



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, July 17, 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 of service awards to five Kern Medical Center employees with 25 and 35 years of service –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on June 19, 2019 –
APPROVE

CA

- 5) Proposed Agreement with Tom Chao, M.D., a contract employee, for professional medical services in the Department of Surgery from September 3, 2019 through September 2, 2022, in an amount not to exceed \$3,000,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed Agreement with Everardo Cobos, M.D., a contract employee, for professional medical services in the Department of Medicine from August 8, 2019 through August 7, 2022, in an amount not to exceed \$1,536,474, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Amendment No. 2 to Agreement 161-2016 with Valley Children's Medical Group, Inc., an independent contractor, for on-site consultation services to pediatric patients for the period August 2, 2015 through August 1, 2019, extending the term one year from August 2, 2019 through August 1, 2020, and increasing the maximum payable by \$165,500, from \$642,000 to \$807,500, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed retroactive Amendment No. 2 to Agreement 06816 with Health Advocates, LLC, an independent contractor, for accounts receivable and financial services for the period July 1, 2016 through June 30, 2020, extending the term for two years from July 1, 2020 through June 30, 2022, and increasing the maximum payable by \$10,800,000, from \$3,000,000 to \$13,800,000, to cover the term, effective July 1, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed retroactive Amendment No. 5 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 \$48,088, from \$1,597,616 to \$1,645,704, to cover payment for additional services, effective June 3, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Amendment No. 1 to Agreement 30718 with JDM Solutions, Inc., an independent contractor, for professional consulting services related to the Cerner Millennium project for the period November 21, 2018 through July 31, 2021, increasing the maximum payable by \$1,289,600, from \$249,500 to \$1,539,100, to cover payment for additional services, effective July 17, 2019 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed retroactive Affiliation Agreement with The Regents of the University of Colorado, an independent contractor, containing nonstandard terms and conditions, for training of pharmacy students from July 1, 2019 through June 30, 2024 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 12) Proposed retroactive Agreement with the State of California, Department of State Hospitals, an independent contractor, for the provision of health care services from June 29, 2018 through July 31, 2019 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 13) Proposed retroactive Agreement with Kroll Cyber Security, LLC, an independent contractor, containing nonstandard terms and conditions, for information security and computer forensics services, in an amount not to exceed \$50,000, effective June 27, 2019 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA

- 14) Proposed appointment of Arman Froush, D.O., as Chair, Department of Radiology –
RATIFY APPOINTMENT

15)

- Proposed update regarding the Valley Fever Institute at Kern Medical Center –
MAKE PRESENTATION

- 16) Proposed election of officers to the Kern County Hospital Authority Board of Governors to include Russell Bigler, Chair, Philip McLaughlin, Vice-Chair, and Amir Berjis, M.D., Secretary/Treasurer, terms to expire June 30, 2021 –
ELECT OFFICERS
 - 17) Kern County Hospital Authority Chief Financial Officer report –
RECEIVE AND FILE
 - 18) Kern County Hospital Authority Chief Executive Officer report –
RECEIVE AND FILE
- CA
- 19) Claims and Lawsuits Filed as of June 30, 2019 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 20) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 21) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 22) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –
- 23) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, AUGUST 21, 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.

- 19) CLAIMS AND LAWSUITS FILED AS OF JUNE 30, 2019 –
RECEIVE AND FILE
- A) Notice of Filing of Discrimination Complaint in the matter of Tara Hudson, DFEH Matter No. 201810-04061830/EEOC No. 37A-2019-01865-C
 - B) Summons and Complaint in the matter of Shine Villanueva, an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-19-101706



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

July 17, 2019

Subject: Presentation by Chief Executive Officer recognizing Service Awardees for Kern County Hospital Authority employees with 25 and 35 years of service

Recommended Action: Make presentation

Summary:

25 years of Service:

- Cami Thurston, Mammography Tech Lead, Mammography Department, January 1994
- Susanna Galvez, Office Services Specialist, Nursing Administration, May 1994
- Diane Nicholls, Hospital Staff Nurse II, NICU, May 1995
- Veronica Puente, Hospital Business Office Specialist III, Patient Accounting, May 1994

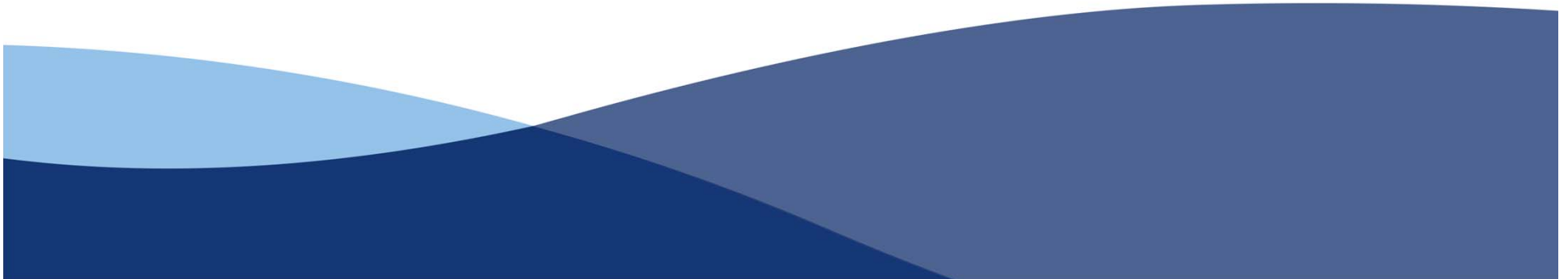
35 years of Service:

- Genetra Richardson, Patient Access Services Rep III, Surgery Department, May 1984



KERN COUNTY HOSPITAL AUTHORITY
SERVICE AWARDS

July 17, 2019



25 YEARS OF SERVICE

- ★ Cami Thurston, Mammography Tech Lead, Mammography Department
- ★ Susanna Galvez, Office Services Specialist, Nursing Administration
- ★ Diane Nicholls, Hospital Staff Nurse II
- ★ Veronica Puente, Hospital Business Office Specialist III, Patient Accounting

35 YEARS OF SERVICE

★ Genetra Richardson, Patient Access Services Rep III,
Surgery Department



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, June 19, 2019**

11:30 A.M.

BOARD RECONVENED

Board Members: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk
Roll Call: 6 Present; 1 Absent - Berjis

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

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))

NO ONE HEARD

PUBLIC REQUEST

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

LORI MALKIN, JJ'S LEGACY AND EILEEN SPALINO, ONE LEGACY, HEARD; MADE PRESENTATION OF THE 'DONATE LIFE' PLAQUE FOR PERMANENT PLACEMENT AT THE BASE OF THE KERN MEDICAL CENTER FLAG POLE

RECOGNITION

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

ITEMS FOR CONSIDERATION

CA

- 5) Minutes for Kern County Hospital Authority Board of Governors regular meeting on May 15, 2019 –
APPROVED

Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 6) Proposed approval of the Kern Medical Center Policy and Procedures Manual –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN SIGNATURE PAGE

Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 7) Proposed Agreement with Mikhail Bekarev, M.D., a contract employee, for professional medical services in the Department of Surgery from August 17, 2019 through August 16, 2022, in an amount not to exceed \$2,762,500, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 030-2019

Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 8) Proposed Agreement with Michael J. Eagan, M.D., a contract employee, for professional medical services in the Department of Surgery from July 17, 2019 through July 16, 2022, in an amount not to exceed \$3,300,000, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 031-2019

Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 9) Proposed Agreement with M. Brandon Freeman, M.D., a contract employee, for professional medical services in the Department of Surgery from June 25, 2019 through June 24, 2022, in an amount not to exceed \$1,800,000, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 032-2019
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 10) Proposed Agreement with Ramon S. Snyder, M.D., a contract employee, for professional medical services in the Department of Surgery from July 1, 2019 through June 30, 2022, in an amount not to exceed \$1,602,000, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 033-2019
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 11) Proposed retroactive Agreement with RightSourcing, Inc., an independent contractor, containing nonstandard terms and conditions, for temporary staffing services from May 29, 2019 through May 28, 2024, in an annual amount not to exceed \$16,430,124 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 034-2019
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 12) Proposed Amendment No. 13 to Agreement 2016-036 with Cerner Corporation, an independent contractor, for the period July 1, 2016 through November 1, 2024, for services related to the Cerner Millennium project, extending the term from November 1, 2024 to December 31, 2027, and increasing the maximum payable by \$2,200,000, to cover the implementation delay, effective June 19, 2019 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 035-2019
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 13) Proposed retroactive Amendment No. 2 to Agreement 20117 with LocumTenens.com, an independent contractor, for temporary physician staffing services for the period May 22, 2017 through May 22, 2019, extending the term for two years from May 23, 2019 through May 21, 2021, and increasing the maximum payable by \$2,250,000, from \$750,000 to \$3,000,000, to cover the extended term, effective May 23, 2019 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 036-2019
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

CA

- 14) Proposed renewal and binding of insurance coverages for hospital professional liability, general liability and umbrella/excess liability, excess workers' compensation and employers liability, automobile liability, helipad liability, directors and officers liability, employment practices liability, crime, privacy and securing (cyber) liability, premises pollution liability, underground storage tank liability, property (building, equipment, business interruption, earthquake and flood), employed lawyers liability, and fiduciary liability from July 1, 2019 through June 30, 2020, with option to finance selected premiums through IPFS Corporation of California and CSAC-EIA in an amount not to exceed \$1,634,629 –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 037-2019 AND CERTIFICATE OF INCUMBENCY
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

- 15) Proposed Memorandum of Understanding with Kern Behavioral Health and Recovery Service, an independent contractor, containing nonstandard terms and conditions, for mental health services, effective July 1, 2019 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 038-2019
Pelz-McLaughlin: 6 Ayes: 1 Absent - Berjis
 - 16) Report on 2019 Community Health Needs Assessment for Kern Medical Center –
APPROVED; RECEIVED AND FILED
Brar-Sistrunk: 6 Ayes: 1 Absent - Berjis
 - 17) Request to employ retired Kern County Hospital Authority employee Tina Anderson, as Extra Help Senior Paralegal, for the period ending June 30, 2020, or 960 hours, whichever occurs first, effective July 1, 2019 –
APPROVED
McLaughlin-Alsop: 6 Ayes: 1 Absent - Berjis
 - 18) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
Pelz-McLaughlin: 6 Ayes: 1 Absent - Berjis
 - 19) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Sistrunk-Brar: 6 Ayes: 1 Absent - Berjis
- CA
- 20) Claims and Lawsuits Filed as of May 31, 2019 –
RECEIVED AND FILED
Pelz-Sistrunk: 6 Ayes: 1 Absent - Berjis

ADJOURNED TO CLOSED SESSION
Pelz-McLaughlin

CLOSED SESSION

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

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

RECONVENED FROM CLOSED SESSION

Brar-Alsop

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 21 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff – Unrepresented Employee: Chief Financial Officer (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 22 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. 23 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Resource Anesthesiology Associates of California, A Medical Corporation, a California corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 DRL – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 24 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

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

Alsop

/s/ Mona A. Allen
Authority Board Coordinator

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



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

July 17, 2019

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

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an agreement with Tom Chao, M.D., a contract employee, for professional medical services in the Department of Surgery. Dr. Chao is a trained orthopedic trauma surgeon and has been employed by Kern Medical since 2016.

The proposed Agreement is for a term of three-years from September 3, 2019 through September 2, 2022. Dr. Chao is paid based strictly on his productivity. The maximum payable will not to exceed \$3,000,000 over the three-year term of the Agreement.

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

Therefore, it is recommended that your Board approve the Agreement with Tom Chao, M.D., for professional medical services in the Department of Surgery from September 3, 2019 through September 2, 2022, in an amount not to exceed \$3,000,000 over the three-year term, and authorize the Chairman to sign.

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

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

**I.
RECITALS**

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

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

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

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical services in the Department and teaching services to resident physicians employed by Authority (Agt. #2016-056, dated August 17, 2016), for the period September 3, 2016 through September 2, 2019; and

(e) Each party expressly understands and agrees that Agt. #2016-056 is superseded by this Agreement as of the Commencement Date;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The term of this Agreement shall be for a period of three (3) years, commencing as of September 3, 2019 (the “Commencement Date”), and shall end September 2, 2022 (the “Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein stated. This Agreement may be renewed for additional terms, but only upon mutual written agreement of the parties. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

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

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

4. **Obligations of Physician.**

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

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

4.3 **Qualifications.**

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

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

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

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

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

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

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

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

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

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

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies. Documentation by Physician shall conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016-15018, inclusive. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

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

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

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

5. Compensation Package.

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

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

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

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

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

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

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

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

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

5.3 Professional Fee Billing.

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

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

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

both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician's private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

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

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

6. **Benefits Package.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Conflict of Interest. Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.

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

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

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

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

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

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

21. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Physician, except for services performed prior to the date of termination or any liability due to

any default existing at the time this clause is exercised. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

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

23. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of Authority. Forbearance or indulgence by Authority in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Physician. Authority shall be entitled to invoke any remedy available to Authority under this Agreement or by law or in equity despite said forbearance or indulgence.

24. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received four (4) days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Physician:

Tom Chao, M.D.
4000 Scenic River Lane, Bldg. 12, Apt. R
Bakersfield, California 93308

Notice to Authority:

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

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

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

27. **Sole Agreement.** This Agreement contains the entire agreement between the parties relating to the services, rights, obligations, and covenants contained herein and assumed by the parties respectively. No inducements, representations, or promises have been made, other than

those recited in this Agreement. No oral promise, modification, change, or inducement shall be effective or given any force or effect.

28. **Termination.**

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

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

29. **Effect of Termination.**

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

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

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

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

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

[Signatures follow on next page]

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

PHYSICIAN

By: _____
Tom Chao, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By: _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By: _____
VP & General Counsel
Kern County Hospital Authority

Agreement.Chao.061219

EXHIBIT “A”
Job Description
Tom Chao, M.D.

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

Essential Functions:

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

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

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

Employment Standards:

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

AND

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

AND

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

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

[Intentionally left blank]

EXHIBIT “B”
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

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

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

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

Physician

Date

EXHIBIT "C"
TIME LOG FORM

[See attached]

TIME LOG FORM

Physician Name

Signature / Date

Department

Month / Year of Service

Total Hours / Month

Services Provided (please list specific activity performed)

Date

Hours

1. Medical Staff CME Activities

2. Hospital Staff Education and Training

3. Clinical Supervision

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

5. Administration Activities

6. Community Education

7. Medical Management Activities

8. Compliance Activities

9. Other Services



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

July 17, 2019

Subject: Proposed Agreement with Everardo Cobos, M.D., for professional medical services in the Department of Medicine

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an agreement with Everardo Cobos, M.D., a contract employee, for professional medical services in the Department of Medicine. Dr. Cobos serves as Chair, Department of Medicine and Chief, Division of Hematology and Oncology, and has been employed by Kern Medical since 2016.

The proposed Agreement is for a term of three-years from August 8, 2019 through August 7, 2022. The maximum payable will not to exceed \$1,536,474 over the three-year term of the Agreement.

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

Therefore, it is recommended that your Board approve the Agreement with Everardo Cobos, M.D., for professional medical services in the Department of Medicine from August 8, 2019 through August 7, 2022, in an amount not to exceed \$1,536,474 over the three-year term, and authorize the Chairman to sign.

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

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

**I.
RECITALS**

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

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

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

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical and administrative services in the Department and teaching services to resident physicians employed by Authority (Kern County Agt. #518-2016, dated May 3, 2016), for the period August 8, 2016 through August 7, 2019; and

(e) Each party expressly understands and agrees that Kern County Agt. #518-2016 is superseded by this Agreement as of the Commencement Date, with the exception of section 6, Benefits Package, paragraph 6.15, Relocation Reimbursement;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The term of this Agreement shall be for a period of three (3) years, commencing as of August 8, 2019 (the “Commencement Date”), and shall end August 7 30, 2022 (the “Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein stated. This Agreement may be renewed for additional terms, but only upon mutual written agreement of the parties. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

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

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

4. **Obligations of Physician.**

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

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

4.3 **Qualifications.**

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

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

4.3.2 Board Certification. Physician shall be board certified by the American Board of Internal Medicine in internal medicine-general, hematology-subspecialty, and medical oncology-subspecialty, and maintain such certifications at all times during the Term of this Agreement.

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

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

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

4.5 Standards of Medical Practice. The standards of medical practice and professional duties of Physician at designated Practice Sites shall be in accordance with the KMC medical staff bylaws, rules, regulations, and policies, the standards for physicians established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

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

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

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

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies. Documentation by Physician shall conform to the requirements for evaluation and management (E/M) services billed by teaching physicians set forth in the Medicare Carriers Manual, Part 3, sections 15016-15018, inclusive. All patient medical records of Practice Sites, including without limitation, patient medical records generated during the Term of this Agreement, shall be the property of KMC subject to the rights of the respective patients. Upon the expiration or termination of this Agreement by either party for any reason, KMC shall retain custody and control of such patient medical records.

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

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

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

5. Compensation Package.

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

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative duties and (ii) payment for the care of KMC patients in the amount of \$477,544 per year, to be paid as follows: Physician shall be paid \$18,367.07 biweekly not to exceed \$477,544 annually. Physician understands and agrees that (i) the Annual Salary set forth in this paragraph 5.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") for specialty and (ii) Physician will maintain a median level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the Term of this Agreement.

5.1.2 Salary Adjustment. Physician shall be subject to an automatic salary adjustment of 2% in accordance with the salary schedule set forth in Exhibit "B," Salary Schedule, attached here and incorporated herein by this reference, commencing August 8, 2020, and annually thereafter during the Term.

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

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

5.2 Incentive Compensation. Physician shall be eligible to receive annual incentive compensation in the amount of \$25,000 each Employment Year if Physician achieves certain performance measures (the “Incentive Payment”). Measures shall be determined annually. If multiple measures are used (i.e., more than one measure annually), the Incentive Payment shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved. Payment shall be made within 60 days of the end of each Employment Year. Each Incentive Payment made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements. Any adjustment in the Incentive Payment shall be in writing and signed by both parties through a formal amendment to this Agreement.

5.3 Professional Fee Billing.

5.3.1 Assignment. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Physician during the Term of this Agreement. All professional fees generated by Physician during the Term of this Agreement, including without limitation, both cash collections and accounts receivable, capitated risk pool fees, professional retainer fees, honoraria, professional consulting and teaching fees, and fees for expert testimony (but excluding Physician’s private investment and nonprofessional income), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

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

5.4 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,536,474 over the three-year Term of this Agreement.

6. **Benefits Package.**

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

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

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

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

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

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

6.7 CME Expense Reimbursement. Authority shall reimburse Physician for all approved reasonable and necessary expenditures related to continuing medical education in an amount not to exceed \$3,000 per Employment Year, payable in arrears, in accordance with Authority policy, as amended from time to time. This amount may not be accumulated or accrued and does not continue to the following Employment Year.

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

6.9 Attendance at Meetings. Physician shall be permitted to be absent from KMC during normal working days to attend professional meetings and to attend to such outside professional duties in the healthcare field as may be mutually agreed upon between Physician

and the Chief Medical Officer. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

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

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

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

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

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

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

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

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

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

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

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

12. **Compliance with Law.** Physician shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.
13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.
14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.
15. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.
17. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to Authority is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.
18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to

any services rendered at any location other than Practice Sites without approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

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

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

21. **Non-appropriation.** Authority reserves the right to terminate this Agreement in the event insufficient funds are appropriated or budgeted for this Agreement in any fiscal year. Upon such termination, Authority will be released from any further financial obligation to Physician, except for services performed prior to the date of termination or any liability due to any default existing at the time this clause is exercised. Physician shall be given 30 days' prior written notice in the event that Authority requires such an action.

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

23. **Non-waiver.** No covenant or condition of this Agreement can be waived except by the written consent of Authority. Forbearance or indulgence by Authority in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Physician. Authority shall be entitled to invoke any remedy available to Authority under this Agreement or by law or in equity despite said forbearance or indulgence.

24. **Notices.** Notices to be given by one party to the other under this Agreement shall be given in writing by personal delivery, by certified mail, return receipt requested, or express delivery service at the addresses specified below. Notices delivered personally shall be deemed received upon receipt; mailed or expressed notices shall be deemed received four (4) days after deposit. A party may change the address to which notice is to be given by giving notice as provided above.

Notice to Physician:

Everardo Cobos, M.D.
3740 Acadia Circle
Bakersfield, California 93311

Notice to Authority:

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

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

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

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

28. **Termination.**

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

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct

that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment; (xv) insubordination, flagrant tardiness, or interpersonal problems in the workplace with colleagues, patients or associates; or (xvi) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

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

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

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

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

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

[Signatures follow on next page]

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

PHYSICIAN

By: _____
Everardo Cobos, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By: _____
Chairman
Kern County Hospital Authority

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By: _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By: _____
VP & General Counsel
Kern County Hospital Authority

Agreement.Cobos.070919

**EXHIBIT “A”
Job Description
Everardo Cobos, M.D.**

Position Description: Reports to Chief Medical Officer; serves as Chair, Department of Medicine and Chief, Division of Hematology and Oncology; serves as a full-time faculty member in the Department; provides no fewer than 80 hours per pay period of service; day-to-day work activities and clinical workload shall include coverage within the Department; provides comprehensive and safe clinical coverage for day-to-day operations, timely completion of care, direct patient care, scholarly research, and resident education. Physician shall work collaboratively with Department faculty, staff and administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions:

A. Leadership and Administrative Responsibilities

- Leadership as Department Chair, including mentoring and professional development of all Department faculty, residents, and medical students
- Maintain and enhance excellence of the internal medicine residency program and accreditation by the RRC and ACGME
- Appoint and provide oversight of the internal medicine residency Program Director and program curriculum
- Develop a Department culture that ensures prompt recognition of medical adverse events, prompt corrective action, and transparency with the organization as well as a culture that consistently focuses on patient care and patient safety
- Develop a Department culture that does not allow disruptive behavior
- Monitor individual physician clinical performance by tracking and trending outcomes, utilization of resources, adherence to established protocols, and document and counsel as appropriate
- Develop mechanisms to conduct patient care reviews objectively for the purpose of analyzing and evaluating the quality and appropriateness of patient care and treatment
- Responsibility for preparing or delegating staff schedules and clinical assignments to maximize productivity and quality care as well as ensuring that all faculty are present at KMC performing their assigned and scheduled clinical, teaching, and administrative duties
- Oversight of Department meetings, morbidity and mortality conferences, and ensuring leadership, structure and function of Department committees, including assigning faculty to appropriate committees and facilitating their involvement in hospital-wide quality and performance improvement programs
- Conduct annual performance evaluations of faculty
- Pursue further alignment with the University of California, Los Angeles (UCLA) in conjunction with all other KMC initiatives as well as specific alignment for the Department of Medicine with UCLA or another appropriate academic medical institution
- Membership on the Medical Executive Committee and participate on Medical Staff and other hospital committees

- Participation in quality and system improvement initiatives, including improving patient satisfaction and enhancing timely access to care as well as peer review within the Medical Staff and Department
- Collaboration with all other KMC Department Chairs
- Collaboration with KMC administration to enhance engagement with area health plans, community physicians, and members of the Medical Staff to improve patient care and overall volume growth
- Lead the clinical preparation monitoring, review, and performance of clinical activity in the Department
- Develop a faculty succession and recruitment plan. In consultation with Department faculty, recruit and recommend to the Chief Executive Officer and Chief Medical Officer new faculty, after appropriate vetting, for faculty appointments in the Department
- Work collaboratively with other clinical departments to develop a cohesive and collaborative environment across clinical departments with a focus of enhancing access to patient care for inpatient and outpatient services
- Support the development of the Simulation Laboratory and related education programs and curriculum
- Follow and comply with the Medical Staff bylaws, rules, regulations, and Authority and KMC policies and procedures
- Participate in clinical and administrative integration efforts across the hospital as appropriate for the Department ensuring proper program planning, resource allocation, analysis, communication, and assessment

B. Clinical Responsibilities

- The Chair is a working clinical position that models exemplary clinical outcomes and professional leadership behaviors
- Serve as an attending physician in the Department performing appropriate therapeutic and diagnostic care and procedures within the scope of practice for hematology/oncology specialist while on service
- Supervise residents and medical students
- Supervise Advance Practice Providers (APP) in the Department and ensure competence
- Supervise procedures performed by residents and mid-levels while on service

C. Medical Education, Teaching, and Academic Responsibilities

- Serve as a core faculty member providing supervision and instruction to residents and medical students
- Provide clinical mentoring to and evaluation of residents and medical students
- Establish and maintain an academic appointment at the David Geffen School of Medicine at UCLA
- Serve as a mentor to residents and medical students who desire to conduct research or other scholarly activity
- Demonstrate active involvement in continuing education for internal medicine and hematology/oncology

- Demonstrate active involvement in presentations, publications, and other scholarly activity at local, regional and national scientific societies in accordance with RRC program requirements
- Support the activities of the residency educational program
- Participate in the development of Department curriculum
- Attend and participate in the weekly Department didactic sessions
- Deliver lectures as appropriate throughout the year

Employment Standards:

Completion of an accredited residency program in internal medicine

AND

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

AND

Certification by the American Board of Internal Medicine in internal medicine-general, hematology-subspecialty, and medical oncology-subspecialty

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

[Intentionally left blank]

**EXHIBIT “B”
Salary Schedule
Everardo Cobos, M.D.**

<u>Effective Date</u>	<u>Annual Rate of Compensation</u>
August 8, 2019	\$477,544
August 8, 2020	\$487,094
August 8, 2021	\$496,836

EXHIBIT "C"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

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

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

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

Physician

Date



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

July 17, 2019

Subject: Proposed Amendment No. 2 to Agreement 161-2016 with Valley Children’s Medical Group, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve Amendment No. 2 to Agreement 161-2016 with Valley Children’s Medical Group, Inc., for on-site consultation services to pediatric patients at Kern Medical extending the term for one year, August 2, 2019 through August 1, 2020, increasing the maximum payable by \$165,500.

Previous Agreements	Payment for Services
161-2016 – Original August 2, 2015 through August 1, 2017 NTE \$320,000	Pediatric Gastroenterology Services - August 2, 2015 - February 29, 2016, per diem rate of \$1,500 per full-day clinic; March 1, 2016 - August 1, 2017, per diem rate of \$3,000 per full-day clinic
07618 – Amendment No. 1 August 2, 2017 through August 1, 2019 NTE \$322,000	<ol style="list-style-type: none"> 1. Pediatric Gastroenterology Services - per diem rate of \$3,000 per full-day clinic 2. Pediatric and Neonatal Echocardiography and EKG Interpretation Services - monthly rate of \$100 per month 3. Pediatric Echocardiology Sonographer Services - August 2, 2017 - August 1, 2018 study rate of \$230 per study; August 2, 2018 – August 1, 2018 study rate of \$239.20
Proposed Agreement Amendment No. 2 August 2, 2019 through August 1, 2020 NTE \$165,500	<ol style="list-style-type: none"> 1. Pediatric Gastroenterology Services - per diem rate of \$3,000 per full-day clinic 2. Pediatric and Neonatal Echocardiography and EKG Interpretation Services - monthly rate of \$100 per month 3. Pediatric Echocardiology Sonographer Services - study rate of \$249.11 per study

Therefore, it is recommended that your Board approve Amendment No. 2 to Agreement 161-2016 with Valley Children’s Medical Group, Inc., an independent contractor, for on-site consultation services to pediatric patients for the period August 2, 2015 through August 1, 2019, extending the term one year from August 2, 2019 through August 1, 2020, and increasing the maximum payable by \$165,500, from \$642,000 to \$807,500, 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 – Valley Children’s Medical Group, Inc.)**

This Amendment No. 1 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 Valley Children’s Medical Group, Inc., a California nonprofit public benefit corporation (“Contractor”), with its principal place of business located at 9300 Valley Children’s Place, Madera, California 93636.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #161-2016, dated April 5, 2016, as amended) and Amendment No. 1 (Agt. 07618, dated August 2, 2017 (the “Agreement”), for the period August 2, 2015 through August 1, 2019, whereby Contractor provides professional medical services to pediatric patients at KMC; and

(b) The Agreement expires August 1, 2019; and

(c) KMC continues to require the services of Contractor to fill voids in staffing; and

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

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

(f) The Agreement is amended effective August 2, 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. Performance by Contractor and Authority shall commence August 2, 2015, and shall end August 1, 2020, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Payment for Services, paragraph 4.2, Mileage Reimbursement, shall be deleted in its entirety and replaced with the following:

“4.2 Mileage Reimbursement. Authority shall reimburse Contractor for personal vehicle use at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration in an amount not to exceed \$5,000 annually.”

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

“4.4 Maximum Payable. The maximum payable under this Agreement shall not exceed \$807,500 over the five-year term of this Agreement.”

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

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

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

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

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

[Signatures follow on next page]

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

VALLEY CHILDREN'S MEDICAL GROUP, INC.

By _____
Michael Goldring
President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend2.Valley Children's Medical Group.070219

**AMENDMENT NO. 2
TO
EXHIBIT "B"
FEE SCHEDULE
Valley Children's Medical Group, Inc.
(Effective August 2, 2019)**

A. Pediatric Gastroenterology Services

For pediatric gastroenterology services rendered from August 2, 2019 through August 1, 2020, Authority shall pay Contractor a per diem rate of \$3,000 per full-day clinic.

B. Pediatric and Neonatal Echocardiography and EKG Interpretation Services

For pediatric and neonatal echocardiography and EKG interpretation services rendered from August 2, 2019 through August 1, 2020, Authority shall by Contractor a monthly rate of \$100 per month.

C. Pediatric Echocardiology Sonographer Services

For pediatric echocardiology sonographer services rendered from August 2, 2019 through August 1, 2020, Authority shall pay Contractor a per study rate of \$249.11 per study.

[Intentionally left blank]



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

July 17, 2019

Subject: Proposed Retroactive Amendment No. 2 to Agreement 06816 with Health Advocates, LLC

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve Amendment No. 2 to the Financial Services Agreement with Health Advocates, LLC. The initial term of the agreement was for a 2 year period, beginning on July 1, 2016, and Amendment No. 1 extended the term an additional two years with the term ending on June 30, 2020. The amendment proposes to extend the duration for another 2 year period. The amendment also includes a 2% fee increase schedule (Exhibit A-2) while Section D of the agreement has been amended with Health Advocates waiving electronic verification and existing coverage fees for both outpatient and inpatient accounts. From the inception of the agreement, the number of Medi-Cal screenings has increased exponentially. During 2018, Health Advocates converted 81% of assigned uninsured accounts to Medi-Cal, representing a net income of \$11,020,718 at a cost of \$3,300,000. This expense amount has been reported as a direct charge, to be claimed for reimbursement at the anticipated rate of \$1.4M from Medicaid Federal Financial Participation ("FFP") funds for assisting the California Department Healthcare Services in the proper and efficient administration of Medi-Cal as set forth in Welfare and Institutions ("W&I") Code Section 14132.47 (MAA program). The ratio of expense to income is 17%.

Therefore, it is recommended that your Board approve Amendment No. 2 to the Financial Services Agreement with Health Advocates for professional services in the Departments of Financial Counseling & Patient Accounting, with a maximum payable not to exceed three million (\$3,000,000) dollars for the period of July 1, 2016 to June 30, 2019 and a not to exceed of three million, six hundred thousand (\$3,600,000) dollars for each year of the term from July 1, 2019 to June 30, 2022, for a total maximum payable of thirteen million, eight hundred thousand (\$13,800,000) dollars, and authorize the Chairman to sign.

AMENDMENT NO. 2 TO
FINANCIAL SERVICES AGREEMENT
BETWEEN KERN COUNTY HOSPITAL AUTHORITY AND HEALTH ADVOCATES, LLC

The Financial Services Agreement ("Agreement") effective July 1, 2016, and Amendment No. 1 dated September 20, 2017, by and between Kern County Hospital Authority, a local unit of government, that owns and operates Kern Medical Center ("Client") and Health Advocates, LLC ("Health Advocates"), to provide Account Receivable/Financial Services is hereby amended as set forth below ("Amendment No. 2").

The purpose of Amendment No. 2 is to extend the term of the Agreement, replace the section titled Definition of Accounts, update the Maximum Payable, and update the existing Exhibit A-1 – Fee Schedule. This Amendment No. 2 is effective as of July 1, 2019.

1. Section **TERM**, under Term and Termination in the Agreement will be deleted in its entirety and replaced with the following:

"TERM The duration of this Agreement is for a six year period commencing on the Effective Date ("Initial Term"), and may renew for successive one-year terms by either Party in a written amendment at least ninety (90) days before the expiration of the Initial Term or any subsequent one (1) year renewal term.

1. The term of the Agreement will begin on July 1, 2016 (Effective Date) and will end on June 30, 2022 subject to the additional provisions regarding renewals and termination in the Agreement."
2. The section titled Definition of Accounts will be deleted in its entirety and replaced with the following:

"DEFINITION OF "ACCOUNTS" The term "account" for the purposes of this Agreement is defined as any unpaid or underpaid account arising from the use of Client's facilities and services, for which it invoices, by any of its patients. This includes accounts where Client has failed to obtain eligibility/coverage, payment, or credit for a patient. Once Client agrees to refer a patient account to Health Advocates, Client further agrees to refer all related accounts for the same patient or case (e.g. for TPL) until approval or payment is obtained and Health Advocates shall receive its fees for all or selected patient treatments paid or approved as a result of services performed by Health Advocates, subject to the fee assessment rules included in Exhibit A-2. Once a patient's case has been approved or paid, Health Advocates shall not receive any fee for any treatments provided after the month of approval or recovery, unless a new referral is made again by Client with respect to such patient.

An account may also include a patient or applicant referred by Client to Health Advocates when the opportunity for additional or improved coverage options or recovery present that can result in retroactive or future benefits (i.e. for anticipated healthcare services) for the patient and additional reimbursement for the Client.

3. Section **PAYMENT OF FEES AND EXPENSES** subsection 1 of the Agreement will be deleted in its entirety and replaced with the following:

"1. Maximum Payable. The maximum payable under the Agreement will not exceed three million (\$3,000,000) dollars for the period of July 1, 2016 to June 30, 2019 and will not exceed three million, six hundred thousand (\$3,600,000) dollars for each year of the term from July 1, 2019 to June 30, 2022 for a total maximum payable of thirteen million, eight hundred thousand (\$13,800,000) dollars."

4: **Exhibit A-2, FEE SCHEDULE**, to Amendment No. 2 is added to the Agreement and incorporated herein by this reference.

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; provided, however in the event of any conflict between the terms of the Agreement and this Amendment No. 2, the terms of this Amendment No. 2 shall control.

6. The Agreement, as amended by Amendment No. 2 constitutes the entire agreement of the parties concerning its subject matter and supersedes all prior oral and written agreements, representations and understandings between the parties concerning such subject matter.

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

Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Health Advocates, LLC
21540 Plummer Street, Suite B
Chatsworth, CA 91311

By: _____

By:  _____

Name: Russell Bigler

Name: Steve Levine

Title: Chairman, Board of Governors

Title: CEO

Date: _____

Date: 7/19/19

Phone #: _____

Phone #: (818) 995-9500


Fax #: _____

Fax #: (818) 995-9599

Email: _____

Email: SteveL@HealthAdvocates.com

APPROVED AS TO FORM
Legal Services Department

By: 
Kern County Hospital Authority

**EXHIBIT A – 2
FEE SCHEDULE**

Replace only the following captioned categories in **Exhibit A – Fee Schedule; Section A – Eligibility and Enrollment Services**. These changes to the fee categories below are made to facilitate the Client's claiming of Health Advocate qualifying fees for reimbursement under the Medi-Cal Administrative Activities program.

Add the general provision as follows:

Client acknowledges that Health Advocates reviews and rescreens every referral for all potential sources of third-party coverage and recovery in an attempt to maximize benefits for the patient and to maximize compensation for Client. Should Health Advocates receive a referral intended for one service (e.g. to pursue Medi-Cal) but discover an opportunity to pursue another third-party source (e.g. to reinstate Commercial coverage via COBRA or to invoice a Workers' Compensation carrier), Health Advocates will be permitted to retain the account for processing and earn the related fee in this Exhibit. Should Health Advocates identify third-party sources solely using the Client's provided demographics as described in Section D below or from a review of notes by Client's staff on existing coverage not acted upon, these accounts with existing coverage will be returned to the Client with no fee assessed.

Delete and replace the following categories:

- Inpatient – (Pre-Legal)
- Outpatient and ER Treat and Release – (Pre-Legal)
- Support/Secondary Fee Structure (Pre-Legal)
- Eligibility Services (Legal)

Replace with the following Per Approval Fees:

	A1 Inpatient Acute Screening & Applications	A2 Inpatient and Outpatient Acute Fair Hearing & Appeals	B1 Inpatient Mental Health Screening & Applications	B2 Inpatient and Outpatient Mental Health Fair Hearing & Appeals	C1 Outpatient Acute and Mental Health Screenings and Applications
POE on or After 7/1/19	\$2,675	\$3,175	\$2,675	\$3,175	\$1,750
POE on or After 7/1/20	\$2,728	\$3,239	\$2,728	\$3,239	\$1,785
POE on or After 7/1/21	\$2,783	\$3,304	\$2,783	\$3,304	\$1,821
POE on or After 7/1/22	\$2,839	\$3,370	\$2,839	\$2,839	\$1,857

Definitions:

A1 – Acute Medi-Cal (Inpatient) – Screen patients, Medi-Cal application filed, all processing support, and approved.

A2 – Acute Fair Hearing/Appeals (Inpatient and Outpatient) – Screen patients, Medi-Cal applications filed, all processing support, and approved through Fair Hearing/Appeals.

B1 – Mental Health (Inpatient) – Screen patients, Medi-Cal applications filed, all processing support, and approved.

B2 – Mental Health Fair Hearing/Appeals (Inpatient and Outpatient) - Screen patients, Medi-Cal applications filed, all processing support, and approved through Fair Hearing/Appeals.

C1 – Acute and Mental Health (Outpatient) - Screen patients, Medi-Cal application filed, all processing support, and approved.

- These rates are based upon Proof of Eligibility (POE) Approvals (not Referrals or Payments) and apply to each discharge. This is a comprehensive fee is invoiced upon Approval and includes all screening, applications, processing, and follow-up resulting in Medi-Cal Approval.
- These fees apply to Inpatient and Outpatient Eligibility Services referrals as indicated. They also apply to Medi-Cal coverage obtained as Primary or Secondary coverage with the exception of LTC applications and PRUCOL (via routine processing) noted below.
- A single fee per individual patient will be assessed even if there are multiple referred accounts for the patient that are encompassed by the retro Approval with the exception for Approvals obtained via a Fair Hearing process. When a Fair Hearing process is required to obtain coverage for an individual, all referred accounts encompassed by the retro Fair Hearing process will receive separate payment according to fee A2 or B2 in the above table. Should an individual patient have both Inpatient and Outpatient referral(s) encompassed by the retro Approval (not obtained by a Fair Hearing process), the Inpatient fee in A1 or B1 will apply rather than the Outpatient fee in C1.
- The fees will be adjusted and effective for Approvals on or after the date indicated in the table above.

Update the remaining fees for all other services as follows:

SECTION A - Eligibility and Enrollment Services	
<p>Baby Medi-Cal Applications (coverage extensions) – Upon request, this fee specifically applies to referrals of a baby for the sole purpose of obtaining ongoing Medi-Cal benefits for the baby. It applies when the mother has existing Medi-Cal coverage (full or restricted), and the baby’s file is referred to assist in adding the baby to the Medi-Cal case. It does not apply when obtaining coverage for the baby results in invoicing for additional reimbursement for the baby (e.g. baby’s length of stay exceeds the mother’s). Any activities performed to establish eligibility/coverage for the mother, including PRUCOL or establishing eligibility via a new application are covered under other applicable fee</p>	<ul style="list-style-type: none"> • Pre-Discharge Referrals - \$150 (on or after 7/1/21 \$175) • Post-Discharge Referrals - \$275 (on or after 7/1/21 \$300)

sections.	
<p><u>Long Term Care (SNF/LTC), PRUCOL, and Medi-Cal Safety-Net Coverage</u> – These referrals are made to facilitate patient’s discharge to SNF/LTC (i.e. Medi-Cal as Secondary coverage), to improve/continue coverage for anticipated future visits (updated Aid Codes), or to provide back-up coverage should Primary coverage be questionable or exhaust.</p>	<ul style="list-style-type: none"> • If a referral results in a payment on the account, the applicable fee in the Per Approval Table above applies. • If a referral does not result in a payment on the account a Flat Fee of \$450 (on or after 7/1/21 \$500) will apply for routine processing and Fair Hearing fee in the Per Approval Table above when applicable.
<p><u>Out-of-State Medicaid Applications</u> – Upon request and with Client information support, Health Advocates will provide eligibility application/agreement processing (if a prerequisite to payment), treatment authorization, billing and follow-up for out-of-state accounts. This service is offered for all inpatient accounts and for outpatient accounts with “expected reimbursement” of \$2,000 or greater.</p>	<ul style="list-style-type: none"> • Provider Application - \$1,000, if applicable, <u>plus</u> • 20% x ASR
<p><u>TAR/Billing (without appeals)</u> – Upon request, Health Advocates will provide TAR and/or Billing support on “inpatient” accounts referred with existing Medi-Cal approval:</p> <ol style="list-style-type: none"> a. Client agrees to timely provide medical records, certifications, and a copy of any TARs processed by Client within five (5) business days of a TAR submission and/or approval by the Medi-Cal Field Office. b. These fees are subject to Client’s provision of any required clinical/nursing documentation support for InterQual processing as per state guidelines. 	<ul style="list-style-type: none"> • <u>Acute Admissions</u> – TAR & Billing <u>each</u> 1% x ASR • <u>Mental Health Admissions</u> – TAR 3% x ASR and Billing 1% ASR
<p><u>Medicare Eligibility Services</u> – Fee earned during the “Upgrade Coverage Period” defined in (a) and (b) below:</p> <ol style="list-style-type: none"> a. When “retroactive” Medicare is awarded - begins on the Medicare Effective Date and ends twelve months following the Approval Date b. When “prospective” Medicare is awarded – begins on the Medicare Effective Date and ends twelve months following the Medicare Effective Date <p>For this service, Client will include referrals for all affiliated entities of Client (i.e. clinics, sub-acute, long-term care, etc.) to maximize the identification of qualifying patients.</p>	<p style="text-align: center;">25% x ASR from Medicare on accounts falling within the Upgrade Coverage Period</p>
<p><u>Medi-Cal Secondary, Safety-Net, and Disproportionate Share Services (DSH)</u> – This service is performed on patients that have existing primary</p>	

<p>coverage. Various DSH and account specific payments to Client may result from services under this program as described below. Health Advocates is entitled to compensation for each fee that may apply to any specific referral.</p>	
<p>a. Approved DSH "Days" (on non - Medicare Patients) - Health Advocates will be compensated for each day of approved Medi-Cal Title XIX coverage secured.</p>	<p>\$100 per Approved Medi-Cal Day</p>
<p>b. Fee for Primary or Secondary Medi-Cal Payments - Health Advocates will be compensated according to the applicable Eligibility Services fee for any additional payments that Client receives pursuant to billing Medi-Cal as the <u>Secondary</u> payor or <u>Primary</u> payor (should Medi-Cal become primary due to patient's non-payment of policy premiums, exhaustion of benefits, or termination of coverage).</p>	<p>Applicable per Approval Fee noted in table above (i.e. A1, A2, B1, or B2)</p>
<p>SECTION B - Third Party Recovery Services Fees</p>	
<p><u>Third Party Liability (TPL), Workers' Compensation Lien (Pre-Legal and Legal):</u></p> <p>a. Out-of-Pocket costs include lien/action filing fees, court costs, etc. that will be advanced by Health Advocates</p> <p>b. Legal fees apply to dispute resolution (e.g. arbitration, mediation, probate court, and hearing officers) on <u>authorized</u> legal actions</p> <p>c. These fees apply to direct referrals for Third Party Recovery Services or referrals initially made for Eligibility Services but where Third Party Recovery was identified.</p>	<ul style="list-style-type: none"> • <u>Pre-Legal</u> - 18% x ASR, plus, if incurred, Out-of-pocket costs • <u>Legal</u> - 25%, plus, if incurred, Out-of-Pocket costs
<p>SECTION C - Insurance Collection Service Fees</p>	
<p><u>HMO/PPO, Managed Care Claims Appeals/Denials, Workers' Compensation (Non-Lien Collections), Veterans, and COBRA (Pre Legal and Legal):</u></p> <p>a. Out-of-Pocket costs include filing fees, court costs, etc. that will be advanced by Health Advocates.</p> <p>b. Legal fees apply in these circumstances;</p> <ol style="list-style-type: none"> 1. Accounts requiring Legal action or Attorney Intervention for recovery 2. Accounts that are a Zero-Balance (i.e. closed status upon referral date to Health Advocates) 3. Accounts that are aged 365 days or more from discharge upon referral date to Health Advocates 4. Accounts returned after rejection or closure by another vendor <p>c. These fees apply to direct referrals for Insurance Collection Services or referrals initially made for Eligibility Services but where Insurance Collection was identified.</p>	<ul style="list-style-type: none"> • <u>Pre-Legal</u> - 18% x ASR, plus, if incurred, Out-of-pocket costs • <u>Legal</u> - 25%, plus, if incurred, Out-of-Pocket costs
<p>SECTION D - Electronic Verification and Existing Coverage</p>	
<p>a. <u>Electronic Verification of Coverage</u> - Health Advocates electronically <u>verifies already existing coverage</u> (Medi-Cal, Medicare, or Commercial), without any patient/applicant contact to correct demographics, no coordination of completion or submission of any documents, no use of skip-tracing or field services to locate patient/applicant, etc. - <u>solely using the demographic information provided by the Client.</u></p>	<ul style="list-style-type: none"> • \$0 Per Account - Outpatients • \$0 Per Account - Inpatients

b. <u>Post Account Closure Services</u> – Upon Client authorization, all closed/returned accounts will be routinely scrubbed electronically for active retro-coverage for twelve (12) months from the date closed.	
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**BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING**

July 17, 2019

Subject: Proposed Retroactive Amendment No. 5 to the Agreement for Professional Consulting Services Agreement 14818 with Healthcare Performance Group, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed retroactive Amendment No. 5 for professional services with Healthcare Performance Group (HPG) to provide an additional consultant as required to meet the needs of the Cerner Millennium project.

Previous Agreements	Purpose of Amendment	Variance
Original Agreement, dated May 7, 2018	Schedule A-1, Jacqui Pada, EHR Consultant for Clinical and Nursing Support	\$232,576
Amendment No. 1, dated September 19, 2018	Schedule A-2, Kayla Smith, EHR Consultant for HIM and 3M Support	\$217,000
Amendment No. 2, dated January 16, 2019	Schedule A-3, Nicole Van Luchene, EHR Consultant for Informatics and Physician Adoption Support	\$300,240
Amendment No. 3, dated March 20, 2019	Amendment to Schedule A-1, EHR Consultant for Clinical and Nursing Support	\$203,896
Amendment No. 4, dated May 15, 2019	<u>Schedule A-5</u> Diane Justice – Clinical Application Expertise - April 1, 2019 thru August 30, 2019 - \$146,776 <u>Schedule A-6</u> Elizabeth (Betsy) Hlavac – Clinical Application Expertise – April 8, 2019 thru August 30, 2019 - \$140,104 <u>Schedule A-7</u> Kim Green – Clinical Application Expertise – April 15, 2019 thru August 30, 2019 - \$133,432 ; Jacqui Pada’s Extension – Clinical Application Expertise – November 29, 2019 thru December 20, 2019 – \$17,920 ; Kayla Smith’s Extension – Cerner Millennium HIM – June 10 thru December 20, 2019 - \$185,472 ; Nicole Van Luchene’s Extension – Clinical Informatics Expertise – November 29, 2019 thru December 20, 2019 - \$20,016	\$643,720
Proposed Amendment No. 5 dated July 17, 2019	<u>Schedule A-8 –</u> Maria Negrete - Additional Clinical Informatics Expertise for a short-term period – June 3, 2019 thru August 2, 2019 - \$40,088	\$40,088

The proposed Amendment is to provide additional coverage of the EHR Consultant role (\$136/hr.) relative to the Clinical Informatics support requirements.

Therefore, it is recommended that your Board approve retroactive Amendment No. 5 with HPG for the period of June 3, 2019 through December 20, 2019, effective July 17, 2019, increasing the maximum payable by \$48,088 from \$1,597,616 to \$1,645,704 for the professional fees and travel expenses, and authorize the Chairman to sign.

Amendment No. 5 To
Agreement for Professional Consulting Services
(Healthcare Performance Group, Inc. – Kern County Hospital Authority)

This Amendment No. 5 to the Agreement for Professional Consulting Services is entered into this 17th day of July 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), Amendment No. 3 (Customer Agt.#018-2019, dated March 20, 2019), and Amendment No. 4 (Customer Agt.#023-2019, dated May 15, 2019) (“Agreement”) for the period of June 3, 2019 through December 29, 2019 , to provide professional consulting services; and
- 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 June 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. Schedule A-8

Schedule A-8, to Amendment No. 5 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. 5 have the meaning set forth in the Agreement.

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

4. This Amendment No. 5 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. 5 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** _____
Printed Name: Chad Terstriep
Title/Position: President
Digitally signed by Chad Terstriep
Date: 2019.07.10 11:45:55 -05'00'

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-8"

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 additional support in the capacity of a Senior Millennium Consultant, Maria Negrete. 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
- 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. Maria will begin this engagement starting Monday, June 3, 2019 through Friday, August 2, 2019 and provide services on a continuous, ongoing and full-time basis. CUSTOMER may wish to extend these services and will provide written notification.

Fees, Timing & Payment

The professional service fee for these services is \$136 per hour. CUSTOMER commits to a total of 360 hours for this project. The first 80 hours of professional services will be billed at \$0.00. CUSTOMER agrees to pay travel expenses. Estimated travel costs for this engagement are \$10,008.00. Total project not to exceed \$48,088 without written approval.

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-8 is an addition to the Master Service Agreement and Schedule A-1, Schedule A-2, Schedule A-3, Schedule A-4, Schedule A-5, Schedule A-6, and Schedule A-7.

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: 2019.07.10 11:45:29 -05'00' DATE: 7/10/19

***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**

July 17, 2019

Subject: Proposed Amendment No. 1 to the Master Services Agreement 30718 with JDM Solutions, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

The proposed Amendment No. 1 for professional services with JDM Solutions Inc. is required to meet the extended timelines of the Cerner Millennium project.

The proposed Amendment No. 1 provides for continued staffing of consultants who can:

- (1) Develop the Data Intelligence program that supports the Hospital Authority
- (2) Implement Data Governance
- (3) Develop quick access to reporting and dashboards
- (4) Provide tools for process improvement through data quality

Previous Agreements	Purpose of Amendment	Variance
Original Agreement, dated November 21, 2018	Agreement with JDM Solutions Inc. to provide consultants to develop the Data Intelligence program to support the Hospital Authority.	\$249,500
Amendment No. 1, dated July 17, 2019	Amendment to provide continued staffing of consultants to provide the following: <ol style="list-style-type: none"> 1. Develop the Data Intelligence program that supports Kern Medical which will (a) improve Patient care outcomes with better data; (b) provide accurate data that will reduce cost, and (c) support external program in data sharing and improving external partnerships. 2. Implement Data Governance Structure which includes (a) Data improvement; and (b) Process Improvement 3. Develop quick access to reporting and dashboards to include (a) Analytics and Reporting; and (b) Data Science 4. Provide tool for process improvement through data quality. 	\$1,289,600

Therefore, it is recommended that your Board approve the Amendment No. 1 with JDM Solutions, Inc. for professional services for the period of July 17, 2019 through July 31, 2021, increasing the maximum payable by \$1,289,600, from \$249,500 to \$1,539,100, and authorize the Chairman to sign.

**AMENDMENT NO. 1 TO
MASTER SERVICE AGREEMENT**

This Amendment No. 1 to the Master Service Agreement is made and entered into this 17th day of July 2019 between JDM Solutions Inc. (“Provider”) and Kern County Hospital Authority, a local unit of government which owns and operates Kern Medical Center (“Client”)

RECITALS

- a) Client and provider have heretofore entered into a Master Services Agreement for professional services dated August 16, 2018 for the period stated on the statement of work; and
- b) Client continues to require the professional services as outlined in Exhibit A and B; and
- c) Application analyst resources will be available to assist with the expertise and gaps in resources; and
- d) It is the intent of the parties to use the same terms as outlined in the original MSA; and
- e) The parties agree to amend certain terms and condition of the agreement as hereinafter set forth and
- f) The Agreement is amended effective July 17th, 2019

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

- 1. Section 27, EXHIBITS. shall be deleted in its entirety and replaced by the following:
“Exhibit A – Provider’s Rate schedule
Exhibit A-1 – Provider’s Rate schedule, effective July 17, 2019
Exhibit B – Work Order
Exhibit B-1 – Work Order, effective July 17, 2019
Exhibit C – Insurance
Exhibit D – Business Associate Agreement”
- 2. Second Section 23. OTHER CONTRACTS will be corrected to be Section 28, OTHER CONTRACTS and any reference to this section will reflect the corrected section number.
- 3. Section 29. TRAVEL EXPENSES is added to the Agreement as written below and incorporated herein by this reference

“29. TRAVEL EXPENSES. Provider will be reimbursed for all approved travel expenses, which approval will not be unreasonably withheld, incurred by Provider on behalf of Client. Reimbursement of travel expenses will be in accordance with Client’s travel policy. Travel-related expenses will be billed monthly, as incurred, and are payable in arrears within 30 days of receipt and approval of each invoice by KMC.

4. Sub-Section c, Key Man, to Section 3. LABOR, EQUIPMENT, MATERIALS, SUPPLIES AND SERVICES is added to the Agreement as written below and incorporated herein by this reference;

“c. In the event Jaishree McLane is no longer rendering services on behalf of Provider, then Client shall have the right to terminate this agreement. Upon such termination by Client, all properties not belonging to Provider shall revert back to Client.”

5. Except as otherwise defined herein, all capitalized terms used in this Amendment No. 1 have the meaning set forth in the Agreement.
6. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the state of California.
7. 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.
8. Except as provided herein, all other terms, conditions, and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS TO FOREGOING, the parties have executed this agreement as of the date first above written. Both parties agree that a single original of this agreement will be executed:

THIS WORK ORDER IS AGREED TO AND ACCEPTED this 17th day of July 2019, by:

Kern County Hospital Authority


Printed Name: RUSSELL BIGLER

Title: Chairman, Board of Governors

APPROVED AS TO CONTENT:
Kern Medical Center

Printed Name: Reynaldo Lopez
Title: Chief Information Officer

APPROVED AS TO FORM:
Legal Services Department



Hospital Counsel
Kern County Hospital Authority



JDM Solutions, Inc.

Printed Name: JAISHREE MCLANE

Title: President

EXHIBIT A

RATE SCHEDULE

This exhibit is an addendum to the Master Services Agreement that was signed August 2018, between JDM Solutions Inc. (“Provider”) and Kern County Hospital Authority (“Client”).

FEE SCHEDULE:

Job:	Blended Rate	FTE	Begin	End
Year 1	\$120/hr.	3	7/17/19	7/31/20
Year 2	\$120/hr.	3	8/1/20	7/31/21

	Hour/wk.	Hours/Yr.	FTE
Data Intelligent Solution Provider	40	2080	1
Architect	24	1248	0.6
Developer	28	1456	0.7
Application Analyst/Developer	16	832	0.4
Process Improvement Manager	12	624	0.3
TOTAL	120	6240	3
Total Cost		\$748,800.00	
Discounted		\$104,000.00	
Fixed Price/yr.		\$644,800.00	
Total price of contract		\$1,289,600.00	

EXHIBIT B

Statement of Work/Work Order

This exhibit is an addendum to the Master Services Agreement that was signed August 2018, between JDM Solutions Inc. (“Provider”) and Kern County Hospital Authority (“Client”).

WORK ORDER #:201905KERN

WORK ORDER SUBMISSION DATE: May 28th, 2019

WORK ORDER EXPECTED START DATE: July 17th, 2019

PLACE OF PERFORMANCE: ONSITE & REMOTE

EXPECTED DURATION: 2 years or less

OBJECTIVE:

- Develop the Data Intelligence program that supports Kern
 - To improve Patient care outcomes with better data
 - Provide accurate data that will reduce cost
 - Support external program in data sharing and improving external partnerships
- Implement Data Governance structure
 - Data improvement
 - Process improvement
- Develop quick access to reporting and dashboards
 - Analytics & Reporting
 - Data Science
- Provide tool for process improvement through data quality

Note: based on Appendix 1 (Strategy)

SCOPE:

Evaluate all the systems outlined in Appendix 2 so the data can be Sanitized, Stabilized and Optimized for business consumption.

Sanitize	Stabilize	Optimize
<ul style="list-style-type: none"> • EMPI Clean up • Migration • Archive • Compliance 	<ul style="list-style-type: none"> • Normalize Data • Compliance • Develop Data Stewards • Security Standards 	<ul style="list-style-type: none"> • Improve Data Delivery Efficiency • Standardize Data Stewards Tool Set • Reduce Variability
Systems, Governance, Transactions, Analytics, People		

SCOPE SERVICES: High level technical services to be completed:
(See Appendix 4 for high-level timeline)

Data Intelligence
Data Infrastructure
Manage all reporting data set
Build operational data store (KODS)
Build new data as guided by data governance office
Shut down old interfaces
Shut down 21 legacy system and access the data through Cerner (1.8 million) 3 systems/qtr. beginning in September see Appendix 3 for the list
Build data model to support Data intelligence program
Reporting & Dashboard (Analytics)
Complete Cerner HealtheIntent implementation of 51 PRIME by September
Complete Cerner HealtheIntent implementation of 17 WPC by September
Complete Cerner HealtheIntent implementation of 21 QIP by December
Complete Cerner the processes that support Population Health
Build repository and dashboard to support COCCI
Cerner Synapse Report support and create a reporting library

Cerner Healthy Analytics reports and create a reporting library
Create executive dashboard
Integrate dashboard in Cerner 3rd party app
Self-service reporting
Build and manage reporting catalog
Provide Analysis to improve performance through data
Data Governance office
Manage policies
Manage Dictionary
Manage Business Glossary
Manage Data stewards across the Kern organization
Manage process improvement

RESOURCES:

Service	Service Description
Appropriate staff will be brought in as needed to support the objectives. Following resources will be available as needed.	
Analyst	<ul style="list-style-type: none"> • Jaishree McLane (Primary) • Michelle Coak • Jan Acker
Technical Resources	<ul style="list-style-type: none"> • Jaishree McLane (Primary) • Rachel Chen • Francis Mayo

Primary resource: Jaishree McLane
Resources as needed: Francis Mayo, Rachel Chen, Jan Acker, Michelle Coak

APPENDIX 1

Below is the strategy for data intelligence that is being implemented:

DATA GOVERNANCE SCOPE:

- Increases consistency and confidence in decision making
- Decreases the risk of regulatory fines
- Improves data security, also defining and verifying the requirements for data distribution policies
- Maximizes the income generation potential of data
- Designates accountability for information quality
- Enable better planning by supervisory staff
- Minimizes or eliminating re-work
- Optimizes staff effectiveness
- Establishes process performance baselines to enable improvement efforts
- Acknowledges and hold all gain

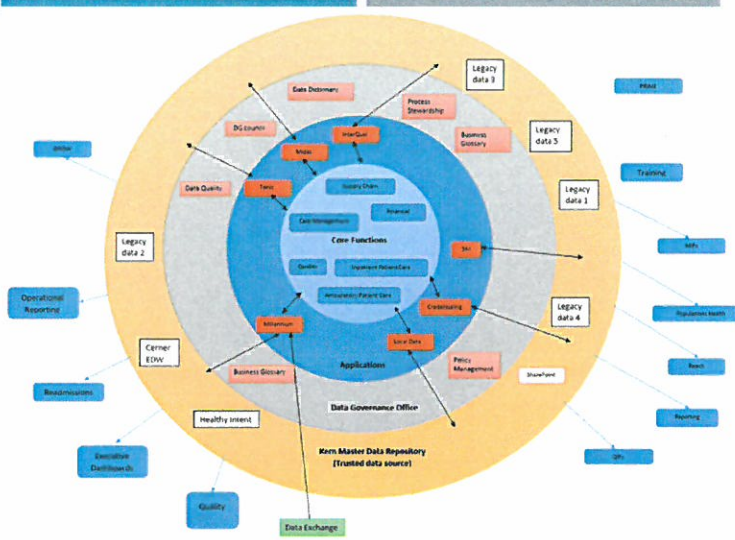
OUR PROPOSAL FOR OUR DATA GOVERNANCE FUTURE



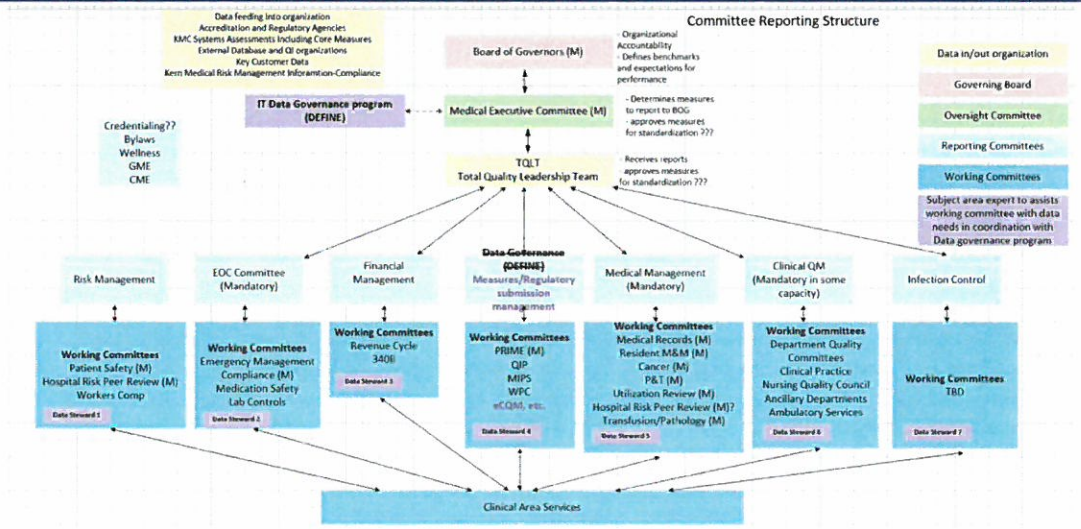
- Establish processes and have them governed by data governance
 - Create IT Data governance program office to manage governance process
 - Establish executive data governance council to provide consistency across cross functional departments
- Manage all data
 - Legacy & Financials - (CareVue, star, HPP, EZCap, etc.)
 - Cerner Implementation (Millennium & HealIntent)
- Establish cross functional groups and eliminate silos
 - Business stewards – subject area data owners
 - Report writer for each subject areas

PROPOSED DATA MODEL FOR TRUSTED DATA

- Data Infrastructure**
 - Kerns Operational Data Store (KODS)
 - Master Data Management (MDM, MPM)
- Data analytics & Data Science**
 - Manage data for All regulatory measure (Pop health, Meaning use, eCQMs, etc) & Programs
 - Analyze data (Data Science) – Discover discrepancies and business stewards manages them
 - Reporting
 - Dashboard
- Data Governance**
 - Data dictionary
 - Business glossary
 - Process improvement and data expectations
 - Report intake process
 - Stewardship Management



HOW DATA GOVERNANCE PROGRAM WILL GOVERN



APPENDIX 2

Below are the systems to be analyzed and identified if it needs to be de-commissioned and if the data needs to move to the operational data store.

Kern Applications	Vendor
340B Drug Pricing Program	Integrated Informatics
3M Coding and Reimbursement System (Code Finder/Encoder)	3M
3M HDM CDIS Clinical Documentation Interface/ 3M Health Data Management	3M
Anasazi	Cerner
Asset Advantage (Hillrom)	Hillrom
Carebridge	Allscripts
Clairvia	Cerner
CloverLeaf	CloverLeaf Solutions
Contraxx	Ecteon
cPACS	Change Healthcare
DivDat	DivDat
Dragon Dictation System	Nuance
ELSEVIER	Elsevier Clinical Solutions
Experian	Experian Health
EZNet/EZCap	Citra Health Solutions
FormFast	Formfast Inc
HCI (Horizon Clinical Infrastructure)	Allscripts
HIC-Horizon Intelligent Coder (formerly EnChart)	Allscripts
Horizon Blood Bank	Allscripts
Horizon Emergency Care Tracking Board Horizon Carelink	Allscripts
HPP	Change Healthcare
i2i Tracks	i2i Systems
ILE/Scanners	Allscripts
IntelliSpace ECG Software	Phillips
Intermedix	Intermedix Service
JB Dev Time (Time Clock)	JB Developers
Jira	Atlassian
Laserarc	Allscripts
MCG Indicia/ Replaced with Interqual	Change Healthcare
McKesson Tracking Board	Allscripts
MDX	Medical Data Exchange
Medical Transription Management	M2ComSys
Micromedex	Truven Health Analytics
Carenotes	Truven Health Analytics
Formulary Management	Truven Health Analytics

Midas+ Care Management	Conduent
MIRTH	Nextgen
Network: Mckessen Basic Plus Nortel iTouch- Xyplex	
OnBase	Hyland
OneContent Patient Folder (formerly HPF)	Hyland
OpenVista Advance Med Reconciliation (Not live)	Medsphere
OpenVista BCMA	Medsphere
OpenVista CareVue	Medsphere
OpenVista E-Prescription (Live)	Medsphere
OpenVista Putty	Medsphere
OpenVista Surgery Scheduling	Medsphere
OSHPD	
PACS	Change Healthcare
PAL (Physicians Automated Lab)	
PeopleSoft	PeopleSoft
PeriCalm (formerly HPC/LMS)	PeriGen
PowerScribe 360	Nuance
PrivPlus/Replaced By Symplr	Symplr
Pyxis Medstation	Pyxis
QSight Inventory	Owens & Minor
Quest	
RightFax	OpenText
RX30	Transaction Data Center
SafeChx	DHS Group
STAR Audit Server	Allscripts
STAR CLN	Allscripts
STAR FIN	Allscripts
STAR Navigator	Allscripts
Strata	Strata Decision technology
Tonic Health	Tonic Health
Syndromic	Kern County Public Health
TRENDSTAR	Allscripts
UltiPro	Ultimate Software Group
Trauma One	Lancet Tech, Inc
Xcelera (EKG & ECHO)	Phillips

APPENDIX 3

Following systems will be sunsetted

Description	Date range	Cost	Total Cost	Priority
IECG - ECG	03/01/2019 - 03/01/2020	\$21,341	\$21,342	Q4 2019
ECG Migration	11/1/2019	90,000.00	\$ 90,000.00	Q4 2019
MCG Indicia	1/1/2019	50,000.00	\$ 50,000.00	Q4 2019
Medical Records OneContent Extra functionality - Additional Features	01/01/2019 - 12/31/2019	83,060.23	83,060.23	Q1 2020
(CloverLeaf) Pathways interface Manager (OneContent) SystemCare OS for Linux Premium Annual Subscription	04/16/2019 - 04/15/2020	5,493.08	5,493.08	Q1 2020
80 perpetual user for PeopleSoft CSI	12/15/2018 - 12/14/2019	31,348.79	31,348.79	Q2 2020
Open Vista HER Subscription	Quarterly	142,460.93	569,843.72	Q2 2020
Star (Radiology, scheduling, DRG, Order Management, Abstracting, patient processing Maintenance	Monthly	23,881.00	286,572.00	Q3 2020
Pathways interface Manager(OneContent) Annual Maintenance Support services	01/01/2019 - 12/31/2019	238,198.40	238,198.40	Q4 2020
Star (Citrix) (HCI) (HPF)(SystemCare Bundle)(Centera) (Storage Tier1) Yearly Maintenance	12/01/2018 - 11/30/2019	234,919.32	234,919.32	Q4 2020
Star HBOC WEM Maintenance	Monthly	24,573.54	294,882.48	Q1 2021
Star Workstation Maintenance support contract	01/01/2019 - 12/31/2019	25,722.90	25,722.90	Q2 2021
Star Reporting Maintenance support contract	01/01/2019 - 12/31/2019	12,442.67	12,442.67	Q2 2021
Pathways interface Manager Full use Maintenance	01/01/2019 - 12/31/2019	17,369.52	17,369.52	Q2 2021
Blood Bank Oracle Std Maintenance	01/01/2019 - 12/31/2019	3,190.95	3,190.95	Q2 2021
Blood Bank Maintenance	01/01/2019 - 12/31/2019	22,668.88	22,668.88	Q2 2021
Session Access manager VPN	Monthly	200.00	2,400.00	Q3 2021
ASP Extranet VPN	Monthly	225.00	2,700	Q3 2021
FormFast esignature and Web form Imprint Maintenance	07/13/2018 - 07/12/2019	5,369.00	5,369.00	Q4 2021
Optuminsight ICD10 & Titles for Star Version 23	Yearly September	3,014.00	3,014.00	Q4 2021
Retrofit ICD10 & Titles to Star version 21	Yearly September	3,000.00	3,000.00	Q4 2021
Xcelera CPACS	09/30/2017 - 09/30/2019	54,000.00	54,001.00	Q4 2021
Total Saving		1,092,479.21	2,057,538.94	

APPENDIX 4

Below is the high-level project plan. A detail project plan will be created for each quarter

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Data Infrastructure										
Manage all reporting data set										
Build operational data store (KODS)										
Build new data as guided by data governance office										
Shut down old interfaces										
Shut down 28 legacy system and access the data through Cermer (1.8 million) 3 systems/qr. beginning in September (See below for details)										
Build data model to support Data Intelligence program										
Reporting & Dashboard										
Complete Cermer HealtheIntent implementation of 51 PRIME by September										
Complete Cermer HealtheIntent implementation of 17 WPC by September										
Complete Cermer HealtheIntent implementation of 21 QIP by December										
Complete Cermer the processes that support Population Health										
Population Health - Submissions										
Build repository and dashboard to support COCCI										
Cermer Synapse Report support and create a reporting library										
Cermer Healthy Analytics reports and create a reporting library										
Create executive dashboard										
Integrate dashboard in Cermer 3rd party app										
Self-service reporting										
Build and manage reporting catalog										
Provide Analysis to improve performance through data										
Data Governance office										
Manage policies										
Manage Dictionary										
Manage Business Glossary										
Manage Data stewards across the Kern organization										
Manage process improvement										
Sunsetting Legacy details										
IECG - ECG										
ECG Migration										
MCG Indicia										
Xcelera CPACS										
Medical Records OneContent Extra functionality										

80 perpetual user for PeopleSoft CSI																																								
Open Vista HER Subscription																																								
Star (Radiology, scheduling, DRG, Order Management, Abstracting, patient processing, Maintenance																																								
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Star Workstation Maintenance support contract																																								
Star Reporting Maintenance support contract																																								
Pathways interface Manager Full use Maintenance																																								
Blood Bank Oracle Std Maintenance																																								
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Session Access manager VPN																																								
ASP Extranet VPN																																								
FormFast esignature and Web form Imprintl Maintenance																																								
Optuminight ICD10 & Titles for Star Version 23																																								
Retrofit ICD10 & Titles to Star version 21																																								



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

July 17, 2019

Subject: Proposed Retroactive Affiliation Agreement with the University of Colorado for Placement of Pharmacy Residents

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an affiliation agreement with the University of Colorado, Skaggs School of Pharmacy for placement of students completing their pharmacy residency training. This affiliation agreement will allow Kern Medical to recruit much-needed Pharmacy residents upon completion of their training.

The Agreement contains non-standard terms and cannot be approved as to form by Counsel due to no indemnification terms and limitation of liability.

**AFFILIATION AGREEMENT
for Clinical Training
(Kern County Hospital Authority – University of Colorado)**

This AFFILIATION AGREEMENT (hereinafter “Agreement”) is made and entered into this 17th day of July, 2019, by and between the Kern County Hospital Authority, a local unit of government (“KCHA”) which owns and operates Kern Medical Center (“KMC”) and The Regents of the University of Colorado, a body corporate, for and on behalf of the University of Colorado Skaggs School of Pharmacy and Pharmaceutical Sciences, (“University”), with its principal place of business located at Mail Stop C238, 12850 E. Montview Blvd., V20-1116N, Aurora, CO 80045.

RECITALS

(a) KCHA owns and operates KMC, a general acute care hospital located at 1700 Mount Vernon Avenue, Bakersfield, California 93306; and

(b) University has established an approved professional program of training in pharmacy and pharmaceutical sciences (the “Program”) which Program requires clinical facilities wherein students enrolled in the Program can obtain the clinical learning experience needed in the curricula for those studies; and

(c) KMC has facilities that are available for training of Pharmacy students and is in agreement with the educational objectives of such training; and

(d) KCHA and University wish to maintain an affiliation between KCHA and KMC for on-the-job training of Pharmacy students (hereinafter “Students”) at KMC; and

(e) It is to the mutual benefit of the parties hereto that KMC accept Students for on-the-job training in such numbers and at such times as may be mutually agreed between KMC and University;

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:

1. **Term.** The term of this Agreement will commence on July 1, 2019, and shall terminate on June 30, 2024. Either party may sooner terminate this Agreement at any time upon giving written notice to the other party not less than thirty (30) days in advance of the termination, such notice to be given in the manner specified in section 8. In the event of such notice, the provisions of this Agreement will continue until the effective date of such termination.

2. **Obligations of University.**

2.1 Appoint a staff member who will, in conjunction with KMC, supervise instruction, as well as learning and clinical experiences at KMC.

2.2 Ensure compliance with accreditation standards established by the State of California.

2.3 Establish and maintain on-going communication with KMC on items pertinent to the Program.

2.4 Provide KMC with a schedule of student assignments, including the name of the student, level of academic preparation, and dates for each clinical experience that is mutually agreed upon.

2.5 Refer to KMC only those students who have satisfactorily completed the prerequisite didactic portion of the curriculum.

2.6 Health, Drug and Criminal Background Check Requirements. University shall, at no cost to KCHA or KMC, ensure that each assigned student (i) complies with the health requirements set forth in Exhibit "A," attached hereto and incorporated herein by this reference, (ii) complies with the drug screening requirements set forth in Exhibit "B," attached hereto and incorporated herein by this reference, (iii) complies with the criminal background check requirements set forth in Exhibit "C," attached hereto and incorporated herein by this reference, and (iv) receives basic information regarding the Occupational Exposure to Bloodborne Pathogens regulations ("Regulations") issued by the Department of Labor (29 C.F.R. 1910.1030) prior to a student being assigned to KMC. University agrees to maintain records evidencing compliance with the Regulations. KMC shall contact University to request current information in order to validate the presence of documentation, to meet regulatory requests, or anytime a student is not in compliance with the health requirements.

2.7 Direct assigned Students to comply with the policies, rules, regulations, and procedures in effect at KCHA and KMC, as well as all reasonable directions given by authorized KMC personnel.

2.8 Ensure that all assigned Students are covered by appropriate professional liability insurance, acceptable to KCHA, during the entire period of their participation in the Program at KMC.

2.9 Require that each assigned student provide, prior to the commencement of each student assignment, such confidential information as may be required by KCHA or KMC, or deemed necessary for the education and guidance of the student.

2.10 Provide and be responsible for the care and control of educational supplies and equipment necessary for instruction, including audiovisual equipment and supplies that are not customarily available at KMC, if deemed necessary by University for completion of the Program.

2.11 Maintain attendance and academic records for each student assigned to the Program.

3. Obligations of KMC.

3.1 Designate a KMC staff member who will be responsible for facilitating the implementation of the clinical experience.

3.2 Provide a clinical experience that is compatible with the requirements of the curriculum established by University.

3.3 Provide the physical facilities and equipment reasonably necessary to conduct the clinical experience.

3.4 Permit Students access to the KMC medical library during hours of operation.

3.5 Maintain standards that are appropriate for the clinical experience.

3.6 Provide assigned Students with reasonable study and storage space.

3.7 Provide University and Students access to KCHA and KMC policies and procedures that are applicable to the clinical experience.

3.8 Make available emergency services for Students on an as needed basis, at no cost to KCHA or KMC.

3.9 Accept Students enrolled in the Program in a number not to exceed that which University and KMC agree upon.

3.10 Retain professional and administrative responsibility for services rendered under this Agreement.

3.11 Provide written notification to University promptly if a claim arises involving a Student. Additionally, KCHA will notify University immediately in the event of any report or incident of discrimination on the basis of sex, including sexual harassment and sexual assault, involving a Student.

4. **Confidentiality.** University shall not, without the written consent of KCHA, communicate confidential information, 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 University would protect its own confidential information, unless such disclosure is required in response to a validly issued subpoena or other process of law. Upon completion of this Agreement, the provisions of this section shall continue to survive.

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

6. **Insurance.** Both parties warrant that they participate in a program of self-insurance, or carry policies of insurance placed with reputable insurance companies licensed to do the business of insurance in the state of California with a Best's rating of at least "A-; VII," which insures against the perils of bodily injury, personal injury, malpractice, and property damage, and covers such liabilities and claims as are imposed by law. Both parties shall continue to maintain such insurance or self-insurance in full force and effect during the term of this Agreement and carry limits of liability of not less than one million dollars (\$1,000,000) each occurrence and three million dollars (\$3,000,000) policy aggregate. Proof of this insurance coverage is to be provided upon request.

7. KCHA will be responsible for any claim or cause of action based upon the negligence of its employees and agents involved in providing services related to this agreement.

Pursuant to the Colorado Governmental Immunity Act, the University agrees to be responsible for injuries sustained solely from an act or omission of its public employee, or where specifically permitted by the Colorado Governmental Immunity Act, a student, occurring during the employee's duties and within the scope of his/her employment, unless the act or omission is willful and wanton or where sovereign immunity bars the action against the University.

Notwithstanding any other provision of this Agreement to the contrary, no term or condition of this Agreement shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, or other protections provided the University under the provisions of the Colorado Governmental Immunity Act, C.R.S. §§ 24-10-101 et seq., as amended ("Act"). The Parties understand and agree that liability for claims for injuries to persons or property arising out of the negligence of the State of Colorado or the University and its officers, agents or employees is controlled and limited by the provisions of the Act.

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

9. **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.

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

If Notice to University: University of Colorado
School of Pharmacy
12850 E. Montview Blvd. C238 V20-1116
Aurora, CO 80045
Attn.: Meredith Cole

10. **Independent Contractor.** None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create any relationship between KCHA and University other than solely for the purpose of effecting the provisions of this Agreement. Neither of the parties hereto nor any of their respective officers, directors or employees, including, without limitation, Students of University shall be construed to be the agent, employer or representative of the other except as specifically provided herein. Neither party is authorized to speak on behalf of the other for any purpose whatsoever without the prior consent in writing of the other.

11. **Nondiscrimination.** Both parties agree to abide by all applicable federal and state laws prohibiting discrimination against any employee, applicant for employment or patient because of race, color, religion, age, sex, handicap or national origin.

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

13. **Termination of Student Assignment.** University shall immediately remove any student from participating in the clinical or work experience at KMC who (i) is convicted of a crime other than a minor traffic violation, (ii) is adjudicated an incompetent by a court of competent jurisdiction, (iii) becomes disabled so as to be unable to perform the duties required to participate in the clinical or work experience at KMC, (iv) fails to be indemnified or remain covered for malpractice by University, or (v) KMC reasonably believes poses an immediate threat to the safety or welfare of any patient, staff member or physician of KMC.

14. **Choice of Law/Venue.** Intentionally Omitted.

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

16. **Compliance with Law.** University and Students shall observe and comply with all applicable county, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted.

17. **Regulatory Requirements.** The parties expressly agree that nothing contained in this Agreement will require either the referral of any patients to, or order of any goods or services from University or KMC. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will 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).

18. **Compliance Program.** University acknowledges that KMC has implemented a compliance program for certain purposes, including, but not limited to, the purpose of ensuring that the provision of billing for care at KMC is in compliance with applicable federal and state laws (the "Compliance Program"). Faculty and Students will participate in any applicable training and education sessions relating to the Compliance Program, upon the request of KMC.

19. **Disqualified Persons.**

19.1 University represents and warrants that no student participating in the clinical experience at KMC under the terms of this Agreement (i) has been convicted of a criminal offense related to healthcare (unless such individual has been officially reinstated into the federal healthcare programs by the Office of Inspector General and provided proof of such reinstatement to KCHA), (ii) is currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation, or (iii) is currently listed on the General Services Administration List of Parties Excluded from the Federal Procurement and Non-Procurement Programs.

19.2 University agrees that if any student participating in the clinical experience at KMC under the terms of this Agreement becomes involved in a pending criminal action or proposed debarment, exclusion or other sanctioning action related to any federal or state healthcare program he or she will be immediately removed from providing services at KMC.

20. **Entire 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.

[Intentionally left blank]

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

KERN COUNTY HOSPITAL AUTHORITY

UNIVERSITY OF COLORADO

By _____
Russell Bigler
Chairman, Board of Governors

By *Ralph J. Altieri*
Name: Ralph J. Altieri, PhD.
Title: Dean, School of Pharmacy

APPROVED AS TO CONTENT:
Kern Medical Center

By *Jared Leavitt*
Jared Leavitt
Chief Operating Officer

APPROVED AS TO FORM:
Legal Services Department

By _____ **REVIEWED ONLY**
~~Hospital Council~~ **NOT APPROVED AS TO FORM**
Kern County Hospital Authority
By *[Signature]*
Legal Services Department

Exhibit "A"
Health Requirements

The following health requirements apply to all staff assigned and performing work at KMC and must be completed before such staff starts work:

1. **Health History**: Each Student will complete a health history form.
2. **Physical Examination**: Each Student will have had a physical examination within the last year.
3. **Laboratory Tests**: Each Student will have and successfully pass the Drug Screen panel set forth in Exhibit "B."
4. **Tuberculin Skin Test**: If a Student provides no documentation of positive reaction to Tuberculin skin testing, they will receive a Mantoux skin test. Verification of the Tuberculin skin test must include date, reading at 48 to 72 hours (measuring induration) and the name of the providing agency. The skin test will not be repeated if there was a previous positive test. If the initial test is negative, a retest will be administered three weeks later with verification to include date, reading at 48 to 72 hours (measuring induration) and the name of the providing agency. A chest x-ray will be required for each Student who has a positive skin test for the first time. Verification of X-ray must include the Student's name, date, radiologist's reading, and name of agency providing the service. Verification of previous positive reaction to Tuberculin skin testing must include proof of positive reaction to include date, measurement of induration, chest x-ray results with radiologists reading, and name of providing agency. For all Students with a previous positive or newly positive Tuberculin skin test, a Tuberculin questionnaire must be completed and Students must report to provider immediately any unexplained cough or fever lasting greater than three weeks.
5. **Hepatitis B Vaccine Series**: The series consists of three injections given over a period of six months. The Hepatitis B surface antibody test shall be drawn one to two months after the last injection to verify immunity. If the Student refuses or has reason to believe that the vaccine is contraindicated for him/her, the Student must sign a waiver which acknowledges the risk of Hepatitis B infection in the health care setting. Written verification of completion of the vaccine series and verification of immunity must be in English and include the Student's name, date given, verification of immunity, and provider signature. If the Student has not attained an immune level, the series is repeated and a repeat antibody test will be completed one to two months later. If the Student remains sero-negative they will be considered a non-responder and will be notified of their lack of immunity and instructed to exercise caution when risk of exposure is known.
6. **Measles/Mumps/Rubella (MMR) vaccine**: The MMR vaccine must have been given in two doses with a minimum 28 days between doses. Measles, rubella, and mumps titers, showing immunity to each disease, are acceptable in place of MMR vaccine. Written verification must be in English and include the Student's name, date given (or evidence of immunity, i.e., titer results), and provider signature.

7. **Varicella (chickenpox) vaccine:** The varicella vaccine is given in two doses, administered at least 28 days apart. The Student may waive varicella vaccine by (i) a signed statement from a healthcare provider that the Student has had chickenpox or Herpes zoster, or (ii) varicella titer, showing immunity to varicella, or laboratory confirmation of the disease. Written verification must be in English and include the Student's name, date given or titer results, and provider signature.
8. **Tetanus/Diphtheria/Pertussis (Tdap) vaccine:** Proof of a single dose of Tdap is required. The dose of Tdap is required regardless of the interval since the last tetanus or diphtheria-containing vaccine. After initial Tdap vaccination a Td (tetanus/diphtheria) booster is required every 10 years. Written verification must be in English and include the Student's name, date given, vaccine given, and provider signature.
9. **Influenza vaccine:** Proof of current influenza vaccination is required annually. Proof must include the Student's name, date given, manufacturer of the vaccine, and provider signature.
10. **Respiratory Fit Testing:** Each Student whose job classification is designated at-risk for contact with patients who have a known or suspected disease that is transmitted via respiratory route will have a fit test. The fit test must include those masks that meet KMC requirements.
11. **Annual Health Screening Requirements:** The following health requirements must be completed annually: Tuberculin skin test or Tuberculin questionnaire; influenza vaccine; and fit testing for designated job classifications.

[Intentionally left blank]

EXHIBIT "B"
DRUG SCREEN REQUIREMENTS
(Drugs and Test Levels)

<u>Drug</u>	<u>Initial Test Level (ng/ml)</u>	<u>Confirmatory Test Level (ng/ml)</u>
Amphetamine	300	260
Methamphetamine	300	260
MDMA/MDA (ecstasy)	1000	260
Barbiturates		
Amobarbital	300	100
Butalbarbital	300	100
Butalbital	300	100
Phenobarbital	300	100
Pentobarbital	300	100
Secobarbital	300	100
Opiates		
Heroin	300	150
Codeine	300	150
Morphine	300	150
Hydromorphone	300	150
Hydrocodone	300	150
Benzodiazepines	300	100
Valium	300	100
Librium	300	100
Oxazepam, Serax	300	100
Dalmane	300	100
Ativan	300	100
Cannabinoids	25	10
Cocaine metabolites		
Benzoylcegonine	300	150
Phencyclidine (PCP)	25	25
Methadone	300	100
Marijuana (THC)	20	10
Oxycodone	100	100
Propoxyphene	300	300
Metaqualone	300	300
Fentanyl	1	1
Ketamine	25	25
Meperidine	500	500

EXHIBIT "C"
Criminal Background Check Requirements

University will ensure that each student provides proof of a criminal background investigation covering the past seven years which will include at a minimum:

- Statewide criminal search
- National Wants and Warrants
- OIG
- Social Security number match
- Sex offender search

KMC shall determine acceptable clearance of criminal background investigation. University will maintain all information related to background checks and KMC may from time to time contact University to request current information to validate presence of documentation to meet regulatory requests or as a part of annual contract evaluation activities.



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

July 17, 2019

Subject: Proposed Agreement with the State of California, Department of State Hospitals for the provision of health care services

Recommended Action: Approve; Authorize Chief Executive Officer to sign

Summary:

Kern Medical requests your Board approve the proposed Agreement with the State of California, Department of State Hospitals for the provision of health care services to a single patient. The state requires specific action by your Board authorizing execution of the Agreement prior to payment for services.

Therefore, it is recommended that your Board approve the Agreement and authorize the Chief Executive Officer to sign.

STANDARD AGREEMENT

STD 213 (Rev. 03/2019)

AGREEMENT NUMBER

18-79013-000

PURCHASING AUTHORITY NUMBER (If Applicable)

DSH-4440

1. This Agreement is entered into between the Contracting Agency and the Contractor named below:

CONTRACTING AGENCY NAME

Department of State Hospitals

CONTRACTOR NAME

Kern County Hospital Authority

2. The term of this Agreement is:

START DATE

June 29, 2018

THROUGH END DATE

July 31, 2019

3. The maximum amount of this Agreement is:

\$25,175.00

Twenty Five Thousand One Hundred Seventy Five Dollars and Zero Cents

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

EXHIBITS	TITLE	PAGES
Exhibit A	Scope of Work	7
Exhibit B	Budget Detail and Payment Provisions	4
Exhibit C *	General Terms and Conditions (GTC 04/2017)	0
Exhibit D	Special Terms and Conditions	8
Exhibit E	Confidentiality and Information Security Provisions (HIPAA Business Associate Agreement)	9
Exhibit F	Information Privacy and Security Requirements (Non-HIPAA/HITECH Act Contracts)	N/A
Exhibit G	Insurance Requirements	4

Items shown with an asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at <https://www.dgs.ca.gov/OLS/Resources>

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO.

CONTRACTOR

CONTRACTOR NAME (if other than an individual, state whether a corporation, partnership, etc.)

Kern County Hospital Authority

CONTRACTOR BUSINESS ADDRESS

1700 Mount Vernon Avenue

CITY

Bakersfield

STATE

CA

ZIP

93306

PRINTED NAME OF PERSON SIGNING

Russell V. Judd

TITLE

Chief Executive Officer

CONTRACTOR AUTHORIZED SIGNATURE

DATE SIGNED

APPROVED AS TO FORM

Legal Services Department

By 

Kern County Hospital Authority

STANDARD AGREEMENT

STD 213 (Rev. 03/2019)

AGREEMENT NUMBER

18-79013-000

PURCHASING AUTHORITY NUMBER (If Applicable)

DSH-4440

STATE OF CALIFORNIA

CONTRACTING AGENCY NAME

Department of State Hospitals

CONTRACTING AGENCY ADDRESS

1600 9th Street, Room 101

CITY

Sacramento

STATE

CA

ZIP

95814

PRINTED NAME OF PERSON SIGNING

Annie Luyen-Yu

TITLE

Chief (A), Acquisitions

CONTRACTING AGENCY AUTHORIZED SIGNATURE

DATE SIGNED

CALIFORNIA DEPARTMENT OF GENERAL SERVICES APPROVAL

EXEMPTION (If Applicable)

SCM 1, 4.04, A.2

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9 or W-7)

STD 204 (Rev. 4/2017)

1	<p>INSTRUCTIONS: Type or print the information. Complete all information on this form. Sign, date, and return to the state agency (department/office) address shown in Box 6. Prompt return of this fully completed form will prevent delays when processing payments.</p> <p>Information provided in this form will be used by California state agencies to prepare Information Returns (Form1099). See next page for more information and Privacy Statement.</p> <p>NOTE: Governmental entities, i.e. federal, state, and local (including school districts), are not required to submit this form.</p>														
2	<p>PAYEE'S LEGAL BUSINESS NAME (As shown on your income tax return) Kern County Hospital Authority</p>														
SOLE PROPRIETOR OR INDIVIDUAL- ENTER NAME AS SHOWN ON SSN (Last, First, M.I.)				E-MAIL ADDRESS											
				Russell.Judd@kernmedical.com											
MAILING ADDRESS			BUSINESS ADDRESS												
1700 Mount Vernon Avenue			Same												
CITY	STATE	ZIP CODE	CITY	STATE	ZIP CODE										
Bakersfield	CA	93306													
3	<p>ENTER FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN): <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">6</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">8</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">8</td></tr></table></p>					4	7	5	6	1	8	2	7	8	
4	7	5	6	1	8	2	7	8							
PAYEE ENTITY TYPE	<p><input type="checkbox"/> PARTNERSHIP</p> <p><input type="checkbox"/> ESTATE OR TRUST</p> <p>CORPORATION:</p> <p><input type="radio"/> MEDICAL (e.g., dentistry, psychotherapy, chiropractic, etc.)</p> <p><input type="radio"/> LEGAL (e.g., attorney services)</p> <p><input type="radio"/> EXEMPT (nonprofit)</p> <p><input checked="" type="radio"/> ALL OTHERS</p>														
CHECK ONE BOX ONLY	<p><input type="checkbox"/> SOLE PROPRIETOR OR INDIVIDUAL</p> <p>Enter social security number (SSN) or Individual taxpayer identification number (ITIN)</p> <table border="1" style="display: inline-table; border-collapse: collapse; margin-left: 100px;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table> <p style="text-align: center; font-size: small;">(SSN required by authority of California Revenue and Tax Code sections 18646 and 18661)</p>														
4	<p><input checked="" type="checkbox"/> CALIFORNIA RESIDENT - Qualified to do business in California or maintains a permanent place of business in California.</p> <p><input type="checkbox"/> CALIFORNIA NON RESIDENT (see next page for more information) - Payments to nonresidents for services may be subject to state income tax withholding.</p> <p><input type="radio"/> No services performed in California.</p> <p><input type="radio"/> Copy of Franchise Tax Board waiver of state withholding attached.</p>														
5	<p>I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the state agency below.</p>														
AUTHORIZED PAYEE REPRESENTATIVE'S NAME (Type or Print)		TITLE		TELEPHONE (include area code)											
Russell V. Judd		Chief Executive Officer		(661) 326-2102											
SIGNATURE		DATE	E-MAIL ADDRESS												
		07/17/2019	Russell.Judd@kernmedical.com												
6	<p>Please return completed form to:</p>														
DEPARTMENT/OFFICE			UNIT/SECTION												
MAILING ADDRESS			TELEPHONE (include area code)	FAX											
CITY	STATE	ZIP CODE	E-MAIL ADDRESS												

PAYEE DATA RECORD

(Required when receiving payment from the State of California in lieu of IRS W-9 or W-7)

STD 204 (Rev. 4/2017)

1	<p>Requirement to Complete the Payee Data Record, STD 204</p> <p>A completed Payee Data Record, STD 204 form, is required for all payees (non-governmental entities or individuals) entering into a transaction that may lead to a payment from the state. Each state agency requires a completed, signed, and dated STD 204 on file; therefore, it is possible for you to receive this form from multiple state agencies with which you do business.</p> <p>Payees who do not wish to complete the STD 204 may elect not to do business with the state. If the payee does not complete the STD 204 and the required payee data is not otherwise provided, payment may be reduced for federal and state backup withholding. Amounts reported on Information Returns (Form 1099) are in accordance with the Internal Revenue Code (IRC) and the California Revenue and Taxation Code (R&TC).</p>
2	<p>Enter the payee's legal business name. The name must match the name on the payee's tax return as filed with the federal Internal Revenue Service. Sole proprietorships must also include the owner's full name. An individual must list his/her full name as shown on the SSN or as entered on the W-7 form for ITIN.</p> <p>The mailing address should be the address at which the payee chooses to receive correspondence (i.e. 1099 form) and payments. The business address is the address of the business' physical location; do not enter the payment address or lock box information here.</p>
3	<p>Check only one box that corresponds to the payee business type. Corporations must check the box that identifies the type of corporation.</p> <p>The State of California requires that all parties entering into business transactions that may lead to payment(s) from the state provide their Taxpayer Identification Number (TIN). The TIN is required by the R&TC sections 18646 and 18661 to facilitate tax compliance enforcement activities and the preparation of Form 1099 and other information returns as required by the IRC section 6109(a) and R&TC section 18662 and its regulations.</p> <p>Payees must provide one of the following TINs on this form: social security number (SSN), individual taxpayer identification number (ITIN), or federal employer identification number (FEIN). The TIN for sole proprietorships and individuals is the SSN or ITIN. Only partnerships, estates, trusts, and corporations will enter their FEIN.</p>
4	<p>Are you a California resident or nonresident?</p> <p>A corporation will be defined as a "resident" if it has a permanent place of business in California or is qualified through the Secretary of State to do business in California.</p> <p>A partnership is considered a resident partnership if it has a permanent place of business in California. An estate is a resident if the decedent was a California resident at time of death. A trust is a resident if at least one trustee is a California resident.</p> <p>For individuals and sole proprietors, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose that will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.</p> <p>Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for state income taxes. However, no withholding is required if total payments to the payee are \$1,500 or less for the calendar year.</p> <p>For information on Nonresident Withholding, contact the Franchise Tax Board at the numbers listed below: Withholding Services and Compliance Section: 1-888-792-4900 E-mail address: wscs.gen@ftb.ca.gov For hearing impaired with TDD, call: 1-800-822-6268 Website: www.ftb.ca.gov</p>
5	Provide the name, title, email address, signature, and telephone number of the individual completing this form. Provide the date the form was completed.
6	This section must be completed by the state agency requesting the STD 204.

Privacy Statement

Section 7(b) of the Privacy Act of 1974 (Public Law 93-579) requires that any federal, state, or local governmental agency, which requests an individual to disclose their social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.

It is mandatory to furnish the information requested. Federal law requires that payment for which the requested information is not provided is subject to federal backup withholding and state law imposes noncompliance penalties of up to \$20,000.

You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the state agency(ies) with which you transact that business.

All questions should be referred to the requesting state agency listed on the bottom front of this form.

CCC 04/2017

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i> Kern County Hospital Authority		<i>Federal ID Number</i> 47-5618278
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i> Russell V. Judd, Chief Executive Officer		
<i>Date Executed</i> July 17, 2019	<i>Executed in the County of</i> Kern	

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 11102) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the

certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT: Contractor hereby certifies that Contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. EXPATRIATE CORPORATIONS: Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. SWEATFREE CODE OF CONDUCT:

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at www.dir.ca.gov, and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations,

or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. DOMESTIC PARTNERS: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.3.

8. GENDER IDENTITY: For contracts of \$100,000 or more, Contractor certifies that Contractor is in compliance with Public Contract Code section 10295.35.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other governmental entity.



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

July 17, 2019

Subject: Proposed retroactive Agreement with Kroll Cyber Security, LLC for Information Security and Computer Forensics services.

Recommended Action: Approve; Authorize Chief Executive Officer to sign

Summary:

Kern Medical requests your Board retroactively approve the proposed Agreement with Kroll Cyber Security, LLC (“Kroll”) for the following services:

- Enterprise-wide (all hosts covered by CyberDetectER®) historical triage collection of forensically relevant artifacts and related analysis of pertinent artifacts to determine and document timeline of pertinent historical events, possible malware infection, data exfiltration methods, and potential account compromise(s) related to security incident.
- Findings will determine if priority end points, up to five (5) additional, require remote forensic disk imaging and deeper forensic analysis beyond triage analysis through CyberDetectER®.
- Attempt to identify indicators of compromise and if any sensitive data, to include areas of the network where PII, PHI, or PFI, may have been exposed as a result of any identified compromise.
- Preservation and analysis of available logs to include Firewall/NetFlow, VPN, web proxy, and IDS/IPS to identify relevant anomalies.
- Provide recommendations regarding containment and remediation of data event based on results of investigation.
- If available, automated analysis of identified malware binaries and related malware data or dependencies.
- Verbal presentation of findings and drafting of report as requested by Counsel and Client.

Kern Medical requires these services due to a malware infection that falls under our Beazley cyber insurance policy. Under our policy, Kroll is a recommended Cyber Security firm and after reviewing their years of expertise specifically to cyber threats and detection as well as industry recommendations and availability, we chose to utilize Kroll as a service provider.

The professional fees for Kroll’s services under this Agreement is approximately \$75,000 (billed at \$325/hour) with additional costs for travel time, travel expenses, and media output. Kern Medical has up to a \$50,000 retention on our cyber security policy and any costs above the retention will be covered by insurance.

The Agreement contains non-standard terms and conditions and cannot be approved as to form by Counsel, due to lack of indemnification by Kroll, limitation of liability to the cost of this agreement, no warranty of work product, governing law of the State of New York, and binding arbitration.

Therefore, it is recommended that your Board approve the retroactive agreement with Kroll effective on June 27, 2019 through the completion of project with a cost estimated at \$100,000 for professional fees, travel expenses, and media output, but with Kern Medical only responsible for the insurance retention, and authorize the Chief Executive Officer to sign.

June 27, 2019

Bruce Radke
Pasha Sternberg
Jane Dennis
Polsinelli PC
150 N. Riverside Plaza
Suite 3000
Chicago, IL 60606
United States

Dear Messrs. Radke and Sternberg, Ms. Dennis:

We are pleased to confirm the engagement of Kroll Cyber Security, LLC ("Kroll") by Polsinelli PC ("you" or "your") on behalf of Kern County Hospital Authority ("Client", and together with you and Kroll, the "Parties") pursuant to this letter of engagement (the "Agreement").

1. Kroll Services

On behalf of Client, you have engaged Kroll to perform certain services as set forth in the attached SOW (the "Assignment"). In the event you request Kroll to expand the scope of the Assignment or undertake related assignments ("Additional Assignments"), each such Additional Assignment will be set forth in a supplementary writing signed by the Parties that references this Agreement and stipulates the fee for the Additional Assignment. Unless otherwise agreed herein, in the event Kroll is requested to (i) provide testimony, (ii) serve as a witness, (iii) update any report, deliverable or other information provided hereunder (the "Kroll Report(s)") for any events or circumstances occurring subsequent to the initial delivery date of the Kroll Report, or (iv) furnish additional services, such additional services will be agreed in a supplementary writing signed by the Parties.

Kroll shall perform the Assignment under your direction and in accordance with your instructions. Kroll understands you and/or Client may provide Kroll with certain information and materials developed in anticipation of litigation that may be protected by the attorney-client privilege and/or the work product doctrine. Kroll agrees to treat such materials as confidential and subject to privilege.

2. Confidentiality

Kroll agrees to take reasonable measures to maintain the confidentiality of non-public, confidential and/or proprietary information received hereunder and which is designated by you or Client as confidential or that a reasonable person would consider, from the nature of the information and circumstances of disclosure, to be confidential to Client ("Confidential Information").

If any person or entity requests or subpoenas any Kroll Reports or other Assignment-related information or materials within Kroll's custody or control, Kroll will, unless legally prohibited, promptly inform you and/or Client of such request or subpoena so that you or Client may seek from a court of competent jurisdiction a protective order or other appropriate remedy to limit the disclosure. If Kroll is required to respond to the request or subpoena or to provide testimony, Client agrees to compensate Kroll for rea

sonable costs and expenses incurred (e.g., reimbursement of reasonable attorneys' fees and disbursements), including, without limitation, compensating Kroll (at hourly rates, as applicable) for responding to legal requests or demands for information and preparing for and testifying at deposition, proceedings and/or trials.

3. Indemnity

The Assignment undertaken (and associated fees) do not contemplate Kroll being made party to any legal proceedings, or subject to third-party claims. Accordingly, Client agrees to hold harmless and indemnify Kroll against all claims, damages and costs (including reasonable attorneys' fees and disbursements) arising out of the Assignment, except for such claims, damages and costs resulting from any actions by Kroll constituting gross negligence, fraud, willful misconduct or unlawful conduct or a breach of the terms of this Agreement.

4. Limitation of Liability

You and Client agree, on your and Client's own behalf and on behalf of your and Client's agents, that Kroll will not be liable for any claims, liabilities or expenses relating to this engagement for an aggregate amount in excess of the fees paid by you or Client to Kroll pursuant to this engagement, except to the extent such liability is finally judicially determined to have resulted from Kroll's gross negligence, fraud or willful misconduct. However, in no event will any Party be liable for consequential, special, indirect, punitive or exemplary losses, damages or expenses relating to this engagement, including without limitation damages for loss of data, loss of business profits, business interruption, or other pecuniary loss, even if such Party has been advised of the possibility of such damages.

5. Data Protection

To the extent applicable, the Parties shall comply with relevant national, international, state and/or regional data protection legislation or regulations, including with respect to information disclosed in connection with an Assignment which is personal data (as defined under the relevant legislation or regulation).

6. Computer Forensics

You and Client acknowledge that digital/computer equipment, drives, data and media may be damaged, infected or corrupted prior to forensic analysis being performed hereunder, and Kroll does not assume responsibility or liability for such pre-existing damage or further problems resulting therefrom. Any data, especially data restored from unknown sources, may contain viruses or other malware; therefore, Client assumes responsibility to protect itself with respect to the receipt of data and shall advise its agents and third-party recipients to take similar precautions.

You and Client represent and warrant that (i) you and/or Client have the right to be in possession of, or Client is the owner of, all equipment/data/media furnished to Kroll hereunder, (ii) such equipment/data/media is furnished for a lawful purpose, and (iii) where applicable, your and Client's collection, possession, processing and transfer of such equipment/data/media is in compliance with any and all applicable laws, regulations and Client policies, including without limitation concerning data privacy and employee consents.

If in the course of the examination of computers, telephones or other electronic devices, or the examination of electronic media, software content or materials in hard copy form, Kroll or an affiliate observes

or otherwise encounters what may be considered illegal contraband, such as images the mere possession of which Kroll reasonably believes to be unlawful, Kroll reserves the right to disclose such contraband to law enforcement. In such an event, and to the extent Kroll reasonably believes is permitted by applicable laws, Kroll will notify Client of its intention to disclose the existence and/or content of such contraband to the appropriate authorities.

To the extent any expedited information security and/or computer forensics services are requested by you, including work that must be performed over a weekend or holiday, or on an overtime basis, Kroll reserves the right to charge for such expedited services at 1.5 times its normal hourly rates for the applicable services.

To the extent Kroll is requested to provide any written testimony or reports relating to information security and/or computer forensics services, such additional services will be provided at Kroll's standard applicable hourly rates. However, oral testimony at deposition, a hearing or trial will be provided at 1.5 times such rates.

7. Use of Information

You and Client shall be permitted to use Kroll Reports solely for Client's internal business purposes. You and Client shall maintain Kroll Reports as confidential, and shall not disclose, disseminate, redistribute or otherwise make any Kroll Reports available to any third party, whether in whole or in part, without the express written consent of Kroll; provided, however, that Kroll Reports may be disclosed by you or Client: i) to Client's employees, counsel, agents, and representatives (the "Representatives") who are aware of and agree to the confidentiality obligations herein, and Client shall be responsible for the use and disclosure of Kroll Reports by the Representatives as if it were Client's own use and disclosure; ii) to third parties subject to the execution by each third party of a form of release reasonably satisfactory to Kroll; and iii) if required by law or in response to a lawful order or demand of any court of competent jurisdiction, regulator, or regulatory authority, provided, however, that before making such a disclosure, you or Client agree to provide Kroll with prompt prior notice of any such disclosure so that Kroll and/or Client may seek a protective order or other appropriate remedy. You and Client further agree and represent that any Kroll Reports provided hereunder will not be used for employment purposes, credit evaluation or insurance underwriting purposes, and that the services hereunder are being contracted for, and will only be used in connection with a business, investment or other commercial purpose.

8. Fees and Invoicing

The fees shall be as set forth in the attached SOW. Kroll shall invoice Client on a monthly basis. Client agrees to pay Kroll within thirty (30) days of the invoice date. Any unpaid balances shall accrue interest at the rate of 12% per annum, as measured from thirty (30) days after the date of each invoice. Client acknowledges its obligation to pay undisputed amounts as set forth above. In the event Client disputes any portion of an invoice, you or Client will notify Kroll in writing of the disputed charges within thirty (30) days of the invoice date. Kroll reserves the right to terminate its services at any time if Kroll's invoices are not paid in a timely manner. Client agrees to reimburse Kroll for any costs of collection, including reasonable attorneys' fees.

The fees and charges for the Services do not include applicable federal, foreign, state or local sales, withholding, use, value added, gross income, excise, or ad valorem taxes. Client will be solely responsible for all applicable federal, state, local, and withholding taxes levied or assessed in connection with Kroll's performance of Services, other than income taxes assessed with respect to Kroll's income.

9. Conflicts

In connection with its case opening process, Kroll follows procedures designed to identify conflicts of interest.

You and Client understand and agree that the engagement of Kroll for a discrete Assignment hereunder does not prevent Kroll or its affiliated companies from providing services to other clients adverse to you or Client on matters not substantially related to the particular Assignment being performed hereunder, provided, however,

Confidential Information obtained while performing the Assignment will continue to be treated as confidential and will not be shared or used in connection with the performance of any other services provided by Kroll or its affiliated companies.

In the ordinary course of business, Kroll companies may be asked by two or more different clients to gather and assess information regarding a common subject -- individual or company. The investigation of a common subject shall not, in and of itself, be deemed to constitute or give rise to a conflict of interest. In this regard, information gathered and/or provided by a Kroll company in one assignment may differ from information gathered and/or provided about the same or similar common subject in another assignment, often as a result of differences in client-defined services, scope and budget.

10. Termination

Any Party may terminate this Agreement on thirty (30) days prior written notice to the other Parties or earlier upon mutual written agreement.

In the event of any termination, Kroll will be entitled to payment of any invoices outstanding, as well as payment for any disbursements, fees and/or costs incurred through the date of termination. Provisions of this Agreement which by their nature are intended to survive termination or expiration of this Agreement shall survive expiration or termination of this Agreement.

11. Assignability

Except as otherwise provided herein, no Party shall assign this Agreement or any individual Party's rights or privileges hereunder without the prior written consent of the other Parties, which consent shall not be unreasonably delayed, conditioned or withheld; provided, however, that the applicable Kroll company may assign this Agreement to any company which controls, is controlled by, or is under common control with Kroll, or in the event of a merger, acquisition or sale of all or substantially all of the assets thereof.

12. Governing Law and Dispute Resolution

This Agreement is governed by the laws of the State of New York without regard to the law of conflicts. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration administered in New York, New York by the American Arbitration Association ("AAA") in accordance with its Arbitration Rules then in effect. There shall be one arbitrator agreed to by the Parties within twenty (20) days of a written request for arbitration. If the Parties cannot agree, an arbitrator will be appointed by the AAA in accordance with its Arbitration Rules. Any award from any such arbitration proceeding may be entered as a judgment in any court of competent jurisdiction. Each Party shall bear its own costs in connection with any arbitration hereunder. Nothing herein shall prevent a Party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the Parties and the subject matter of the dispute as is necessary to protect such Party's proprietary rights.

13. Amendment, Waiver and Entire Agreement

Any of the terms and conditions herein may be amended or waived only with the written consent of the Parties. This Agreement, including any exhibits and appendices thereto, constitutes the entire agreement of the Parties and supersedes all oral negotiations and prior writings with respect to the subject matter hereof.

14. Severability

If any portion of this Agreement is held to be unenforceable under applicable law, the Parties agree that such provision shall be excluded from this Agreement, the balance of this Agreement shall be interpreted as if such provision were so excluded, and the balance of this Agreement shall be enforceable in accordance with its

terms.

* * *

This Agreement shall be effective as of the date on which Kroll first provides services hereunder. If this letter is satisfactory, kindly execute and return the enclosed copy.

Very truly yours,

KROLL CYBER SECURITY, LLC

Devon Ackerman
NAME Devon Ackerman
TITLE Managing Director

AGREED TO AND ACCEPTED:

POLSINELLI PC

Bruce A. Radke

By: _____
Bruce A. Radke
Shareholder

KERN COUNTY HOSPITAL AUTHORITY

Russell V. Judd

By: _____
Russell V. Judd
Chief Executive Officer

00W0000

State licensing information can be found at: www.kroll.com/licensing

REVIEWED ONLY
NOT APPROVED AS TO FORM

By: _____
Legal Services Department

**STATEMENT OF WORK
FOR
INFORMATION SECURITY AND COMPUTER FORENSICS SERVICES
(RETENTION THROUGH LAW FIRM)**

This Statement of Work ("SOW"), dated June 27, 2019 is entered into by and between Kroll Cyber Security, LLC ("Kroll"), and Polsinelli PC ("Law Firm"), as counsel for Kern County Hospital Authority ("Client") and incorporates herein by reference the letter of engagement entered into as of June 27, 2019 between Kroll and Client (together with this SOW, the "Agreement"). All work under this SOW is to be performed at the direction of Law Firm and is subject to the attorney-client privilege and/or the work product doctrine. Capitalized terms herein shall have the meaning ascribed in the letter of engagement.

A. Description of Services

Description of services; scope of Assignment	Estimated first deliverable date
<p>Phase 1 - Malware Infection - Budget \$55k to \$75k</p> <ul style="list-style-type: none"> • Enterprise-wide (all hosts covered by CyberDetectER®) historical triage collection of forensically relevant artifacts and related analysis of pertinent artifacts to determine and document timeline of pertinent historical events, possible malware infection, data exfiltration methods, and potential account compromise(s) related to security incident. • Findings will determine if priority end points, up to five (5) additional, require remote forensic disk imaging and deeper forensic analysis beyond triage analysis through CyberDetectER®. • Attempt to identify indicators of compromise and if any sensitive data, to include areas of the network where PII, PHI, or PFI, may have been exposed as a result of any identified compromise. • Preservation and analysis of available logs to include Firewall/NetFlow, VPN, web proxy, and IDS/IPS to identify relevant anomalies. • Provide recommendations regarding containment and remediation of data event based on results of investigation. • If available, automated analysis of identified malware binaries and related malware data or dependencies. • Verbal presentation of findings and drafting of report as requested by Counsel and Client. <p>Kroll CyberDetectER® Powered by Red Canary</p> <ul style="list-style-type: none"> • Enterprise-wide end-point threat monitoring by Kroll and its strategic partner, Red Canary, with CarbonBlack for approximately 30 days and up to 3,000 end points. • Leverage CyberDetectER® and Kroll's tools for purposes of monitoring endpoints for signs of malware infections, known Indicators of Compromise ("IOC"), and identification of compromised host(s) or account(s). • Kroll may use CyberDetectER® and other remote forensic techniques and tools to gather evidence as necessary to facilitate the investigation, including to determine timeframe and scope of sensitive data exposure. • Provide Client with actionable leads to resolve current security events. • Locate IOCs beyond those discovered in other investigations. 	TBD

B. Fee Structure

All fees will be billed to Client and are the responsibility of Client rather than Law Firm.

Professional Fees for Kroll's services under this SOW will be charged on an hourly basis as follows:

Consulting Services \$325/hour blended rate*
Travel Time 50% of Consultant/Engineer hourly rate
Media Preservation/Replication \$400/media
Media / Data Storage \$25/media/month

*Indicates preferred Beazley rates

Based upon the information you provided to us as of the date of this letter, the initial estimate for this phase of the Assignment is \$55,000 to \$75,000, plus travel time, travel expenses, media output, freight and any applicable taxes.

Accepted and agreed:

POLSINELLI PC

KROLL CYBER SECURITY, LLC

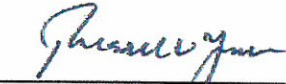


Devon Ackerman

Name: Bruce A. Radke
Title: Shareholder
Date: June 26, 2019

Name: Devon Ackerman
Title: Managing Director
Date: 06/27/2019

KERN COUNTY HOSPITAL AUTHORITY



Name: Russell V. Judd
Title: Chief Executive Officer
Date:

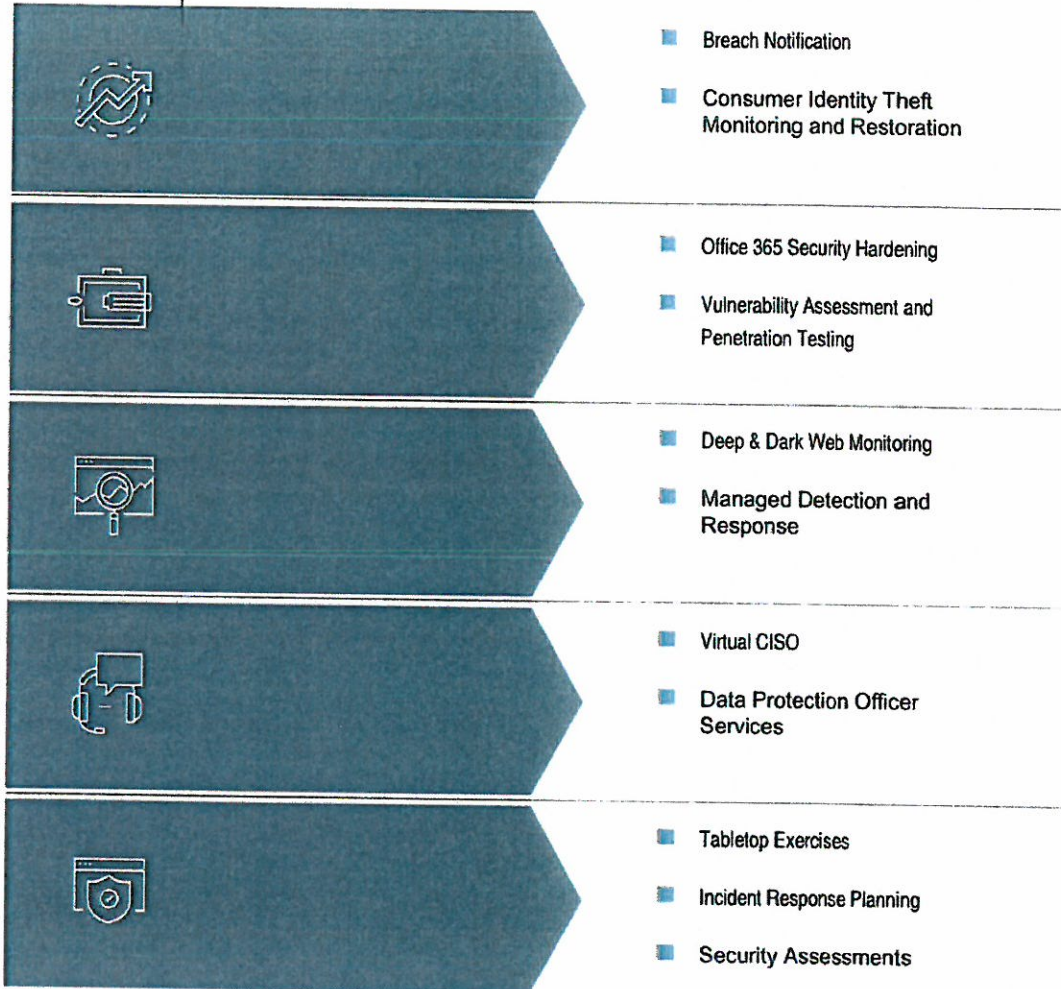
State licensing information can be found at www.kroll.com/licensing

REVIEWED ONLY
NOT APPROVED AS TO FORM

By 
Legal Services Department



Related Cyber Risk Services
Kroll | **USP** | **HELPS**



Additional Governance, Risk, Investigation and Diligence Services

- Business Intelligence and Investigations
- Compliance Risk and Diligence
- Disputes
- Compliance Regulatory Consulting
- Legal Management Consulting
- Security Risk Management



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

July 17, 2019

Subject: Proposed appointment of Arman G. Froush, D.O., as Chair, Department of Radiology

Requested Action: Ratify appointment

Summary:

Kern Medical is requesting that your Board ratify the appointment of Arman G. Froush, D.O., as Chair of the Department of Radiology. The Radiology Department has been without a Chair since the Fall of the 2017. Dr. Froush, who is board certified in diagnostic radiology and vascular and interventional radiology, was appointed the Acting Chair on February 23, 2018. Since that time, he has performed the responsibilities and duties required of a department chair in exemplary fashion and in accordance with the Medical Staff Bylaws (Bylaws).

The process for appointing a department chair is set forth in the Bylaws, which includes the formation of a search committee to seek applicants to fill the position. After conducting a search for the most desirable candidate, the search committee, comprised of the Chief Executive Officer, Chief Medical Officer, and members of the Medical Staff, has recommended to Mr. Judd that Dr. Froush be appointed Chair of the Department. Mr. Judd concurs with the recommendation. The Bylaws require that your Board ratify the final decision.

Therefore, it is recommended that your Board ratify the appointment of Arman G. Froush, D.O., as Chair of the Department of Radiology.



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

July 17, 2019

Subject: Proposed Update regarding the Valley Fever Institute at Kern Medical Center

Recommended Action: Make Presentation

Summary:

Kern Medical's Chief Executive Officer will provide an update to the Kern County Hospital Authority Board of Governors regarding the Valley Fever Institute at Kern Medical Center.



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

July 17, 2019

Subject: Proposed election of officers to the Kern County Hospital Authority Board of Governors

Requested Action: Elect Officers

Summary:

The Authority's Bylaws for Governance provide that officers shall be elected by your Board at the first meeting of each odd-numbered fiscal year. Directors Bigler and McLaughlin have agreed to serve a third term as Chair and Vice-Chair, respectively; Director Berjis has agreed to serve as Secretary/Treasurer. A member of your Board may hold an office for any number of terms, whether or not consecutive.

Therefore, it is recommended that your Board elect Russell Bigler, Chair, Philip McLaughlin, Vice-Chair, and Amir Berjis, M.D., Secretary/Treasurer to the Kern County Hospital Authority Board of Governors, terms to expire June 30, 2021.



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

July 17, 2019

Subject: Comments Regarding Budget Variances – May 2019

Recommended Action: Receive and File

Summary:

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

Indigent Funding:

Indigent funding revenue has a favorable budget variance for the month and year-to-date due to a decision to reserve less revenue from the indigent programs in FY 2019 than was planned when the budget was prepared. Additional information received about these programs after the budget was prepared supports a high likelihood that these funds will be received. This will also more properly match revenue with the periods earned. In addition, a favorable \$1.2 million entry was posted in May to recognize prior year AB915 Outpatient DSH program revenue.

Registry Nurses:

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

Medical Fees:

Medical fees have an unfavorable budget variance for the month of May; however, the expense is comparable to the monthly average amount for fiscal year 2019. The reported amount includes expenses that Kern Medical will be reimbursed for by the Kern County Behavioral Health Department.

Other Professional Fees:

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

Supplies Expense:

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

Purchased Services:

Purchased services have an unfavorable budget variance for the month primarily because of an under accrual for Health Advocates expenses in prior month. Health Advocates personnel work with Kern Medical Patient Access staff to help qualify patients for Medi-Cal eligibility.

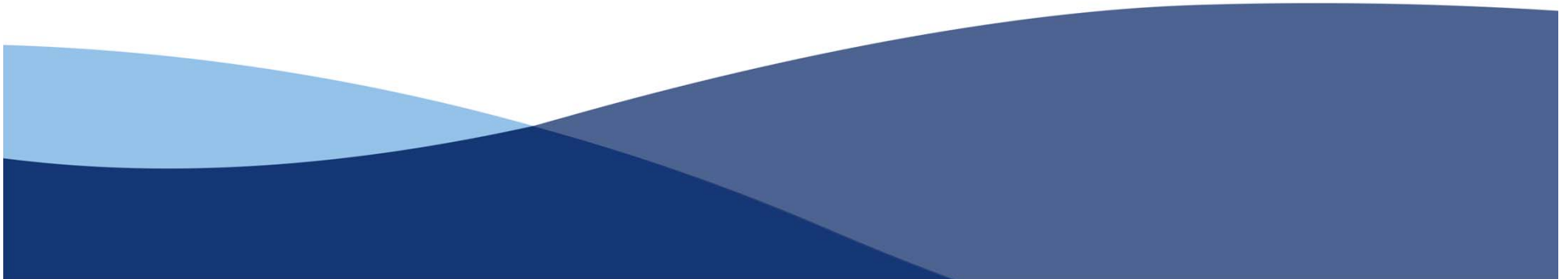
Other Expenses:

Other expenses have a slightly unfavorable budget variance for the month due to telephone system maintenance provided by Avaya Technology.



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

JULY 2019



3-Month Trend Analysis: Revenue & Expense

May 31, 2019

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Gross Patient Revenue	\$ 78,766,158	\$ 75,546,695	\$ 73,005,824	\$ 76,424,844	(4%)	\$ 76,324,544
Contractual Deductions	(61,567,851)	(57,883,330)	(54,793,527)	(57,287,655)	(4%)	(58,515,057)
Net Revenue	17,198,307	17,663,364	18,212,297	19,137,190	(5%)	17,809,486
Indigent Funding	12,512,380	14,579,531	13,536,965	9,577,936	41%	10,256,412
Correctional Medicine	2,552,068	2,552,068	2,552,068	2,419,175	5%	2,157,165
County Contribution	285,211	285,211	285,211	285,602	(0.1%)	285,211
Incentive Funding	250,000	250,000	250,000	250,000	0%	0
Net Patient Revenue	32,797,967	35,330,175	34,836,541	31,669,903	10%	30,508,274
Other Operating Revenue	1,458,737	1,016,761	1,094,655	1,113,512	(2%)	672,124
Other Non-Operating Revenue	788	(2,269)	32,607	44,503	(27%)	23,846
Total Operating Revenue	34,257,492	36,344,667	35,963,803	32,827,918	10%	31,204,244
Expenses						
Salaries	13,495,760	13,467,269	13,818,294	13,723,320	0.7%	12,487,250
Employee Benefits	6,194,242	5,493,952	6,685,268	6,037,207	11%	5,545,510
Contract Labor	1,706,862	1,841,979	1,976,993	1,121,127	76%	1,179,159
Medical Fees	1,649,889	1,126,579	1,924,596	1,629,776	18%	1,881,421
Other Professional Fees	1,244,227	1,941,121	1,714,717	1,608,837	7%	1,419,233
Supplies	5,044,606	5,209,598	5,156,155	4,654,474	11%	4,795,533
Purchased Services	2,050,502	1,458,871	2,318,696	1,924,555	20%	1,384,848
Other Expenses	1,356,210	1,335,329	1,436,109	1,396,811	3%	1,392,454
Operating Expenses	32,742,299	31,874,696	35,030,827	32,096,107	9%	30,085,408
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,515,193	4,469,971	932,976	731,811	27%	1,118,836
EBIDA Margin	4%	12%	3%	2%	16%	4%
Interest	86,783	96,622	101,978	50,504	102%	79,754
Depreciation	512,303	505,281	520,211	519,292	0%	700,296
Amortization	61,746	224,592	76,688	41,352	85%	50,511
Total Expenses	33,403,131	32,701,192	35,729,704	32,707,255	9.2%	30,915,968
Operating Gain (Loss)	854,361	3,643,475	234,099	120,663	94%	288,276
Operating Margin	2.5%	10.0%	0.7%	0.37%	77%	0.9%

Year-to-Date: Revenue & Expense

May 31, 2019

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 792,973,959	814,940,925	(3%)	\$ 783,992,271	1%
Contractual Deductions	(601,822,810)	(610,794,200)	(1%)	(580,515,940)	4%
Net Revenue	191,151,149	204,146,725	-6%	203,476,331	
Indigent Funding	144,415,904	105,357,301	37%	101,179,151	43%
Correctional Medicine	27,193,078	26,610,921	2%	21,737,187	25%
County Contribution	3,137,321	3,141,625	(0.1%)	3,137,321	0%
Incentive Funding	5,814,060	2,750,000	111%	0	0%
Net Patient Revenue	371,711,513	342,006,572	9%	329,529,990	13%
Other Operating Revenue	13,375,545	12,033,115	11%	10,159,698	32%
Other Non-Operating Revenue	350,779	480,918	(27%)	385,644	(9%)
Total Operating Revenue	385,437,837	354,520,605	9%	340,075,332	13%
Expenses					
Salaries	147,297,880	148,250,900	(1%)	134,954,194	9%
Employee Benefits	67,504,127	65,291,216	3%	60,152,134	12%
Contract Labor	17,738,400	11,977,334	48%	13,305,995	33%
Medical Fees	19,357,281	17,435,962	11%	16,270,596	19%
Other Professional Fees	19,200,568	17,697,208	8%	14,119,464	36%
Supplies	56,395,492	49,764,418	13%	49,541,279	14%
Purchased Services	20,967,646	20,797,612	1%	21,500,453	(2%)
Other Expenses	16,274,283	15,094,769	8%	15,274,746	7%
Operating Expenses	364,735,677	346,309,420	5%	325,118,862	12%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	20,702,160	8,211,186	152%	14,956,471	38%
EBIDA Margin	5%	2%	132%	4%	22%
Interest	2,790,394	555,543	402%	338,583	724%
Depreciation	5,653,137	5,712,214	(1%)	5,896,138	(4%)
Amortization	820,855	454,871	80%	406,356	102%
Total Expenses	374,000,063	353,032,048	6%	331,759,939	13%
Operating Gain (Loss)	11,437,774	1,488,557	668%	8,315,393	38%
Operating Margin	3%	0.4%	607%	2%	21%

3-Month Trend Analysis: Cash Indicators

May 31, 2019

		MARCH	APRIL	MAY	GOALS MAY	PY MAY
Cash						
	Total Cash	6,628,517	47,078,080	38,520,292	38,534,142	16,404,780
	Days Cash On Hand	6	44	33	36	17
	Days In A/R - Gross	81.52	75.41	71.26	70.00	74.06
	Patient Cash Collections	\$ 17,155,135	\$ 21,679,501	\$ 20,292,514	\$ 16,019,882	\$ 20,686,021
Indigent Funding Liabilites Due to the State						
	FY 2007 Waiver Payable (County Responsibility)	\$ (745,824)	\$ (745,824)	\$ (745,824)	N/A	\$ (745,824)
	FY 2008 Waiver Payable (County Responsibility)	\$ (6,169,000)	\$ (6,169,000)	\$ (6,169,000)	N/A	\$ (6,169,000)
	FY 2009 Waiver Payable (County Responsibility)	\$ (2,384,000)	\$ (2,384,000)	\$ (2,384,000)	N/A	\$ (2,384,000)
	FY 2011 Waiver Payable (County Responsibility)	\$ (10,493,878)	\$ (10,493,878)	\$ (10,493,878)	N/A	\$ (10,493,878)
	Total County Responsibility	\$ (19,792,702)	\$ (19,792,702)	\$ (19,792,702)		\$ (19,792,702)
	FY 2015 Waiver Payable (Kern Medical Responsibility)	\$ (11,223,792)	\$ (11,223,792)	\$ (11,223,792)	N/A	\$ (11,223,792)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	DSH Payable (Kern Medical Responsibility)	\$ (42,388,763)	\$ (42,388,763)	\$ (42,388,763)	N/A	\$ (24,746,355)
	Total Kern Medical Responsibility	\$ (56,431,916)	\$ (56,431,916)	\$ (56,431,916)		\$ (38,789,508)
	Total Indigent Funding Liabilites Due to the State	\$ (76,224,618)	\$ (76,224,618)	\$ (76,224,618)	N/A	\$ (58,582,210)

3-Month Trend Analysis: Operating Metrics

May 31, 2019

		MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Operating Metrics							
Total Expense per Adjusted Admission		20,021	18,943	20,797	20,400	2%	17,909
Total Expense per Adjusted Patient Day		3,989	3,733	4,215	4,061	4%	3,533
Supply Expense per Adjusted Admission		3,024	3,018	3,001	2,903	3%	2,778
Supply Expense per Surgery		1,555	2,227	1,867	1,467	27%	1,777
Supplies as % of Net Patient Revenue		15%	15%	15%	15%	1%	16%
Pharmaceutical Cost per Adjusted Admission		1,518	1,499	1,581	1,290	23%	1,092
Net Revenue Per Adjusted Admission		\$ 10,308	\$ 10,232	\$ 10,601	\$ 11,936	(11%)	\$ 10,316

3-Month Trend Analysis: Operating Metrics

May 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	21,210	20,554	3%	19,883	7%
	Total Expense per Adjusted Patient Day	4,213	4,090	3%	3,954	7%
	Supply Expense per Adjusted Admission	3,198	2,897	10%	2,969	8%
	Supply Expense per Surgery	1,984	1,489	33%	1,580	26%
	Supplies as % of Net Patient Revenue	15%	15%	4%	15%	0.9%
	Pharmaceutical Cost per Adjusted Admission	1,511	1,286	17%	1,258	20%
	Net Revenue Per Adjusted Admission	\$ 10,841	11,886	(10%)	\$ 12,194	(11%)

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH MAY 31, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
300,833	316,667	(15,833)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	3,726,873	3,483,333	243,540	7%
1,543,820	1,250,311	293,508	23%	MEDI-CAL RATE-RANGE REVENUE	25,625,822	13,753,426	11,872,396	86%
150,417	158,333	(7,917)	-5%	PHYSICIAN SPA REVENUE	1,654,583	1,741,667	(87,083)	-5%
1,528,271	292,917	1,235,354	422%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	5,560,320	3,222,083	2,338,236	73%
2,259,417	2,259,417	0	0.0%	PRIME - NEW WAIVER	24,853,583	24,853,583	0	0.0%
2,369,458	2,369,458	0	0.0%	GPP - NEW WAIVER	27,592,473	26,064,042	1,528,432	5.9%
1,242,917	1,242,917	0	0.0%	WHOLE PERSON CARE	13,672,083	13,672,083	0	0.0%
1,399,167	1,064,583	334,583	31%	EPP REVENUE	19,040,833	11,710,417	7,330,416	63%
2,742,667	623,333	2,119,333	340%	QIP REVENUE	22,689,333	6,856,667	15,832,666	231%
13,536,965	9,577,936	3,959,029	41%	SUB-TOTAL - GOVERNMENTAL REVENUE	144,415,904	105,357,301	39,058,603	37%
2,552,068	2,419,175	132,894	5.5%	CORRECTIONAL MEDICINE	27,193,078	26,610,921	582,157	2.2%
285,211	285,602	(391)	-0.1%	COUNTY CONTRIBUTION	3,137,321	3,141,625	(4,304)	-0.1%
16,374,245	12,282,713	4,091,531	33%	TOTAL INDIGENT CARE & COUNTY FUNDING	174,746,303	135,109,847	39,636,456	29%

OTHER REVENUE

FOR THE MONTH MAY 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	256,140	282,810	(26,670)	2,813,940	3,056,174	(242,234)
STAFF DEVELOPMENT EDUCATION FEES	0	1,235	(1,235)	3,865	13,350	(9,485)
CAFETERIA REVENUE	83,626	81,321	2,305	901,631	878,789	22,842
REBATES AND REFUNDS	0	83,867	(83,867)	635,722	906,303	(270,581)
PHARMACEUTICALS CASH BACK	0	1,388	(1,388)	32,968	15,001	17,967
PHOTOCOPY FEES	4,826	2,002	2,824	32,329	21,636	10,692
MEDICAL RECORDS FEES	0	4,543	(4,543)	17,741	49,097	(31,356)
ADMINISTRATIVE FEES-PAYROLL	13	0	13	779	0	779
PHYSICIAN PROFESSIONAL FEES-ER LOCKBOX	598	2,658	(2,060)	56,320	28,721	27,599
OTHER REVENUE	15,759	43,823	(28,064)	890,476	473,574	416,902
LASER CENTER REVENUE	23,946	50,959	(27,013)	209,515	550,685	(341,170)
GRANTS - KHS	148,101	219,493	(71,392)	2,496,997	2,371,937	125,060
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	97,724	34,472	63,253	303,446	372,515	(69,069)
PRIMARY CARE & OTHER INCENTIVES	500	2,055	(1,555)	91,045	22,205	68,840
VETERANS ADMINISTRATION REVENUE	5,892	3,061	2,830	39,948	33,084	6,864
JAMISON CENTER MOU	26,511	23,162	3,349	287,286	250,303	36,983
BEHAVIORAL HEALTH MOU	270,922	223,904	47,018	3,175,270	2,419,605	755,665
PATERNITY DECLARATION REV	840	1,082	(242)	12,380	11,688	692
PEDIATRIC FORENSIC EXAMS	0	8,281	(8,281)	47,300	89,486	(42,186)
FOUNDATION CONTRIBUTIONS	0	3,535	(3,535)	29,342	38,197	(8,855)
DONATED EQUIPMENT	0	9,095	(9,095)	168,019	98,290	69,729
PAY FOR PERFORMANCE	0	10,859	(10,859)	287,221	117,347	169,874
PROPOSITION 56 DIRECTED PAYMENTS	141,432	0	141,432	694,831	0	694,831
TOTAL OTHER OPERATING REVENUE	1,094,655	1,113,512	(18,857)	13,375,545	12,033,115	1,342,430

OTHER NON-OPERATING REVENUE

OTHER MISCELLANEOUS REVENUE	32,607	228	32,379	7,020	2,460	4,560
INTEREST ON FUND BALANCE	0	44,275	(44,275)	343,759	478,458	(134,700)
TOTAL OTHER NON-OPERATING REVENUE	32,607	44,503	(11,896)	350,779	480,918	(130,140)

**KERN MEDICAL
BALANCE SHEET**

	May 2019	May 2018
CURRENT ASSETS:		
CASH	\$38,520,292	\$16,404,780
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	176,066,552	185,609,692
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(134,801,351)	(146,383,766)
-NET OF CONTRACTUAL ALLOWANCES	41,265,201	39,225,926
CORRECTIONAL MEDICINE RECEIVABLE	0	0
MD SPA	6,902,673	4,877,805
HOSPITAL FEE RECEIVABLE	(3,285,681)	(2,117,000)
CPE - O/P DSH RECEIVABLE	(827,489)	7,206,808
BEHAVIORAL HEALTH MOU	538,492	651,806
MANAGED CARE IGT (RATE RANGE)	6,694,444	916,873
RECEIVABLE FROM LIHP	(6,547,536)	(6,547,536)
OTHER RECEIVABLES	6,706,787	2,469,778
PRIME RECEIVABLE	24,055,087	37,966,556
AB85/75% DEFAULT PCP RECEIVABLE	-	14,030,042
GPP (Global Payment Program)	4,738,917	1,674,061
WPC (Whole Person Care)	22,104,149	23,479,785
EPP (Enhanced Payment Program)	38,040,833	0
QIP (Quality Incentive Program)	22,689,333	0
INTEREST ON FUND BALANCE RECEIVABLE	-	46,244
MANAGED CARE IGT (SPD)	0	(407,593)
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 FY13	0	(6,222,641)
WAIVER RECEIVABLE FY15	(11,223,792)	(11,223,792)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	3,873,028	3,220,721
PREPAID MORRISON DEPOSIT	813,320	813,320
INVENTORY AT COST	5,640,410	4,418,465
TOTAL CURRENT ASSETS	179,345,409	109,531,351
PROPERTY, PLANT & EQUIPMENT:		
LAND	1,683,786	185,401
EQUIPMENT	52,673,722	51,437,695
BUILDINGS	89,144,495	84,915,514
CONSTRUCTION IN PROGRESS	34,017,891	12,866,020
LESS: ACCUMULATED DEPRECIATION	(94,967,872)	(89,508,077)
NET PROPERTY, PLANT & EQUIPMENT	82,552,022	59,896,553
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	14,729,579	13,973,190
ACCUMULATED AMORTIZATION INTANGIBLES	(11,828,091)	(10,956,725)
NET INTANGIBLE ASSETS	2,901,488	3,016,465
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	70,895,681	71,752,645
INVESTMENT IN SURGERY CENTER	3,604,313	753,820
CASH HELD BY COP IV TRUSTEE	922,330	912,973
TOTAL LONG-TERM ASSETS	75,422,324	73,419,438
TOTAL ASSETS	\$340,221,244	\$245,863,806

**KERN MEDICAL
BALANCE SHEET**

	May 2019	May 2018
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$42,297,491	\$20,322,592
ACCRUED SALARIES & EMPLOYEE BENEFITS	27,901,040	26,019,951
INTEREST PAYABLE	2,550,387	(1,185,484)
OTHER ACCRUALS	4,245,483	5,359,136
CREDIT LINE PAYABLE - PNC BANK	15,000,000	0
CURRENT PORTION - CAPITALIZED LEASES	365,552	451,463
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,085,718
CURR LIAB - P.O.B.	240,706	222,903
MEDICARE COST REPORT LIABILITY PAYABLE	0	243,153
MEDI-CAL COST REPORT LIABILITY	845,580	922,325
INDIGENT FUNDING PAYABLE	8,575,048	8,956,118
DSH PAYABLE	42,388,763	24,746,354
CREDIT BALANCES PAYABLES	2,799,055	3,382,435
DEFERRED REVENUE - COUNTY CONTRIBUTION	830,627	3,278,992
TOTAL CURRENT LIABILITIES	149,171,426	93,805,658
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	0	1,131,693
NET UNAMORTIZED DISCOUNT COP	39,985	59,978
LONG-TERM LIABILITY - CAPITAL LEASES	5,959,969	6,182,929
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,306,044	4,201,203
NET PENSION LIABILITY	293,255,458	329,935,445
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,842,004	14,722,232
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,329,041	3,917,723
L.T. P.O.B. PAYABLE 95	11,590,866	16,695,541
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,613,394	3,474,640
ACCRUED WORKERS' COMPENSATION PAYABLE	8,511,000	6,773,000
DEFERRED INFLOWS - PENSIONS	69,247,058	22,238,926
PENSION OBLIGATION BOND PAYABLE	2,643,205	3,678,145
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
TOTAL LONG-TERM LIABILITIES	430,561,003	422,234,433
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	39,814,215
RETAINED EARNINGS - PRIOR YEAR	(276,225,206)	(309,990,499)
TOTAL NET POSITION	(239,511,185)	(270,176,284)
TOTAL LIABILITIES & NET POSITION	\$340,221,244	\$245,863,806



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

July 17, 2019

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

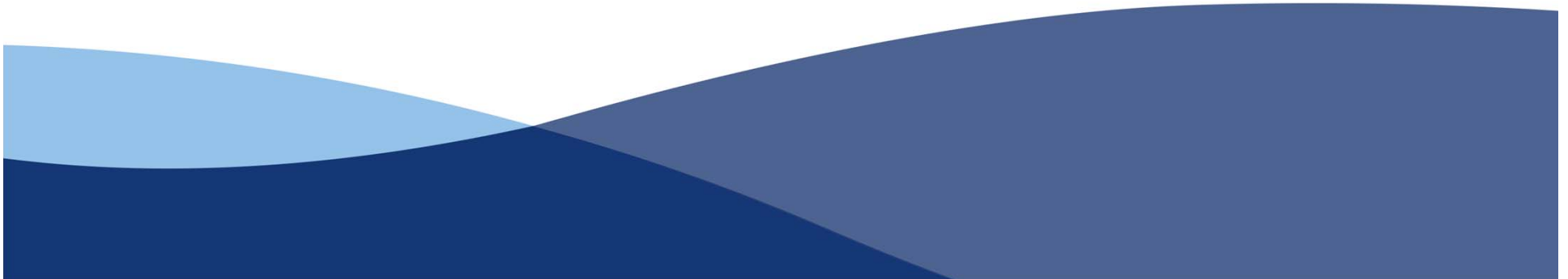
Summary:

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 – MAY 2019**

JULY 2019



3-Month Trend Analysis: Volume and Strategic Indicators

May 31, 2019

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
VOLUME						
Adjusted Admissions (AA)	1,668	1,726	1,718	1,603	7%	1,650
Adjusted Patient Days	8,374	8,761	8,477	8,053	5%	8,364
Admissions	794	775	807	873	(8%)	775
Average Daily Census	129	131	128	141	(9%)	127
Patient Days	3,985	3,933	3,982	4,385	(9%)	3,929
Available Occupancy %	60.1%	61.3%	60.0%	66.1%	(9%)	59.2%
Average LOS	5.0	5.1	4.9	5.0	(2%)	5.1
Surgeries						
Inpatient Surgeries (Main Campus)	162	201	204	241	(15%)	241
Outpatient Surgeries (Main Campus)	282	303	282	263	7%	263
Outpatient Surgeries (Surgery Center)	2	2	9	0	0%	
Total Surgeries	446	506	495	504	(2%)	504
Births	188	209	200	225	(11%)	189
ER Visits						
Admissions	453	407	443	439	1%	435
Treated & Released	4,279	3,900	3,940	4,182	(6%)	3,724
Total ER Visits	4,732	4,307	4,383	4,621	(5%)	4,159
Trauma Activations	220	219	223	243	(8%)	269
Outpatient Clinic Visits						
Total Clinic Visits	14,223	14,797	14,431	12,807	13%	13,624
Total Unique Patient Clinic Visits	10,373	10,685	10,459	9,277	13%	9,869
New Unique Patient Clinic Visits	1,884	1,985	1,847	1,929	(4%)	2,052

Year-to-Date: Volume and Strategic Indicators

May 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	17,633	17,176	2.66%	16,686	6%
	Adjusted Patient Days	88,774	86,310	2.9%	83,910	6%
	Admissions	8,735	9,383	(7%)	8,968	(3%)
	Average Daily Census	131	141	(7%)	135	(2%)
	Patient Days	43,977	47,150	(7%)	45,098	(2%)
	Available Occupancy %	61.3%	66%	(7%)	62.9%	(2%)
	Average LOS	5.0	5.0	0%	5.0	0.1%
	Surgeries					
	Inpatient Surgeries (Main Campus)	2,131	2,580	(17%)	2,573	(17%)
	Outpatient Surgeries (Main Campus)	2,851	2,710	5%	2,703	5%
	Outpatient Surgeries (Surgery Center)	13	0	0%	0	0%
	Total Surgeries	4,995	5,290	(6%)	5,276	(5%)
	Births	2,442	2,417	1%	2,275	7%
	ER Visits					
	Admissions	4,541	4,636	(2%)	4,760	(5%)
	Treated & Released	41,987	44,152	(5%)	40,284	4%
	Total ER Visits	46,528	48,788	(5%)	45,044	3.3%
	Trauma Activations	2,445	2,567	(5%)	2,708	(10%)
	Outpatient Clinic Visits					
	Total Clinic Visits	147,645	135,230	9%	131,640	12%
	Total Unique Patient Clinic Visits	109,201	103,687	5%	100,786	8%
	New Unique Patient Clinic Visits	20,312	21,242	(4%)	20,951	(3%)

3-Month Trend Analysis: Payor Mix

May 31, 2019

		MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
PAYOR MIX - Charges							
	Commercial FFS/HMO/PPO	7.6%	7.8%	10.5%	10.4%	1%	11.9%
	Medi-Cal	30.5%	30.6%	29.8%	29.9%	(0.3%)	29.3%
	Medi-Cal HMO - Kern Health Systems	31.3%	31.4%	30.6%	30.7%	(0.3%)	30.1%
	Medi-Cal HMO - Health Net	9.2%	9.2%	9.0%	9.0%	(0.3%)	8.8%
	Medi-Cal HMO - Other	1.1%	1.1%	1.1%	1.1%	(0.3%)	1.0%
	Medicare	9.5%	9.8%	10.3%	10.3%	0.1%	9.4%
	Medicare - HMO	4.1%	4.2%	3.2%	2.1%	53%	2.6%
	County Programs	0.3%	0.3%	0.4%	0.3%	63%	0.3%
	Workers' Compensation	0.36%	0.52%	0.69%	0.5%	43%	1.0%
	Self Pay	6.1%	4.9%	4.5%	5.9%	(23%)	5.7%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

May 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS/HMO/PPO	8.5%	10.4%	(18%)	10.7%	(21%)
	Medi-Cal	30.1%	30%	0.7%	30.2%	(0.4%)
	Medi-Cal HMO - Kern Health Systems	30.9%	31%	0.7%	31.0%	(0.4%)
	Medi-Cal HMO - Health Net	9.1%	9%	0.7%	9.1%	(0.4%)
	Medi-Cal HMO - Other	1.1%	1%	1%	1.1%	(0.4%)
	Medicare	10.1%	10%	(2%)	10.5%	(4%)
	Medicare - HMO	3.3%	2%	58%	2.1%	60%
	County Programs	0.3%	0.3%	23%	0.4%	(16%)
	Workers' Compensation	0.4%	0.5%	(18%)	0.5%	(19%)
	Self Pay	6.3%	6%	7%	4.5%	40%
	Total	100.0%	100%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

May 31, 2019

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Labor Metrics						
Productive FTEs	1,483.39	1,484.14	1,500.69	1,498.42	0.2%	1,392.64
Non-Productive FTEs	184.13	194.60	189.07	216.58	(13%)	204.68
Contract Labor FTEs	111.45	122.20	123.71	78.02	59%	84.25
Total FTEs	1,667.52	1,678.74	1,689.76	1,715.00	(1%)	1,597.32
FTEs Per AOB Paid	6.17	5.75	6.18	6.60	(6%)	7.24
FTEs Per AOB Worked	5.49	5.08	5.49	5.77	(5%)	6.31
Labor Cost/FTE (Annualized)	137,664.60	133,121.31	142,940.15	132,668.27	8%	129,522.19
Benefits Expense as a % of Benefitted Labor Expense	60%	55%	64%	59%	9%	58%
Salaries & Benefits as % of Net Patient Revenue	65%	59%	65%	66%	(2%)	63%

Year-to-Date: Labor and Productivity Metrics

May 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,441.51	1,479.57	(3%)	1,370.51	5%
	Non-Productive FTEs	217.57	214.51	1%	211.44	3%
	Contract Labor FTEs	108.55	77.13	41%	87.34	24%
	Total FTEs	1,659.08	1,694.08	(2%)	1,581.95	5%
	FTEs Per AOB Paid	6.23	6.58	(5%)	6.38	(2%)
	FTEs Per AOB Worked	5.41	5.74	(6%)	5.53	(2%)
	Labor Cost/FTE (Annualized)	136,908.47	131,933	4%	128,790.43	6%
	Benefits Expense as a % of Benefitted Labor Expense	61%	59%	4%	59%	4%
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(5%)	63%	(1%)

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on July 17, 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**

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On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on July 17, 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 facilities (Health and Safety Code Section 101855(j)(2)) –

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on July 17, 2019, to consider:

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

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on July 17, 2019, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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