



## **AGENDA**

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

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

Regular Meeting  
Wednesday, September 18, 2019

11:30 A.M.

#### **BOARD TO RECONVENE**

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Kern Medical Center Information Technology staff for extraordinary service –  
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on August 21, 2019 –  
APPROVE

CA

- 5) Proposed Amendment No. 2 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., an independent contractor, for professional medical services in the Department of Anesthesiology, for the period November 9, 2016 through November 8, 2019, extending the term for three years from November 9, 2019 through November 8, 2022, in an amount not to exceed \$17,673,876 to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed retroactive Amendment No. 2 to Agreement 094-2017 with Kern Vascular Call Group, Inc., an independent contractor, for professional medical services in the Department of Surgery, for the period January 15, 2018 through January 14, 2020, extending the term for one year from January 15, 2020 through January 14, 2021, adding 'First Assist' vascular surgery support, and increasing the maximum payable by \$750,000, from \$600,000 to \$1,350,000, to cover the additional services and extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Agreement with United Neuroscience, Inc., an independent contractor, for professional medical services in the Department of Medicine from October 1, 2019 through September 30, 2021, in an amount not to exceed \$1,940,000 –  
APPROVE; AUTHORIZE THE CHAIRMAN TO SIGN

CA

- 8) Proposed Work Order No. 3 to Agreement 07018 with Leidos Health, LLC, an independent contractor, for professional consulting services related to the Cerner Millennium go-live implementation from October 31, 2019 through November 14, 2019, in an amount not to exceed \$1,020,337 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed retroactive Amendment No. 7 to Agreement 14818 with Healthcare Performance Group, Inc., an independent contractor, for professional consulting services related to the Cerner Millennium project, for the period May 7, 2018 through December 20, 2019, increasing the maximum payable by \$342,160, from \$1,645,704 to \$1,987,864, to cover payment for additional services, effective August 3, 2019 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Resolution authorizing the Kern County Hospital Authority to participate in one-time housing funds for Whole Person Care Pilots Funding Opportunity under Budget Act of 2019 (AB 74) –  
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENTS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 11) Proposed Amendment No. 1 to Agreement 10719 with Western Pacific Roofing Corporation, an independent contractor, for roofing construction services at 1111 Columbus Avenue, increasing the maximum payable by \$5,611, from \$268,000 to \$273,611, to cover the cost of bonds and permits –  
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT PRICE

CA

- 12) Proposed approval of Administrative Policy for Electronic Health Record (EHR) Transition and Implementation, to define the process for workflow changes during transition and implementation of the Cerner EHR –  
APPROVE

13)

- Public hearing regarding the meet and confer impasse between representatives of the Kern County Hospital Authority and Committee of Interns and Residents/Service Employees International Union, Local 1957, and Resolution implementing the six percent wage increase set forth in the Authority's last, best and final offer, effective July 1, 2019 –  
OPEN HEARING; CLOSE HEARING; APPROVE; ADOPT RESOLUTION; DIRECT STAFF TO IMPLEMENT

- 14) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVE AND FILE
  - 15) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVE AND FILE
- CA
- 16) Claims and Lawsuits Filed as of August 31, 2019 –  
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 17) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 18) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Monina Vilorio v. Kern Medical Center, Workers' Compensation Appeals Board Case Nos. ADJ9552090 and ADJ4587347 –
- 19) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: 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 –
- 20) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
(Government Code Section 54956.9(d)(2), (e)(1).) Number of cases: One thousand five hundred forty-eight (1,548) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed –
- 21) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer  
(Government Code Section 54957) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, OCTOBER 16, 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.

17) CLAIMS AND LAWSUITS FILED AS OF AUGUST 31, 2019 –  
RECEIVE AND FILE

- A) Notice pursuant to Code of Civil Procedure Section 364 in the matter of Maria Esperanza Cuellar de Polanco
- B) Summons and Complaint in the matter of Jared Patrick Bookout v. Kern Medical Center, et al., Kern County Superior Court Case No. BCV-19-101305



## **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, August 21, 2019

11:30 A.M.

#### BOARD RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk  
ROLL CALL: 5 Present; 2 Absent – McLaughlin, Pelz

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" ARE CONSIDERED TO BE ROUTINE AND APPROVED BY ONE MOTION.

#### BOARD ACTION SHOWN IN CAPS

NOTE: DIRECTOR PELZ ARRIVED AFTER THE VOTE ON THE CONSENT AGENDA

NOTE: CHIEF FINANCIAL OFFICER ANDREW CANTU ARRIVED AFTER THE VOTE ON THE CONSENT AGENDA

#### PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. 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 REPORTED ON HIS ATTENDANCE AT THE VALLEY FEVER WALK AND THE PUBLIC INFORMATION AND EDUCATIONAL OPPORTUNITY OFFERED**

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the American Heart Association Stroke Gold Plus Achievement Award presented to Kern Medical Center –  
MADE PRESENTATION; KATAYOUN SABETIAN, M.D., AND KIRON THOMAS, M.D.,  
HEARD

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on July 17, 2019 –  
APPROVED  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 5) Proposed Resolution in the matter of compliance with Health and Safety Code Section 130066 (AB 2190) regarding the deadline for substantial compliance the seismic safety regulations and standards described in Health and Safety Code Section 130065 –  
APPROVED; ADOPTED RESOLUTION 2019-007  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 6) Proposed retroactive Allied Health Education Program Agreement with Kern Community College District, an independent contractor, containing non-standard terms and conditions, for clinical laboratory instruction of students at Kern Medical Center and its affiliated clinics, from July 1, 2019 through June 30, 2022 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 048-2019  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 7) Proposed Agreement with Cantu Management Group, Inc., an independent contractor, for Chief Financial Officer and healthcare consulting and financial management services from September 1, 2019 through August 31, 2023, in an amount not to exceed \$7,200,000 for the period September 1, 2019 through August 31, 2021 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 049-2019  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**



CA

- 8) Proposed request to close Kern County Hospital Authority fiduciary fund (Fund 42930) within the Financial Management System of the County of Kern –  
APPROVED; ADOPTED RESOLUTION 2019-008; AUTHORIZED CHIEF FINANCIAL OFFICER TO DIRECT KERN COUNTY AUDITOR-CONTROLLER-COUNTY CLERK TO CLOSE FUND 42930 AND TRANSFER ANY REMAINING FUNDS TO KERN COUNTY HOSPITAL AUTHORITY  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 9) Proposed retroactive Amendment No. 1 to Agreement 011-1019 with PNC Bank, National Association (PNC Bank), for a revolving line of credit for the period March 1, 2019 through February 28, 2021, to permit an increase in the principal amount to \$50,000,000 at any time within the two-year term of the Agreement, effective July 1, 2019, and delegating authority to certain officers –  
APPROVED; ADOPTED RESOLUTION 2019-009; AUTHORIZED AND DIRECTED ANY TWO OF THE FOLLOWING OFFICERS (EACH, AN “AUTHORIZED OFFICER”), FOR AND IN THE NAME OF AND ON BEHALF OF THE AUTHORITY, TO EXECUTE THE FIRST AMENDMENT CREDIT AGREEMENT AND PROMISSORY NOTE 050-2019, SUBSTANTIALLY IN THE FORM PRESENTED TO THIS BOARD, WITH SUCH CHANGES AS THE AUTHORIZED OFFICERS EXECUTING THE SAME, TOGETHER WITH THE VICE PRESIDENT & GENERAL COUNSEL OF THE AUTHORITY, SHALL APPROVE: CHAIRMAN OF THIS BOARD, VICE-CHAIRMAN OF THIS BOARD, CHIEF EXECUTIVE OFFICER OF THE AUTHORITY, CHIEF STRATEGY OFFICER OF THE AUTHORITY OR CHIEF FINANCIAL OFFICER OF THE AUTHORITY  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 10) Proposed retroactive Amendment No. 1 to Agreement 01419 with Kaufman, Hall & Associates, LLC, an independent contractor, for treasury services implementation support for the period February 1, 2019 through July 31, 2019, extending the term for a period of four months from August 1, 2019 through November 30, 2019, and increasing the maximum payable by \$120,600, from \$193,500 to \$314,100, to cover the extended term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 051-2019  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 11) Proposed Resolution in the matter of revising the extension of excess medical professional liability coverage for Kern Medical Center employed and independent contractor physicians, effective August 21, 2019 –  
APPROVED; ADOPTED RESOLUTION 2019-010  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

CA

- 12) Proposed Agreement with Pacific Gynecologic Specialists, an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology from September 1, 2019 through August 31, 2021, in an amount not to exceed \$800,000 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 052-2019  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

- 13) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVED AND FILED  
**Pelz-Sistrunk: 6 Ayes; 1 Absent - McLaughlin**
- 14) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVED AND FILED  
**Sistrunk-Brar: 6 Ayes; 1 Absent - McLaughlin**
- CA
- 15) Claims and Lawsuits Filed as of July 31, 2019 –  
RECEIVED AND FILED  
**Berjis-Brar: 5 Ayes; 2 Absent - McLaughlin, Pelz**

ADJOURNED TO CLOSED SESSION  
**Pelz-Sistrunk**

CLOSED SESSION

- 16) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – 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 - EXISTING LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board Case No. LA-CE-1084-M – SEE RESULTS BELOW
- 19) 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 – SEE RESULTS BELOW
- 20) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer  
(Government Code Section 54957) – SEE RESULTS BELOW
- 21) 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  
**Berjis-Brar**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 16 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 BRAR; 1 ABSENT - DIRECTOR MCLAUGHLIN), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

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

Item No. 19 concerning 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 – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 20 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 21 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, SEPTEMBER 18, 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



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

September 18, 2019

**Subject:** Proposed Amendment No. 2 to Agreement 2016-066 with Regional Anesthesia Associates, Inc.

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

**Summary:**

Kern Medical requests your Board approve Amendment No. 2 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., an independent contractor, for professional medical services in the Department of Anesthesiology. The group has provided anesthesia services at Kern Medical since 2016.

The proposed amendment is extending the term three years from November 9, 2019 through November 8, 2022. The maximum payable will not exceed \$17,673,876 to cover the extended term.

Therefore, it is recommended that your Board approve the agreement with Regional Anesthesia Associates, Inc. for professional medical services in the Department of Anesthesiology from November 9, 2019 through November 8, 2022, in an amount not to exceed \$17,673,876 to cover the extended term, and authorize the Chairman to sign.

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

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Regional Anesthesia Associates, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 7370 N. Palm Avenue, Suite 102, Fresno, California 93711. Authority and Contractor are sometimes referred to herein, individually, as a “Party” and collectively, as the “Parties.”

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #2016-066, dated August 17, 2016) and Amendment No. 1 (Agt. 2016-070) (collectively, the “Agreement”), for the period November 9, 2016 through November 8, 2019, for professional medical services in the Department of Anesthesiology at KMC; and

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

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

(d) The Agreement is amended effective November 9, 2019;

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

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

“1. Term. This Agreement shall be effective and the term shall commence as of November 9, 2016 (the “Effective Date”), and shall end November 8, 2022, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 2, Obligations of Contractor, paragraph 2.14, Outside Practice, shall be deleted in its entirety and replaced with the following:

“2.14 Outside Practice. During the term of this Agreement, Contractor shall retain the option to enter into agreements with organizations for purposes of providing the same or similar services to other hospitals or providers. Contractor agrees to provide KMC with information regarding the extent of such services upon request.”

3. Section 4, Payment for Services, paragraph 4.6, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.6 Maximum Payable. The maximum payable under this Agreement will not exceed \$17,673,876 for the period November 9, 2019 through November 8, 2022.”

4. Section 4, Payment for Services, paragraph 4.9, Fair Market Value Compensation, shall be made part of the Agreement as follows:

“4.9 Fair Market Value Compensation. The compensation provided under section 4.1 represents the parties’ good faith determination of the reasonable fair market value compensation for the services to be provided by Contractor under this Agreement.”

5. Amendment No. 1 to Exhibit “A,” Description of Services, shall be deleted in its entirety and replaced with Amendment No. 2 to Exhibit “A,” Description of Services, attached hereto and incorporated herein by this reference.

6. Amendment No. 1 to Exhibit “B,” Fee Schedule - Annual Compensation, shall be deleted in its entirety and replaced with Amendment No. 2 to Exhibit “B,” Fee Schedule - Annual Compensation, attached hereto and incorporated herein by this reference.

7. Exhibit “C,” Fee Schedule - Additional Compensation, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit “C,” Fee Schedule - Additional Compensation, attached hereto and incorporated herein by this reference.

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

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


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

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 2  
as of the day and year first written above

REGIONAL ANESTHESIA ASSOCIATES,  
INC.

By   
Dr. A. Ch. M.D.  
Its President

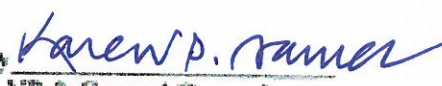
KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

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

APPROVED AS TO FORM,  
LEGAL SERVICES DEPARTMENT

By   
VP & General Counsel  
Kern County Hospital Authority

Amend Regional Anesthesia Associates 09/01/19

**AMENDMENT NO. 2  
TO  
EXHIBIT "A"  
Description of Services  
Regional Anesthesia Associates, Inc.**

1. Contractor shall adhere to the following operating room ("OR") coverage schedule:

<b>Coverage</b>	<b># of OR suites</b>	<b>Hours per day</b>	<b>OR hours</b>	<b>Total annual coverage hours</b>
Monday - Friday (CRNA)	2	8	7 AM - 3 PM	4,160
Monday - Thursday (CRNA)	3	12	7 AM - 7 PM	7,488
Friday (CRNA)	2	12	7 AM - 7 PM	1,248
Monday - Thursday (MD)	1	8	7 AM - 3 PM	1,664
Dedicated OR (CRNA)	1	24	7 AM - 7AM	8,760
Sunday - Sunday				
Dedicated OB (CRNA)	1	24	7 AM - 7AM	8,760
Sunday - Sunday				
Dedicated Trauma (MD)	1	24	7 AM - 7AM	8,760
Sunday - Sunday				
Medical Director Services				250
<b>Total Hours</b>				<b>41,090</b>

2. Contractor shall use a combination of physicians and CRNA to staff the Department in accordance with coverage schedule set forth herein. Contractor shall meet or exceed a coverage ratio of one (1) full-time physician to every four (4) CRNA.
3. Contractor shall provide epidural anesthesia 24-hours per day through the use of dedicated provider around the clock. The dedicated provider will be responsible for placement and management of labor epidurals and for providing anesthesia care for elective and emergent caesarian sections.
4. Contractor shall provide in-house call coverage for the emergency department, critical care and trauma.
5. Contractor will take an active role in the management of pediatric and adult intensive care and direct observation patients. Contractor shall provide Group Physicians who are competent pediatric providers. Such Group Physicians shall be paneled with California Children's Services.
6. Contractor shall use its best efforts to minimize the after-hours caseload to avoid holding patients through the weekend while waiting for elective or nonemergency cases to be performed.



7. Contractor shall minimally comply with the performance standards, guidelines, and practice parameters, as established by the American Society of Anesthesiologists.
8. Contractor shall assist KMC with marketing efforts to educate the public on the availability of programs developed by KMC and Contractor.
9. Contractor shall undertake strategic planning with KMC to identify a unique service line every 18 to 24 months, and lead the effort in, with and for KMC to achieve this designation for a given service line.
10. Contractor shall maintain pain management protocols for patients with acute and chronic pain issues. At the request of KMC, Contractor shall develop a pain management clinic for patients with acute and chronic pain issues. Contractor shall staff the pain clinic with a physician at a mutually agreed upon cost before the service is provided.
11. Contractor shall develop a perioperative medical management program, to reduce case cancellations by 3% to 5% each year over the term of the Agreement and to lower the current 15% rate to 5% during the term of the Agreement. The perioperative medical management program project plan shall be completed and operationalized during calendar year 2020.

[Intentionally left blank]

**AMENDMENT NO. 2  
TO  
EXHIBIT "B"  
Fee Schedule  
Annual Compensation  
Regional Anesthesia Associates, Inc.  
(Effective November 9, 2019 – November 8, 2022)**

As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth below, as follows:

**A. Year 1**

Maximum payable per year:	\$5,775,024
Monthly payment:	\$481,252

**B. Year 2**

Maximum payable per year:	\$5,890,524
Monthly payment:	\$490,877

**C. Year 3**

Maximum payable per year:	\$6,008,328
Monthly payment:	\$500,694

Payment will be made in accordance with paragraph 4.5 of the Agreement. All services are payable in arrears.

[Intentionally left blank]

**AMENDMENT NO. 1  
TO  
EXHIBIT "C"  
Fee Schedule  
Additional Compensation  
Regional Anesthesia Associates, Inc.  
(Effective November 9, 2019 – November 8, 2022)**

As consideration for any additional services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth below, as follows:

Additional Service	Hourly Rate
CRNA – OR coverage	\$142
MD – OR coverage	\$225
MD – Dedicated OR trauma	\$205
CRNA – Dedicated OB	\$142
Medical Director Services	\$190

Payment will be made in accordance with paragraph 4.4 of the Agreement. All services are payable in arrears.

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

September 18, 2019

**Subject:** Proposed retroactive Amendment No. 2 to Agreement with Kern Vascular Call Group, Inc.

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

**Summary:**

Kern Medical requests your Board approve the proposed retroactive agreement with Kern Vascular Call Group, Inc., an independent contractor, for professional medical services in the Department of Surgery, adding 'First Assist' vascular surgery support during 'open' vascular procedures, including trauma.

The proposed agreement is extending the term for one year from January 15, 2020 through January 14, 2021. The maximum payable will not exceed \$1,350,000 to cover the additional services and term of the agreement.

Therefore, it is recommended that your Board approve the agreement with Kern Vascular Call Group, Inc. for professional medical services in the Department of Surgery for the period January 15, 2018 through January 14, 2020, extending the term for one year from January 15, 2020 through January 14, 2021, adding 'First Assist' vascular surgery support and increasing the maximum payable by \$750,000 from \$600,000 to \$1,350,000 to cover the additional services and extend the term, and authorize the Chairman to sign.

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

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Kern Vascular Call Group, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 4901 Centennial Plaza Way, Bakersfield, California 93312.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #094-2017, dated December 13, 2017) and Amendment No. 1 (Agt. #09819, dated March 19, 2019) (the “Agreement”), for the period January 15, 2018 through January 14, 2020, for professional medical services in the Department of Surgery at KMC; and

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

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

(d) The Agreement is amended effective August 22, 2019;

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

1. Recitals, paragraph (c), shall be deleted in its entirety and replaced with the following:

“(c) Contractor is a California professional medical corporation with medical doctors, and physician assistants and advanced practice registered nurses functioning in an expanded role as a surgical first assistant (“First Assist,” and together with the medical doctors, collectively “Group Physicians” or individually “Group Physician”) who provide services on behalf of Contractor; and”

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

“1. **Term.** This Agreement shall be effective and the term shall commence as of January 15, 2018 (the “Effective Date”), and shall end January 14, 2021, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

3. Section 2, Obligations of Contractor, paragraph 2.1, Specified Services, subparagraph 2.1.4, First Assist Vascular Surgery Support, shall be made part of the Agreement as follows:

“2.1.7 First Assist Vascular Surgery Support. Contractor shall provide First Assist support for vascular surgery cases on weekday evenings, weekends, and holidays. Contractor shall be responsible to arrange for First Assist coverage when needed.”

4. Section 2.6, Qualifications of Group Physicians, paragraph 2.6.1, Licensure/Board Certification, shall be deleted in its entirety and replaced with the following:

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

5. Section 2.6, Qualifications of Group Physicians, paragraph 2.6.2, Medical Staff Status, shall be deleted in its entirety and replaced with the following:

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

6. Section 2.6, Qualifications of Group Physicians, paragraph 2.6.5, First Assist Practice Privileges, shall be made part of the Agreement as follows:

“2.6.5 First Assist Practice Privileges. First Assist shall apply and at all times during the term of this Agreement qualify for practice privileges in the Allied Health Professionals category approved for practice in KMC by the Kern County Hospital Authority Board of Governors. First Assist are not eligible for membership in the KMC medical staff. However, First Assist must be professionally competent and continuously meet the qualifications, standards and requirements set forth or otherwise referenced in the KMC medical staff bylaws, rules, and regulations, and/or the Interdisciplinary Practice Manual, each of which is incorporated herein by this reference.”

7. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.5, First Assist Vascular Surgery Support, shall be made part of the Agreement as follows:

“4.1.5 First Assist Vascular Surgery Coverage. Authority will pay Contractor for First Assist vascular surgery coverage as follows: (i) a fixed fee of \$500 per First Assist call-in; and (ii) \$125 per hour, prorated in 15-minute increments for partial hours, for coverage. Payment for First Assist vascular

surgery coverage is limited to the procedures set forth in Exhibit “C,” attached hereto and incorporated herein by this reference.”

8. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.6, Fair Market Value Compensation, shall be made part of the Agreement as follows:

“4.1.6 Fair Market Value Compensation. The compensation provided under section 4.1 represents the parties’ good faith determination of the reasonable fair market value compensation for the services to be provided by Contractor under this Agreement.”

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

“4.5 Maximum Payable. The maximum payable under this Agreement will not exceed \$1,350,000 over the three-year term of this Agreement.”

10. Exhibit “C,” Vascular Surgery Cases, attached hereto and incorporated herein by this reference, shall be made part of the Agreement.

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

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

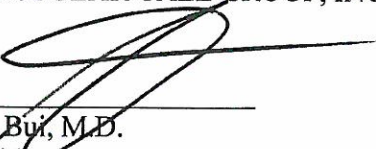
13. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 2  
as of the day and year first written above.

KERN VASCULAR CALL GROUP, INC.

By   
\_\_\_\_\_  
Hao D. Bui, M.D.  
Its President

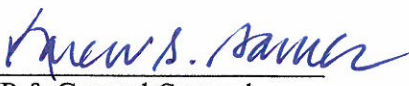
KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

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

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By   
\_\_\_\_\_  
VP & General Counsel  
Kern County Hospital Authority

Amend2.Bui.083019



**EXHIBIT “C”**

**VASCULAR SURGERY CASES**

All ‘open’ vascular procedures, including trauma.

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

September 18, 2019

**Subject:** Proposed Agreement with United Neurosciences, Inc.

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

**Summary:**

Kern Medical requests your Board approve the proposed agreement with United Neurosciences, Inc., an independent contractor, for professional medical services in the Department of Medicine. The group has provided neurology, neuro-interventional radiology and telemedicine services at Kern Medical since 2015 adding seizure and epilepsy monitoring coverage in 2017.

The proposed agreement is for a term of two years from October 1, 2019 through September 30, 2021. The maximum payable will not exceed \$1,940,000 over the two-year term of the agreement.

Therefore, it is recommended that your Board approve the agreement with United Neurosciences, Inc. for professional medical services in the Department of Medicine from October 1, 2019 through September 30, 2021, in an amount not to exceed \$1,940,000 over the two-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – United Neuroscience, Inc. )**

This Agreement for Professional Services (“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 United Neuroscience, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 11622 Harrington Street, Bakersfield, California 93311.

**I.  
RECITALS**

- (a) Authority is authorized, pursuant to section 101852 of Part 4 of Division 101 of the Health and Safety Code, to contract for special services with individuals specially trained, experienced, expert, and competent to perform those services; and
- (b) Authority owns and operates KMC, a general acute care hospital located at 1700 Mount Vernon Avenue, Bakersfield, California, and affiliated clinics (collectively, the “Premises”), in which is located the Department of Surgery (the “Department”); and
- (c) Contractor is a California professional medical corporation with medical doctors (collectively, “Group Physicians” or individually, “Group Physician”) who provide services on behalf of Contractor; and
- (d) Authority requires the assistance of Contractor to provide professional medical services to patients of KMC in one or more clinical departments (collectively, the “Department”) and teaching services to medical students and resident physicians (the “Services”), as such Services are unavailable from Authority resources, and Contractor agrees to provide such Services on the terms and conditions set forth in this Agreement; and
- (e) Contractor has special knowledge, training and experience, and is qualified to render such services;

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

**II.  
TERMS AND CONDITIONS**

1. **Term.** This Agreement shall be effective and the term shall commence as of October 1, 2019 (the “Effective Date”), and shall end September 30, 2021, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

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

2.1 **Services.** Contractor through Group Physicians shall render those Services set forth in Exhibit "A," Scope of Services, attached hereto and incorporated herein by this reference. Contractor has designated those Group Physician(s) set forth in Exhibit "B," Designated Group Physicians, attached hereto and incorporated herein by this reference, to provide the Services set forth in this Agreement. Contractor shall have authority and responsibility for providing Group Physicians to Authority (including recruiting, hiring, promoting, compensating, and disciplining) and for establishing the terms of each Group Physician's employment with Contractor. The parties understand and agree that the obligations of Group Physicians under this Agreement are limited to those Services specifically set forth in Exhibit "A." Such Services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement.

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

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

2.4 **Performance Standard.** Contractor shall perform all services hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. If Authority determines that any of Contractor's work is not in accordance with such level of competency and standard of care, Authority, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with Authority to review the quality of the work and resolve matters of concern; (b) terminate this Agreement pursuant to the provisions of section 36; or (c) pursue any and all other remedies at law or in equity.

2.5 **Group Physician Qualifications.** Contractor represents and warrants to Authority that: (a) Group Physicians are, and shall at all times during the term of this Agreement be, (i) duly qualified and licensed to practice medicine in the state of California, (ii) board certified by applicable professional or regulatory bodies, and (iii) have or hold such other professional certifications or qualifications as necessary to comply with the bylaws, rules, regulations or policies of all applicable regulatory and medical authorities and KMC; (b) Group Physicians have the experience, qualifications, and skills necessary to perform the Services required under

this Agreement; and (c) the Services will be rendered in a timely, competent, and professional manner.

2.6 Medical Staff Documentation. Prior to performing duties, each Group Physician providing Services hereunder shall (i) submit a completed application for medical staff membership to the KMC Medical Staff office, and (ii) provide proof of current licensure from the Medical Board of California or Osteopathic Medical Board of California, as applicable.

2.7 Status of Group Physicians. In the performance of Services rendered pursuant to this Agreement, and for all purposes hereof, it is mutually understood and agreed that Group Physicians are employees or independent contractors of Contractor and not employees of Authority or KMC. Contractor shall be responsible for all wages, benefits, and withholding of payroll taxes for Group Physicians and Authority shall have no liability for such wages, benefits and taxes. Nothing in this Agreement is intended nor construed to create a partner relationship, an employer-employee relationship, a joint venture relationship, a lease or landlord-tenant relationship between Contractor and Authority or KMC, or to allow Authority or KMC either to have or to exercise control, direction or supervision over the professional medical judgment, manner or methods by which Group Physicians perform the Services which are the subject matter of this Agreement; provided, however, that the Services to be provided hereunder by Group Physicians shall be provided in a manner consistent with the standards governing such Services and the provisions of this Agreement. Authority and KMC shall retain final authority over the operation of KMC and its staff.

2.8 Standards. Group Physicians providing Services hereunder shall at all times during the term of this Agreement be members in good standing of the KMC medical staff and shall perform his or her professional medical duties in accordance with (i) the KMC medical staff bylaws, rules, regulations, and policies, (ii) all laws and regulations generally applicable to physicians practicing medicine in the state of California, and (iii) the standards and recommendations of The Joint Commission. Upon 30 days' prior written notice to Contractor, KMC may request that Contractor remove a Group Physician from providing Services if the staff membership or privileges of any Group Physician providing Services hereunder are modified or restricted in accordance with the KMC medical staff bylaws such that Services performed by said Group Physician are limited or restricted. KMC may make such request at its sole discretion, except that KMC agrees to confer in good faith with Contractor regarding alternatives to such removal. Contractor shall arrange for a replacement within 30 days from receiving such notice from KMC.

2.9 Equipment. Contractor, in its sole cost, shall furnish telemedicine equipment and supplies necessary for Group Physicians to perform the telemedicine Services set forth in this Agreement at Contractor's off-site location.

2.10 Hours of Availability. Designated Group Physicians will perform the Services set forth in this Agreement 24 hours per day, 365 days per year.

2.11 Loss or Limitation. Contractor 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) a

Group 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) a Group 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) Contractor or a Group Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Contractor or Group Physician an Ineligible Person<sup>1</sup>; (iv) a Group Physician becomes the subject of a disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body; or (v) an event occurs that substantially interrupts all or a portion of Contractor's professional practice or that materially adversely affects Contractor's ability to perform its obligations hereunder.

2.12 Credentialing. Group Physicians shall be credentialed in accordance with the KMC medical staff bylaws and policy on Telemedicine, each of which is hereby made a part of this Agreement and incorporated herein by this reference. The parties agree to comply with the Medicare conditions of participation set forth in 42 C.F.R. sections 482.12 and 482.22 regarding credentialing of Group Physicians.

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

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

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<sup>1</sup> 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.

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

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

### 3. **Obligations of Authority.**

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

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

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

3.4 Equipment. Notwithstanding paragraph 2.9 herein, KMC shall furnish for the use of the Department such equipment as is deemed necessary by KMC for the proper operation and conduct of the Department consistent with community standards. KMC shall keep and maintain this equipment in good order and repair and replace such equipment, as is reasonably necessary and subject to the usual purchasing practices of Authority and KMC and budget constraints.

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

3.6 Patient Information. KMC shall provide all necessary patient specific information in a secure manner (including demographic information and organized relevant medical records) and indicate the specific consultation services requested including needed laboratory, pathology and/or diagnostic/radiology review. Every request must include the time frame required for the applicable report to be provided.

3.7 Patient Consent. KMC shall not forward any patient information without first having obtained all appropriate patient written consents and written authorizations required under state and federal laws. KMC shall forward all appropriate patient information in compliance with the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Rule") and the Security Standards for the Protection of Electronic Protected Health Information (the "Security Standards") issued under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended and supplemented from time to time, and applicable California law.

3.3 Telemedicine Equipment. Authority agrees that Contractor's telemedicine equipment shall remain the property of Contractor. Contractor agrees that KMC's telemedicine equipment shall remain the property of Authority. Each party shall be responsible for repairs or maintenance of their own telemedicine equipment. Only authorized KMC physicians, KMC nursing staff, medical assistants and technical support shall access the telemedicine equipment for purposes of the consultations, and under no circumstances shall KMC allow a patient or health care provider who is not a KMC physician to access or use the telemedicine equipment to contact Contractor for purposes of patient consultations.

3.4 KMC Personnel. Authority shall employ or otherwise retain all non-physician personnel, including nurses, technicians, therapists and clerical personnel necessary for the proper operation and conduct of the hospital. Authority shall ensure that such personnel are appropriately trained and certified or licensed as necessary and are covered by KMC's insurance or have obtained equivalent coverage. Authority shall be solely responsible for satisfying any and all obligations for any personnel it retains, employs or contracts with, to assist KMC to perform this Agreement.

3.5 Consultations. KMC understands and agrees that neither Contractor nor Group Physicians can provide hands-on medical treatment or services recommended in the remote consultations performed through telemedicine to KMC physicians and that KMC physicians are solely responsible for providing all such care for KMC patients. KMC physicians shall have the ultimate authority and responsibility for the care and primary diagnosis of each KMC patient. No person shall videotape any telemedicine consultation without the prior written consent of Contractor. KMC is solely responsible for obtaining any required patient consents for the telemedicine Services and for documenting such consent in the medical record.

3.6 Supplies. KMC shall ensure that KMC shall be solely responsible for ensuring that it maintains supplies, equipment, drugs, and other items necessary to facilitate treatment for KMC's patients in accordance with its normal policies and procedures.



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

4. **Payment for Services.**

4.1 Compensation. As consideration for the services provided by Contractor hereunder, Authority shall pay Contractor according to the fee schedule set forth in this paragraph 4.1. All services are payable in arrears.

4.1.1 Telemedicine Services. Contractor shall be paid a per diem rate of \$300 per day.

4.1.2 Neurology Clinic. Contractor shall be paid a fixed fee in the amount of \$500 for each scheduled one-half day clinic.

4.1.3 Inpatient Coverage. Contractor shall be paid a per diem rate of \$300 per day for scheduled inpatient coverage.

4.1.4 Interventional Radiology Coverage. Contractor shall be paid a per diem rate of \$975 per day for interventional radiology coverage.

4.1.5 Non-interventional Radiology Procedures and Studies. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for non-interventional radiology procedures and studies provided by Contractor to KMC patients during the term of this Agreement. All professional fees generated by Contractor for non-interventional radiology procedures and studies rendered to patients at KMC or a KMC location during the term of this Agreement, including both cash collections and accounts receivable, will be the sole and exclusive property of KMC, whether received by KMC or by Contractor and whether received during the term of this Agreement or anytime thereafter. Contractor hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers. Within 30 days after the end of each quarter, KMC will calculate the professional fee net collections (defined as actual cash received less any billing fee) for such immediately preceding three (3) month period, and adjust the payment for professional fee net collections accordingly. KMC shall retain 40% of the professional fee net collections for services related to non-interventional radiology procedures and studies. Authority shall pay Contractor the remaining 60% of the professional fee net collections for services related to non-interventional radiology procedures and studies.

4.1.6 Didactic Lectures. Contractor shall be paid a fixed fee in the amount of \$500 per lecture, which includes preparation time and lecture presentation.

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

4.1.8 Limitations on Compensation. The compensation paid to Contractor is inclusive of accommodations, mileage reimbursement, car rental, meals, and incidental expenses, if any. Except as expressly stated herein, Contractor shall not receive any benefits from Authority, including without limitation, health benefits, sick leave, vacation, holidays, deferred compensation or retirement.

4.1.9 Fair Market Value Compensation. The compensation provided under section 4.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Contractor under this Agreement.

4.2 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,940,000 over the two-year term of this Agreement.

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

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

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

4.6 Managed Care Contracting. Contractor shall cooperate, and shall ensure that Group Physicians 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 Authority or KMC to participate in any third-party

payer arrangements, Contractor and/or Group Physicians shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from Authority and KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed Care Organization”) designated by Authority or 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.

5. **Access to Books and Records.** Contractor shall make available, upon written request from Authority or KMC, the Secretary of Health and Human Services, the Comptroller General of the United States, or any other duly authorized agent or representative, this Agreement, and Contractor’s books, documents and records. Contractor shall preserve and make available such books, documents and records for a period of seven (7) years after the termination or expiration of this Agreement. If Contractor is requested to disclose books, documents or records pursuant to this section for any purpose, Contractor shall notify KMC of the nature and scope of the request, and Contractor shall make available, upon written request of KMC, all such books, documents or records.

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

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

8. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to Authority accurate books and records relative to all its activities under this Agreement. Contractor shall permit Authority to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Agreement, or until after the

conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon Authority herein.

9. **Authority to Incur Financial Obligation.** It is understood that neither Contractor nor Group Physicians, in the 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.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

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

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

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

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

15. **Confidentiality.**

15.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would protect its own confidential information. The foregoing obligations will not restrict either party

from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its legal or financial advisors.

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

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

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

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

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

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

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

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

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

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

21. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to Authority is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or

hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

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

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

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

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

26. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in Exhibit "D," attached hereto and incorporated herein by this reference.

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



Notice to Contractor:

United Neuroscience, Inc.  
11622 Harrington Street  
Bakersfield, California 93311  
Attn.: Its President

Notice to Authority:

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

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

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

36. **Termination.**

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

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

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

37. **Effect of Termination.**

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

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

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

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

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

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

[Signatures follow on next page]

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

UNITED NEUROSCIENCE, INC.

By \_\_\_\_\_  
Kiron Thomas, M.D.  
Its President

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

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

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
VP & General Counsel  
Kern County Hospital Authority

Agreement.United Neuroscience.090619

**EXHIBIT “A”**  
**SCOPE OF SERVICES**  
**United Neuroscience, Inc.**

1. **Telemedicine Coverage:**

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

2. **PSC Certification:**

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

3. **Systems of Care:**

- a) An initial request for consultation via telemedicine will be made via cell phone or text page.
- b) Once a request is made, the Designated Group Physician on-call will evaluate the patient via telemedicine.
- c) A response time of 15 minutes is expected between the initial request for consultation and the telemedicine evaluation.
- d) Neuroimaging will be available via the KMC web-based PACS system to each Designated Group Physician, or the images will be made available via a high definition web-based camera.
- e) Once the patient has been evaluated, a recommendation for tissue plasminogen activator (tPA) or endovascular clot retrieval will be made.
- f) Designated Group Physicians may recommend the patient for transfer if tPA is given or endovascular clot retrieval is recommended. However, the decision to transfer a patient remains at the discretion of the KMC physician.
- g) If the patient is admitted to KMC, admission orders will be written by the KMC physician.
- h) Following consultation, the on-call Designated Group Physician will dictate a procedure note into the KMC EHR within 24 hours.

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

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

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

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

12. **Service Expectations:**

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

[Intentionally left blank]

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

**[See attached]**



**EXHIBIT “B”  
DESIGNATED GROUP PHYSICIANS**

**Name**

Kiron Thomas, M.D.

Hari Prasad Hunhi Veedu, M.D.

Venkata Dandamdi, M.D.

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

## **EXHIBIT “D” INSURANCE**

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

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

1. Workers’ Compensation and Employers Liability Insurance:
  - (a) Required if Contractor has employees. If Contractor currently has no employees, Contractor’s written confirmation of such will be required before execution of this Agreement. If Contractor engages any employees during the term of this Agreement or any extensions thereof, Contractor agrees to obtain the specified Workers’ Compensation and Employers Liability insurance.
  - (b) Workers’ Compensation insurance with statutory limits as required by the California Labor Code.
  - (c) Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
  - (d) Waiver of Subrogation: The Workers’ Compensation policy shall be endorsed with a waiver of subrogation in favor of Authority for all work performed by Contractor, its employees, agents and subcontractors.
  - (e) Required Evidence of Insurance: Certificate of Insurance.
  
2. Automobile Liability Insurance:
  - (a) Minimum Limits: \$250,000 per person for bodily injury; \$500,000 per incident for bodily injury; \$250,000 per incident property damage.
  - (b) Insurance shall apply to all Owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions thereof.
  - (c) Insurance shall include coverage for Non-Owned and Hired autos. (See requirements in section 1(c) above if there is no separate Automobile Liability coverage.)
  - (d) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 for full Additional Insured wording.
  - (e) Required Evidence of Insurance: Certificate of Insurance.
  
3. Standards for Insurance Companies: Insurers shall have an A.M. Best’s rating of at least A;VII.

4. Additional Insured Wording: “**Kern County Hospital Authority, its officers, officials, employees and volunteers**” are to be named as Additional Insureds as per each section where noted above.
5. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:
  - (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
  - (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work*.
  - (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of the contract work.
6. Documentation:
  - (a) The Certificate of Insurance must include the following reference: “**Agreement for Professional Services.**”
  - (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with Authority for the entire term of this Agreement and any additional periods if specified in sections 1 or 2 above.
  - (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
  - (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
  - (e) Contractor shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
  - (f) Upon written request, certified copies of required insurance policies must be provided to Authority within 30 days.
7. Policy Obligations: Contractor’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.
8. Material Breach: If Contractor fails to maintain the insurance required by this Agreement, it shall be deemed a material breach of this Agreement. Authority, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, Authority may purchase the required insurance, and without further notice to Contractor, Authority may deduct from sums due to Contractor any premium costs advanced by Authority for such insurance. These remedies shall be in addition to any other remedies available to Authority.

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

September 18, 2019

**Subject:** Proposed Work Order Agreement No. 3 with Leidos Health, LLC, for Elbow-to-Elbow Support Services regarding the Cerner Millennium Project’s Implementation Go-Live.

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

**Summary:**

Kern Medical requests your Board approve the proposed Work Order Agreement No. 3 with Leidos Health, LLC, for elbow-to-elbow support resources for the November 1, 2019 Cerner Electronic Health Record implementation. Leidos Health, LLC will provide on-the-spot provider, acute, and ambulatory conversion support. Leidos Health, LLC staff will be on hand to support staff as they begin to use the new Cerner Electronic Health Record. These support services will be provided between October 31 and November 14, 2019.

Kern Medical engaged two vendors in the decision-making process and after lengthy review, determined that Leidos Health, LLC to be the best strategic decision for Kern Medical.

Leidos Health LLC’s professional fees for this engagement will be billed on a Time and Materials Basis at the rate(s) set forth below:

<b>Resource(s)/Count</b>	<b>Rate per hour</b>	<b>Estimated Fees</b>	<b>Estimated Expenses</b>
Project Coordinator – (1)	Expenses only	0.00	\$3,400.00
Project Leads – (3) (1 for every 25 elbow support)	\$55.00	\$27,555.00	\$11,900.00
Elbow Support (Approx. 77)	\$66.00	\$678,282.00	\$299,200.00
<b>Estimated Totals</b>		<b>\$705,837.00</b>	<b>\$314,500.00</b>
<b>Total Project Estimate</b>		<b>\$1,020,337.00</b>	

Therefore, it is recommended that your Board approve the Leidos Health Work Order Agreement No. 3 for elbow-to-elbow support services for the period October 31, 2019 through November 14, 2019, effective September 18, 2019, in the not-to-exceed amount of \$1,020,337.00, and authorize the Chairman to sign.

### Work Order Agreement #3

This Work Order Agreement, dated September 18, 2019 shall be incorporated into that certain Master Services Agreement made by and between **Leidos Health LLC** (“**Leidos Health**”) and **Kern County Hospital Authority** (“**Client**”) dated March 28, 2018 (the “**Agreement**”). Client would like to engage Leidos Health to provide services as described further below.

#### I. Project Scope

Leidos Health will be providing **Cerner Implementation Go-Live support services** to Client.

This engagement is estimated to start on or about October 31, 2019 and continue through November 14, 2019. *Dates and number of resources during the engagement may vary based on Client needs and mutual agreement.*

#### II. Billing and Invoicing Details

Professional fees for this engagement will be billed on a Time and Materials Basis at the rate(s) set forth below:

Resource(s) / Count	Rate Per Hour	Estimated Fees*	Estimated Expenses**
Project Coordinator - (1)	Expenses Only	\$0.00	\$3,400.00
Project Leads - (3) <i>(1 for every 25 elbow support)</i>	\$55.00	\$27,555.00	\$11,900.00
Elbow Support (approx. 77)	\$66.00	\$678,282.00	\$299,200.00
<b>Estimated Totals</b>		<b>\$705,837.00</b>	<b>\$314,500.00</b>
<b>Total Project Estimate</b>		<b>\$1,020,337.00</b>	

\* *Estimated Fees include \$24,000.00 for 6 hours of orientation at \$50.00 per hour, per resource, for the Project Leads and Elbow Support*

\*\* *Based on average weekly expenses of \$1,700.00 per week, per resource*

Client will pay Leidos Health on a “time and materials” basis for labor expended and travel/other expenses incurred, as specifically identified herein. Client shall pay Leidos Health for labor expended in performing the Services; an amount computed by multiplying the applicable hourly billing rate set forth in the table above by the number of hours worked. Fractional parts of an hour shall be payable on a prorated basis.

Per the Agreement, Client will reimburse Leidos Health for out of pocket expenses including travel, lodging and materials. This includes the travel expenses of the Project Coordinator and/or Project Lead (as applicable) for meetings onsite that are in preparation of the go live project or during the project. Meals will be reimbursed at \$40 per diem, with no receipts required. Leidos Health will review the hotel contract obligations with Client prior to executing the hotel contract, but in the event Client changes the engagement dates and/or number of resources resulting in Leidos Health paying non-cancellable fees to a hotel (the “Non-Cancellation Fees”), Client will reimburse Leidos Health in full for the Non-Cancellation Fees.

Invoices for professional fees and out of pocket expenses will be billed on a weekly basis. Payment is due within thirty (30) days from receipt of invoices. Please provide a purchase order number below if one is required to accompany invoices.

#### III. Assumptions

- A. Client will designate a project liaison for this engagement who will serve as a focal point in the resolution of policy and project impact issues that may arise from time to time and will review deliverables or delegate others to review deliverables in a timely fashion.
- B. Client will be responsible for managing its own resources, timelines, and deliverables unless otherwise stated in this Work Order Agreement or agreed to by Leidos Health.



C. Leidos Health will not be held responsible for the accuracy of information or data provided by Client or a Client vendor's project personnel.

**IV. Extension and Cancellation Terms**

This Work Order Agreement may be extended beyond the end date listed above by amendment.

**V. Acceptance**

By signing below, each party agrees to be bound by the terms and conditions of this Work Order Agreement. Prior to the start date, Client will email a signed copy to [contracts@leidoshealth.com](mailto:contracts@leidoshealth.com).

Agreed by: **Leidos Health LLC**

Agreed by: **Kern County Hospital Authority**

By:   
Authorized Signature

By: \_\_\_\_\_  
Authorized Signature

Name: Bill Kloes  
Print or Type

Name: Russell Bigler  
Print or Type

Title: President, Hospitals & Health Systems

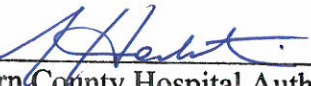
Title: Chairman, Board of Governors

Date: September 11, 2019

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

PO Number (if needed): \_\_\_\_\_

APPROVED AS TO FORM  
Legal Services Department

By:   
Kern County Hospital Authority



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

September 18, 2019

**Subject:** Proposed Amendment No. 7 to Agreement for Professional Consulting Services with Healthcare Performance Group, Inc.

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

**Summary:**

Kern Medical requests that your Board approve the proposed Amendment No. 7 to the Agreement for Professional Consulting Services with Healthcare Performance Group, Inc. (HPG), in the amount of \$342,160, for a total revised Agreement amount of \$1,987,864 to provide extensions of professional services with HPG staff who are currently providing support services required to meet the Cerner Millennium electronic health record (EHR) project.

Previous Agreements	Purpose of Amendment	Variance
Original Agreement, dated May 7, 2018 – Agt.#14818	Schedule A-1, Jacqui Pada, EHR Consultant for Clinical and Nursing Support	\$232,576
Amendment No. 1, dated September 19, 2018 – Agt.# 062-2018	Schedule A-2, Kayla Smith, EHR Consultant for HIM and 3M Support	\$217,000
Amendment No. 2, dated January 16, 2019 – Agt.#005-2019	Schedule A-3, Nicole Van Luchene, EHR Consultant for Informatics and Physician Adoption Support	\$300,240
Amendment No. 3, dated March 20, 2019 – Agt.#018-2019	Amendment to Schedule A-1, EHR Consultant for Clinical and Nursing Support	\$203,896
Amendment No. 4, dated May 15, 2019 – Agt.#023-2019	<u>Schedule A-5</u> Diane Justice – Clinical Application Expertise - April 1, 2019 thru August 30, 2019 - <b>\$146,776</b> <u>Schedule A-6</u> Elizabeth (Betsy) Hlavac – Clinical Application Expertise – April 8, 2019 thru August 30, 2019 - <b>\$140,104</b> <u>Schedule A-7</u> Kim Green – Clinical Application Expertise – April 15, 2019 thru August 30, 2019 - <b>\$133,432</b> <u>Jacqui Pada’s Extension</u> – Clinical Application Expertise – November 29, 2019 thru December 20, 2019 – <b>\$17,920.</b>	\$643,720



	<u>Kayla Smith's Extension</u> – Cerner Millennium HIM – June 10 thru December 20, 2019 - <b>\$185,472</b> <u>Nicole Van Luchene's Extension</u> – Clinical Informatics Expertise – November 29, 2019 thru December 20, 2019 - <b>\$20,016.</b>	
Amendment No. 5, dated July 17, 2019 – Agt.#043-2019	<u>Schedule A-8 Maria Negrete</u> – Additional Clinical Informatics Expertise – June 3, 2019 thru August 2, 2019.	\$40,088
Amendment No. 6, dated July 29, 2019 – Agt.#38019	<u>Schedule A-9 Ramona Hamilton</u> –Informatics and Physician Adoption Support – Replacement for Nicole Van Luchene – no additional cost	\$0
Proposed Amendment No. 7, dated September 18, 2019	<u>Schedule A-10: - \$105,680</u> Betsy Hlavac extension - Clinical Application Expertise (9/1/19 thru 12/20/19) - 640 hours x \$137.00 and travel expenses. <u>Schedule A-11: \$105,680</u> Kim Green extension - Clinical Application Expertise (9/1/19 thru 12/20/19) - 640 hours x \$137.00 and travel expenses. <u>Schedule A-12: \$130,800</u> Maria Negrete extension – Clinical Informatics Expertise (8/3/19 thru 12/20/19) - 800 hours x \$136.00 and travel expenses.	\$342,160

Therefore, it is recommended that your Board approve the Agreement for Professional Services with HPG for the extension of professional services for the period August 3, 2019 through December 20, 2019, effective August 3, 2019, increasing the maximum payable by \$342,160 from \$1,645,704 to 1,987,864 for the additional professional fees and travel expenses, and authorize the Chairman to sign.

HA Agmt. # \_\_\_\_\_

**Amendment No. 7 To**  
**Agreement for Professional Consulting Services**  
**(Healthcare Performance Group, Inc. – Kern County Hospital Authority)**

This Amendment No. 7 to the Agreement for Professional Consulting Services is entered into this 18th day of September 2019, by and between Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center (Customer) and Healthcare Performance Group (HPG).

RECITALS

- A. Customer and HPG have heretofore entered into an Agreement for Professional Consulting Services (Customer Agt.#14818, dated May 11, 2018). Amendment No. 1 (Customer Agt.#062-2018, dated September 19, 2018), Amendment No. 2 (Customer Agt.#005-2019, dated January 16, 2019); and Amendment No. 3 (Customer Agt.#018-2019, dated March 20, 2019), for the period of April 1, 2019 through December 20, 2019, Amendment No. 4 (Customer Agt.#023-2019, dated May 15<sup>th</sup>, 2019, and Amendment No. 5 (Customer Agt. #043-2019, dated July 17<sup>th</sup>, 2019, and Amendment No. #6, (Customer Agt. #38019, dated July 31, 2019) and to provide professional consulting services;
- B. Customer requires additional services of HPG and HPG has agreed to provide these services; and
- C. The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and
- D. The Agreement is amended effective August 3, 2019:

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

- 1. Schedules A-10, A-11, and A-12

Schedules A-10, A-11, and A-12 is added to the Agreement and incorporated herein by this reference.

- 2. Except as otherwise defined herein, all capitalized terms used in this Amendment No.7 have the meaning set forth in the Agreement.
- 3. This Amendment No. 7 shall be governed by and construed in accordance with the laws of the state of California.
- 4. This Amendment No. 7 may be executed in counterparts, each of which shall be deemed an original, but all which taken together shall constitute one and the same instrument.
- 5. Except as provided herein, all other terms, conditions, and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

IN WITNESS TO THE FOREGOING, the Parties have executed this Amendment No. 7 as of the day and year first written above.


KERN COUNTY HOSPITAL AUTHORITY

HEALTHCARE PERFORMANCE GROUP, INC.

By \_\_\_\_\_  
Russell Bigler  
Chairman, Board of Governors

By **Chad Terstriep** Digitally signed by Chad Terstriep  
Date: 2019.09.09 12:25:02 -05 00'  
Printed Name: Chad Terstriep  
Title/Position: President

APPROVED AS TO CONTENT  
Kern Medical Center

By   
Reynaldo Lopez  
Chief Information Officer

APPROVED AS TO FORM  
Legal Services Department

By   
Hospital Counsel  
Kern County Hospital Authority

## **Schedule "A-10"**

Kern Medical (CUSTOMER) and Healthcare Performance Group, (HPG), wish to attach this Schedule as an addendum to the Agreement between the parties in order to define the services to be provided by HPG to CUSTOMER.

### **Project Background**

CUSTOMER has licensed the Millennium clinical applications from Cerner Corporation and is in the process of implementing and supporting these applications. CUSTOMER requires an extension of services of Senior Millennium Consultant, Betsy (Elizabeth) Hlavac, who was assigned to CUSTOMER under Schedule A-6. Key responsibilities of this project engagement are as follows:

#### **PROJECT ROLE AND DETAILS TO BE APPROVED BY CUSTOMER:**

- Provide technical and clinical expertise for PharmNet and Pharmacy initiatives
- Provide best practice workflows for Cerner Model Experience
- Provide design, build, testing, training, and implementation expertise for PharmNet and integrated points
- Lead the efforts for taking the current and future state workflow to integrate into testing
- Betsy will work with CUSTOMER to facilitate meetings, tasks and project deliverables for this project
- Betsy will provide additional expertise to other Millennium applications as requested by CUSTOMER
- Betsy will also follow the Cerner EHR Consultant Job Description that will be attached to the Master Service Agreement.

### **Engagement Scope and Approach**

HPG will provide the services of Betsy (Elizabeth) Hlavac. Betsy will assist the CUSTOMER in the project as described above and will report to Mr. Reynaldo Lopez and provide services on a continuous, ongoing and full-time basis ending Friday, December 20, 2019. CUSTOMER agrees to provide HPG with a 45 day notice of termination for these services of termination for these services.

### **Fees, Timing & Payment**

The professional service fee for these services is \$137 per hour. CUSTOMER commits to a total of 640 hours for this project. Additional hours will require an addendum for extension. This Schedule A-10 has a not-to-exceed amount is \$105,680 including professional fees and estimated travel expenses.

Professional services fees and reasonable travel and out of pocket expenses in accordance with Schedule I, will be invoiced biweekly. Should this engagement extend beyond 12 consecutive months, HPG may adjust

the rate based upon agreement by both parties, but no more than 5%. The Invoice will be sent to the attention of Brenda Reed, at Brenda.Reed@KernMedical.com.

Payment is expected by either ( ) electronic payment\* or by (X) check and is due within 30 days of the Invoice Date. Any unpaid balances still due 30 days from the Invoice Date will accrue a late charge at a rate of 1.0% per month. HPG does not accept credit card payments.

This Schedule A-10 is an addition to the Master Service Agreement and Schedule A-1 (Jacqui Pada), Schedule A-2 (Kayla Smith), Schedule A-3 (Nicole Van Luchene), Schedule A-4 (Jacqui Pada Extension), Schedule 5, (Diane Justice), Schedule 6 (Betsy Hlavac), Schedule 7 (Kim Green) Schedule A-8 (Maria Negrete), and Schedule A-9 (Ramona Hamilton),

All other terms and conditions of the original Agreement remain unchanged.

**ACCEPTED by:**

**CUSTOMER:**

SIGNATURE: \_\_\_\_\_  DATE: \_\_\_\_\_

**HPG:**

SIGNATURE: **Chad Terstriep** Digitally signed by Chad Terstriep Date: 2019.09.09 12:25:23 -05'00' DATE: 9/9/19

**\*ABA routing number: 101100045; \*Account number: 005048626030; Address: Healthcare Performance Group, Inc., P.O. Box 588, Spring Hill, KS 66083**

## **Schedule "A-11"**

Kern Medical (CUSTOMER) and Healthcare Performance Group, (HPG), wish to attach this Schedule as an addendum to the Agreement between the parties in order to define the services to be provided by HPG to CUSTOMER.

### **Project Background**

CUSTOMER has licensed the Millennium clinical applications from Cerner Corporation and is in the process of implementing and supporting these applications. CUSTOMER requires an extension of services of Senior Millennium Consultant, Kim Green, who was assigned to CUSTOMER under Schedule A-7. Key responsibilities of this project engagement are as follows:

#### **PROJECT ROLE AND DETAILS TO BE APPROVED BY CUSTOMER:**

- Provide technical and clinical expertise for PathNet applications
- Provide best practice education for PathNet modules
- Provide expertise on testing for the lab and the PathNet modules within Cerner Millennium
- Provide expertise around best practices for workflows
- Provide Cerner Millennium PathNet design, build, testing, implementation and training
- Kim will work with CUSTOMER to facilitate meetings, tasks and project deliverables for this project
- Kim will provide additional expertise to other Millennium applications as requested by CUSTOMER
- Kim will also follow the Cerner EHR Consultant Job Description that will be attached to the Master Service Agreement.

### **Engagement Scope and Approach**

HPG will provide the services of Kim Green. Kim will assist the CUSTOMER in the project as described above and will report to Mr. Reynaldo Lopez and provide services on a continuous, ongoing and full-time basis ending December 20, 2019. CUSTOMER agrees to provide HPG with a 45 day notice of termination for these services of termination for these services.

### **Fees, Timing & Payment**

The professional service fee for these services is \$137 per hour. CUSTOMER commits to a total of 640 hours for this project. Additional hours will require an addendum for extension. This Schedule A-11 has a not-to-exceed amount is \$105,680 including professional fees and estimated travel expenses.

Professional services fees and reasonable travel and out of pocket expenses in accordance with Schedule I, will be invoiced biweekly. Should this engagement extend beyond 12 consecutive months, HPG may adjust the rate based upon agreement by both parties, but no more than 5%. The Invoice will be sent to the attention of Brenda Reed, at Brenda.Reed@KernMedical.com.

Payment is expected by either ( ) electronic payment\* or by (X) check and is due within 30 days of the Invoice Date. Any unpaid balances still due 30 days from the Invoice Date will accrue a late charge at a rate of 1.0% per month. HPG does not accept credit card payments.

This Schedule A-11 is an addition to the Master Service Agreement and Schedule A-1 (Jacqui Pada), Schedule A-2 (Kayla Smith), Schedule A-3 (Nicole Van Luchene), Schedule A-4 (Jacqui Pada Extension), Schedule A-5, (Diane Justice), Schedule A-6 (Betsy Hlavac), Schedule A-7 (Kim Green), Schedule A-8 (Maria Negrete), Schedule A-9 (Ramona Hamilton), and Schedule A-10 (Hlavac Extension).

All other terms and conditions of the original Agreement remain unchanged.

**ACCEPTED by:**

**CUSTOMER:**

SIGNATURE: \_\_\_\_\_  DATE: \_\_\_\_\_

**HPG:**

SIGNATURE: **Chad Terstriep** Digitally signed by Chad Terstriep Date: 2019.09.09 12:22:23 -05'00' DATE: 9/9/19

**\*ABA routing number: 101100045; \*Account number: 005048626030; Address: Healthcare Performance Group, Inc., P.O. Box 588, Spring Hill, KS 66083**

## **Schedule "A-12"**

Kern Medical (CUSTOMER) and Healthcare Performance Group, (HPG), wish to attach this Schedule as an addendum to the Agreement between the parties in order to define the services to be provided by HPG to CUSTOMER.

### **Project Background**

CUSTOMER has licensed the Millennium clinical applications from Cerner Corporation and is in the process of implementing and supporting these applications. CUSTOMER requires an extension of services of Senior Millennium Consultant, Maria Negrete, who was assigned to CUSTOMER under Schedule A-8. Key responsibilities of this project engagement are as follows:

#### **PROJECT ROLE AND DETAILS TO BE APPROVED BY CUSTOMER:**

- Provide technical and clinical expertise for testing and integrated testing
- Provide best practice education on creation and execution of test scripts
- Diagnose, troubleshoot, and work to resolve issues arising from integrated testing events or solution specific assignments
- Assigned to solutions as needed to provide support
- Lead the efforts for taking the current and future state workflow to integrate into testing
- Provide expertise around best practices for workflows
- Provide Cerner Millennium design, build, testing, implementation and training
- Maria will work with CUSTOMER to facilitate meetings, tasks and project deliverables for this project
- Maria will provide additional expertise to other Millennium applications as requested by CUSTOMER
- Maria will also follow the Cerner EHR Consultant Job Description that will be attached to the Master Service Agreement.

### **Engagement Scope and Approach**

HPG will provide the services of Maria Negrete. Maria will assist the CUSTOMER in the project as described above and will report to Mr. Reynaldo Lopez and will provide services on a continuous, ongoing and full-time basis ending on December 20, 2019. Should CUSTOMER elect to extend services, CUSTOMER will provide HPG a 45-day notice or HPG cannot guarantee the availability of its resource.



**Fees, Timing & Payment**

The professional service fee for these services is \$136 per hour. CUSTOMER commits to a total of 800 hours for this project. Additional hours will require an addendum for extension. This Schedule A-12 has a not-to-exceed amount is \$130,800 including professional fees and estimated travel expenses.

Professional services fees and reasonable travel and out of pocket expenses in accordance with Schedule I, will be invoiced biweekly. Should this engagement extend beyond 12 consecutive months, HPG may adjust the rate based upon agreement by both parties, but no more than 5%. The Invoice will be sent to the attention of Brenda Reed, at Brenda.Reed@KernMedical.com.

Payment is expected by either (  ) electronic payment\* or by (  ) check and is due within 30 days of the Invoice Date. Any unpaid balances still due 30 days from the Invoice Date will accrue a late charge at a rate of 1.0% per month. HPG does not accept credit card payments.

This Schedule A-12 is an addition to the Master Service Agreement and Schedule A-1 (Jacqui Pada), Schedule A-2 (Kayla Smith), Schedule A-3 (Nicole Van Luchene), Schedule A-4 (Jacqui Pada Extension), Schedule A-5 (Diane Justice), Schedule A-6 (Betsy Hlavac), Schedule A-7 (Kim Green) , Schedule A-8 (Maria Negrete), Schedule A-9 (Ramona Hamilton), Schedule A-10 (Hlavac Extension) Schedule A-11 Extension)

All other terms and conditions of the original Agreement remain unchanged.

**ACCEPTED by:**

**CUSTOMER:**

SIGNATURE: \_\_\_\_\_  DATE: \_\_\_\_\_

**HPG:**

SIGNATURE: Chad Terstriep Digitally signed by Chad Terstriep Date: 2019.09.09 12:21:54 -05'00' DATE: 9/9/19

**\*ABA routing number: 101100045; \*Account number: 005048626030; Address: Healthcare Performance Group, Inc., P.O. Box 588, Spring Hill, KS 66083**



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

September 18, 2019

**SUBJECT:** Proposed Resolution authorizing Kern County Hospital Authority to participate in the Housing Funds for Whole Person Care Pilot programs in Fiscal Year 2019-2020

**Requested Action:** Approve; Adopt Resolution; Authorize Chief Executive Officer to sign final Agreement subject to approval as to form by Counsel

**Summary:** The 2019-2020 California Governor's budget allocated \$100 million state General Fund housing funds (one-time with multi-year spending authority through June 30, 2025) for active Whole Person Care Pilot programs that provide housing services. This funding is available for the costs of long-term and short-term housing for Medi-Cal beneficiaries who are mentally ill and are experiencing homelessness, or are at risk of homelessness. The funding may be used to match local county investments and shall not supplant existing funding for these services. This funding allocation does not require local matching funding.

The California Department of Health Care Services (DHCS) developed a funding allocation methodology that considers prevalence of individuals who are mentally ill and are experiencing homelessness using the Point in Time Count; geographical cost of living using Fair Market Rent and WPC pilot performance. Based on these parameters, Kern Medical's Whole Person Care pilot was allocated \$1,213,867.52. Kern Medical requests your Board adopt the attached Resolution authorizing Kern County Hospital Authority's participation in these housing funds and designating the Kern County Hospital Authority's Chief Executive Officer as the single point of contact to the DHCS.

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

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In the matter of:

Resolution No. 2019-\_\_\_\_

**AUTHORIZING THE KERN COUNTY HOSPITAL  
AUTHORITY TO PARTICIPATE IN ONE-TIME  
HOUSING FUNDS FOR WHOLE PERSON CARE  
PILOTS FUNDING OPPORTUNITY UNDER  
BUDGET ACT OF 2019 (AB 74)**

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I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of September, 2019, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**MONA A. ALLEN**  
Authority Board Coordinator  
Kern County Hospital Authority

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Mona A. Allen

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**RESOLUTION**

Section 1. WHEREAS:

(a) On December 30, 2015, the Centers for Medicare & Medicaid Services (“CMS”) approved the state’s request to extend the section 1115(a) demonstration project, entitled “California Medi-Cal 2020 Demonstration” (“Waiver”). This extension allows California to extend its safety net care pool for five years, in order to support the state’s efforts toward the adoption of robust alternative payment methodologies and support better integration of care; and

(b) The Waiver authorizes the Whole Person Care initiative, a five-year pilot program, to test locally-based initiatives that will coordinate physical health, behavioral health, and social services, as applicable, in a patient-centered manner for vulnerable Medi-Cal beneficiaries who are high users of multiple health care systems and continue to have poor outcomes with the goals of improved beneficiary health and well-being through more efficient and effective use of resources; and

(c) Kern Medical Center is a Lead Whole Person Care Pilot Entity of a consortium of Kern County departments and community-based organizations; and

(d) California Governor Gavin C. Newsom and the California Legislature have recognized the critical role Whole Person Care Pilot programs play in reducing homelessness for those with special needs; and

(e) Governor Newsom, the Legislature, and the Kern County Hospital Authority recognize the need for flexible state-only funding for new services to Medi-Cal beneficiaries who are living with mental illness who are also homeless or at risk of homelessness, as well as additional at-risk populations; and

(f) Governor Newsom and the Legislature have allocated \$100 million dollars in one-time state General Fund housing funds for Fiscal Year 2019-20 to Whole Person Care Pilot programs (“Housing Funds”); and

(g) Governor Newsom and the Legislature have directed Whole Person Care Pilot programs to leverage other available funding for this purpose and prohibited any supplantation of existing funding or services in order to maximize the impact of Housing Funds for Whole Person Care Pilot programs; and

(h) Governor Newsom and the Legislature require Whole Person Care Pilot programs that receive Housing Funds for Whole Person Care Pilot programs to expend the funding no later than June 30, 2025, and further stipulate that services provided with this funding must comply with all ‘Housing First’ principles as defined in California Welfare and Institutions Code Sections 8255 and 8256; and

(i) The Board of Governors affirms the commitment of the Kern County Hospital Authority to combatting homelessness and improving housing options for residents living with mental illness and who are homeless or at risk of homelessness, or additional at-risk populations in our communities, pursuant to the provisions of Budget Act of 2019 (AB 74) and the receipt of Housing Funds for Whole Person Care Pilot programs.

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

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

2. This Board hereby authorizes the Kern County Hospital Authority to participate in the Housing Funds for Whole Person Care Pilot programs in Fiscal Year 2019-2020.

3. This Board hereby designates the Chief Executive Officer of the Kern County Hospital Authority as the single point of contact to the state Department of Health Care Services for the Housing Funds for Whole Person Care Pilot programs allocation.

4. This Board hereby authorizes Chief Executive Officer Russell V. Judd to sign the final approved agreement with the state Department of Health Care Services on behalf of the Kern County Hospital Authority.

5. The provisions of this Resolution shall be effective, in force, and operative as of the 18th day of September, 2019.

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

Kern Medical Center  
Chief Executive Officer  
Chief Financial Officer  
Vice President of Administrative Services  
Legal Services Department  
Kern County Board of Supervisors  
Kern County Administrative Office  
Office of County Counsel  
Clerk of the Board of Supervisors



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

September 18, 2019

**Subject:** Proposed Amendment No. 1 to the Proposal to Recoat Existing Roof System with Western Pacific Roofing Corp.

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

**Summary:**

Kern Medical requests your Board approve Amendment No. 1 to the Proposal to Recoat Existing Roof System (Agreement) with Western Pacific Roofing Corporation, in the amount of \$5,611, for a total revised Agreement amount of \$273,611, to install roofing materials at the Columbus Clinic as part of the solar panel installation. This change order compensates the contractor for Bonds and permits.

To mitigate potential delays with possible minor Agreement changes, we are also requesting that your Board authorize Kern Medical’s Chief Executive Officer, to approve all future change orders in an amount not to exceed 10% of the original Agreement amount, \$26,800, for a total potential Agreement amount of \$294,800.

Payment for Services	Previous Agreements	Proposed Agreement	Variance
\$1,000.00	\$268,000 – Agt.# 10719	\$273,611	\$5,610

Therefore, it is recommended that your Board approve the Amendment No. 1 to the Proposal to Recoat Existing Roofing System with Western Pacific Roofing Corp. to provide additional services for the new roof project at the Columbus Clinics with services beginning on September 9, 2019 with an anticipated completion date in December of 2019, in an amount not to exceed \$5,611, authorize the Chief Executive Officer to approve all future change orders in an amount not to exceed 10% of the original Agreement amount; and authorize the Chairman to sign.

**AMENDMENT NO. 1 TO  
THE PROPOSAL TO RECOAT EXISTING ROOF SYSTEM  
(Kern County Hospital Authority – Western Pacific Roofing Corp.)**

This Amendment No. 1 to the Proposal to Recoat Existing Roof System (“Amendment No.1”) is entered into this 18th day of September, 2019, by and between Kern County Hospital Authority, a local unit of government which owns and operates Kern Medical Center (“Owner”) and Western Pacific Roofing Corp., a California based corporation (“Contractor”), with its principal place of business located at 2229 E. Avenue Q, Palmdale, California 93550.

**RECITALS**

A. Owner and Contractor have heretofore entered into a Proposal to Recoat Existing Roof System (Owner Agt. #10719, signed March 25, 2019) (“Agreement”), to provide roofing repair and preparation services at the Columbus Clinics, as such services are unavailable from Owner resources; and

B. Owner requires additional services from Contractor and Contractor has agreed to provide such services; and

D. The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

F. The Agreement is amended effective September 18, 2019;

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

1. Sub-Section 1) **MAXIMUM PAYABLE** shall be added to Section **CONTRACT PRICE** and incorporated herein by this reference:

“1) **MAXIMUM PAYABLE** The maximum payable under this Agreement will not exceed \$273,611 for the entirety of the project as outlined in the Agreement.”

2. Exhibit A-1

Exhibit A-1, CHANGE ORDER, to Amendment No. 1 is added to the Agreement and incorporated herein by this reference.

4. Except as otherwise defined herein, all capitalized terms used in this Amendment No. 1 have the meaning set forth in the Agreement.

5. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the state of California.

6. This Amendment No. 1 may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

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

**[Signatures follow on next page]**

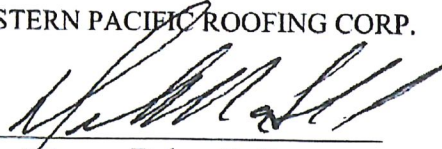


IN WITNESS TO THE FOREGOING, the Parties have executed this Amendment No. 1 as of the day and year first written above.


KERN COUNTY HOSPITAL AUTHORITY

WESTERN PACIFIC ROOFING CORP.

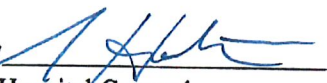
By \_\_\_\_\_  
Russell Bigler  
Chairman, Board of Governors

By   
Printed Name: Debra Hall  
Title/Position: Admin VP

APPROVED AS TO CONTENT:  
Kern Medical Center

By   
Jared Leavitt  
Chief Operations Officer

APPROVED AS TO FORM:  
Legal Services Department

By   
Hospital Counsel  
Kern County Hospital Authority

# EXHIBIT A-1



## CHANGE ORDER

<b>TO:</b>  <b>Kern County Hospital Authority</b> <b>Attn: Accounts Payable</b> <b>1700 Mount Vernon Avenue</b> <b>Bakersfield, CA 93306</b>	<b>PHONE</b> (661) 326-2000 (office)	<b>DATE</b> July 31, 2019
	<b>JOB / LOCATION</b>  Kern Medical Center 1111 Columbus Street Bakersfield, CA 93305	
	<b>CONTRACT / JOB #</b> 165700	<b>JOB PHONE</b> (661) 326-2000 (office)
We hereby agree to the change(s) or additional work specified below:		
<p><b>Change Order #1:</b> \$250.28 - Permit Fees</p> <p><b>Change Order #2:</b> \$5,360.00 - Payment &amp; Performance Bonds</p>		
NOTE: This Change Order becomes part of and in conformance with the existing contract.		
<b>We Agree hereby to make the change(s) specified above at this price</b> →		<b>\$5,610.28</b>
Date of agreement: _____ Authorized Signature: _____ (CONTRACTOR)	<b>PREVIOUS CONTRACT AMOUNT</b>	<b>\$268,000.00</b>
	<b>REVISED CONTRACT AMOUNT</b>	<b>\$273,610.28</b>
Payment will be made as follows:		
<b>Accepted</b> – The above prices and specifications of this Change Order are satisfactory and are hereby accepted. All work to be performed under same terms and conditions as specified in original contract unless otherwise stipulated.	Authorized Signature: _____ (OWNER)	Date of acceptance: _____



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

September 18, 2019


**Subject:** Proposed Approval of Administrative Policy for Electronic Health Record (EHR) Transition and Implementation

**Recommended Action:** Approve

**Summary:**

Kern Medical leadership has identified the requirement for a period of transition from former electronic and paper-based practices to a new fully integrated EHR. The proposed policy defines the process for recognition of workflow changes during the transition phase of the EHR implementation and assigns responsibilities to include those of each department to be aware of the need for revision of policies, as necessary, and to appropriately modify those policies to meet the new processes and workflows embedded in the new EHR.

Kern Medical recommends your Board approve the proposed policy to create a transition period from November 1, 2019 and end approximately twelve to eighteen (12-18) months after full implementation.

	<b>Department: Administration</b>			
	Policy No. ADM-LD--XXX	Effective Date: New	Review Date: New	Page 1 of 3
<b>Title: Electronic Health Record (EHR) Transition and Implementation</b>				

**I. PURPOSE:**

To provide a transition period and guidelines for identifying changes in workflow and process in order to convert pre-implementation and/or paper-based practices to those within the fully integrated EHR.

**II. DEFINITIONS:**

A. Electronic Health Record (EHR) System – An EHR for computerized patient health records, which include, but are not limited to:

1. Administrative information, e.g., patient placement, billing, etc.
2. Clinical data, e.g., patient care documentation, order entry, diagnostic test results, etc.
3. Demographic patient placement, e.g., admitting, registration, etc.

**III. POLICY STATEMENT:**

A. It is the policy of Kern Medical Center (KMC) to integrate several computer-based patient information and documentation systems into a seamless clinical information system known as the EHR and to provide safe, efficient and timely patient care during EHR implementation. KMC has acknowledged the need for an identified period of transition from paper-based practices.

1. This fully integrated system will support and provide clinical data and documentation that enables all interdisciplinary health care providers to deliver quality care and promote increased communication for all interdisciplinary health care team members.

**IV. PROCEDURE**

A. System Assessment

1. The exact level of technological need, staff education and changes in workflow will be evaluated after the EHR is successfully placed into service and fully implemented. A period of evolution including modifications, conversions and ongoing education will be necessary to ensure a smooth transition with sustainable processes necessary for a fully functioning EHR.
2. The EHR implementation is expected to be a dynamic process in all departments of the facility. A defined transition period will be used to clarify any changes in workflow patterns and/or needs.
3. To minimize disruption and provide continuity of patient care during the EHR implementation, a transition period, beginning with the implementation of the EHR and ongoing as implementation and the learning cycle proceed, will be in place to allow for tailoring employee

workflow and/or practices and reflect any changes in applicable policies and procedures.

- a) The transition period will begin November 1, 2019 and end approximately twelve to eighteen (12-18) months after full implementation ends.

**B. Education**

1. Ongoing education to support KMC staff in the effective use of the EHR will require updates and revisions to reflect system evolution during the implementation period.
2. Notification of training changes and review of education will be made available to all staff members affected by necessary revisions.
3. Unit and/or Department Managers/Directors are responsible to ensure all authorized EHR users have attended and successfully completed training for the applications required by their job descriptions and clinical roles, identifying departmental workflow and/or process changes and revising applicable policies, as necessary, to address any practice changes, duties or responsibilities of staff.

**C. Responsibilities - Identification and Implementation of Change**

1. All KMC staff, with authorized use of the EHR system, are responsible for identifying and reporting necessary workflow and process changes required during the implementation of the EHR system and transition from paper-based practices.
2. Clinical Information (CI) staff are responsible to act as a liaison between KMC leadership, clinical staff and/or Information Technology (IT) personnel during the EHR system implementation and transition from paper-based practices.
3. IT Site Director is responsible to collaborate with CI staff, Unit and/or Department Managers/Directors and act as liaison between KMC leadership to ensure the availability and functionality of necessary hardware and software, i.e., workstations, printers and internet connections.
4. Upon confirmation that practices and staff workflow have been appropriately established after the EHR implementation, policies and procedures defining any newly developed practices, procedures and/or responsibilities will be included in one or more specific KMC policies and procedures, as appropriate, and education provided to applicable staff members.

**V. SPECIAL CONSIDERATIONS: N/A**

**VI. EDUCATION:**

- A. Kern Medical Center Staff: Will receive education pertaining to this policy, as appropriate, at time of unit-specific orientation and as changes occur. Staff's knowledge, skills and abilities will be validated during unit-specific orientation.
- B. Patients and Patient Representatives: Not Applicable

**VII. DOCUMENTATION: N/A**

**VIII. ADDENDUMS: N/A**

**IX. REFERENCES: N/A**

**X. KEY WORDS: Electronic Health Record, EHR, Implementation, Transition**

OWNERSHIP (Committee/Department/Team) ..... Administration	
ORIGINAL ..... September 2019	
REVIEWED, NO REVISIONS .....	
REVISED .....	
APPROVED BY COMMITTEE .....	
DISTRIBUTION ..... Administration Policy Manual	
REQUIRES REVIEW .....	
Chief Executive Officer Signature of Approval	Administrative Signature of Approval
Date	Date

DRAFT



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

September 18, 2019

**Subject:** Public hearing regarding the meet and confer impasse between representatives of the Kern County Hospital Authority and Committee of Interns and Residents/Service Employees International Union, Local 1957, and Resolution implementing wage increases for resident physicians

**Recommended Action:** Open Hearing; Close Hearing; Approve; Adopt Resolution; Direct Staff to Implement

**Summary:**

On March 21, 2018, the Kern County Hospital Authority (Authority) and the Committee of Interns and Residents/Service Employees International Union, Local 1957 (CIR/SEIU) entered into a Memorandum of Understanding (MOU) regarding the wages, hours, and other terms and conditions of employment of resident physicians, approved by your Board effective March 31, 2018 through March 31, 2021.

During the negotiation of the MOU, the parties agreed to meet and confer with the intent of reviewing wages not sooner than 45 days but no later than 60 days after your Board approved a new Memorandum of Understanding between the Authority and Service Employees International Union, Local 521.

In the Authority's last, best, and final offer, we proposed an increase of 3% to be effective upon approval by your Board (anticipated at the February 20, 2019 meeting) and another 3% to be effective on July 1, 2019, for a total increase of 6%. In considering our offer, we reviewed several factors including:

- The number of residency applications received, which was over 2,400 for the 2018-2019 academic year;
- The number of available residency slots (30) compared to candidates interviewed (321); and
- A comparison of resident salaries and median housing costs among various California teaching hospitals, both private and public.

When weighing these factors, the Authority was confident that the proposed 6% total increase represented a fair and equitable increase for our resident physicians.

September 19, 2018, the date the Authority and SEIU entered into a new MOU, triggered the timing to reconvene and review wages with CIR/SEIU. On December 4, 2018, the Authority and CIR/SEIU entered into wage negotiations. The parties met and conferred in good faith multiple times over a two-month period. On January 9, 2019, the Authority issued its last, best and final offer, and your Board approved a formal declaration of impasse on February 20, 2019. Following mediation with a state mediator in a further effort to reach agreement, CIR/SEIU timely notified the state Public Employment Relations Board of its desire to move the dispute to factfinding. The factfinding panel met on June 18, 2019, and the neutral factfinder subsequently issued a report on August 19, 2019 (copy attached).

The factfinding neutral recommended wage increases as follows:

- “3% increase effective March 2019
- 3% increase effective July 2019
- 2% increase effective July 2020.”

The union concurred with the recommended terms of settlement. In response to the report, the Authority filed a concurring and dissenting opinion. In its opinion, the Authority dissented to the following:

1. The panel chair’s statement that the lack of raises for CIR/SEIU represented employees in the past was due to delays in enabling legislation as stated in the background section of the report;
2. The recommendation that the Authority should grant a 3% wage increase for the period between March 1, 2019 and July 1, 2019; and
3. The recommendation that the Authority grant an additional 2% wage increase effective July 1, 2020.

The Authority’s position of a total increase of 6% over the contract period was and is reasonable. Therefore, it is recommended that your Board adopt the Authority’s last, best and final offer for a 6% increase, effective retroactive to July 1, 2019, and direct staff to implement.



**Kern County Hospital Authority and Committee of Interns &  
Residents, Service Employees International Union  
PERB Case No. LA-IM-279-M**

**Factfinding Report and Recommendations**

Due to an unusual set of circumstances, the bargaining history of the parties at KMC has involved both the current employer, the Kern County Hospital Authority, as well as the Kern County Board of Supervisors, the prior employer.

Back in 2010, the Committee of Interns & Residents was certified by the County of Kern as the bargaining agent for those employees at the Kern Medical Center (KMC). However, in 2014, Governor Brown signed a bill (AB2546) which authorized the creation of a Kern County Hospital Authority.

KMC is a public, 24/7 hospital for County residents. It has a Level II trauma center, and is the only teaching hospital in the County. Further, it is designed to provide medical care for indigents and socioeconomically challenged persons.

The Authority was approved by the Kern County Board of Supervisors in October 2015, and the Kern County Hospital Authority became operational on July 1, 2016. Certification of the Committee of Interns & Residents continued with the successor employer, the Kern County Hospital Authority, who owns and operates KMC (Kern Medical Center).

As a result, the bargaining history is a bit tangled. Current negotiations began in 2017, with the parties entering into an initial Memorandum of Understanding ("MOU") in March 2018 (see Union Exhibit 2), with a term of March 31, 2018 through March 31, 2021. While the MOU did not include wage increases, there were a number of 'in lieu' increases in such items as an Educational Fund and increase of the Meal Allowances.

The language of the MOU states that "*The Authority and CIR/SEIU agree to meet and confer with the intent of reviewing wages not sooner than 45 days but no later than 60 days after the Board of Governors approves a new Memorandum of Understanding between the Authority and Service Employees International Union, Local 521.*"

It turned out that the ultimate ratification by the Authority of SEIU Local 521's MOU was on 9/19/18. Sixty days thereafter would have been 11/19/18. After sorting out these preconditions, the parties commenced a wage reopener, with the Authority making an initial proposal for a single 2.5%, across the board wage increase, effective upon ratification by the parties.

The Union countered with wage increases ranging from 18% to 13%, depending on the salaries associated with the PGY 1 – PGY 5 classifications of the employees.

After meetings in January 2019, the Authority submitted a Last, Best, and Final Offer of 3% upon ratification, and an additional 3% July 1, 2019. Upon the Union's rejection of the LBFO, the Authority declared impasse, and the matter proceeded to Mediation.

Mediation proved unsuccessful, and the Union filed the instant request for Factfinding with PERB. By letter of May 30, 2019, PERB sent a letter to the undersigned, indicating that the parties had jointly selected Tony Butka as the Factfinder. The panel members are Lisa Hockersmith for KMC, and David Dashefsky for CIR/SEIU.

A hearing was held on June 18, 2019 at Kern Medical Human Resources, where all parties were represented by counsel and afforded an opportunity to introduce evidence, testimony, and argument as to their respective positions. A number of stipulations were agreed to at the hearing.

Subsequent to the close of hearing the Chair established a Post-hearing process with a Draft by the Chair to Panel members for comments, and finally a Report and Recommendations from the Chair to the parties. Thereafter, the two other Panel members are free to agree with the Report, disagree with the Report, or take no action.

#### **CRITERIA FOR FACT-FINDING UNDER THE MMBA**

Prior to 2012, the only impasse resolution under the Meyers-Milias-Brown Act (the State law governing cities, counties, and special districts) was for voluntary mediation. However, in 2012 the State of California enacted **AB 646** (now Government Code Sections 3505.4 – 3505.7) which establishes a fact finding process and lays out a set of 8 criteria to be used by the fact finding panel. Those criteria are listed in Section 3505.4(d) and provide as follows:

“(d) In arriving at their findings and recommendations, the fact finders shall consider, weigh, and be guided by all the following Criteria:

- (1) State and federal laws that are applicable to the employer.
- (2) Local rules, regulations, or ordinances.
- (3) Stipulations of the parties.
- (4) The interests and welfare of the public and the financial ability of the public agency.
- (5) Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services in comparable public agencies.
- (6) The consumer price index for goods and services, commonly known as the cost of living.
- (7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

(8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations.

### **Background**

The bargaining history is important here, because through no fault of either party, bargaining unit employees have gone without a pay raise for some 5 years. During this time, KMC and employees employed at KMC transitioned out of the County and into the Authority. This transition was neither quick, nor without difficulties.

Further, even when the Authority finally became a separate entity in 2016, an initial MOU for this bargaining unit did not become ratified until March of 2018. While that initial MOU is a full 23-page agreement, there were no salary increases in the document. Instead, there was a provision to conduct a review over wages subsequent to a ratified MOU with the Authority.

The bargaining unit itself is atypical under the MMBA, in that here we have a discrete group of between 90-100, in tiered groupings of postgraduate years 1-5. I mention this because this unit is very small, unique to postgraduate training employment, and as such has no discernible community of interest with any other bargaining unit at KMC.

Rather, we have to look outside to find comparability, and it appears the parties have jointly settled upon 7 other similar teaching/community hospitals: Riverside/Riverside Community, St. Agnes (Fresno), USC's Keck Medical Center in Los Angeles, Ventura County Medical Center, Modesto's Valley Consortium, San Bernardino's Arrowhead and Santa Clara Valley Medical Center up north.

It is also clear, that unlike a traditional bargaining unit, total compensation for these employees is composed of moving from year 1 to year 2 and so forth, rather than a traditional step & column salary grid. Further, there is the matter of the Proposition 56 Tobacco Tax money which is one shot money awarded to eligible organizations based on a competitive application process.

This year, KMC was awarded a grant in the amount of approximately \$1.57 million dollars to be paid out in phases over the next four years. The first and initial payment of \$225,000 is scheduled to be paid in September 2019. That grant money (CalMedForce) is specifically "*to assist primary care and emergency medicine residency programs ... to sustain, retain, and expand residency programs.*" ( see Union Exhibit 21, the 2019 GME grant eligibility application handbook).

Just to underscore the fact that there are no guarantees to this program, in 2019, there were 131 applications. After review and staff recommendations, there were only 73 residency programs recommended.

### **Major Bargaining Issues**

Three elements stand out. First, whatever recommendations come out of this process, they should have little or no financial impact on other bargaining units, since their comparability is external with the other aforementioned hospitals.

Second, there seems to be no fundamental disagreement that KMC Residents are the lowest paid of all comparable jurisdictions. Exactly why that is would be difficult to untangle, since unit members were employees of the County of Kern for a very long time, and that employer was substantially different from the new Authority.

KMC asks to consider the fact that the cost of living in Bakersfield is considerably lower than in other jurisdictions, although I note this is not the case for 'air conditioning' costs. It does argue that housing costs are very different amongst the aforementioned 7 hospitals.

On the other hand, the Union correctly points out that the amount of student debt that residents have accumulated even before becoming employed by KMC is large and has to be paid back by the residents.

Third, the funding of KMC is unlike any of the other County hospitals that I am aware of. One source of income, the Medicaid Waiver Program, which provides \$75 million dollars in funding per year, expires in 2020.

As a result of the separation of the two entities, Kern County was essentially immunized for any costs going forward on improving, adding, rehabilitating, or fixing the structures attached to KMC. And to put it gently, the aging infrastructure of many of these facilities have suffered benign neglect by the County for a long time. Escaping any deferred liability, Kern County pushed this obligation out on the Authority. As the Authority itself states (KMC Exhibit C), they have to make seismic improvements to two wings of the Hospital by 2030, and completely replace and cease using their B and C wings, with an estimated price tag of \$400 million dollars.

The reason all this is important to the economics of these negotiations, is that the new entity called KMC has no credit history, and there is no tie to the County of Kern for credit rating purposes. This means that KMC has to have a positive cash flow with prudent cash reserves, in order to develop a credit history and the concomitant ability to borrow from lenders. And remember, the cash flow of the Medical Center trickles in in various dribs and drabs over the duration of their fiscal year.

In other words, this is not anything like the annual budgeting cycle that a giant entity like the County of Kern can employ, where they have the luxury of adjustments for uncertainties later.

In effect, the Authority/KMC is a start-up, with the attendant risks.

### **Recommendations**

KMC's last, best and final offer was made in January 2019, and was for a 3% increase effective the pay period after ratification until June 30, 2019, with a 3% increase July 1, 2019, for a total increase of 6% over the MOU's term.

Looking at the 3-year term of the current agreement, it runs from March 2018 thru March 2021, with no pay increases until the conclusion of this factfinding proceeding and final action by the Union and the Authority. Further, the provisions regarding negotiations for a successor agreement, according to KCM's Last, Best and Final Offer, shall commence no later than November 1, 2020.

Since we are already in August 2019 as of the date of this Report, the timing and number of wage increases is significant. Looking at the LBFO, the initial pay raise of 3% cannot occur until after July 2019, and July 2019 was the effective date for the second and final wage increase for the bargaining unit per the LBFO.

To try and meld the respective positions of the parties, and taking all the evidence and testimony produced at hearing into consideration, I am recommending the following;

3% increase effective March 2019

3% increase effective July 2019

2% increase effective July 2020.

By staggering the increases, the idea is to provide a reasonable endpoint wage increase over time for the bargaining unit, while providing some cost savings to KMC in terms of the implementation dates. Note there would be about 5 months between the final raises and the commencement of negotiations for a successor agreement.

In making this recommendation, I am taking into account the approximate \$1.57 million dollars of grant money from Prop 56 money (CalMedForce), recognizing that it is one time only money which is directed to the functions performed by this bargaining unit.

I am also most emphatically indicating that the proposed settlement of this agreement does not readily translate to other, more traditional bargaining units. For the reasons articulated in this Recommendation, this unit has little, if any, community of interest with that of other employees of the Medical center.

Sincerely,



Tony Butka, Factfinder

David Dashefsky, SEIU, Concurring

Lisa Hockersmith, KMC, Concurring and Dissenting (Attached)

Submitted: August 19, 2019

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

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In the matter of:

Resolution No. 2019-\_\_\_\_

**RESOLVING AN IMPASSE IN NEGOTIATIONS  
BETWEEN REPRESENTATIVES OF THE KERN  
COUNTY HOSPITAL AUTHORITY AND  
COMMITTEE OF INTERNS AND RESIDENTS/  
SERVICE EMPLOYEES INTERNATIONAL UNION,  
LOCAL 1957, AND IMPLEMENTATION OF THE 6  
PERCENT WAGE INCREASE SET FORTH IN THE  
KERN COUNTY HOSPITAL AUTHORITY'S LAST,  
BEST AND FINAL OFFER**

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I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 18th day of September, 2019, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**MONA A. ALLEN**  
Authority Board Coordinator  
Kern County Hospital Authority

---

Mona A. Allen

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**RESOLUTION**

Section 1. WHEREAS:

(a) The Committee of Interns and Residents/Service Employees International Union, Local 1957 ("CIR/SEIU") represents residents and fellows ("Resident Physicians") employed by the Kern County Hospital Authority Kern Medical Center ("Authority"); and

(b) On March 21, 2018, the Authority and CIR/SEIU entered into a Memorandum of Understanding (“MOU”) regarding the wages, hours, and other terms and conditions of employment of the Resident Physicians, effective March 31, 2018, through March 31, 2021; and

(c) Article V, Section 1 of the MOU states, in relevant part, the following: *“The Authority and CIR/SEIU agree to meet and confer with the intent of reviewing wages not sooner than 45 days but no later than 60 days after the Board of Governors approves a new Memorandum of Understanding between the Authority and Service Employees International Union, Local 521”* (“SEIU, Local 521”); and

(d) The SEIU, Local 521 Memorandum of Understanding was ratified by the Authority on September 19, 2018; and

(e) On December 4, 2018, the Authority and CIR/SEIU commenced a wage reopener and continued to meet and confer in good faith over a two-month period; and

(f) On January 9, 2019, the Authority issued its last, best and final offer, restated in the agenda for the negotiations session on January 18, 2019, and sent to CIR/SEIU via confirming email on February 8, 2019; and

(g) On February 20, 2019, the Board the Governors approved a formal declaration of impasse, which was presented to CIR/SEIU; and

(h) On April 30, 2019, the parties engaged in mediation, but were unable to resolve the dispute; and

(i) Following the April 30, 2019, mediation with a state mediator, CIR/SEIU timely notified the state Public Employment Relations Board of its desire to move the dispute to factfinding pursuant to Government Code section 3505.4; and

(j) The Authority and CIR/SEIU engaged in the factfinding process on June 18, 2019, before a three-member factfinding panel comprised of a mutually-selected neutral, a CIR/SEIU representative, and an Authority representative. That process has concluded with advisory findings of fact and recommended terms of settlement issued by the factfinding neutral, with a concurrence by CIR/SEIU, and a concurring and dissenting opinion by the Authority, with the advisory findings of facts and recommended terms of settlement received by the Authority on August 19, 2019; and

(k) The Authority published and made the advisory finding of facts and recommended terms of settlement publicly available within 10 days of receipt, on August 20, 2019, and that report has remained publicly available since that date; and

(l) The Board of Governors received and considered the factfinding report; and

(m) Government Code section 3505.7 states that a public agency may, after any applicable mediation and factfinding procedures have been exhausted, and after holding a public hearing regarding the impasse, implement its last, best, and final offer; and

(n) On September 18, 2019, during a regular meeting, the Board of Governors held a public hearing regarding the impasse between the Authority and the CIR/SEIU, prior to resolving the impasse.

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

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

2. Unless otherwise indicated in this Resolution, the following changes in terms and conditions of employment for those employees in the unit represented by CIR/SEIU shall be implemented concurrent with the passage, approval, and adoption of this Resolution by the Board of Governors. This Resolution shall take precedence over any conflicting rules, regulations, policies, Memoranda of Understanding or other documentary provisions.

3. This Board hereby approves and adopts the six percent (6%) wage increase set forth in the last, best and final offer issued by the Authority on January 9, 2019, effective July 1, 2019.

4. The provisions of this Resolution shall be effective, in force, and operative as of the 18th day of September, 2019.

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

Kern Medical Center  
Chief Executive Officer  
Chief Financial Officer  
Human Resources Department  
Legal Services Department  
CIR/SEIU, Local 1957





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

September 18, 2019

**Subject:** Comments Regarding Budget Variances – July 2019

**Recommended Action:** Receive and File

**Summary:**

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

**Indigent Funding:**

As a conservative approach to recognizing indigent funding revenue, during each month of fiscal year 2020 Kern Medical will only recognize 95% of the total projected revenue for the Managed Care Rate Range Program, the Medi-Cal Quality Assurance Fee Program, the Physician SPA Program, and the AB915 Outpatient Supplemental Funding Program. Kern Medical will recognize 100% of the total projected revenue for the Medi-Cal Waiver Programs of Public Hospital Redesign and Incentives in Medi-Cal (PRIME), the Global Payment Program (GPP), and the Whole Person Care Program (WPC). Kern Medical will also recognize 100% of the projected revenue for the Enhanced Payment Program (EPP) and the Quality Incentive Program (QIP).

**Indigent Funding:**

In June 2019, Kern Medical started accounting for the Ambulatory Surgery Center (ASC) using the equity method of accounting for investments. Each month Kern Medical will obtain an income statement from the ASC. Kern Medical will post a single journal entry each month to recognize the gain or loss recorded by the ASC. For July 2019 Kern Medical recognized a \$131 thousand-dollar loss on ASC operations and a corresponding decrease to Kern Medical's investment in the ASC.

**Other Operating Revenue:**

Other operating revenue has an unfavorable budget variance for the month due to the fact that for some items within this section of the income statement Kern Medical only receives funding on a quarterly basis. Kern Medical receives KHS Grant funds, Emergency Medical Services funds, and Managed Medi-Cal Pay for Performance funds on a quarterly basis; however, the budget for these items is spread over the entire 12 months of the year. In addition, items within this section such as contributions receive funding inconsistently throughout the year.

**Benefits Expense:**

Benefits expense has an unfavorable budget variance for July due to higher than average vacation pay expense for the month.

**Registry Nurses:**

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

**Other Professional Fees:**

Other professional fees have a favorable variance for the month because of lower than average legal fees expense and lower than average contract labor expense.

**Supplies Expense:**

Supplies expenses have an unfavorable budget variance for the month of July primarily due to above average expenses for pharmaceuticals and prostheses. In addition, Kern Medical was slightly under accrued in the prior month for general medical supplies.

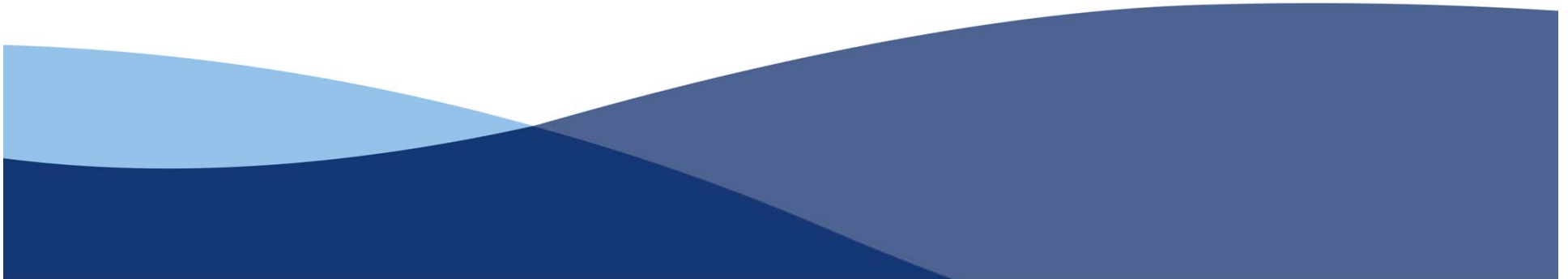
**Other Expenses:**

Other expenses have a favorable variance for the month due to lower than average repairs and maintenance expenses for July.



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

SEPTEMBER 2019



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

July 31, 2019

	FY 2019 MAY	FY 2019 JUNE	FY 2020 JULY	BUDGET JULY	VARIANCE POS (NEG)	PY JULY
<b>Gross Patient Revenue</b>	\$ 73,005,824	\$ 56,817,900	\$ 73,013,853	\$ 74,656,741	(2%)	\$ 72,729,545
Contractual Deductions	(54,793,527)	(43,227,366)	(53,515,221)	(56,381,986)	(5%)	(54,840,833)
<b>Net Revenue</b>	18,212,297	13,590,534	19,498,633	18,274,754	7%	17,888,712
Indigent Funding	13,536,965	59,454,562	12,585,749	12,749,481	(1%)	12,352,738
Correctional Medicine	2,552,068	2,552,068	2,777,068	2,777,068	0%	2,419,175
County Contribution	285,211	285,211	284,951	284,951	0.0%	285,211
Incentive Funding	250,000	250,000	333,333	333,333	0%	250,000
<b>Net Patient Revenue</b>	34,836,541	76,132,375	35,479,734	34,419,588	3%	33,195,835
Gain/(Loss) on Health-Related Entity	0	(1,454,296)	(131,324)	0	0%	0
Other Operating Revenue	1,094,655	1,608,974	990,187	1,309,701	(24%)	788,732
Other Non-Operating Revenue	32,607	59,261	832	4,639	(82%)	(63,904)
<b>Total Revenue</b>	35,963,803	76,346,313	36,339,429	35,733,927	2%	33,920,662
<b>Expenses</b>						
Salaries	13,818,294	14,100,726	13,489,329	14,174,057	(4.8%)	13,443,390
Employee Benefits	6,685,268	5,671,236	6,977,656	6,528,902	7%	6,351,230
Contract Labor	1,976,993	1,737,099	1,704,179	1,406,742	21%	1,366,193
Medical Fees	1,924,596	1,024,845	1,758,694	1,786,096	(2%)	1,850,994
Other Professional Fees	1,714,717	1,713,174	1,745,250	1,821,098	(4%)	1,601,271
Supplies	5,156,155	4,356,120	6,100,870	5,372,803	14%	4,832,743
Purchased Services	2,318,696	1,904,140	1,920,269	1,917,475	0%	1,985,308
Other Expenses	1,436,109	1,177,538	1,464,376	1,582,124	(7%)	1,584,097
Operating Expenses	35,030,827	31,684,877	35,160,622	34,589,298	2%	33,015,226
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	932,976	44,661,436	1,178,807	1,144,630	3%	905,437
EBIDA Margin	3%	58%	3%	3%	1%	3%
Interest	101,978	94,469	245,705	342,117	(28%)	159,456
Depreciation	520,211	562,825	512,155	678,067	(24%)	514,982
Amortization	76,688	76,688	76,688	57,678	33%	50,511
<b>Total Expenses</b>	35,729,704	32,418,858	35,995,170	35,667,160	0.9%	33,740,175
<b>Operating Gain (Loss)</b>	234,099	43,927,455	344,260	66,768	416%	180,487
<b>Operating Margin</b>	0.7%	57.5%	0.9%	0.19%	407%	1%

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

July 31, 2019

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>PY</b>	<b>PY VARIANCE</b>
	<b>FYTD</b>	<b>FYTD</b>	<b>POS (NEG)</b>	<b>FYTD</b>	<b>POS (NEG)</b>
<b>Gross Patient Revenue</b>	\$ 73,013,853	74,656,741	(2%)	\$ 72,729,545	0.4%
Contractual Deductions	(53,515,221)	(56,381,986)	(5%)	(54,840,833)	(2.4%)
<b>Net Revenue</b>	<b>19,498,633</b>	<b>18,274,754</b>	<b>7%</b>	<b>17,888,712</b>	
Indigent Funding	12,585,749	12,749,481	(1%)	12,352,738	2%
Correctional Medicine	2,777,068	2,777,068	0%	2,419,175	15%
County Contribution	284,951	284,951	0%	285,211	(0%)
Incentive Funding	333,333	333,333	0%	250,000	0%
<b>Net Patient Revenue</b>	<b>35,479,734</b>	<b>34,419,588</b>	<b>3%</b>	<b>33,195,835</b>	<b>7%</b>
Gain/(Loss) on Health-Related Entity	(131,324)	0	0%	0	0%
Other Operating Revenue	990,187	1,309,701	(24%)	788,732	26%
Other Non-Operating Revenue	832	4,639	(82%)	(63,904)	(101%)
<b>Total Revenue</b>	<b>36,339,429</b>	<b>35,733,927</b>	<b>2%</b>	<b>33,920,662</b>	<b>7%</b>
<b>Expenses</b>					
Salaries	13,489,329	14,174,057	(5%)	13,443,390	0%
Employee Benefits	6,977,656	6,528,902	7%	6,351,230	10%
Contract Labor	1,704,179	1,406,742	21%	1,366,193	25%
Medical Fees	1,758,694	1,786,096	(2%)	1,850,994	(5%)
Other Professional Fees	1,745,250	1,821,098	(4%)	1,601,271	9%
Supplies	6,100,870	5,372,803	14%	4,832,743	26%
Purchased Services	1,920,269	1,917,475	0%	1,985,308	(3%)
Other Expenses	1,464,376	1,582,124	(7%)	1,584,097	(8%)
Operating Expenses	35,160,622	34,589,298	2%	33,015,226	6%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,178,807	1,144,630	3%	905,437	30%
EBIDA Margin	3%	3%	1%	3%	22%
Interest	245,705	342,117	(28%)	159,456	54%
Depreciation	512,155	678,067	(24%)	514,982	(1%)
Amortization	76,688	57,678	33%	50,511	52%
Total Expenses	35,995,170	35,667,160	1%	33,740,175	7%
<b>Operating Gain (Loss)</b>	<b>344,260</b>	<b>66,768</b>	<b>416%</b>	<b>180,487</b>	<b>91%</b>
<b>Operating Margin</b>	<b>1%</b>	<b>0.2%</b>	<b>407%</b>	<b>1%</b>	<b>78%</b>

### 3-Month Trend Analysis: Cash Indicators

July 31, 2019

		FY 2019	FY 2019	FY 2020	GOALS	PY
		MAY	JUNE	JULY	JULY	JULY
<b>Cash</b>						
	Total Cash	38,520,292	47,675,581	15,614,076	11,146,629	51,598,601
	Days Cash On Hand	33	45	13	10	47
	Days In A/R - Gross	71.26	79.82	90.69	70.00	69.68
	Patient Cash Collections	\$ 20,292,514	\$ 13,708,771	\$ 14,203,621	\$ 17,663,364	\$ 18,965,404
<b>Indigent Funding Liabilites Due to the State</b>						
	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)
	<b>Total County Responsibility</b>	<b>\$ (19,792,702)</b>	<b>\$ (19,792,702)</b>	<b>\$ (19,792,702)</b>		<b>\$ (19,792,702)</b>
	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	\$ (26,851,210)
	<b>Total Kern Medical Responsibility</b>	<b>\$ (56,431,916)</b>	<b>\$ (56,431,916)</b>	<b>\$ (56,431,916)</b>		<b>\$ (40,894,363)</b>
	<b>Total Indigent Funding Liabilites Due to the State</b>	<b>\$ (76,224,618)</b>	<b>\$ (76,224,618)</b>	<b>\$ (76,224,618)</b>	<b>N/A</b>	<b>\$ (60,687,065)</b>

### 3-Month Trend Analysis: Operating Metrics

July 31, 2019

	FY 2019	FY 2019	FY 2020	BUDGET	VARIANCE	PY
	MAY	JUNE	JULY	JULY	POS (NEG)	JULY
<b>Operating Metrics</b>						
Total Expense per Adjusted Admission	20,797	22,941	23,464	21,876	7%	20,933
Total Expense per Adjusted Patient Day	4,215	4,356	4,739	4,425	7%	4,104
Supply Expense per Adjusted Admission	3,001	3,083	3,977	3,295	21%	2,998
Supply Expense per Surgery	1,901	1,673	2,048	1,794	14%	1,876
Supplies as % of Net Patient Revenue	15%	16%	17%	16%	10%	15%
Pharmaceutical Cost per Adjusted Admission	1,581	1,580	1,976	1,604	23%	1,352
Net Revenue Per Adjusted Admission	\$ 10,601	\$ 9,617	\$ 12,710	\$ 11,209	13%	\$ 11,099

## Year-to-Date: Operating Metrics

July 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Operating Metrics</b>						
	Total Expense per Adjusted Admission	23,464	21,876	7%	20,933	12%
	Total Expense per Adjusted Patient Day	4,739	4,425	7%	4,104	15%
	Supply Expense per Adjusted Admission	3,977	3,295	21%	2,998	33%
	Supply Expense per Surgery	2,048	1,794	14%	1,876	9%
	Supplies as % of Net Patient Revenue	17%	16%	10%	15%	18%
	Pharmaceutical Cost per Adjusted Admission	1,976	1,604	23%	1,352	46%
	Net Revenue Per Adjusted Admission	\$ 12,710	11,209	12%	\$ 11,099	15%



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

FOR THE MONTH OF JULY 31, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
402,322	423,497	(21,175)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	402,322	423,497	(21,175)	-5%
2,158,805	2,272,426	(113,621)	-5%	MEDI-CAL RATE-RANGE REVENUE	2,158,805	2,272,426	(113,621)	-5%
92,644	97,520	(4,876)	-5%	PHYSICIAN SPA REVENUE	92,644	97,520	(4,876)	-5%
457,139	481,199	(24,060)	-5%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	457,139	481,199	(24,060)	-5%
2,254,809	2,254,809	0	0.0%	PRIME - NEW WAIVER	2,254,809	2,254,809	0	0.0%
2,412,562	2,412,562	0	0.0%	GPP - NEW WAIVER	2,412,562	2,412,562	0	0.0%
1,270,492	1,270,492	0	0.0%	WHOLE PERSON CARE	1,270,492	1,270,492	0	0.0%
1,791,542	1,791,542	0	0%	EPP REVENUE	1,791,542	1,791,542	0	0%
1,745,435	1,745,435	0	0%	QIP REVENUE	1,745,435	1,745,435	0	0%
12,585,749	12,749,481	(163,732)	-1%	SUB-TOTAL - GOVERNMENTAL REVENUE	12,585,749	12,749,481	(163,732)	-1%
2,777,068	2,777,068	0	0.0%	CORRECTIONAL MEDICINE	2,777,068	2,777,068	0	0.0%
284,951	284,951	0	0.0%	COUNTY CONTRIBUTION	284,951	284,951	0	0.0%
15,647,768	15,811,500	(163,732)	-1%	TOTAL INDIGENT CARE & COUNTY FUNDING	15,647,768	15,811,500	(163,732)	-1%

**OTHER REVENUE**

FOR THE MONTH JULY 31, 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	246,765	260,010	(13,245)	246,765	260,010	(13,245)
STAFF DEVELOPMENT EDUCATION FEES	200	392	(192)	200	392	(192)
CAFETERIA REVENUE	82,605	80,080	2,526	82,605	80,080	2,526
FINANCE CHARGES-PATIENT AR	30,451	12,447	18,004	30,451	12,447	18,004
REBATES AND REFUNDS	14,935	71,494	(56,559)	14,935	71,494	(56,559)
DRUG CO. CASH BACK	0	3,384	(3,384)	0	3,384	(3,384)
PHOTOCOPY FEES	5,253	2,699	2,554	5,253	2,699	2,554
MEDICAL RECORDS FEES	0	2,002	(2,002)	0	2,002	(2,002)
ADMINISTRATIVE FEES-PAYROLL	69	78	(9)	69	78	(9)
PHYSICIAN PRO FEE-ER LOCKBOX	0	5,724	(5,724)	(128)	5,724	(5,852)
OTHER REVENUE	5,338	126,798	(121,460)	5,338	126,798	(121,460)
LASER CENTER REVENUE	16,602	18,717	(2,115)	16,602	18,717	(2,115)
GRANTS - KHS	150,217	248,493	(98,275)	150,217	248,493	(98,275)
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	108,942	23,288	85,654	108,942	23,288	85,654
PRIMARY CARE & OTHER INCENTIVES	19,623	10,216	9,407	19,623	10,216	9,407
VETERANS ADMINISTRATION REVENUE	4,462	3,178	1,285	4,462	3,178	1,285
JAMISON CENTER MOU	17,234	26,710	(9,477)	17,234	26,710	(9,477)
BEHAVIORAL HEALTH MOU	233,417	298,438	(65,021)	233,417	298,438	(65,021)
PATERNITY DECLARATION REVENUE	920	1,073	(153)	920	1,073	(153)
PEDIATRIC FORENSIC EXAMS	0	5,337	(5,337)	0	5,337	(5,337)
FOUNDATION CONTRIBUTIONS	0	3,048	(3,048)	0	3,048	(3,048)
DONATED EQUIPMENT	0	18,974	(18,974)	0	18,974	(18,974)
PAY FOR PERFORMANCE	0	24,709	(24,709)	0	24,709	(24,709)
PROPOSITION 56 DIRECTED PAYMENTS	53,154	62,371	(9,217)	53,154	62,371	(9,217)
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>990,187</b>	<b>1,309,701</b>	<b>(319,513)</b>	<b>990,060</b>	<b>1,309,701</b>	<b>(319,641)</b>

## OTHER NON-OPERATING REVENUE

GAIN/LOSS ON DISPOSAL OF PROPERTY	0	3,842	(3,842)	0	3,842	(3,842)
PARKING LOT RENT REVENUE	832	797	35	832	797	35
<b>TOTAL OTHER NON-OPERATING REVENUE</b>	<b>832</b>	<b>4,639</b>	<b>(3,807)</b>	<b>832</b>	<b>4,639</b>	<b>(3,807)</b>

**KERN MEDICAL  
BALANCE SHEET**

	July 2019	July 2018
<b>CURRENT ASSETS:</b>		
CASH	\$15,614,076	\$51,598,601
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	199,948,425	169,040,588
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(154,083,981)	(126,899,137)
-NET OF CONTRACTUAL ALLOWANCES	45,864,444	42,141,451
CORRECTIONAL MEDICINE RECEIVABLE	5,358,881	4,322,259
MD SPA	1,248,879	5,319,339
HOSPITAL FEE RECEIVABLE	2,559,953	(2,028,511)
CPE - O/P DSH RECEIVABLE	3,996,199	4,937,530
BEHAVIORAL HEALTH MOU	603,984	278,471
MANAGED CARE IGT (RATE RANGE)	28,780,145	6,830,722
RECEIVABLE FROM LIHP	-	(6,547,536)
OTHER RECEIVABLES	6,449,274	1,656,074
PRIME RECEIVABLE	17,506,095	11,314,445
AB85/75% DEFAULT PCP RECEIVABLE	(809,696)	(9,146,436)
GPP (Global Payment Program)	16,418,278	12,760,067
WPC (Whole Person Care)	8,292,078	6,935,827
EPP (Enhanced Payment Program)	43,540,260	2,129,167
QIP (Quality Incentive Program)	38,019,498	1,246,667
INTEREST ON FUND BALANCE RECEIVABLE	-	37,002
MANAGED CARE IGT (SPD)	0	(1,907,399)
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	3,787,347	4,331,136
PREPAID MORRISON DEPOSIT	813,320	813,320
INVENTORY AT COST	5,580,969	5,380,820
<b>TOTAL CURRENT ASSETS</b>	<b>211,047,134</b>	<b>109,826,168</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT:</b>		
LAND	1,683,786	180,401
EQUIPMENT	52,877,184	50,607,777
BUILDINGS	90,614,739	84,915,514
CONSTRUCTION IN PROGRESS	34,805,787	17,215,641
LESS: ACCUMULATED DEPRECIATION	(96,022,575)	(89,796,246)
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>83,958,921</b>	<b>63,123,087</b>
<b>NET INTANGIBLE ASSETS</b>		
INTANGIBLE ASSETS	14,743,166	15,003,845
ACCUMULATED AMORTIZATION INTANGIBLES	(11,981,466)	(11,057,747)
<b>NET INTANGIBLE ASSETS</b>	<b>2,761,700</b>	<b>3,946,098</b>
<b>LONG-TERM ASSETS:</b>		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	70,895,681	71,752,645
INVESTMENT IN SURGERY CENTER	2,731,395	1,053,820
CASH HELD BY COP IV TRUSTEE	931,830	922,330
<b>TOTAL LONG-TERM ASSETS</b>	<b>74,558,905</b>	<b>73,728,795</b>
<b>TOTAL ASSETS</b>	<b>\$372,326,661</b>	<b>\$250,624,148</b>

**KERN MEDICAL  
BALANCE SHEET**

	July 2019	July 2018
<b>CURRENT LIABILITIES:</b>		
ACCOUNTS PAYABLE	\$37,643,925	\$18,919,593
ACCRUED SALARIES & EMPLOYEE BENEFITS	22,567,615	20,804,575
INTEREST PAYABLE	5,026,323	4,600,637
OTHER ACCRUALS	4,116,773	2,340,315
CREDIT LINE PAYABLE - PNC BANK	15,000,000	0
CURRENT PORTION - CAPITALIZED LEASES	3,356,430	3,517,342
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,085,718
CURR LIAB - P.O.B.	2,868,204	2,647,058
MEDICARE COST REPORT LIABILITY PAYABLE	0	3,094,510
MEDI-CAL COST REPORT LIABILITY	389,631	1,070,179
INDIGENT FUNDING PAYABLE	8,777,176	13,532,642
DSH PAYABLE	42,388,763	26,851,210
CREDIT BALANCES PAYABLES	4,079,923	3,482,579
DEFERRED REVENUE - COUNTY CONTRIBUTION	7,957	2,090,345
<b>TOTAL CURRENT LIABILITIES</b>	<b>147,354,411</b>	<b>104,036,703</b>
<b>LONG-TERM LIABILITIES:</b>		
LONG-TERM LIABILITY-COP 2011	0	1,131,693
NET UNAMORTIZED DISCOUNT COP	19,993	39,985
LONG-TERM LIABILITY - CAPITAL LEASES	2,405,930	6,267,636
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	12,745,786	14,842,004
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,763,410	4,329,041
L.T. P.O.B. PAYABLE 95	7,535,194	11,590,866
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,588,394	5,465,597
ACCRUED WORKERS' COMPENSATION PAYABLE	8,511,000	6,773,000
DEFERRED INFLOWS - PENSIONS	69,247,058	22,238,926
PENSION OBLIGATION BOND PAYABLE	1,610,473	2,643,205
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>420,211,719</b>	<b>418,681,579</b>
<b>NET POSITION</b>		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	39,814,215
RETAINED EARNINGS - PRIOR YEAR	(231,953,491)	(311,908,349)
<b>TOTAL NET POSITION</b>	<b>(195,239,470)</b>	<b>(272,094,134)</b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$372,326,661</b>	<b>\$250,624,148</b>



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

September 18, 2019

**Subject:** Kern County Hospital Authority, Chief Executive Officer Report

**Recommended Action:** Receive and File

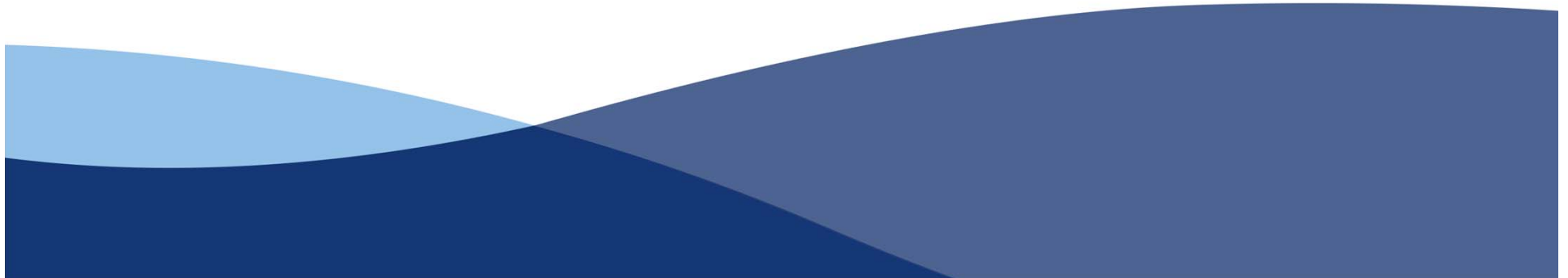
**Summary:**

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 – JULY 2019**

SEPTEMBER 2019



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

July 31, 2019

	FY 2019 MAY	FY 2019 JUNE	FY 2020 JULY	BUDGET JULY	VARIANCE POS (NEG)	PY JULY
<b>VOLUME</b>						
Adjusted Admissions (AA)	1,718	1,413	1,534	1,630	(6%)	1,612
Adjusted Patient Days	8,477	7,443	7,596	8,060	(6%)	8,221
Admissions	807	690	822	830	(1%)	798
Average Daily Census	128	121	131	132	(1%)	131
Patient Days	3,982	3,634	4,070	4,103	(1%)	4,070
Available Occupancy %	57.9%	54.6%	59.1%	59.6%	(1%)	59.1%
Average LOS	4.9	5.3	5.0	4.9	0%	5.1
<b>Surgeries</b>						
Inpatient Surgeries (Main Campus)	204	167	200	236	(15%)	236
Outpatient Surgeries (Main Campus)	282	259	251	238	5%	238
<b>Total Surgeries (Main Campus)</b>	<b>486</b>	<b>426</b>	<b>451</b>	<b>474</b>	<b>(5%)</b>	<b>474</b>
Outpatient Surgeries (Ambulatory Surgery Center)	9	22	93	62	50%	0
<b>Births</b>	<b>200</b>	<b>192</b>	<b>220</b>	<b>220</b>	<b>0%</b>	<b>232</b>
<b>ER Visits</b>						
Admissions	443	329	416	427	(3%)	395
Treated & Released	3,940	3,907	3,948	3,853	2%	3,748
<b>Total ER Visits</b>	<b>4,383</b>	<b>4,236</b>	<b>4,364</b>	<b>4,280</b>	<b>2%</b>	<b>4,143</b>
Trauma Activations	223	275	301	225	34%	249
<b>Outpatient Clinic Visits</b>						
Total Clinic Visits	14,431	12,777	13,645	13,369	2%	12,007
Total Unique Patient Clinic Visits	10,459	9,474	9,993	10,111	(1%)	9,081
New Unique Patient Clinic Visits	1,847	1,326	1,760	1,964	(10%)	1,764

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

July 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>VOLUME</b>						
	Adjusted Admissions (AA)	1,534	1,630	(6%)	1,612	(5%)
	Adjusted Patient Days	7,596	8,060	(6%)	8,221	(8%)
	Admissions	822	830	(1%)	798	3%
	Average Daily Census	131	132	(1%)	131	0%
	Patient Days	4,070	4,103	(1%)	4,070	(0%)
	Available Occupancy %	59.1%	59.6%	(1%)	59.1%	0%
	Average LOS	5.0	4.9	0.2%	5.1	(3%)
	<b>Surgeries</b>					
	Inpatient Surgeries (Main Campus)	200	236	(15%)	236	(15%)
	Outpatient Surgeries (Main Campus)	251	238	5%	238	5%
	Total Surgeries (Main Campus)	451	474	(5%)	474	(5%)
	Outpatient Surgeries (Ambulatory Surgery Center)	93	62	50%	0	0%
	Births	220	220	0.0%	232	(5%)
	<b>ER Visits</b>					
	Admissions	416	427	(3%)	395	5%
	Treated & Released	3,948	3,853	2%	3,748	5%
	Total ER Visits	4,364	4,280	2%	4,143	5.3%
	Trauma Activations	301	225	34%	249	21%
	<b>Outpatient Clinic Visits</b>					
	Total Clinic Visits	13,645	13,369	2%	12,007	14%
	Total Unique Patient Clinic Visits	9,993	10,111	(1%)	9,081	10%
	New Unique Patient Clinic Visits	1,760	1,964	(10%)	1,764	(0%)



### 3-Month Trend Analysis: Payor Mix

July 31, 2019

	FY 2019 MAY	FY 2019 JUNE	FY 2020 JULY	BUDGET JULY	VARIANCE POS (NEG)	PY JULY
<b>PAYOR MIX - Charges</b>						
Commercial FFS/HMO/PPO	11.6%	10.4%	10.1%	8.9%	14%	9.5%
Medi-Cal	29.8%	31.0%	29.8%	30.0%	(1%)	29.6%
Medi-Cal HMO - Kern Health Systems	30.6%	31.8%	30.6%	30.8%	(1%)	30.4%
Medi-Cal HMO - Health Net	9.0%	9.3%	9.0%	9.1%	(1%)	8.9%
Medi-Cal HMO - Other	1.1%	1.1%	1.1%	1.1%	(1%)	1.0%
Medicare	10.3%	8.5%	9.0%	10.1%	(11%)	9.7%
Medicare - HMO	3.2%	2.2%	2.9%	3.2%	(11%)	2.2%
Self Pay	4.5%	5.7%	7.5%	6.8%	10%	8.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>

## Year-to-Date: Payor Mix

July 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>PAYOR MIX - Charges</b>						
	Commercial FFS/HMO/PPO	10.1%	8.9%	14%	9.5%	6%
	Medi-Cal	29.8%	30.0%	(1%)	29.6%	0.8%
	Medi-Cal HMO - Kern Health Systems	30.6%	30.8%	(1%)	30.4%	0.8%
	Medi-Cal HMO - Health Net	9.0%	9.1%	(1%)	8.9%	0.8%
	Medi-Cal HMO - Other	1.1%	1.1%	(1%)	1.0%	0.8%
	Medicare	9.0%	10.1%	(11%)	9.7%	(7%)
	Medicare - HMO	2.9%	3.2%	(11%)	2.2%	28%
	Self Pay	7.5%	6.8%	10.3%	8.6%	(13%)
	<b>Total</b>	<b>100.0%</b>	<b>100%</b>		<b>100.0%</b>	

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

July 31, 2019

	FY 2019	FY 2019	FY 2020	BUDGET	VARIANCE	PY
	MAY	JUNE	JULY	JULY	POS (NEG)	JULY
<b>Labor Metrics</b>						
Productive FTEs	1,500.69	1,442.80	1,478.85	1,421.24	4%	1,421.88
Non-Productive FTEs	189.07	229.21	186.28	226.59	(18%)	233.94
Contract Labor FTEs	123.71	96.52	96.53	91.16	6%	96.34
Total FTEs	1,689.76	1,672.01	1,665.13	1,661.85	0.2%	1,655.82
FTEs Per AOB Paid	6.18	6.06	5.89	6.16	(4%)	6.24
FTEs Per AOB Worked	5.49	5.23	5.23	5.27	(1%)	5.36
Labor Cost/FTE (Annualized)	142,940.15	138,709.05	143,700.33	141,545.87	2%	138,045.82
Benefits Expense as a % of Benefitted Labor Expense	64%	55%	66%	61%	8%	64%
Salaries & Benefits as % of Net Patient Revenue	65%	28%	62%	64%	(3%)	64%

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

July 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Labor Metrics</b>						
	Productive FTEs	1,478.85	1,421.24	4%	1,421.88	4%
	Non-Productive FTEs	186.28	226.59	(18%)	233.94	(20%)
	Contract Labor FTEs	96.53	91.16	6%	96.34	0.2%
	Total FTEs	1,665.13	1,661.85	0.2%	1,655.82	1%
	FTEs Per AOB Paid	5.89	6.16	(4%)	6.24	(5.7%)
	FTEs Per AOB Worked	5.23	5.27	(1%)	5.36	(2%)
	Labor Cost/FTE (Annualized)	143,700.33	141,546	2%	138,045.82	4%
	Benefits Expense as a % of Benefitted Labor Expense	66%	61%	8%	64%	4%
	Salaries & Benefits as % of Net Patient Revenue	62%	64%	(3%)	64%	(2%)

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on September 18, 2019, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on September 18, 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: Monina Vilorio v. Kern  
Medical Center, Workers' Compensation Appeals Board Case Nos. ADJ9552090  
and ADJ4587347 –

**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 September 18, 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: One (1)  
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 September 18, 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)(1).) Number of cases: One thousand five hundred forty-eight (1,548) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed –



**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 September 18, 2019, to consider:

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