4018	
Telephone Number: (661) 326-2878	
Name & Address of Account Holder (If different from above):	
Telephone Number: () -	eMail Address:
IPFS Use Only: Quote No.: <u>8971739</u>	Debit Begins: <u>08/01/2019</u>

IPFS
49 STEVENSON STREET
SAN FRANCISCO, CA 94105
Phone: (877)687-9826
FAX: (415)796-6156

Please verify with your bank that the bank routing number for ACH transactions is the same as listed on your check or deposit slip.

Bank Account Title(Name): _____	<input type="checkbox"/> Checking or <input type="checkbox"/> Savings	
Financial Institution: _____	ABA #/Routing #: _____	
Address (City, State, ZIP): _____	Acct No: _____	
Number of Payments: <u>10</u>	Payment Amount: <u>\$82,153.37</u>	First Payment Due: <u>08/01/2019</u>

AGREEMENT

I hereby authorize IPFS Corporation (IPFS) to initiate electronic debit entries to the account indicated on this form, from the financial institution identified above (BANK). I authorize BANK to honor the debit entries initiated by IPFS and debit the same to such account. This authority pertains to all financial obligations existing from time to time under the Premium Finance Agreement (PFA) I enter into with IPFS, including but not limited to scheduled payments and the cash down payment described in the PFA (or) revised payment amounts resulting from revisions to the PFA or otherwise, and applicable fees and charges.

The debits for scheduled payments will be in accordance with the schedule of payments disclosed in the PFA, with a debit occurring on the First Payment Due Date, and on the subsequent same day of each month (or per the PFA Schedule of payments if different) thereafter, until all scheduled payments have been made. **If the payment due date falls on a weekend of holiday, IPFS will debit the account on the following business day.** I understand that funds must be available in the account on the date the debit is made.

I understand and agree that each time the BANK rejects a debit entry for Non-Sufficient Funds (NSF) or Account Closed, my account with IPFS will be assessed the maximum NSF fee permitted by law not to exceed \$40.00. The NSF Fee may be electronically debited from my BANK account indicated on this form. I also understand and agree that IPFS may re-initiate a debit returned NSF up to two more times, and the re-initiated debit may occur on a date other than my regular payment due date.

I also understand and agree that this authorization is to remain in force until (1) IPFS receives from me a signed written notice of revocation, sent to the IPFS address set forth above by first class mail postage prepaid in such time and manner as to afford IPFS a reasonable opportunity to act on it; OR (2) I have received written notification from IPFS that this authorization and agreement is terminated for rejection of a debit entry due to NSF or Account Closed.

By: _____ Date _____
(Account Holder or Authorized Signatory of Account Holder)

Printed or Typed Name: _____ DBA _____

ACH (Automated Clearing House) GUIDELINES & PROCEDURES

1. For an account to be set up on ACH, insured needs to sign an automatic debit authorization form.
 - 1a. If form is electronically signed, keep for your records only and do not mail to IPFS.
2. IPFS Needs at least two business days before the next payment due date. If authorization is received less than two business days before the next payment due date, insured has to send in a payment for that period and IPFS will initiate debit transactions the following installment due date.

****Send back to:**

IPFS Corporation of California
49 STEVENSON STREET SAN FRANCISCO, CA 94105
Phone: (877)687-9826
FAX: (415)796-6156

CERTIFICATE OF INCUMBENCY

I, MONA A. ALLEN, do hereby certify that I am the duly elected or appointed and acting Secretary or Clerk of Kern County Hospital Authority (Insured), that I have custody of the records of such entity, and that each individual named below is, and was as of the date each individual affixed his or her signature to the Premium Finance Agreement, between the Insured and Imperial PFS (the "Agreement"), a duly elected or appointed officer of such entity holding the title or office set forth opposite his or her name below. I further certify that: (i) the signature set opposite each individual's name is a true and authentic signature of that individual and (ii) each such individual has (and had on the date each such individual affixed his or her signature to the Agreement) the authority on behalf of the Insured to enter into the Agreement.

Signature

Russell V. Judd
Chief Executive Officer
Kern County Hospital Authority

IN WITNESS WHEREOF, I have duly executed this Incumbency Certificate and affixed Insured's seal hereto this _____ day of _____, 2019.

Mona A. Allen, Authority Board Coordinator



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

June 19, 2019

Subject: Proposed Memorandum of Understanding (MOU) with Kern Behavioral Health and Recovery Services (BHRS) for mental health services for patients of the REACH and GROW clinics, physician services in BHRS clinics, training, crisis intervention services, and services in the correctional medicine setting

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed MOU with BHRS for the provision of mental health services to Kern Medical and BHRS patients. The effective date of the MOU is July 1, 2019, and is for an indefinite term. The MOU may be terminated by either party upon 30 days' prior written notice.

Kern Medical and BHRS have partnered closely for many years to provide mental health services to the Medi-Cal population in the community. The outpatient clinics operated by BHRS also serve as the primary training site for third and fourth year Kern Medical residents and fellows. There is no annual not to exceed amount for the payment of services. The provision of services is reciprocal and such services will be reviewed annually.

Counsel is unable to approve the MOU as to form, due to numerous nonstandard terms and conditions and discrepancies in the MOU. These include without limitation the following: (1) the MOU contracting parties should be the County of Kern and the Kern County Hospital Authority. However, the MOU is with BHRS, which is a department of the County, not a separate legal entity, and is defined in the MOU as a political subdivision of the state of California; (2) the MOU has an indefinite term, yet is subject to annual renewal; (3) Kern Medical is required to submit reports from accreditation agencies to BHRS, notwithstanding that the reports are confidential under the California Public Records Act; (4) the interpretation of the MOU by BHRS governs operations of Kern Medical in violation of the title 22 regulation that requires the Kern Medical retain professional and administrative responsibility for services rendered under a contract; and (5) the MOU states BHRS is liable for the acts or omissions of physicians employed by Kern Medical, but neither the County nor BHRS indemnify the hospital authority for those acts or omissions. Efforts were made to negotiate different terms to no avail.

Notwithstanding the foregoing, Kern Medical recommends that your Board approve the MOU with BHRS, for the provision of mental health services, and authorize the Chairman to sign.

Memorandum of Understanding Between Kern Behavioral Health and Recovery Services and Kern County Hospital Authority is available for viewing upon request
at:

Kern Medical Administration

1700 Mt. Vernon Avenue

661-326-2102



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

June 7, 2019

Subject: Community Health Needs Assessment

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve and adopt the Community Health Needs Assessment. The purpose of the Community Health Needs Assessment is to identify and prioritize significant health needs of the community served by Kern Medical. The health needs identified in this report help to guide the strategic priorities of Kern Medical.

The Community Health Needs Assessment process was overseen by the Kern County Community Benefit Collaborative. The Collaborative is comprised of Kern Medical, Delano Regional Medical Center, Dignity Health, Adventist Health, Valley Children's Healthcare and Kaiser Permanente.

Primary data was collected from a group of 41 key community stakeholders. The community stakeholders were asked to prioritize the significant health needs according to the highest level of importance in the community. The following 16 health needs were identified:

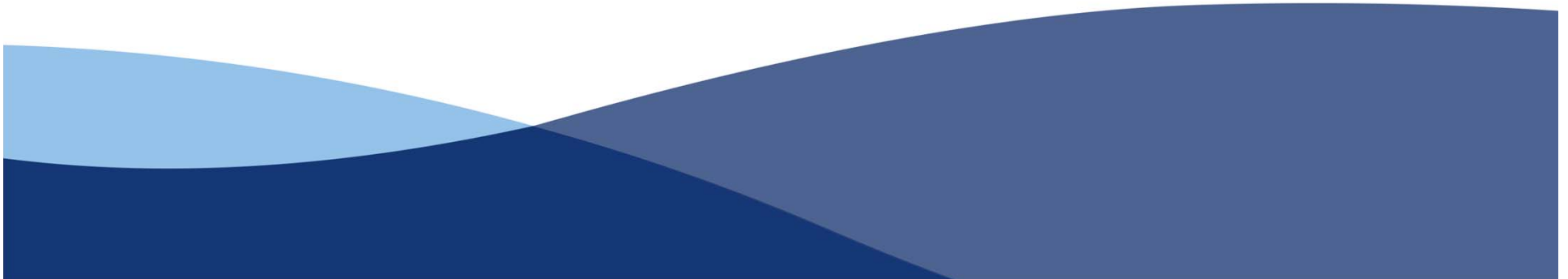
- | | |
|-----------------------------|------------------------------------|
| 1. Housing and Homelessness | 9. Sexually Transmitted Infections |
| 2. Mental Health | 10. Violence and Injury |
| 3. Access to Care | 11. Preventive Practices |
| 4. Economic Insecurity | 12. Dental Care |
| 5. Substance Use and Misuse | 13. Birth Indicators |
| 6. Chronic Diseases | 14. Overweight and Obesity |
| 7. Environmental Pollution | 15. Alzheimer's Disease |
| 8. Food Insecurity | 16. Unintentional Injuries |

Once approved, this report will be widely available on Kern Medical's website at KernMedical.com.



Community Health Needs Assessment

Kern County Hospital Authority
Board of Governors
June 19, 2019



Community Health Needs Assessment

- The purpose is to identify and prioritize significant health needs of the community served by Kern Medical



Kern County Community Benefit Collaborative

- Kern Medical
- Delano Regional Medical Center
- Dignity Health (Mercy & Memorial)
- Adventist Health (Bakersfield & Tehachapi Valley)
- Valley Children's Healthcare
- Kaiser Permanente

Data Collected

- Primary Data
 - Community Surveys
 - 41 Key Community Stakeholders

Secondary Data

- Collected from a variety of local, county & state sources
 - Demographics
 - Social Determinants of health
 - Health Care Access
 - Birth Indicators
 - Leading Causes of Death
 - Acute & Chronic Disease
 - Health Behaviors
 - Mental Health
 - Substance Use & Misuse
 - Preventative Practices

Significant Health Needs

1. **Housing & Homelessness:** 39% of families spend 30% or more of their income on housing
2. **Mental Health:** Among adults, 12% had experienced serious psych
3. **Access to Care:** 87% had insurance coverage
4. **Economic Insecurity:** 23% are at or below the poverty level
5. **Substance Use & Misuse:** Increase in meth & opioid use
6. **Chronic Diseases:** 16% adults diagnosed as prediabetic & 11% diabetic
7. **Environmental Pollution:** In 2016, 78 bad air days

Significant Health Needs

8. **Food Insecurity:** 14% experienced food insecurity over past year
9. **Sexually Transmitted Infections:** 172 cases of congenital syphilis per 100,000 births (9 objective)
10. **Violence & Injury:** 8 homicides per 100,000 (5 objective)
11. **Preventive Practices:** 44% received flu shot (70% objective)
12. **Dental Care:** 12% not visited a dentist for 5+ years
13. **Birth Indicators:** 72% received prenatal care in 1st trimester

Significant Health Needs

- 14. **Overweight & Obesity:** 41% of adults & 21% of teens are obese
- 15. **Alzheimer's Disease:** Mortality rate 51 per 100,000 (36 state rate)
- 16. **Unintentional Injuries:** 52 per 100,000 (37 objective)

How do we use?

- We use the Community Health Needs Assessment as a tool for strategic planning
- Increases our awareness of health needs of Kern County

Kern Medical's Community Health Needs Assessment 2019

Available upon request

Kern Medical Administration

1700 Mt. Vernon Avenue

661-326-2102



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

June 19, 2019

Subject: Request to employ retired Kern County Hospital Authority employee Tina Anderson

Recommended Action: Approve

Summary:

Kern Medical is requesting approval to employ retired Kern County Hospital Authority employee Tina Anderson, as Extra Help Senior Paralegal, for the period ending June 30, 2020, or 960 hours, whichever occurs first, effective July 1, 2019.

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, Ms. Anderson 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.

Ms. Anderson retired effective January 18, 2019. She worked at Kern Medical for 10 years, as a senior paralegal supporting the attorneys who advise Kern Medical and the hospital authority, and has the requisite experience and skill set needed to perform the work for which she is being reemployed. Kern Medical has an urgent need to reemploy Ms. Anderson immediately, to ensure the ongoing implementation of the new contracts database and drafting and processing of over 100 resident physicians contracts prior to the new academic year. Ms. Anderson was the only paralegal employed by Kern Medical. She brings an in-depth knowledge of the how and when contracts are processed at Kern Medical and it is critically important that the migration of hundreds of contracts to the new system be completed. Kern Medical staff at multiple levels relies on the accuracy of its contracts system for when contracts expire, need to be renewed, or examined for compliance with contract terms, etc. Ms. Anderson is intimately acquainted with the functions of the Legal Services Department. She will be able to provide services immediately without any training. Ms. Anderson will be reemployed for a limited duration to fill a critical need, while Kern Medical recruits a replacement.

Therefore, it is recommended that your Board approve the reemployment of Tina Anderson, as Extra Help Senior Paralegal, effective July 1, 2019.



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

June 19, 2019

Subject: Comments Regarding Budget Variances – April 2019

Recommended Action: Receive and File

Summary:

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

Indigent Funding:

Indigent funding revenue has a favorable budget variance for the month and year-to-date due to a decision to reserve less revenue from the indigent programs in FY 2019 than was planned when the budget was prepared. Additional information received about these programs after the budget was prepared supports a high likelihood that these funds will be received. This will also more properly match revenue with the periods earned. In addition, a favorable \$1.4 million year-to-date true-up entry was posted in April for the Global Payment Program (GPP).

Registry Nurses:

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

Medical Fees:

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

Other Professional Fees:

Other professional fees have an unfavorable budget variance for April due to a reclassification of contracted labor expense from the investment in surgery center to contracted labor expense. On a year-to-date basis, other professional fees are over budget mainly due to higher than anticipated contracted labor expenses throughout the hospital and clinics.

Supplies Expense:

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

Purchased Services:

Purchased services have a favorable budget variance for the month primarily because of a reversed expense accrual for a Hall Ambulance invoice received in March. The invoice was charging Kern Medical \$356 thousand for 2018 patient offload delays. These are services that previously were not billed by Hall and no contract exists to support these charges. Purchased services expenses are in line with the budget on a year-to-date basis.

Other Expenses:

Other expenses have a slightly favorable budget variance for the month due to lower than average repairs and maintenance expenses. On a year-to-date basis repairs and maintenance expenses and new IT equipment rental expenses contribute to an unfavorable budget variance.

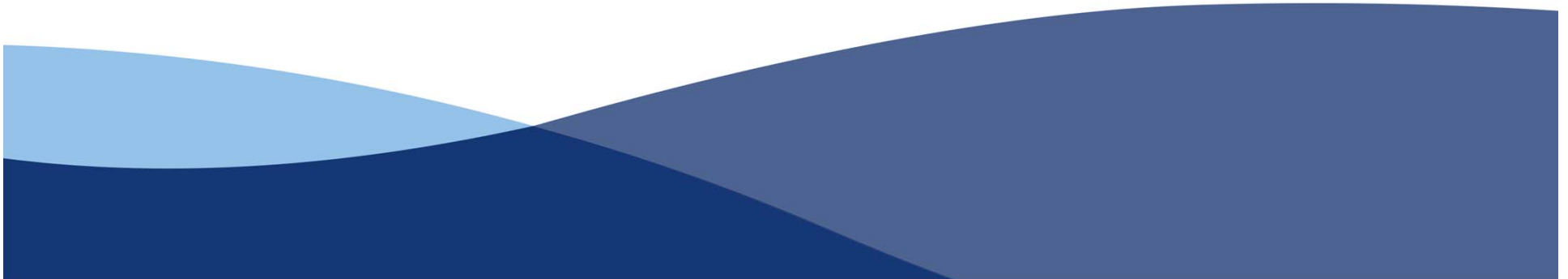
Amortization Expense:

Amortization expense has an unfavorable budget variance of \$183 thousand for April. Change Healthcare software was properly classified as an intangible asset in September 2018. However, corresponding amortization expense has not been recorded for this asset each month. Therefore, the large increase in amortization expense in April reflects the year-to-date true-up amount needed for this item.



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

JUNE 2019



3-Month Trend Analysis: Revenue & Expense

April 30, 2019

	FEBRUARY	MARCH	APRIL	BUDGET APRIL	VARIANCE POS (NEG)	PY APRIL
Gross Patient Revenue	\$ 68,113,426	\$ 78,766,158	\$ 75,546,695	\$ 70,773,371	7%	\$ 66,725,939
Contractual Deductions	(52,093,544)	(61,567,851)	(57,883,330)	(53,617,655)	8%	(48,966,685)
Net Revenue	16,019,882	17,198,307	17,663,364	17,155,717	3%	17,759,254
Indigent Funding	13,118,738	12,512,380	14,579,531	9,577,936	52%	9,834,611
Correctional Medicine	2,552,068	2,552,068	2,552,068	2,419,175	5%	2,157,165
County Contribution	285,211	285,211	285,211	285,602	(0.1%)	285,211
Incentive Funding	250,000	250,000	250,000	250,000	0%	0
Net Patient Revenue	32,225,899	32,797,967	35,330,175	29,688,430	19%	30,036,241
Other Operating Revenue	1,727,476	1,458,737	1,016,761	1,077,592	(6%)	604,784
Other Non-Operating Revenue	8,229	788	(2,269)	43,067	(105%)	(92,828)
Total Operating Revenue	33,961,604	34,257,492	36,344,667	30,809,090	18%	30,548,197
Expenses						
Salaries	13,122,109	13,495,760	13,467,269	12,755,136	6%	11,702,564
Employee Benefits	6,110,200	6,194,242	5,493,952	5,613,372	(2%)	5,423,574
Contract Labor	1,421,214	1,706,862	1,841,979	1,033,895	78%	1,242,843
Medical Fees	1,413,379	1,649,889	1,126,579	1,519,756	(26%)	1,800,805
Other Professional Fees	2,049,298	1,244,227	1,941,121	1,608,837	21%	1,439,190
Supplies	4,942,447	5,044,606	5,209,598	4,313,539	21%	4,700,388
Purchased Services	1,889,691	2,050,502	1,458,871	1,862,473	(22%)	2,179,477
Other Expenses	1,323,894	1,356,210	1,335,329	1,351,751	(1%)	1,129,901
Operating Expenses	32,272,233	32,742,299	31,874,696	30,058,759	6%	29,618,742
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,689,371	1,515,193	4,469,971	750,331	496%	929,455
EBIDA Margin	5%	4%	12%	2%	405%	3%
Interest	56,772	86,783	96,622	50,504	91%	61,358
Depreciation	503,894	512,303	505,281	519,292	(3%)	535,424
Amortization	59,455	61,746	224,592	41,352	443%	54,015
Total Expenses	32,892,354	33,403,131	32,701,192	30,669,907	7%	30,269,540
Operating Gain (Loss)	1,069,250	854,361	3,643,475	139,183	2,518%	278,658
Operating Margin	3.1%	2.5%	10.0%	0.45%	2,119%	0.9%

Year-to-Date: Revenue & Expense

April 30, 2019

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Gross Patient Revenue	\$ 719,968,135	738,516,081	(3%)	\$ 707,667,727	1.7%
Contractual Deductions	(547,029,283)	(553,506,546)	(1%)	(522,000,882)	4.8%
Net Revenue	172,938,853	185,009,535	(7%)	185,666,845	
Indigent Funding	130,878,938	95,779,365	37%	90,922,739	44%
Correctional Medicine	24,641,010	24,191,747	2%	19,580,022	26%
County Contribution	2,852,110	2,856,023	(0.1%)	2,852,110	0%
Incentive Funding	5,564,060	2,500,000	123%	0	0%
Net Patient Revenue	336,874,972	310,336,669	9%	299,021,716	13%
Other Operating Revenue	12,280,890	10,919,603	12%	9,487,574	29%
Other Non-Operating Revenue	318,172	436,415	(27%)	361,798	(12%)
Total Operating Revenue	349,474,033	321,692,687	9%	308,871,088	13%
Expenses					
Salaries	133,479,586	134,527,580	(1%)	122,466,945	9%
Employee Benefits	60,818,859	59,254,009	3%	54,606,624	11%
Contract Labor	15,761,408	10,856,206	45%	12,126,836	30%
Medical Fees	17,432,685	15,806,187	10%	14,389,175	21%
Other Professional Fees	17,485,850	16,088,371	9%	12,700,231	38%
Supplies	51,239,336	45,109,943	14%	44,745,746	15%
Purchased Services	18,648,951	18,873,057	(1%)	20,115,605	(7%)
Other Expenses	14,838,174	13,697,959	8%	13,882,292	7%
Operating Expenses	329,704,850	314,213,313	5%	295,033,454	12%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	19,769,183	7,479,375	164%	13,837,634	43%
EBIDA Margin	6%	2%	143%	4%	26%
Interest	2,688,416	505,039	432%	258,830	939%
Depreciation	5,132,925	5,192,922	(1%)	5,195,842	(1%)
Amortization	744,168	413,519	80%	355,845	109%
Total Expenses	338,270,359	320,324,793	6%	300,843,971	12%
Operating Gain (Loss)	11,203,675	1,367,894	719%	8,027,117	40%
Operating Margin	3%	0.4%	654%	3%	23%

3-Month Trend Analysis: Cash Indicators

April 30, 2019

		FEBRUARY	MARCH	APRIL	GOALS	PY
		28	31	30	APRIL	APRIL
					30	30
Cash						
	Total Cash	16,762,129	6,628,517	47,078,080	47,557,424	25,006,125
	Days Cash On Hand	16	6	44	47	25
	Days In A/R - Gross	84.12	81.52	75.41	70.00	83.10
	Patient Cash Collections	\$ 15,788,618	\$ 17,155,135	\$ 21,679,501	\$ 18,259,812	\$ 16,138,640
Indigent Funding Liabilites Due to the State						
	FY 2007 Waiver Payable (County Responsibility)	\$ (745,824)	\$ (745,824)	\$ (745,824)	N/A	\$ (745,824)
	FY 2008 Waiver Payable (County Responsibility)	\$ (6,169,000)	\$ (6,169,000)	\$ (6,169,000)	N/A	\$ (6,169,000)
	FY 2009 Waiver Payable (County Responsibility)	\$ (2,384,000)	\$ (2,384,000)	\$ (2,384,000)	N/A	\$ (2,384,000)
	FY 2011 Waiver Payable (County Responsibility)	\$ (10,493,878)	\$ (10,493,878)	\$ (10,493,878)	N/A	\$ (10,493,878)
	Total County Responsibility	\$ (19,792,702)	\$ (19,792,702)	\$ (19,792,702)		\$ (19,792,702)
	FY 2015 Waiver Payable (Kern Medical Responsibility)	\$ (11,223,792)	\$ (11,223,792)	\$ (11,223,792)	N/A	\$ (11,223,792)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	DSH Payable (Kern Medical Responsibility)	\$ (42,388,763)	\$ (42,388,763)	\$ (42,388,763)	N/A	\$ (24,746,355)
	Total Kern Medical Responsibility	\$ (56,431,916)	\$ (56,431,916)	\$ (56,431,916)		\$ (38,789,508)
	Total Indigent Funding Liabilites Due to the State	\$ (76,224,618)	\$ (76,224,618)	\$ (76,224,618)	N/A	\$ (58,582,210)

3-Month Trend Analysis: Operating Metrics

April 30, 2019

		FEBRUARY	MARCH	APRIL	BUDGET APRIL	VARIANCE POS (NEG)	PY APRIL
Operating Metrics							
	Total Expense per Adjusted Admission	20,241	20,021	18,943	19,705	(4%)	19,408
	Total Expense per Adjusted Patient Day	4,173	3,989	3,733	3,921	(5%)	4,128
	Supply Expense per Adjusted Admission	3,041	3,024	3,018	2,771	9%	3,014
	Supply Expense per Surgery	1,668	1,555	2,227	1,377	62%	1,697
	Supplies as % of Net Patient Revenue	15%	15%	15%	15%	1%	16%
	Pharmaceutical Cost per Adjusted Admission	1,602	1,518	1,499	1,223	23%	1,175
	Net Revenue Per Adjusted Admission	\$ 9,858	\$ 10,308	\$ 10,232	\$ 11,022	(7%)	\$ 11,387

Year-to-Date: Operating Metrics

April 30, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	21,248	20,576	3%	19,570	9%
	Total Expense per Adjusted Patient Day	4,212	4,094	3%	3,959	6%
	Supply Expense per Adjusted Admission	3,219	2,898	11%	2,911	11%
	Supply Expense per Surgery	1,997	1,491	34%	1,560	28%
	Supplies as % of Net Patient Revenue	15%	15%	5%	15%	1.6%
	Pharmaceutical Cost per Adjusted Admission	1,503	1,286	17%	1,243	21%
	Net Revenue Per Adjusted Admission	\$ 10,863	\$ 11,884	(9%)	\$ 12,078	(10%)

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH APRIL 30, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
300,833	316,667	(15,833)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	3,426,040	3,166,667	259,373	8%
2,375,592	1,250,311	1,125,280	90%	MEDI-CAL RATE-RANGE REVENUE	24,082,002	12,503,115	11,578,888	93%
150,417	158,333	(7,917)	-5%	PHYSICIAN SPA REVENUE	1,504,167	1,583,333	(79,167)	-5%
278,271	292,917	(14,646)	-5%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	4,032,049	2,929,167	1,102,882	38%
2,259,417	2,259,417	0	0.0%	PRIME - NEW WAIVER	22,594,167	22,594,167	0	0.0%
3,830,252	2,369,458	1,460,794	61.7%	GPP - NEW WAIVER	25,223,015	23,694,583	1,528,432	6.5%
1,242,917	1,242,917	0	0.0%	WHOLE PERSON CARE	12,429,167	12,429,167	0	0.0%
1,399,167	1,064,583	334,583	31%	EPP REVENUE	17,641,666	10,645,833	6,995,833	66%
2,742,667	623,333	2,119,333	340%	QIP REVENUE	19,946,666	6,233,333	13,713,333	220%
14,579,531	9,577,936	5,001,595	52%	SUB-TOTAL - GOVERNMENTAL REVENUE	130,878,938	95,779,365	35,099,574	37%
2,552,068	2,419,175	132,894	5.5%	CORRECTIONAL MEDICINE	24,641,010	24,191,747	449,263	1.9%
285,211	285,602	(391)	-0.1%	COUNTY CONTRIBUTION	2,852,110	2,856,023	(3,913)	-0.1%
17,416,810	12,282,713	5,134,097	42%	TOTAL INDIGENT CARE & COUNTY FUNDING	158,372,058	122,827,134	35,544,925	29%

OTHER REVENUE

FOR THE MONTH APRIL 30, 2019

OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
MEDICAL POSTGRAD EDUCATION TUITION	255,340	273,687	(18,347)	2,557,800	2,773,364	(215,564)
STAFF DEVELOPMENT EDUCATION FEES	0	1,195	(1,195)	3,865	12,114	(8,249)
CAFETERIA REVENUE	89,058	78,698	10,360	818,005	797,468	20,536
FINANCE CHARGES-PATIENT AR	19,112	19,265	(154)	129,352	195,222	(65,870)
REBATES AND REFUNDS	5,434	81,151	(75,716)	635,722	822,326	(186,604)
DRUG CO. CASH BACK	2,957	1,343	1,613	32,953	13,613	19,340
PHOTOCOPY FEES	4,095	1,881	2,214	27,518	19,065	8,453
MEDICAL RECORDS FEES	0	4,453	(4,453)	17,741	45,123	(27,382)
ADMINISTRATIVE FEES-PAYROLL	76	0	76	765	0	765
PHYSICIAN PROFESSIONAL FEES-ER LOCKBOX	4,988	2,572	2,416	55,723	26,063	29,659
OTHER REVENUE	98,343	42,423	55,920	874,717	429,889	444,828
LASER CENTER REVENUE	19,982	49,315	(29,333)	185,569	499,726	(314,157)
GRANTS - KHS	149,000	212,412	(63,412)	2,348,896	2,152,444	196,452
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	0	33,360	(33,360)	205,722	338,044	(132,321)
PRIMARY CARE & OTHER INCENTIVE	0	1,988	(1,988)	90,545	20,150	70,395
VETERANS ADMINISTRATION REVENUE	5,892	2,963	2,929	34,056	30,022	4,034
JAMISON CENTER MOU	24,043	22,415	1,628	260,775	227,141	33,634
MENTAL HEALTH MOU	267,570	216,681	50,889	2,904,348	2,195,701	708,647
PATERNITY DECLARATION REVENUE	2,030	1,047	983	11,540	10,607	933
PEDIATRIC FORENSIC EXAMS	0	8,014	(8,014)	47,300	81,205	(33,905)
FOUNDATION CONTRIBUTIONS	0	3,421	(3,421)	29,342	34,662	(5,320)
DONATED EQUIPMENT	0	8,802	(8,802)	168,019	89,194	78,825
PAY FOR PERFORMANCE	68,231	10,509	57,722	287,221	106,488	180,733
PROPOSITION 56 DIRECTED PAYMENTS	610	0	610	553,399	0	553,399
TOTAL OTHER OPERATING REVENUE	1,016,761	1,077,592	(60,831)	12,280,890	10,919,603	1,361,287

OTHER NON-OPERATING REVENUE

OTHER MISCELLANEOUS REVENUE	788	220	568	(25,587)	2,233	(27,820)
INTEREST ON FUND BALANCE	(3,057)	42,847	(45,904)	343,759	434,183	(90,424)
TOTAL OTHER NON-OPERATING REVENUE	(2,269)	43,067	(45,337)	318,172	436,415	(118,244)

**KERN MEDICAL
BALANCE SHEET**

	April 2019	April 2018
CURRENT ASSETS:		
CASH	\$47,078,080	\$25,006,125
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	188,464,490	191,187,313
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(144,750,942)	(146,673,874)
-NET OF CONTRACTUAL ALLOWANCES	43,713,547	44,513,439
CORRECTIONAL MEDICINE RECEIVABLE	0	0
MD SPA	6,744,339	5,736,524
HOSPITAL FEE RECEIVABLE	215,131	26,991
CPE - O/P DSH RECEIVABLE	(1,120,406)	5,633,989
BEHAVIORAL HEALTH MOU	846,584	439,130
MANAGED CARE IGT (RATE RANGE)	13,483,309	25,186,084
RECEIVABLE FROM LIHP	(6,547,536)	(6,547,536)
OTHER RECEIVABLES	6,038,370	2,485,984
PRIME RECEIVABLE	21,795,670	20,108,052
AB85/75% DEFAULT PCP RECEIVABLE	-	11,835,832
GPP (Global Payment Program)	2,369,458	(558,788)
WPC (Whole Person Care)	13,092,668	12,487,175
EPP (Enhanced Payment Program)	36,641,666	0
QIP (Quality Incentive Program)	19,946,666	0
INTEREST ON FUND BALANCE RECEIVABLE	-	23,122
MANAGED CARE IGT (SPD)	0	2,982,712
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY15	(11,223,792)	(11,223,792)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	3,593,294	3,723,209
PREPAID MORRISON DEPOSIT	813,320	813,320
INVENTORY AT COST	5,613,129	4,342,793
TOTAL CURRENT ASSETS	181,740,443	125,661,308
PROPERTY, PLANT & EQUIPMENT:		
LAND	1,683,786	170,401
EQUIPMENT	52,537,463	50,517,423
BUILDINGS	89,144,495	82,462,625
CONSTRUCTION IN PROGRESS	32,548,768	14,928,742
LESS: ACCUMULATED DEPRECIATION	(94,447,661)	(68,807,781)
NET PROPERTY, PLANT & EQUIPMENT	81,466,851	59,271,411
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	14,729,579	13,973,190
ACCUMULATED AMORTIZATION INTANGIBLES	(11,751,403)	(10,906,214)
NET INTANGIBLE ASSETS	2,978,176	3,066,976
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	70,895,681	72,002,645
INVESTMENT IN SURGERY CENTER	3,771,628	0
CASH HELD BY COP IV TRUSTEE	922,330	912,973
TOTAL LONG-TERM ASSETS	75,589,639	72,915,618
TOTAL ASSETS	\$341,775,109	\$260,915,312

KERN MEDICAL BALANCE SHEET		
	April 2019	April 2018
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$39,044,961	\$25,632,174
ACCRUED SALARIES & EMPLOYEE BENEFITS	27,338,511	23,281,059
INTEREST PAYABLE	2,939,564	(673,748)
OTHER ACCRUALS	4,093,783	5,000,727
CREDIT LINE PAYABLE - PNC BANK	15,000,000	0
CURRENT PORTION - CAPITALIZED LEASES	511,415	1,412,008
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,085,718
CURR LIAB - P.O.B.	45,432	445,805
MEDICARE COST REPORT LIABILITY PAYABLE	0	699,619
MEDI-CAL COST REPORT LIABILITY	845,580	922,325
INDIGENT FUNDING PAYABLE	9,711,577	14,706,787
DSH PAYABLE	42,388,763	24,746,355
CREDIT BALANCES PAYABLES	3,502,322	6,430,412
DEFERRED REVENUE - COUNTY CONTRIBUTION	4,028,121	5,436,157
TOTAL CURRENT LIABILITIES	150,581,723	109,125,399
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	0	1,131,693
NET UNAMORTIZED DISCOUNT COP	39,985	59,978
LONG-TERM LIABILITY - CAPITAL LEASES	6,267,636	6,202,970
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,306,044	4,201,203
NET PENSION LIABILITY	293,255,458	329,935,445
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,842,004	14,722,232
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,329,041	3,917,723
L.T. P.O.B. PAYABLE 95	11,590,866	16,695,541
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,683,394	3,474,640
ACCRUED WORKERS' COMPENSATION PAYABLE	8,511,000	6,773,000
DEFERRED INFLOWS - PENSIONS	69,247,058	22,238,926
PENSION OBLIGATION BOND PAYABLE	2,643,205	3,678,145
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
TOTAL LONG-TERM LIABILITIES	430,938,670	422,254,474
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	39,814,215
RETAINED EARNINGS - PRIOR YEAR	(276,459,305)	(310,278,775)
TOTAL NET POSITION	(239,745,284)	(270,464,560)
TOTAL LIABILITIES & NET POSITION	\$341,775,109	\$260,915,312



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

June 19, 2019

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

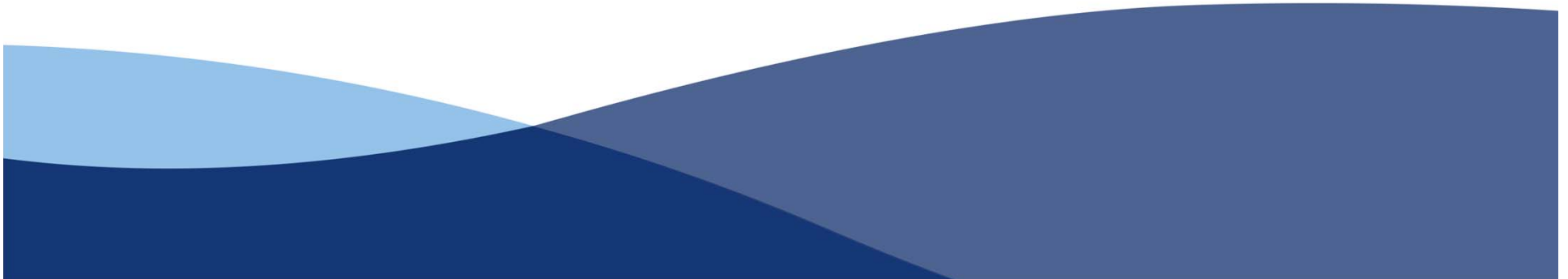
Summary:

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



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

JUNE 2019



3-Month Trend Analysis: Volume and Strategic Indicators

April 30, 2019

		FEBRUARY	MARCH	APRIL	BUDGET APRIL	VARIANCE POS (NEG)	PY APRIL
VOLUME							
Surgeries							
	Inpatient Surgeries (Main Campus)	129	162	201	243	(17%)	218
	Outpatient Surgeries (Main Campus)	246	282	303	252	20%	275
	Outpatient Surgeries (Surgery Center)	0	2	2	0	0%	
	Total Surgeries	375	446	506	495	2%	493
	Births	214	188	209	218	(4%)	185
ER Visits							
	Admissions	415	453	407	439	(7%)	431
	Treated & Released	3,716	4,279	3,900	4,182	(7%)	3,611
	Total ER Visits	4,131	4,732	4,307	4,621	(7%)	4,042
	Trauma Activations	220	220	219	243	(10%)	244
Outpatient Clinic Visits							
	Total Clinic Visits	13,721	14,223	14,797	12,804	16%	12,754
	Total Unique Patient Clinic Visits	10,180	10,373	10,685	9,369	14%	9,519
	New Unique Patient Clinic Visits	1,838	1,884	1,985	1,712	16%	2,054

Year-to-Date: Volume and Strategic Indicators

April 30, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	15,920	15,568	2.26%	15,373	4%
	Adjusted Patient Days	80,314	78,243	2.6%	75,981	6%
	Admissions	7,928	8,509	(7%)	8,193	(3%)
	Average Daily Census	132	141	(6%)	134	(2%)
	Patient Days	39,995	42,765	(6%)	40,703	(2%)
	Available Occupancy %	61.5%	65.7%	(6%)	62.6%	(2%)
	Average LOS	5.0	5.0	0%	5.0	1.5%
	Surgeries					
	Inpatient Surgeries (Main Campus)	1,927	2,339	(18%)	2,332	(17%)
	Outpatient Surgeries (Main Campus)	2,569	2,447	5%	2,440	5%
	Outpatient Surgeries (Surgery Center)	4	0	0%	0	0%
	Total Surgeries	4,500	4,786	(6%)	4,772	(6%)
	Births	2,242	2,191	2%	2,086	7%
	ER Visits					
	Admissions	4,098	4,196	(2%)	4,325	(5%)
	Treated & Released	38,047	39,970	(5%)	36,560	4%
	Total ER Visits	42,145	44,166	(5%)	40,885	3.1%
	Trauma Activations	2,222	2,324	(4%)	2,439	(9%)
	Outpatient Clinic Visits					
	Total Clinic Visits	133,214	122,423	9%	118,016	13%
	Total Unique Patient Clinic Visits	98,742	94,412	5%	90,917	9%
	New Unique Patient Clinic Visits	18,465	19,313	(4%)	18,899	(2%)

3-Month Trend Analysis: Payor Mix

April 30, 2019

					BUDGET	VARIANCE	PY
		FEBRUARY	MARCH	APRIL	APRIL	POS (NEG)	APRIL
PAYOR MIX - Charges							
	Commercial FFS/HMO/PPO	8.1%	7.6%	7.8%	10.4%	(25%)	9.8%
	Medi-Cal	30.8%	30.5%	30.6%	30.0%	2%	30.2%
	Medi-Cal HMO - Kern Health Systems	31.7%	31.3%	31.4%	30.8%	2%	31.0%
	Medi-Cal HMO - Health Net	9.3%	9.2%	9.2%	9.0%	2%	9.1%
	Medi-Cal HMO - Other	1.1%	1.1%	1.1%	0.4%	164%	1.1%
	Medicare	8.7%	9.5%	9.8%	10.5%	(6%)	11.1%
	Medicare - HMO	4.0%	4.1%	4.2%	2.1%	102%	1.2%
	County Programs	0.3%	0.3%	0.3%	0.3%	32%	0.3%
	Workers' Compensation	0.26%	0.36%	0.52%	0.5%	7%	0.3%
	Self Pay	5.7%	6.1%	4.9%	6.0%	(18%)	5.9%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

April 30, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS/HMO/PPO	8.3%	10.4%	(21%)	10.8%	(23%)
	Medi-Cal	30.1%	30%	0.5%	30.0%	0.3%
	Medi-Cal HMO - Kern Health Systems	30.9%	31%	0.5%	30.8%	0.3%
	Medi-Cal HMO - Health Net	9.1%	9%	0.5%	9.0%	0.3%
	Medi-Cal HMO - Other	1.1%	0%	160%	1.1%	0.3%
	Medicare	10.1%	10%	(2%)	10.2%	(0%)
	Medicare - HMO	3.3%	2%	59%	2.0%	65%
	County Programs	0.3%	0.3%	18%	0.5%	(44%)
	Workers' Compensation	0.4%	0.5%	(25%)	0.8%	(54%)
	Self Pay	6.5%	6%	3%	4.8%	36%
	Total	100.0%	100%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

April 30, 2019

					BUDGET	VARIANCE	PY
		FEBRUARY	MARCH	APRIL	APRIL	POS (NEG)	APRIL
Labor Metrics							
Productive FTEs		1,476.59	1,483.39	1,484.14	1,431.42	4%	1,406.04
Non-Productive FTEs		177.48	184.13	194.60	207.98	(6%)	197.71
Contract Labor FTEs		86.31	111.45	122.20	74.35	64%	90.63
Total FTEs		1,654.07	1,667.52	1,678.74	1,639.40	2%	1,603.75
FTEs Per AOB Paid		5.88	6.17	5.75	6.29	(9%)	6.56
FTEs Per AOB Worked		5.24	5.49	5.08	5.49	(7%)	5.75
Labor Cost/FTE (Annualized)		134,938.90	137,664.60	133,121.31	127,661.39	4%	123,428.10
Benefits Expense as a % of Benefitted Labor Expense		65%	60%	55%	59%	(7%)	58%
Salaries & Benefits as % of Net Patient Revenue		64%	65%	59%	65%	(10%)	61%

Year-to-Date: Labor and Productivity Metrics

April 30, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,435.48	1,477.65	(3%)	1,368.25	5%
	Non-Productive FTEs	220.47	214.25	3%	213.47	3%
	Contract Labor FTEs	105.01	77.04	36%	87.66	20%
	Total FTEs	1,655.95	1,691.90	(2%)	1,581.72	5%
	FTEs Per AOB Paid	6.23	6.57	(5%)	6.30	(1%)
	FTEs Per AOB Worked	5.40	5.74	(6%)	5.45	(1%)
	Labor Cost/FTE (Annualized)	136,442.37	132,574	3%	128,718.70	6%
	Benefits Expense as a % of Benefitted Labor Expense	61%	59%	4%	59%	3%
	Salaries & Benefits as % of Net Patient Revenue	62%	66%	(5%)	63%	(1%)

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on June 19, 2019, to consider:

- X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives:
Chief Executive Officer Russell V. Judd, and designated staff – Unrepresented Employee:
Chief Financial Officer (Government Code Section 54957.6)

**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 June 19, 2019, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on June 19, 2019, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Resource Anesthesiology Associates of California, A Medical Corporation, a California corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 DRL –

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on June 19, 2019, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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