



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, September 21, 2016

11:30 A.M.

BOARD TO RECONVENE

Board Members: Berjis, Bigler, McGauley, McLaughlin, Nilon, Pelz, Sistrunk
Roll Call:

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation of check for \$578,000 from Kaiser Permanente to Kern Medical Center Foundation on behalf of Kern Medical for the “Up Sooner, Safer” patient mobility program –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on August 17, 2016 –
APPROVE

CA

- 5) Proposed updated Conflict of Interest Code and Conflict of Interest policy for Kern County Hospital Authority –
APPROVE; REFER CONFLICT OF INTEREST CODE TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL

CA

- 6) Proposed Resolution approving the “pick-up” treatment of physician contributions to the Kern County Hospital Authority Pension Plan for Physician Employees as authorized under Internal Revenue Code Section 414(h)(2) –
APPROVE; ADOPT RESOLUTION

CA

- 7) Proposed Resolution revising the Kern County Hospital Authority Pension Plan for Physician Employees' Pension Committee membership –
APPROVE; ADOPT RESOLUTION

CA

- 8) Proposed retroactive Resolution revising the extension of excess medical professional liability coverage for Kern Medical employed and independent contractor physicians, effective July 1, 2016 –
APPROVE; ADOPT RESOLUTION

CA

- 9) Proposed Agreement with Bhani K. Chawla-Kondal, M.D., a contract employee, for professional medical services in the Department of Surgery from October 3, 2016 through October 2, 2018, in an amount not to exceed \$1,130,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Agreement for a triple net lease of a single story office building located at 2011 19th Street, Bakersfield, California 93301 for a term of two years, in an amount not to exceed \$61,715, plus utilities, taxes, and operating expenses –
MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15320 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE;
AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed Agreement with Aslan Ghandforoush, D.O., a contract employee, for professional medical services in the Department of Medicine, Division of Cardiology from October 1, 2016 through September 30, 2019, in an amount not to exceed \$3,000,000, plus applicable benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 12) Report from County of Kern Administrative Office, Human Resources Division on county health benefits programs –
HEAR PRESENTATION; RECEIVE AND FILE

- 13) Report on Hospital Compare patient satisfaction for the period October 1, 2014 through September 30, 2015 –
RECEIVE AND FILE

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

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

CA

- 16) Miscellaneous Documents –
RECEIVE AND FILE

- A) County Administrative Office Compliance and Accountability Report for the period
January 1, 2016 through June 30, 2016

CA

- 17) Claims and Lawsuits Filed as of August 31, 2016 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 18) Request for Closed Session regarding peer review of health practitioners (Health and
Safety Code Section 101855(j)(2)) –
- 19) Request for Closed Session regarding peer review of health facilities (Health and
Safety Code Section 101855(j)(2)) –
- 20) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Jasmin Delila Hernandez,
et al. v. County of Kern, et al., Kern County Superior Court Case No. S-1500-CV-
277124 DRL –
- 21) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(4).) Number of cases: One (1)
Based on existing facts and circumstances, the Board of Governors has decided to
initiate or is deciding whether to initiate litigation –
- 22) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3).) Number of Cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the
advice of legal counsel, based on: The receipt of a claim pursuant to the Government
Claims Act or some other written communication from a potential plaintiff threatening
litigation, which non-exempt claim or communication is available for public inspection
- 23) CONFERENCE WITH LABOR NEGOTIATORS – Agency designated representatives: Chief
Executive Officer Russell V. Judd, and designated staff - Employee organization: Service
Employees International Union, Local 521 (Government Code Section 54957.6) –

- 24) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3).) Number of Cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection
- 25) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Bravo v. County of Kern, et al., Kern County Superior Court Case No. S-1500-CV-280293 DRL –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, OCTOBER 19, 2016, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

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

17) CLAIMS AND LAWSUITS FILED AS OF AUGUST 31, 2016 –
RECEIVE AND FILE

- A) Notice of Filing Discrimination Complaint in the matter of Cynthia Isarraras v. Kern Medical Center, DFEH No. 625336-203907
- B) Claim in the matter of Joshua Kobdish v. County of Kern



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, August 17, 2016

11:30 A.M.

BOARD RECONVENED

Directors present: Berjis, Bigler, McGauley, Nilon, Pelz, Sistrunk

Directors absent: McLaughlin

NOTE: The vote is displayed in bold below each item. For example, Nilon-McLaughlin denotes Director Nilon made the motion and Vice Chair McLaughlin seconded the motion.

NON-AGENDA ITEM

MOTION TO CONSIDER NON-AGENDA ITEM NO. 21: MADE FINDING THAT THE NEED TO TAKE ACTION ON NON-AGENDA MATTER OCCURRED AFTER THE AGENDA WAS POSTED ON AUGUST 12, 2016. ON AUGUST 17, 2016, THE AUTHORITY RECEIVED A DEMAND TO CEASE AND DESIST FROM AWARDING THE ANESTHESIA CONTRACT TO REGIONAL ANESTHESIA ASSOCIATES, INC. (ITEM NO. 13) WITH THE THREAT OF LITIGATION. DUE TO THE IMPACT ON OPERATIONAL ISSUES AND THE ECONOMIC CONSEQUENCES OF NOT APPROVING THE AGREEMENT ON AUGUST 17, 2016, IT WAS NECESSARY FOR THE AUTHORITY TO CONFERENCE WITH LEGAL COUNSEL IN CLOSED SESSION REGARDING THE THREAT OF LITIGATION.

Nilon-McGauley: 6 Ayes; 1 Absent - McLaughlin

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" WERE CONSIDERED TO BE ROUTINE AND APPROVED BY ONE MOTION.

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

Director Berjis recognized the passing of Dr. David Lujan this past week. Dr. Lujan was a mentor, a role model, and a driving force for resident physician and medical student education at Kern Medical. His presence will be missed by all who knew him.

ITEMS FOR CONSIDERATION

- 3) Recognition honoring Elsa Martinez, Chief Deputy County Administrative Officer, for her expertise and direction in forming Kern County Hospital Authority –
MADE PRESENTATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on July 20, 2016 with a revision to reconvene from Closed session motion made by Berjis-McLaughlin –
APPROVED
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

CA

- 5) Proposed retroactive Amendment No. 7 to Agreement 042-2015 with Cantu Management Group, Inc., for Chief Financial Officer and healthcare financial management services, modifying certain terms to clarify the non-solicitation, immediate termination, renewal and termination provisions, and incorporating performance measures for FY 2016-2017, effective July 1, 2016; and adding four positions, deleting one position, increasing the monthly management fee by \$51,189, from \$267,478 to \$318,666, and increasing the maximum payable by \$1,586,843, from \$11,057,071 to \$12,643,914, effective August 1, 2016 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-005
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

CA

- 6) Proposed Agreement with Tom Chao, M.D., a contract employee, for professional medical services in the Department of Surgery, Division of Orthopedic Surgery from September 3, 2016 through September 2, 2019, in an amount not to exceed \$2,762,500, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-056
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

CA

- 7) Proposed letter from Moss-Adams, LLP, an independent contractor, regarding the audit of Kern Medical financial statements –
RECEIVED AND FILED
Berjis-Pelz: 6 Ayes; 1 Absent – McLaughlin

CA

- 8) Proposed Amendment No. 2 with Armanino LLP doing business as AMF Media Group, an independent contractor, for communications consulting services, extending the term through August 17, 2017, amending the description of services, and increasing the maximum payable by \$1,461,000, from \$1,560,000 to \$3,021,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-058
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

CA

- 9) Proposed Amendment No. 6 to Agreement 1324502 with Vantage Technology Consulting Group, an independent contractor, for construction management services related to completion of the 2 Center Nurse Call project, increasing the maximum payable by \$40,810, from \$295,426.19 to \$336,236.19, to cover the additional services –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-059
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

CA

- 10) Proposed Agreement with IBM Credit LLC, an independent contractor, for financing of PeopleSoft core financial system, effective August 17, 2016, in an amount not to exceed \$1,449,237 –
APPROVED; ADOPTED RESOLUTION 2016-015; AUTHORIZED CHAIRMAN TO SIGN AGREEMENTS 2016-060, 2016-061, 2016-062, AND 2016-063; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

CA

- 11) Proposed Amendment No. 4 to Agreement 679 with Ishaan S. Kalha, M.D., a contract employee, for professional medical services in the Department of Medicine, extending the term from September 15, 2016 through December 9, 2016, and increasing the maximum payable by \$135,000, from \$2,150,000 to \$2,285,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-064
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

- 12) Proposed Operating Agreement of Kern Medical Surgery Center, LLC, by Kern County Hospital Authority, in its capacity as the sole member, with an initial cash capital contribution of \$1,500,000 –
MADE FINDING THAT THE AGREEMENT COMPLIES WITH INTERNAL REVENUE SERVICE PLR-138562-15, DATED MAY 25, 2016, AND CHAPTER 2.170 OF THE KERN COUNTY ORDINANCE CODE; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-065 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Berjis-Sistrunk: 5 Ayes; 1 No - McGauley; 1 Absent - McLaughlin

- 13) Proposed Agreement with Regional Anesthesia Associates, Inc., an independent contractor, for professional medical services in the Department of Anesthesiology from November 9, 2016 through November 8, 2019, in an amount not to exceed \$15,835,500 –
NO ONE HEARD; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-066
Pelz-Sistrunk: 6 Ayes; 1 Absent - McLaughlin

- 14) Kern County Hospital Authority Chief Executive Officer report -
RECEIVED AND FILED
Nilon-McGauley: 6 Ayes; 1 Absent - McLaughlin

- 15) Kern County Hospital Authority Chief Financial Officer report -
RECEIVED AND FILED
Pelz-McGauley: 6 Ayes; 1 Absent - McLaughlin

CA

- 16) Claims and Lawsuits Filed as of July 31, 2016 –
RECEIVED AND FILED
Berjis-Pelz: 6 Ayes; 1 Absent - McLaughlin

ADJOURNED TO CLOSED SESSION
Sistrunk-Pelz

CLOSED SESSION

- 17) Request for Closed Session regarding peer review of health practitioners
(Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 18) Request for Closed Session regarding peer review of health facilities
(Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 19) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Stenerson v. Nguyen, et al., Kern County Superior Court Case No. BCV-15-101357 LHB – SEE RESULTS BELOW
- 20) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(1).) Number of cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the Authority but which the Authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed – SEE RESULTS BELOW
- 21) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3).) Number of cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Nilon-McGauley: 6 Ayes; 1 Absent - McLaughlin

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 17 concerning a Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (1 ABSENT - McLAUGHLIN), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT AND REAPPOINTMENT, RELEASE FROM PROCTORING, AND VOLUNTARY TERMINATION OF PRIVILEGES; THERE WERE NO ABSTENTIONS

Item No. 18 concerning a Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – NOT HEARD

Item No. 19 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Stenerson v. Nguyen, et al., Kern County Superior Court Case No. BCV-15-101357 LHB – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 20 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the Authority but which the Authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 21 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(3).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, AUGUST 17, 2016 AT 11:30 A.M.

McGauley

/s/ Raquel D. Fore
Authority Board Coordinator

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



BOARD OF GOVERNORS

KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

September 21, 2016

Subject: Proposed updated Conflict of Interest Code and Conflict of Interest Policy for Kern County Hospital Authority

Recommended Action: Approve; Refer Conflict of Interest Code to Kern County Board of Supervisors for Approval

The enabling county ordinance at section 2.170.102 requires the Hospital Authority and its officers and directors to conduct activities in a manner that is in conformity with the laws of the state of California as they pertain to conflicts of interest, including, but not limited to the Political Reform Act (Gov. Code, § 81000 et seq.),¹ financial interests involving contracts (Gov. Code, § 1090),² common law conflicts of interest,³ and incompatible activities.⁴

The Political Reform Act requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, which contains the terms of a standard conflict of interest code. (Cal. Code Regs., tit. 2, § 18730.) The requirements of the proposed conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest. Designated covered individuals identified in Appendix "A" to the code are required to file a statement of economic interests⁵ with the Hospital Authority. Such statements are public documents and are signed under penalty of perjury.

The proposed conflict of interest code and conflict of interest policy have been updated to reflect current positions and approved as to legal form by counsel.

Therefore, it is recommended that your Board approve the updated conflict of interest code and conflict of interest policy for the Kern County Hospital Authority and refer the conflict of interest code to the Kern County Board of Supervisors, the code reviewing body for Kern County agencies, for approval.

¹ Each member of the Board of Governors is subject to the provisions of the Political Reform Act.

² In accordance with Section 101854(d) of the Health and Safety Code, a member of the Hospital Authority's Board of Governors shall not be deemed interested in a contract entered into by the Hospital Authority within the meaning of Government Code Section 1090 et seq. if the conditions set forth in subsection (d) are met.

³ Each member of the Hospital Authority Board of Governors and officers shall discharge his or her duties with integrity and fidelity and may not let private interests influence public decisions.

⁴ In accordance with Section 101855(o) of the Health and Safety Code, a member of the Hospital Authority's administrative staff shall not be considered to hold an incompatible office or to be engaged in activities inconsistent and incompatible with his or her duties as a result of his or her employment or affiliation with the County of Kern or an agency of the County.

⁵ A.k.a. Form 700.

**ADMINISTRATIVE POLICY
KERN COUNTY HOSPITAL AUTHORITY**

SUBJECT: Conflict of Interest

POLICY STATEMENT:

It is the policy of the Kern County Hospital Authority (“Authority”) to provide for a process for the disclosure and management of conflicts of interest which may exist for persons with positions of trust and responsibility in the governance and management of the Authority, and to assure that state law provisions¹ relating to such conflicts are followed. In order to safeguard independent judgment and action in business decisions, each person entrusted with a key position of responsibility in the Authority has a duty to disclose actual or potential conflicts of interest, to avoid acting out of any actual or apparent conflict of interest which may arise from personal financial interests in entities which may conflict with the Authority’s best interests. The purposes of this policy are to: (i) preserve the integrity of the decision-making process of the Authority; (ii) prevent intentional or inadvertent participation in the decision-making process by persons having an actual or apparent conflict of interest; (iii) promote compliance with the process by which conflicts of interest are disclosed and managed in accordance with state laws; and (iv) prevent violations of state conflict of interest laws.

DEFINITIONS:

- A. “Covered Individual” means those individuals identified in the attached Appendix “A,” as amended from time to time by the conflict of interest code.

- B. “Financial interest” means for purposes of this policy a Covered Individual has a “financial interest” in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee or an immediate family member or on:
 - (1) any business entity in which the Covered Individual has a direct or indirect investment worth \$1,000 or more;
 - (2) any real property in which the Covered Individual has a direct or indirect interest worth \$1,000 or more;
 - (3) any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$460² or more in value provided to, received by or promised to the Covered Individual within 12 months prior to the time when the decision is made;
 - (4) any business or entity in which the Covered Individual is a director, officer, partner, trustee, employee, or holds any position of management; and
 - (5) any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$460 or more in value provided to, received by or promised to the Covered Individual within 12 months prior to the time when the decision is made.

¹ Government Code section 1090; Government Code section 81000 et seq.

² California Fair Political Practices Commission gift limit effective **January 1, 2015 - December 31, 2016**. The gift limit is adjusted biennially to reflect changes in the Consumer Price Index. (Gov. Code, § 89503; Cal. Code Regs., tit. 2, § 18940.2.)

- C. "Immediate family member" means the Covered Individual's spouse; natural or adoptive parent, child or sibling; stepparent, stepchild, stepbrother or stepsister; father-in-law, mother-in-law, brother-in-law or sister-in-law; grandparent or grandchild; or spouse of a grandparent or grandchild.
- D. "Indirect investment or interest" means any investment or interest owned by the spouse or dependent child of the Covered Individual, by an agent on behalf of the Covered Individual, or by a business entity or trust in which the Covered Individual, or Covered Individual's agent, spouse, and dependent children own directly, indirectly, or beneficially a 10% interest or greater.

1.0 ACTS CONSTITUTING CONFLICT OF INTEREST

- A. No Covered Individual shall engage in any employment, activity or enterprise that results in any of the following:
 - 1. Using the prestige or influence of a Authority office or employment for private gain or advantage, or the private gain or advantage of another;
 - 2. Using Authority time, facilities, equipment or supplies for the Covered Individual's private gain or advantage, or the private gain or advantage of another;
 - 3. Using confidential information acquired by virtue of Authority office or employment for the Covered Individual's private gain or advantage, or the private gain or advantage of another;
 - 4. Receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the Covered Individual would be required or expected to render in the regular course or hours of office or employment or as part of duties as a Covered Individual;
 - 5. Performance of an act in other than the Covered Individual's capacity knowing that such act may later be subject, directly or indirectly, to the control, inspection, review, audit or enforcement by the Covered Individual or by the Authority;
 - 6. Make, participate in making or in any way attempt to use the Covered Individual's position to influence a governmental decision (other than a decision affecting an employee's wages, hours, or working conditions) in which the Covered Individual knows or has reason to know that the Covered Individual has a financial interest; or
 - 7. Non-Authority employment or self-employment outside of regular working hours which involves such time demands or services of such a character as to impair effectiveness of Authority employment.
- B. Any violation of the provisions contained in the aforementioned section shall constitute sufficient grounds for disciplinary action up to and including termination of employment.

2.0 EXEMPTION FOR CERTAIN PHYSICIAN SERVICES

Those physicians rendering professional services to Kern Medical Center or other Authority businesses under contract authorizing billing for services to non-indigent patients shall not be deemed to be in violation of the provisions of Section 1.0 of this policy in billing for such services so rendered.

3.0 POST-EMPLOYMENT RESTRICTIONS REGARDING REPRESENTATION, APPEARANCE OR COMMUNICATION

- A. Employees classified as management, mid-management or confidential, shall not, for a period of one year after leaving employment, act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to the Authority or a present member of the Board of Governors or any officer or employee of the Authority if the appearance or communication is made for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property.
- B. Subsection A shall not apply to any individual who is, at the time of the appearance or communication, a board member, officer, or employee of a local government agency or an employee or representative of any other public agency and is appearing or communicating on behalf of that agency.
- C. The following definitions shall apply for purposes of Sections 3.0 and 4.0 only:
 - 1. “Administrative action” means the proposal, drafting, development, consideration, amendment, enactment, or defeat by the Authority of any matter, including any rule, regulation, or other action in any regulatory proceeding, whether quasi-legislative or quasi-judicial. Administrative action does not include any action that is solely ministerial.
 - 2. “Legislative action” means the drafting, introduction, modification, enactment, defeat, approval, or veto of any ordinance, amendment, resolution, report, nomination, or other matter by the Board of Governors or by any committee or subcommittee thereof, or by a member of the Board of Governors acting in his or her official capacity.
 - 3. “Person” shall mean an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert.
- D. This Section 3.0 and Section 4.0 are adopted in accordance with Government Code section 87406.3(c).

4.0 POST-EMPLOYMENT RESTRICTIONS REGARDING AID, ADVICE OR COUNSEL

Employees classified as management, mid-management or confidential, shall not, for a period of one year after leaving that office or employment, for compensation, aid, advise, counsel, consult or assist any other person regarding an appearance or communication which the official or employee would be prohibited from making under Section 3.0.

5.0 CONFLICT OF INTEREST CODE

- A. The Political Reform Act requires state and local government agencies, which includes the Authority, to adopt and promulgate conflict of interest codes. (Gov. Code, § 81000 et seq.) The Fair Political Practices Commission has adopted a regulation, which contains the terms of a standard conflict of interest code. (Cal. Code Regs., tit. 2, § 18730.) Incorporation by reference of the terms of the regulation along with the designation of employees and the formulation of disclosure categories set forth in the attached Appendix “A,” as amended from time to time, constitute the adoption and promulgation of the conflict of interest code of the Authority. The requirements of this conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflict of interest.
- B. Designated Covered Individuals identified in the attached Appendix “A,” as amended from time to time, shall file statements of economic interests with the Authority, who will make the statements available for public inspection and reproduction. (Gov. Code, § 81008.) Upon receipt of the statements of the Chairman and Members of the Board of Governors of the Authority, the Authority shall make and retain a copy and forward the original of these statements to the Board of Supervisors of the County of Kern. Statements for all other designated Covered Individuals shall be retained by the Authority.
- C. Government Code Section 87306.5 requires local agencies, which includes the Authority, to submit to their code reviewing body, which, in the case of the Authority is the Kern County Board of Supervisors, a biennial report identifying changes in its conflict of interest code, or a statement that their code is not in need of amendment. An amendment is required to: (1) include new positions (including consultants) that must be designated; (2) revise the titles of existing positions; (3) deleted titles of positions that have been abolished; (4) deleted positions that manage public investments from the list of designated positions; (5) revise disclosure categories; and (6) other. No amendment is required if the Authority’s code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property and sources of income that may foreseeably be affected materially by the decisions made by those designated positions; and the code includes all other provisions required by Government Code Section 87302. Such report shall be submitted no later than October 1 of each even-numbered year. (Gov. Code, § 87306.5(a).) When completed, the report must be mailed to the Clerk of the Board of Supervisors.

APPENDIX "A"

CONFLICT OF INTEREST CODE KERN COUNTY HOSPITAL AUTHORITY DESIGNATED COVERED INDIVIDUALS

Administrative Assistant (all) (contract service)
Assistant Pharmacy Director
Associate Hospital Administrator for Operations
Associate Director of Medical Education
Authority Board Coordinator (contract service)
Cardiopulmonary Services Clinical Coordinator
Chairman and Members of the Board of Governors (appointed by the Kern County Board of Supervisors)
Chief Academic Officer (contract service)
Chief Deputy County Counsel (contract service)
Chief Executive Officer (contract service)
Chief Financial Officer (contract service)
Chief Information Officer Kern Medical Center (contract service)
Chief Medical Officer (contract service)
Chief Nursing Officer
Chief Operating Officer (contract service)
Chief Quality Officer
Chief Strategy Officer (contract service)
Clinic Practice Manager (contract service)
Clinical Directors
Clinical Supervisors
Consultants *
Contract Administrator
Credit Card Holders (all)
Deputy County Counsel (contract service)
Director of Business Office (contract service)
Director, Care Coordination (contract service)
Director, Change Management (contract service)
Director, Communications (contract service)
Director, Employment and Health Services
Director of Finance (contract service)
Director of Human Resources Operations (contract service)
Director, Outpatient Integration (contract service)
Director of Patient Access (contract service)
Director, Performance Analysis (contract service)
Director of Pharmacy Services
Director, Physician Recruitment (contract service)
Director of Whole Person Care (contract service)
Finance Contract Compliance Manager (contract service)
Financial Planning Director (contract service)
Fiscal Support Supervisor (assigned to General Accounting or Accounts Payable)
Fiscal Support Technician (assigned to Materials Management)
Front End Revenue Cycle Manager – Inpatient and Emergency Department (contract service)
Front End Revenue Cycle Manager – Patient Financial Counseling and Outpatient Clinics (contract service)

Front End Revenue Cycle Manager – Pre-registration and Authorization (contract service)
General Accounting Manager
Health Information Services Director
Health Information Services Supervisor
Hospital Business Office Manager
Hospital Business Office Supervisor
Hospital Chief Financial Officer
Hospital Controller
Hospital Facilities Manager
Hospital Information Systems Manager
Hospital Materials Manager
Hospital Shift Manager
Hospital Payroll Manager (contract service)
Hospital Risk Manager
IT Infrastructure and Operations Manager (contract services)
Managed Care Consultant (contract service)
Manager, Cardiopulmonary Services
Manager, Clinical Laboratory Services
Manager of Compensation and Benefits (contract service)
Manager of Decision Support (contract service)
Manager, Organizational Development
Manager of Reimbursement (contract services)
Medical Staff Department Chair
Medical Staff Division Chief
Medical Staff Officers (elected officers only)
Nursing Quality Assessment & Standards Coordinator
Organizational Development Manager (contract service)
Patient Access Services Manager
Patient Access Services Supervisor
Radiology Manager
Revenue Cycle AR Administration Manager (contract service)
Revenue Cycle Systems Support Manager (contract service)
Revenue Integrity Manager (contract service)
Senior Paralegal
Senior Pharmacist
Special Projects Manager
Supervising Departmental Analyst
Supervisor of Hospital Materials Management
Therapy Services Supervisor
Vice President, Administrative Services (contract service)
Vice President, Ambulatory Services (contract service)
Vice President, Human Resources (contract services)

*Consultants shall be included in the list of designated Covered Individuals and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chief Executive Officer may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in the Kern County Hospital Authority Conflict of Interest Code. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer’s determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

DISCLOSURE CATEGORY

Designated Covered Individuals shall report all sources of income, interests in real property, and investments and business positions in business entities.

**CONFLICT OF INTEREST CODE
FOR
KERN COUNTY HOSPITAL AUTHORITY**

The Political Reform Act requires state and local government agencies to adopt and promulgate conflict of interest codes. (Gov. Code, § 81000 et seq.) The Fair Political Practices Commission has adopted a regulation, which contains the terms of a standard conflict of interest code. (Cal. Code Regs., tit. 2, § 18730.) Incorporation by reference of the terms of the regulation along with the designation of covered individuals and the formulation of disclosure categories set forth in the attached Appendix “A” constitute the adoption and promulgation of the conflict of interest code of the Kern County Hospital Authority (“Authority”). The requirements of this conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

Designated covered individuals identified in the attached Appendix “A” shall file statements of economic interests with the Authority, who will make the statements available for public inspection and reproduction. (Gov. Code, § 81008.) Upon receipt of the statements of the Chairman and Members of the Board of Governors of the Authority, the Authority shall make and retain copies and forward the original of these statements to the Clerk of the Board of Supervisors for the County of Kern. Statements for all other designated covered individuals shall be retained by the Authority.

APPENDIX "A"

CONFLICT OF INTEREST CODE KERN COUNTY HOSPITAL AUTHORITY DESIGNATED COVERED INDIVIDUALS

Persons occupying the following positions or classifications are designated covered individuals and shall report all sources of income, interests in real property, and investments and business positions in business entities.

Administrative Assistant (all) (contract service)
Assistant Pharmacy Director
Associate Hospital Administrator for Operations
Associate Director of Medical Education
Authority Board Coordinator (contract service)
Cardiopulmonary Services Clinical Coordinator
Chairman and Members of the Board of Governors (appointed by the Kern County Board of Supervisors)
Chief Academic Officer (contract service)
Chief Deputy County Counsel (contract service)
Chief Executive Officer (contract service)
Chief Financial Officer (contract service)
Chief Information Officer Kern Medical Center (contract service)
Chief Medical Officer (contract service)
Chief Nursing Officer
Chief Operating Officer (contract service)
Chief Quality Officer
Chief Strategy Officer (contract service)
Clinic Practice Manager (contract service)
Clinical Directors
Clinical Supervisors
Consultants *
Contract Administrator
Credit Card Holders (all)
Deputy County Counsel (contract service)
Director of Business Office (contract service)
Director, Care Coordination (contract service)
Director, Change Management (contract service)
Director, Communications (contract service)
Director, Employment and Health Services
Director of Finance (contract service)
Director of Human Resources Operations (contract service)
Director, Outpatient Integration (contract service)
Director of Patient Access (contract service)
Director, Performance Improvement-Analysis (contract service)
Director of Pharmacy Services

Director, Physician Recruitment (contract service)
Director of Whole Person Care (contract service)
Finance Contract Compliance Manager (contract service)
Financial Planning ~~Manager~~ Director (contract service)
Fiscal Support Supervisor (assigned to General Accounting or Accounts Payable)
Fiscal Support Technician (assigned to Materials Management)
Front End Revenue Cycle Manager – Inpatient and Emergency Department (contract service)
Front End Revenue Cycle Manager – Patient Financial Counseling and Outpatient Clinics (contract service)
Front End Revenue Cycle Manager – Pre-registration and Authorization (contract service)
General Accounting Manager
Health Information Services Director
Health Information Services Supervisor
Hospital Business Office Manager
Hospital Business Office Supervisor
Hospital Chief Financial Officer
Hospital Controller
Hospital Facilities Manager
Hospital Information Systems Manager
Hospital Materials Manager
Hospital Shift Manager
Hospital Payroll Manager (contract service)
Hospital Risk Manager
Hospital Security Director (contract service)
IT Infrastructure and Operations Manager (contract services)
Managed Care Consultant (contract service)
Manager, Cardiopulmonary Services
Manager, Clinical Laboratory Services
Manager of ~~Benefits and Compensation~~ Compensation and Benefits (contract service)
Manager of Decision Support (contract service)
Manager, Organizational Development
Manager of Reimbursement (contract services)
Medical Staff Department Chair
Medical Staff Division Chief
Medical Staff Officers (elected officers only)
Nursing Quality Assessment & Standards Coordinator
Organizational Development Manager (contract service)
Patient Access Services Manager
Patient Access Services Supervisor
Radiology Manager
Revenue Cycle AR Administration Manager (contract service)
Revenue Cycle Systems Support Manager (contract ~~services~~ service)
Revenue Integrity Manager (contract service)
Senior Paralegal
Senior Pharmacist
Special Projects Manager

| Supervising Departmental Analyst

Supervisor of Hospital Materials Management

Therapy Services Supervisor

Vice President, Administrative Services (contract service)

Vice President, Ambulatory Services (contract service)

| Vice President, Human Resources (~~f/k/a Senior Director, Human Resources~~) (contract services)

* “Consultant” shall include any natural person who provides, under contract, information, advice, recommendations or counsel to the Department as set forth in title 2, California Code of Regulations, section 18701(a)(2). But “Consultant” shall not include a person who:

- (a) conducts research and arrives at conclusions with respect to his or her rendition of information, advice, recommendation or counsel independent of the control and direction of the Department or of any official other than normal contract monitoring; and
- (b) possesses no authority with respect to any Department decision beyond the rendition of information, advice, recommendation or counsel.

**CONFLICT OF INTEREST CODE
FOR
KERN COUNTY HOSPITAL AUTHORITY**

The Political Reform Act requires state and local government agencies to adopt and promulgate conflict of interest codes. (Gov. Code, § 81000 et seq.) The Fair Political Practices Commission has adopted a regulation, which contains the terms of a standard conflict of interest code. (Cal. Code Regs., tit. 2, § 18730.) Incorporation by reference of the terms of the regulation along with the designation of covered individuals and the formulation of disclosure categories set forth in the attached Appendix “A” constitute the adoption and promulgation of the conflict of interest code of the Kern County Hospital Authority (“Authority”). The requirements of this conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

Designated covered individuals identified in the attached Appendix “A” shall file statements of economic interests with the Authority, who will make the statements available for public inspection and reproduction. (Gov. Code, § 81008.) Upon receipt of the statements of the Chairman and Members of the Board of Governors of the Authority, the Authority shall make and retain copies and forward the original of these statements to the Clerk of the Board of Supervisors for the County of Kern. Statements for all other designated covered individuals shall be retained by the Authority.

APPENDIX "A"

CONFLICT OF INTEREST CODE KERN COUNTY HOSPITAL AUTHORITY DESIGNATED COVERED INDIVIDUALS

Persons occupying the following positions or classifications are designated covered individuals and shall report all sources of income, interests in real property, and investments and business positions in business entities.

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Chief Deputy County Counsel (contract service)
Chief Executive Officer (contract service)
Chief Financial Officer (contract service)
Chief Information Officer Kern Medical Center (contract service)
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Chief Strategy Officer (contract service)
Clinic Practice Manager (contract service)
Clinical Directors
Clinical Supervisors
Consultants *
Contract Administrator
Credit Card Holders (all)
Deputy County Counsel (contract service)
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Director, Change Management (contract service)
Director, Communications (contract service)
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Director of Human Resources Operations (contract service)
Director, Outpatient Integration (contract service)
Director of Patient Access (contract service)
Director, Performance Analysis (contract service)
Director of Pharmacy Services

Director, Physician Recruitment (contract service)
Director of Whole Person Care (contract service)
Finance Contract Compliance Manager (contract service)
Financial Planning Director (contract service)
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Fiscal Support Technician (assigned to Materials Management)
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Front End Revenue Cycle Manager – Patient Financial Counseling and Outpatient Clinics
(contract service)
Front End Revenue Cycle Manager – Pre-registration and Authorization (contract service)
General Accounting Manager
Health Information Services Director
Health Information Services Supervisor
Hospital Business Office Manager
Hospital Business Office Supervisor
Hospital Chief Financial Officer
Hospital Controller
Hospital Facilities Manager
Hospital Information Systems Manager
Hospital Materials Manager
Hospital Shift Manager
Hospital Payroll Manager (contract service)
Hospital Risk Manager
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Managed Care Consultant (contract service)
Manager, Cardiopulmonary Services
Manager, Clinical Laboratory Services
Manager of Compensation and Benefits (contract service)
Manager of Decision Support (contract service)
Manager, Organizational Development
Manager of Reimbursement (contract services)
Medical Staff Department Chair
Medical Staff Division Chief
Medical Staff Officers (elected officers only)
Nursing Quality Assessment & Standards Coordinator
Organizational Development Manager (contract service)
Patient Access Services Manager
Patient Access Services Supervisor
Radiology Manager
Revenue Cycle AR Administration Manager (contract service)
Revenue Cycle Systems Support Manager (contract service)
Revenue Integrity Manager (contract service)
Senior Paralegal
Senior Pharmacist
Special Projects Manager
Supervising Departmental Analyst

Supervisor of Hospital Materials Management
Therapy Services Supervisor
Vice President, Administrative Services (contract service)
Vice President, Ambulatory Services (contract service)
Vice President, Human Resources (contract services)

* “Consultant” shall include any natural person who provides, under contract, information, advice, recommendations or counsel to the Department as set forth in title 2, California Code of Regulations, section 18701(a)(2). But “Consultant” shall not include a person who:

- (a) conducts research and arrives at conclusions with respect to his or her rendition of information, advice, recommendation or counsel independent of the control and direction of the Department or of any official other than normal contract monitoring; and
- (b) possesses no authority with respect to any Department decision beyond the rendition of information, advice, recommendation or counsel.



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

September 21, 2016

Subject: Proposed Resolution approving the “pick-up” treatment of physician contributions to the Kern County Hospital Authority Pension Plan for Physician Employees as authorized under Internal Revenue Code Section 414(h)(2)

Recommended Action: Approve; Adopt Resolution

Summary:

This is to request that your Board reaffirm and approve the longstanding practice of the County of Kern that contributions to the Kern County Hospital Authority Pension Plan for Physician Employees (f/k/a Kern County Pension Plan for Physician Employees) (“Plan”) are considered “pick-up” contributions under Internal Revenue Code section 414(h)(2).

The County has sponsored the Plan for physician employees assigned to Kern Medical since 1980. The Kern County Board of Supervisors transferred the Plan and sponsorship of the Plan to the Authority effective July 1, 2016. Your Board adopted the Plan as the successor sponsoring employer effective July 1, 2016. Those physician employees are not eligible to participate in, or receive any benefit from, the Kern County Employees’ Retirement Association. Funding of the Plan occurs exclusively through a combination of mandatory contributions by the Authority and the Kern Medical physician employees through payroll withholdings, and earnings on such contributions. The Plan is tax qualified in order to avoid subjecting the physician employees to federal and state income taxes prior to individual distribution of Plan assets.

Generally, if an employee makes a contribution to a retirement account, the contribution is made with after-tax dollars, which means that the employee cannot exclude the amount that is contributed from his or her taxable income. Internal Revenue Code section 414(h)(2) permits a government employer to designate contributions made by an employee as an employer contribution (i.e., a “pick-up” contribution). This allows government employees, such as the Kern Medical physicians, to make contributions to the Plan with pre-tax dollars, which means that the physician employee can exclude the amount that is contributed to the Plan from his or her taxable income.

In order for the contributions of Kern Medical physician employees to be considered “pick-up” contributions by the Internal Revenue Service, your Board must determine that (1) all contributions although designated as employee contributions, are and will be paid by the Authority in lieu of contributions by the employee and shall be, for income tax purposes, considered “pick-up” contributions under Internal Revenue Code section 414(h)(2), and (2) the physician employees who are eligible to participate in the Plan will not have the option of receiving directly, as additional compensation, any contributions picked up by the Authority. The treatment of such contributions as “pick-up” contributions will not result in increased costs to the Authority and will ensure favorable tax treatment of the Kern Medical physician employees.

Therefore, it is recommended that your Board reaffirm and approve the “pick-up” treatment of physician contributions to the Kern County Hospital Authority Pension Plan for Physician Employees, as authorized by Internal Revenue Code section 414(h)(2), and adopt the attached resolution.

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

In the matter of:

Resolution No. _____

**APPROVAL OF “PICK-UP” TREATMENT
OF PHYSICIAN CONTRIBUTIONS TO THE
KERN COUNTY HOSPITAL AUTHORITY
PENSION PLAN FOR PHYSICIAN EMPLOYEES
AS AUTHORIZED UNDER INTERNAL REVENUE
CODE SECTION 414(h)(2)**

I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors the Kern County Hospital Authority at an official meeting thereof on the 21st day of September, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

RAQUEL D. FORE
Authority Board Coordinator
Kern County Hospital Authority

Raquel D. Fore

RESOLUTION

Section 1. WHEREAS:

(a) The County of Kern (“County”) has heretofore adopted a retirement plan for physician employees of the Kern Medical Center (“KMC”) known as the Kern County Pension Plan for Physician Employees (“Plan”); and

(b) The Kern County Board of Supervisors transferred the Plan and sponsorship of the Plan to the Kern County Hospital Authority (“Authority”) effective July 1, 2016; and

(c) The Board of Governors of the Authority adopted the Plan as the successor sponsoring employer effective July 1, 2016; and

(d) The Plan was most recently restated effective January 1, 2013; and

(e) The Plan is both a government plan and a tax-qualified plan under the Internal Revenue Code (“Code”); and

(f) As part of the benefits provided under the Plan, the Authority intends that all contributions to the Plan, which are made by the physicians eligible to participate in the Plan, shall be made on a pre-tax basis; and

(g) Code section 414(h)(2) allows government employees to make contributions to a government plan on a pre-tax basis if the contributions are “picked up” by the employer; and

(h) The Authority wishes to adopt this Resolution in order to designate amounts deducted from the physician employees’ compensation to fund benefits under the Plan as pick-up contributions, in accordance with Code section 414(h)(2); and

(i) The Authority will pick up all mandatory employee contributions to the Plan in accordance with Code section 414(h)(2) and all guidance issued thereunder; and

(j) The Authority wishes to reaffirm and approve the longstanding practice of the County of picking up all mandatory employee contributions to the Plan;

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

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

2. This Resolution applies to all contributions that are required to be made by eligible physician employees as participants in the Plan, on a regular, payroll deduction basis and which are reported to the Plan and credited to employee accounts.

3. This Board hereby specifies that the contributions, although designated as employee contributions and deducted from the physician employees’ compensation, shall, for tax purposes, be characterized as “picked-up” by the Authority in accordance with Code section 414(h)(2), and shall be treated as paid by the Authority in lieu of contributions by the employee.

4. This Board hereby determines that the physician employees who are eligible to participate in the Plan shall not have the option of choosing, directly or indirectly, to receive the contributions instead of having them paid by the Authority to the Plan.

5. The Authority shall pay to the Plan the contributions designated as employee contributions from the same source of funds as used in paying salary.

6. Employee contributions that are picked up in accordance with this Resolution shall result in the tax deferral of these contributions to the extent provided under the Code, the Treasury Regulations and other guidance issued thereunder.

7. This Resolution establishes and adopts the Authority's pick-up practices in accordance with Revenue Ruling 2006-43.

8. The Authority shall comply with all reporting, contribution, and other administrative requirements established by the Plan with respect to all employees whose contributions are picked up in accordance with this Resolution.

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

Office of County Counsel
Kern Medical Center
Pension Committee (c/o Tyler Whitezell)



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

September 21, 2016

Subject: Proposed Resolution Revising Pension Committee Membership for the Kern County Hospital Authority Pension Plan for Physician Employees

Recommended Action: Approve; Adopt Resolution

Summary:

The Kern County Hospital Authority sponsors the Kern County Hospital Authority Pension Plan for Physician Employees (the "Plan"), an Internal Revenue Code Section 401(a) defined contribution, money purchase retirement plan, for eligible physician employees of Kern Medical Center.

The Plan document provides that a Pension Committee shall oversee administration of the Plan. The Pension Committee has the sole and exclusive fiduciary responsibility over the assets of the Plan, and is responsible to administer the Plan in a manner that will assure prompt delivery of benefits and to hold the Plan's assets for the exclusive purposes of providing benefits to the Plan participants and their beneficiaries.

Section 8.1 of the Plan document requires your Board to appoint a Pension Committee consisting of five members. On June 22, 2016, your Board adopted Resolution No. 2016-013, which *inter alia* appointed a Pension Committee consisting of five members including Marko Horvat, the Director of Financial Planning. The Authority is recommending that Chief Financial Officer Andrew Cantu be appointed to the Pension Committee in place of Marko Horvat, who will instead serve as staff to the committee.

Therefore, it is recommended that your Board approve and adopt the proposed resolution revising the Pension Committee membership to appoint Chief Financial Officer Andrew Cantu in place of Marko Horvat.

**THIRD AMENDMENT
TO THE
KERN COUNTY
PENSION PLAN FOR PHYSICIAN EMPLOYEES**

WHEREAS, the County of Kern ("County") has heretofore adopted a retirement plan for physician employees of the Kern Medical Center ("KMC") known as the Kern County Pension Plan for Physician Employees ("Plan"); and

WHEREAS, pursuant to the Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.), the California Legislature authorized the County to establish the Kern County Hospital Authority ("Authority"), a public agency that is a local unit of government separate and apart from the County and any other public entity for all purposes, and to transfer the ownership, control, management, and operation of KMC to the Authority; and

WHEREAS, on October 6, 2015, the Kern County Board of Supervisors adopted Ordinance No. A-356 that adds Chapter 2.170 to Title 2 of the Kern County Ordinance Code, as authorized by Health and Safety Code Section 101852.1(e), to establish the Authority. The Ordinance was effective on November 6, 2015; and

WHEREAS, prior to becoming employees of the Authority, physician employees of KMC were County employees and became participants of the Plan when qualified; and

WHEREAS, Health and Safety Code Section 101853.1(d)(2) requires the Authority to provide the same level of employee benefits to its employees for a period of 24 months after the effective date of the transfer of control of KMC to the Authority, which occurred on July 1, 2016; and

WHEREAS, for the purpose of continuing to provide retirement benefits to eligible physician employees of the Authority through the Plan, the Kern County Board of Supervisors transferred the Plan and sponsorship of the Plan to the Authority on June 14, 2016, effective July 1, 2016 (Resolution No. 2016-141); and

WHEREAS, for the purpose of continuing to provide retirement benefits to eligible physician employees of the Authority through the Plan, the Board of Governors of the Authority adopted the Plan as the successor sponsoring employer on June 22, 2016, effective July 1, 2016 (Resolution No. 2016-013); and

WHEREAS, the Plan was most recently restated effective January 1, 2013; and

WHEREAS, under Section 10.1(b) of the Plan, the County may amend the Plan by action of the Office of County Counsel if the amendment is necessary to maintain the Plan's tax-qualified status; and

NOW, THEREFORE, BE IT RESOLVED that, effective as of July 1, 2016, the County hereby amends the Plan to read as follows:

1. The following sentence shall be made part of the Plan document at the end of the "Introduction" section in Article 1: "The Plan was transferred to and assumed by the Kern County Hospital Authority as Plan sponsor effective July 1, 2016, in connection with the transfer of ownership of the Kern Medical Center to the Hospital Authority by the County of Kern."

2. All references in the Plan document to "County" shall be deleted in their entirety and replaced with "Hospital Authority," except where the context requires the continued use of the term "County."

3. All references in the Plan document to "County Board of Supervisors" shall be deleted in their entirety and replaced with "Hospital Authority Board of Governors."

4. Section 2.8, definition of "County," shall be deleted in its entirety and current Sections 2.9 through 2.14 renumbered 2.8 through 2.13 accordingly.

5. Section 2.14 shall be made part of the Plan document as follows: "Hospital Authority' means the Kern County Hospital Authority, a political subdivision of the state of California established pursuant to the Kern County Hospital Authority Act."

6. All references in the Plan document to "Kern County Pension Plan for Physician Employees" shall be deleted in their entirety and replaced with "Kern County Hospital Authority Pension Plan for Physician Employees."

IN WITNESS WHEREOF, this Third Amendment to the Kern County Pension Plan for Physician Employees is adopted by the County on this 19th day of August, 2016.

COUNTY OF KERN

OFFICE OF COUNTY COUNSEL

By: 

Karen S. Barnes,
Chief Deputy County Counsel

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

In the matter of:

Resolution No. _____

**REVISED PENSION COMMITTEE
MEMBERSHIP FOR THE KERN COUNTY
HOSPITAL AUTHORITY PENSION PLAN
FOR PHYSICIAN EMPLOYEES**

I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors the Kern County Hospital Authority at an official meeting thereof on the 21st day of September, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

RAQUEL D. FORE
Authority Board Coordinator
Kern County Hospital Authority

Raquel D. Fore

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority sponsors the Kern County Hospital Authority Pension Plan for Physician Employees (the "Plan"), an Internal Revenue Code Section 401(a) defined contribution, money purchase retirement plan, for eligible physician employees of Kern Medical Center; and

(b) The Plan document provides that a Pension Committee shall oversee administration of the Plan; and

(c) The Pension Committee has the sole and exclusive fiduciary responsibility over the assets of the Plan, and is responsible to administer the Plan in a manner that will assure prompt delivery of benefits and to hold the Plan's assets for the exclusive purposes of providing benefits to the Plan participants and their beneficiaries; and

(d) Section 8.1 of the Plan document requires the Board of Governors to appoint a Pension Committee consisting of five members; and

(e) On June 22, 2016, the Board of Governors adopted Resolution No. 2016-013, which *inter alia* appointed a Pension Committee consisting of five members including Marko Horvat, the Director of Financial Planning; and

(f) The Authority is recommending that Chief Financial Officer Andrew Cantu be appointed to the Pension Committee in place of Marko Horvat, who will instead serve as staff to the committee;

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

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

2. This Board does hereby appoint a five member Pension Committee pursuant to Article 8 of the Plan document, consisting of the five individual members listed in Appendix A to this Resolution, as the same may be changed by the Board from time to time.

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

Office of County Counsel
Kern Medical Center
Wells Fargo Bank, National Association
RBC Wealth Management
TIAA-CREF

APPENDIX A
PENSION COMMITTEE MEMBERSHIP

Rick A. McPheeters, D.O.

Andrew Cantu

Glenn E. Goldis, M.D.

Scott Thygeron

Tyler Whitezell



BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

September 21, 2016

Subject: Proposed Retroactive Resolution Revising the Extension of Excess Medical Professional Liability Coverage to Employed and Independent Contractor Physicians

Recommended Action: Approve; Adopt Resolution

Summary:

The Kern County Hospital Authority provides professional liability coverage in the form of indemnification for all claims relating to the services rendered on behalf of the Authority; provided, however, that the indemnification does not extend to any services rendered at any location other than Kern Medical and its affiliated clinics without approval of your Board. The Authority has self-insured the first \$1,000,000 per medical incident or occurrence and has purchased umbrella coverage of \$25,000,000 in excess of the self-insured retention.

On June 22, 2016, your Board adopted Resolution No. 2016-012, which extended excess professional liability coverage to Kern Medical employed and independent contractor physicians at specific authorized off-site locations. Kern Medical is recommending the following to be added to the list of authorized off-site locations, effective July 1, 2016.

- Millennium Surgery Center
- Physicians Plaza Surgical Center
- Northwest Surgery Center
- Southwest Surgical Center

Extending excess medical professional liability coverage to employed and independent contractor physicians at the additional off-site locations will enable the physicians to generate additional revenue for Kern Medical and will provide Kern Medical the opportunity to care for patients and continue to build its reputation as a hospital of excellence. There is no added cost to the Authority's medical professional liability program to extend the requested coverage.

The Authority will administer/submit claims, if any, in excess of the \$1,000,000 self-insured retention to CNA, the Authority's excess medical professional liability carrier.

Therefore, it is recommended that your Board retroactively approve and adopt the attached resolution revising the extension of excess medical professional liability coverage for employed and independent contractor physicians, when providing professional medical services on behalf of Kern Medical at the facilities listed in the resolution, effective July 1, 2016.

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

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

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

In the matter of:

Resolution No. _____

**REVISED EXTENSION OF EXCESS MEDICAL
PROFESSIONAL LIABILITY COVERAGE
FOR KERN COUNTY HOSPITAL AUTHORITY
EMPLOYED AND INDEPENDENT
CONTRACTOR PHYSICIANS**

I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors the Kern County Hospital Authority at an official meeting thereof on the 21st day of September, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

RAQUEL D. FORE
Authority Board Coordinator
Kern County Hospital Authority

Raquel D. Fore

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority (“Authority”) provides professional liability coverage in the form of indemnification for all claims relating to the services rendered on behalf of the Authority; provided, however, that the indemnification does not extend to any services rendered at any location other than Kern Medical and its affiliated clinics without approval of the Board of Governors; and

(b) On June 22, 2016, the Board of Governors adopted Resolution No. 2016-012, which extended excess professional liability coverage to Kern Medical employed and independent contractor physicians at specific authorized off-site locations; and

(c) Kern Medical is recommending Millennium Surgery Center, Physicians Plaza Surgical Center, Northwest Surgery Center, and Southwest Surgical Center to be added to the list of authorized off-site locations; and

(d) Extending excess medical professional liability coverage to employed and independent contractor physicians at the additional off-site locations will enable the physicians to generate additional revenue for Kern Medical and will provide Kern Medical the opportunity to care for patients and continue to build its reputation as a hospital of excellence; and

(e) The Authority has self-insured the first \$1,000,000 per medical incident or occurrence and has purchased umbrella coverage of \$25,000,000 in excess of the self-insured retention; and

(f) There is no added cost to the Authority's medical professional liability program to extend the requested coverage; and

(g) The Authority will administer/submit claims, if any, in excess of the \$1,000,000 million self-insured retention to CNA, the Authority's excess medical professional liability carrier;

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

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

2. This Board finds the best interests of the Authority shall be served by extending excess medical professional liability coverage to the Physicians at the following authorized off-site locations:

- (a) Comprehensive Blood and Cancer Center;
- (b) Mercy Hospitals;
- (c) Bakersfield Memorial Hospital;
- (d) San Joaquin Community Hospital;
- (e) Bakersfield Heart Hospital;
- (f) Millennium Surgery Center;
- (g) Physicians Plaza Surgical Center;
- (h) Northwest Surgery Center;
- (i) Southwest Surgical Center;
- (j) Bahamas Surgery Center;
- (k) Clinica Sierra Vista;

- (l) Kern County owned and operated correctional facilities;
- (m) Kern County Mental Health; and
- (n) Facilities owned or leased and operated by the Authority.

3. The provisions of this Resolution shall be effective, in force and operative as of the 1st day of July, 2016.

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

Office of County Counsel
Kern Medical Center
Columbia Casualty Company (CNA)
Alliant Insurance Services, Inc.



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

September 21, 2016

Subject: Proposed Agreement with Bhani K. Chawla-Kondal, M.D.

Recommended Action: Approve; Authorize Chairman to sign.

Summary:

Kern Medical requests Agreement with Bhani K. Chawla-Kondal, M.D., a contract employee, for professional medical services in the Department of Surgery. Dr. Chawla-Kondal will join the faculty at Kern Medical on a full-time basis for an initial term of two (2) years, effective October 3, 2016 through October 2, 2018, in an amount not to exceed \$1,130,000 over the two-year Initial Term of this Agreement.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Bhani K. Chawla-Kondal, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2016, between the Kern County Hospital Authority, a county hospital authority (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Bhani K. Chawla-Kondal, M.D. (“Physician”).

**I.
RECITALS**

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

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

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

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of two (2) years, commencing as of October 3, 2016 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

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

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

4. **Obligations of Physician.**

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

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

4.3 **Qualifications.**

4.3.1 **Licensure.** Authority recognizes that (i) Physician does not have a current valid license to practice medicine in the state of California; (ii) Physician is not permitted to practice medicine in the state of California, in the absence of a current valid license issued by the Medical Board of California; and (iii) Physician has submitted an application form and application fee to the Medical Board of California to obtain such license. Physician understands that (i) she is not permitted to practice medicine in the state of California until she is issued a current valid license by the Medical Board of California; and (ii) she will maintain a current valid license to practice medicine in the state of California upon receipt thereof and at all times thereafter during the Term of this Agreement.

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

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

4.3.3 Medical Staff Status. Physician shall at all times during the Term of this Agreement be a member in good standing of the KMC medical staff with “active” staff status and hold all clinical privileges on the active medical staff appropriate to the discharge of her 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 Organizations. For and on behalf of Physician, Authority shall have the sole and exclusive right and authority to enter into contractual relationships with HMOs, IPAs, PPOs, PHOs, employer groups, provider networks and other managed care organizations (collectively “Managed Care Organizations”). Physician shall provide the same quality of care to patients from Managed Care Organizations as is provided to other KMC patients. Upon request from Authority or KMC, Physician shall execute Managed Care Organization documents as “provider” if deemed necessary or advisable by Authority. Physician shall not contract with any Managed Care Organization without Authority’s prior written consent in each instance.

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 she 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 her 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 40 hours per week, 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 care of KMC patients in the amount of \$355,000 per year, to be paid as follows: Physician shall be paid \$13,607.27 biweekly not to exceed \$355,000 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 50th percentile level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the term of this Agreement.

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

5.2 **Starting Bonus.**

5.2.1 **Bonus.** Physician shall receive a starting bonus in the amount of \$15,000, less all applicable federal and state taxes and withholdings, payable within 10 business days of the Commencement Date. Physician shall forfeit the starting bonus if she fails to report to work on the Commencement Date.

5.2.2 **Repayment.** In the event that Physician voluntarily terminates her employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician will repay to Authority an amount equal to \$15,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of her termination of employment with Authority.

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

5.3 Retention Bonus.

5.3.1 Bonus. Physician shall be paid an annual retention bonus in the amount of \$12,000, less all applicable federal and state taxes and withholdings, payable within 30 days of the end of each Employment Year. If the conditions for Physician to receive the retention bonus are met, the retention bonus would become payable to Physician on October 1, 2017, and each October 1 thereafter.

5.3.2 Repayment. In the event that Physician voluntarily terminates her employment with Authority for any reason whatsoever during an Employment Year in which a retention bonus is paid, Physician will repay to Authority an amount equal to \$12,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of her termination of employment with Authority.

5.3.3 Offset. Physician hereby authorizes Authority to offset against and reduce any amounts otherwise due to her for any amounts in respect of the obligation to repay the retention bonus.

5.4 Call Coverage.

5.4.1 Restricted Call. Authority shall pay Physician for “restricted call” coverage as follows: (i) Physician shall be paid a fixed fee in the amount of \$2,400 per 24-hour day for every weekend and holiday of restricted call coverage assigned (Saturday and Sunday; designated County holidays only); and (ii) Physician shall be paid a fixed fee in the amount of \$1,200 for every weekday night of restricted call coverage assigned (Monday through Friday). “Restricted call” means Physician must be physically present in the hospital during the entire call period and may not leave the hospital until Physician has been relieved from call duty.

5.4.2 Backup Call. Physician shall be paid a per diem rate of \$500 per 24-hour day for backup call coverage.

5.5 Incentive Compensation. Within 30 days following the end of each Employment Year, beginning from the Commencement Date, KMC will calculate the professional fee net collections (defined as actual cash received) for all professional services provided by Physician. Physician shall receive 25% of the professional fee net collections in excess of \$355,000, less all applicable federal and state taxes and withholdings, per Employment Year.

5.6 Quality Bonus. Upon satisfaction of the relevant criteria set forth below and subject to the other terms and conditions set forth in this Agreement, in addition to the Annual

Compensation, Physician shall be eligible to receive a quality bonus based on the following measures:

5.6.1 Quality/Safety Measure(s). Physician shall be eligible to receive a quality bonus an amount not to \$12,500 each Employment Year if Physician achieves certain quality/safety measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. The first quality bonus, if any, shall be paid for the 12 months ending June 30, 2017. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$12,500 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

5.6.2 Patient Satisfaction Measure. Physician shall be eligible to receive a quality bonus in an amount not to exceed \$12,500 each Employment Year if the trauma and general surgery physicians as a group achieve certain patient satisfaction target metrics. Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. The first quality bonus, if any, shall be paid for the 12 months ending June 30, 2017.

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

5.7 Professional Fee Billing.

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

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

5.8 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,130,000 over the two-year Initial Term of this Agreement.

6. **Benefits Package.**

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

6.3 Holidays. Physician shall be entitled to all paid holidays authorized as official holidays for Authority employees. A holiday occurring on a Sunday shall be observed on the following Monday and a holiday occurring on a Saturday shall be observed on the preceding Friday. In the event Physician is scheduled for and works on a holiday, she shall be entitled to an equivalent period of time off at a later date.

6.4 Vacation. Physician shall be credited with vacation leave of 6.15 hours for each pay period of service, for a maximum accrual of 160 hours per year. Vacation leave will accrue from the Commencement Date and may be taken at any time thereafter. Total unused vacation leave accumulated will not exceed a maximum of 320 hours. No further vacation leave will accrue as long as Physician has the maximum number of hours credited. The Department chair must approve all vacation leave in advance. 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 accrue sick leave in accordance with 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 she 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 Pension 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 she 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 she elects to participate in the plan.

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

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

mile reimbursement for one (1) personal vehicle at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration, meals and incidental expenses for Physician only at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by Authority. Physician shall be deemed vested in reimbursement of relocation expenses in the amount of \$312.50 per month beginning on the last day of the month in which the relocation expenses are reimbursed to Physician. In the event Physician's employment is terminated by either party, with or without cause, then, on the effective date of such termination, Physician shall repay to Authority all amounts received in which Physician has not yet become vested.¹

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

7. **Assignment.** Physician shall not assign or transfer this Agreement or her 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 Bind Authority.** It is understood that Physician, in her performance of any and all duties under this Agreement, has no authority to bind Authority or KMC 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 she receives in the course of her 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

¹ By way of example only, in the event Physician terminates his employment after 12-months then Physician will be vested to the extent of \$3,750 in the relocation expenses described herein and will be obligated to repay Authority the amount of \$3,750. **In the event Physician fails to pay such amount to Authority, Physician expressly grants to Authority the right to offset any amounts owed to Authority against any payments made to Physician by Authority.**

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

14. **Conflict of Interest.** Physician covenants that she has no interest and that she 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 her 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:

Bhani K. Chawla-Kondal, M.D.
25330 Silver Aspen Way, Apt. 616
Valencia, California 91381

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; or (xv) 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 _____
Bhani K. Chawla-Kondal, 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:
OFFICE OF COUNTY COUNSEL

By _____
Chief Deputy

Agreement.Kondal.082516

EXHIBIT “A”
Job Description
Bhani K. Chawla-Kondal, M.D.

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

Essential Functions:

1. **Clinical Responsibilities and Assignments:**
 - Coordinate with current general surgery faculty schedules and activities to provide service and improve efficiency for general surgery clinical activities
 - Conduct daily inpatient rounds
 - Provide service and improve efficiency for general surgical, trauma, and critical care cases
 - Provide faculty service for trauma, general surgical and critical care call coverage
 - Supervise surgery Physician Assistant activity and competence
 - Operating Room –minimum of two (2) half days per week
 - KMC, Stockdale Highway, Truxtun Avenue, or other designated clinic sites – minimum of three (3) half-day clinics per week
 - Call coverage – weekday coverage, Monday through Thursday, one (1) in four (4) weekdays up to a maximum of 52 weekday call shifts per year; weekend coverage, one (1) in four (4) weekends up to a maximum of 13 weekends per year

2. **Administrative Responsibilities:**
 - A. **Core Faculty Member:**
 - Assist in clinical and administrative integration efforts across KMC as appropriate for general surgery, trauma, and critical care assisting with proper program planning, surgeon recruitment and faculty development, resource allocation, analysis, communication and assessment
 - Assist with program oversight and strategic planning for the surgery residency program
 - Gather data through best practices and collaborate with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
 - Support the Department chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes for minimally invasive, trauma, and general surgery services

- Attend and actively participate in assigned Medical Staff and hospital committees
- 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
- Participate in the preparation, monitoring, review, and performance of clinical activity in the Department
- Participate in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department
- Provide didactic teaching and resident physician and medical student education as assigned and participate in setting goals and expectations for the surgery resident and medical student rotations
- Complete medical records in a timely fashion and work to improve the quality, accuracy, and completeness of documentation
- Work 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
- Follow and comply with the Medical Staff bylaws, rules, regulations, and policies and County and KMC policies and procedures

B. Assistant Program Director: Assist and support the general surgery residency Program Director in the administrative and clinical oversight of the educational program

3. Teaching Responsibilities:

- Assist the Program Director with individual resident mentoring, counseling, and evaluation as appropriate for general surgery and critical care rotations
- Lead initiatives to develop KMC resident simulation lab
- Assist with didactic curriculum and teaching conference activity including noon, preoperative, oncology, and journal club
- Assist in resident research and scholarly activity

Employment Standards:

Completion of an accredited residency program in general surgery; one (1) year of post-residency experience in general and trauma surgery

AND

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

AND

Certification by the American Board of Surgery in surgery-general

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

[Intentionally left blank]

EXHIBIT “B”

AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

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

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

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

Physician

Date



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

September 21, 2016

Subject: Proposed Lease Agreement

Recommended Action: Approve Amended Agreement; Authorize Chairman to sign

Summary:

Request Approval for a Triple Net Lease of a Single Story Office Building consisting of approximately 1,659 square feet at 2011 19th Street, Bakersfield, CA 93301 for a 1206(b) outpatient clinic. The lease term is for two (2) years commencing on or around September 21, 2016 unless terminated as provided in the lease with either a 120-day notice for any reason or 180-day notice should the physician providing coverage at the location cease the practice of medicine. Rental consideration for the space is \$2,571.45 per month with the first month's rent prorated based on occupancy date.

Fiscal Impact: FY2016-2017 \$23,914.49; Total Maximum for two-year agreement is \$61,714.80

**AGREEMENT FOR A TRIPLE NET LEASE
OF A SINGLE STORY OFFICE BUILDING AT
2011 19th STREET, BAKERSFIELD, CA 93301**

(Kern County Hospital Authority – Shanny Singh)

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AGREEMENT FOR TRIPLE NET LEASE
OF A SINGLE STORY OFFICE BUILDING AT
2011 19th STREET, BAKERSFIELD, CA 93301

(Kern County Hospital Authority – Shanny Singh)

THIS AGREEMENT (“Agreement”) is executed in Bakersfield, California, on _____, 2016 (“**Execution Date**”), by and between the **KERN COUNTY HOSPITAL AUTHORITY**, a local unit of government (“**KCHA**”), and **SHANNY SINGH** (“**Lessor**”). KCHA and Lessor are referred to individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS:

- A.** Lessor owns real property located at 2011 19th Street, Bakersfield, County of Kern, State of California; and
- B.** Pursuant to Section 101855(a)(5) of the Health and Safety Code, KCHA may lease property of any kind necessary or convenient to perform its functions; and
- C.** KCHA desires to use the single story office building consisting of approximately 1,659 square feet for the provision of medical services; and
- D.** It is the desire of Lessor to lease the single story office building located at 2011 19th Street, Bakersfield, California to KCHA under the terms outlined in the following agreement.

AGREEMENT:

- 1. Premises:** For and in consideration of the terms, covenants, and conditions contained in this Agreement, Lessor leases to KCHA, exclusive use of real property situated in the County of Kern, State of California, at 2011 19th Street, with an APN#004 120 05 (“**Premises**”).
- 2. Term:** The term of this Agreement shall commence upon the transition of John B. Schlaerth, M.D. to the 1206(b) clinic which is scheduled to occur on or around September 21, 2016 (“**Commencement Date**”) and terminate two (2) years thereafter, unless sooner terminated as provided herein.
- 3. Options to Extend Term:** Provided KCHA is not in default of any of the terms, covenants, or conditions of this Agreement, KCHA shall have two options to extend the term of this Agreement, each for a one-year period. KCHA may exercise the options by giving Lessor, written notice of KCHA’s desire to extend, not less than 120 calendar days prior to expiration of the then current term of this Agreement.
- 4. Right to Terminate:** Either Party may terminate this Agreement by providing a 120-day prior written notice to the other Party.

a. **KCHA Right to Terminate:** If John B. Schlaerth, M.D. ceases the practice of medicine or ceases practicing medicine in the County of Kern, KCHA may terminate this lease within 180-day notice to Lessor.

5. **Hold Over:** If KCHA holds over after the initial term or the extension term, with the express or implied consent of Lessor, such holding over shall be a tenancy only from month to month and shall be governed by the terms, covenants, and conditions contained in this Agreement. Such shall not constitute a renewal hereof or an extension for any further term and nothing contained in this **Section 5** shall be construed as consent by Lessor to any holding over by KCHA, and Lessor expressly reserves the right to require KCHA to surrender possession of the Premises to Lessor as provided in this Agreement upon the expiration or other termination of this Agreement, and the provisions of this **Section 5** shall not be deemed to limit or constitute a waiver of any other rights or remedies of Lessor provided in this Agreement or at law.

6. **Rental Consideration:** As consideration for lease of the Premises during the initial term, KCHA shall pay to Lessor in lawful money of the United States without deduction or offset, to Shanny Singh, 5212 Wingfoot Drive, Bakersfield, CA 93306, or to such persons and at such places as may be designated from time to time by Licensor in writing to KCHA, the following sums:

a. **First Term** – Beginning on the Commencement Date and continuing through the initial term, rental consideration shall be \$2,571.45 per month. If Dr. Schlaerth's occupation of the Premises is delayed, the monthly rent shall be prorated to reflect the non-occupation of the space. Payment is due and payable by the 10th of every month. Each month's rental payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month.

b. **No Aggregate Indebtedness** – In accordance with Article XVI, section 18 of the California Constitution, this Agreement creates no immediate indebtedness for the aggregate monthly rental payments, but rather confines the liability of KCHA to each month's rental payment as it falls due. Further, each month's rental payment shall only be in consideration for the right to possess, occupy and use the Premises for the subsequent month.

7. **Purpose:**

a. **In General** - This Agreement is made for the purpose of allowing KCHA to utilize the Premises in order to provide gynecology or other medical services.

b. **No Nuisance** - KCHA shall not do or permit any act or thing to be done upon the Premises that will obstruct or interfere with the rights of Lessor or any others. KCHA shall not cause, maintain, or permit any nuisance or waste on or about the Premises, or allow the Premises to be used for any unlawful purpose.

8. **Condition of Premises:** KCHA has inspected the Premises and knows the extent and condition thereof and accepts same in its present condition, subject to and including all defects, latent and/or patent.

9. **Alterations:** Throughout the Term, KCHA shall have the right to make certain changes to the existing improvements on the Premises for the accommodation of KCHA's use and changing needs at its sole cost.

10. **Repair and Maintenance:**

a. Responsibilities of KCHA - During the term of this Agreement, and any extension thereof, KCHA shall, at its sole cost, repair and maintain the interior of the Building on the Premises in a sanitary and safe condition and in compliance with the terms, covenants and conditions of this Agreement and all applicable federal, state and local laws, rules and regulations (“**Applicable Laws**”).

b. Responsibilities of Lessor – During the term of this Agreement, and any extension thereof, Lessor shall, at its sole cost, repair and maintain the roof, HVAC, plumbing and exterior of the Premises in a sanitary and safe condition and in compliance with the terms, covenants and conditions of this Agreement and all Applicable Laws.

11. Utilities and Services; Modification of Utilities: KCHA shall pay, during the term of this Agreement or any holding over of the term, for all utilities used by KCHA in connection with its operations on the Premises. The term “utilities” for the purposes of this Agreement shall include, without limitation, gas, electricity, water, sewer, telephone service, and trash and refuse disposal services.

12. Taxes and Assessments: KCHA shall be responsible to pay building operating expenses (real estate taxes, building insurance, and maintenance). Lessor will be responsible for any other taxes and assessments not defined in this **section 12**.

13. Signs: KCHA shall have the right to affix and install signs on the Premises.

14. Damage and Destruction: If the Premises shall be damaged or destroyed by fire or casualty, not the fault of KCHA or any person in or about the Premises with the express or implied consent of the KCHA, this Agreement shall be immediately terminated.

15. Condemnation: If all or any part of the Premises shall be taken as a result of the exercise of the power of eminent domain, this Agreement shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Party shall have the right to terminate this Agreement as to the balance of the Premises by notice to the other Party within 30 days after such date.

16. Right of Inspection: Lessor shall have the right to enter upon the Premises with reasonable notice to KCHA, to inspect the Premises and KCHA’s operations thereon.

17. Hazardous Materials:

a. Receipt of Notice of Violation - If either party becomes aware of or receives notice or other communications concerning any actual, alleged, suspected, or threatened violation of any Environmental Requirements, or liability of either party in connection with the Premises or past or present activities of any person thereon, then the noticed party shall deliver to the other party within 10 days of receipt of such notice or communication, a written description of said violation, liability, correcting information, or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not create any obligation on the part of the noticed party to defend or otherwise respond to any such notification. Environmental Requirements, as used in this Agreement, shall be defined as stated in **Exhibit “A.”**

b. Use of Hazardous Materials is Prohibited - KCHA shall not cause or permit any Hazardous Materials to be brought upon, kept or used in or about the Premises by KCHA, its agents, employees, contractors or invitees in a manner or for a purpose prohibited by law or

which could result in liability under any applicable law, regulation, rule or ordinance. If KCHA breaches the obligation stated in the preceding sentences, or if the presence of Hazardous Materials on the Premises caused or permitted by Tenant result in a release of a hazardous substances or Hazardous Materials, a discharge of a pollutant or contaminant or any other contamination of the Premises resulting in a potential violation of or incurrence of liability under any law, regulation, rule or ordinance, or if contamination of the Premises by Hazardous Materials; KCHA shall indemnify Lessor in accordance with Section 18 of this Agreement.

18. Indemnification:

a. In General – Each Party agrees to defend, hold harmless, and indemnify the other Party (and the other Party’s officers, employees, trustees, agents, successors, assigns, and invitees, collectively referred to as the “**Indemnified Parties**”) against all claims, suits, expenses (including staff time, reasonable attorney’s fees, and fees of County Counsel), losses, penalties, fines, costs, and liability whether in contract, tort, or strict liability (including but not limited to personal injury, death at any time, and property damage) arising out of or made necessary by **i**) the indemnifying Party’s breach of the terms of this Agreement; **ii**) the negligent or willful acts or omissions of the indemnifying Party and its Indemnified Parties in connection with performance of this Agreement; and **iii**) the presence of the indemnifying Party and its Indemnified Parties on the other Party’s premises. In the event that any action or proceeding is brought against a Party by reason of any claim or demand discussed in this **Section 18**, upon reasonable notice from the other Party, the indemnifying Party shall defend the action or proceeding at the other Party’s expense through counsel reasonably satisfactory to the other Party. The obligations to indemnify set forth in this **Section 18** shall include reasonable attorney’s fees, investigation costs, and all other reasonable costs, expenses, and liabilities from the first notice that any claim or demand is to be made. The indemnifying Party’s obligations under this **Section 18** shall apply regardless of whether the other Party or its Indemnified Parties are actively or passively negligent, but shall not apply to any loss, liability, fine, penalty, forfeiture, cost, or damage determined by an arbitrator or court of competent jurisdiction to be caused solely by the negligence or willful misconduct of the other Party and its Indemnified Parties.

b. Hazardous Materials and Lessor - In addition, Lessor shall indemnify, hold harmless, and defend KCHA and the Indemnified Parties against any and all Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during KCHA’s occupancy of the Premises which arises at any time as a result of any uses at, on, or from the Premises (not due to the occupancy of the Premises by KCHA), or as a result of Lessor’s failure to provide any or all information, make any or all of its submissions, and take any or all steps required by any governmental authority or court which has jurisdiction or by any Environmental Requirements, in accordance with this **section 18**.

c. Hazardous Materials and KCHA - In addition, KCHA shall indemnify, hold harmless, and defend Lessor and the Indemnified Parties against any and all Claims arising out of or in any way connected with any deposit, spill, discharge, or other release of any Hazardous Materials at any time during KCHA’s occupancy of the Premises which arises at any time as a result of any uses at or on the Premises due to the occupancy of the Premises by KCHA and its agents, employees, contractors or invitees in accordance with this **section 18**.

d. Survival of Indemnification Obligations - The obligations under this **Section 18** shall survive the expiration or termination of this Agreement.

19. Release and Waiver; Waiver of Civil Code Section 1542:

a. **Release and Waiver** – Lessor releases KCHA and the Indemnified Parties from all Claims, and waives all Claims against KCHA and the Indemnified Parties, that it may have as of the Execution Date, or may have in the future, relating to this Agreement and any acts or omissions of KCHA or the Indemnified Parties, unless the Claim is due to the sole default, act or failure to act, negligence, or willful misconduct of KCHA or the Indemnified Parties.

b. **Waiver of Civil Code Section 1542** - Lessor waives all rights under California Civil Code 1542, and all rights arising under any similar laws, whether local, state, or federal. Section 1542 provides:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement.”

20. Lessor Maintenance of Insurance: In order to protect KCHA and the Indemnified Parties against Claims as a result of Lessor Acts, Lessor shall secure and maintain insurance as described below. Lessor shall obtain all insurance required under this **Section 20** and shall file the required certificates of insurance, and required endorsements with KCHA’s authorized insurance representative. Receipt of evidence of insurance that does not comply with all applicable insurance requirements shall not constitute a waiver of these insurance requirements. The required documents must be signed by the authorized representative of the insurance company shown on the certificate. Upon request by KCHA, Lessor shall supply proof that such person is an authorized representative thereof, and is authorized to bind the named company to the coverage, limits, and provisions shown thereon. Lessor shall promptly deliver a certificate of insurance, and blanket additional insured endorsements, with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the Term or as otherwise specified herein. Such certificates and endorsements shall be delivered to the KCHA’s authorized insurance representative within 30 days of the expiration of any policy and bear a notation evidencing payment of the premium thereof if so requested. Lessor shall immediately pay any deductibles and self-insured retentions under all required insurance policies upon the submission of any claim by Lessor or KCHA as an additional insured.

a. **Workers’ Compensation and Employer’s Liability Insurance Requirements** –

1) **Workers’ Compensation Insurance - Lessor Employees.** If Lessor has employees who may perform any services pursuant to this Agreement, Lessor shall submit written proof that Lessor is insured against liability for workers’ compensation in accordance with the provisions of California Labor Code section 3700.

2) **Workers’ Compensation Insurance - Lessor Subcontractors.** Lessor shall require any subcontractors to provide workers’ compensation for all of the subcontractors’ employees, if the subcontractor has employees, unless the subcontractors’ employees are covered by the insurance afforded by Lessor. If any class of employees engaged in work or services performed under this Agreement is not covered by California Labor Code section 3700, Lessor shall provide and/or require each subcontractor to provide adequate insurance for the coverage of employees not otherwise covered.

3) **Employer’s Liability Insurance.** Lessor shall also maintain employer’s liability insurance with limits of \$1,000,000 each accident/disease/policy limit.

b. **Liability Insurance Requirements** –

1) **In General** – Lessor shall maintain in full force and effect, at all times during the Term, the following insurance:

(a) **Commercial General Liability Insurance**, including without limitation, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement with KCHA), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Lessor's performance of work under this Agreement. The Commercial General Liability insurance shall contain no exclusions or limitation for independent contractors working on the behalf of the named insured. Lessor shall maintain the Products-Completed Operations Hazard coverage for the longest period allowed by law following termination of this Agreement. The amount of said insurance coverage required by this Agreement shall be at least \$1,000,000 each occurrence for bodily injury and property damage and \$2,000,000 general aggregate.

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

2) **Additional Insureds** – The Commercial General Liability and Automobile liability Insurance required in this **Subparagraph b** shall include an endorsement naming KCHA and the Indemnified Parties as an additional insured for liability arising out of this Agreement and any operations related thereto. Said endorsement shall be provided using ISO forms or its substantial equivalent providing equal or broader coverage.

3) **Self-Insurance** – Any self-insured retentions in excess of \$100,000 must be declared on the Certificate of Insurance or other documentation provided to KCHA and must be approved by KCHA's Risk Manager, which may be granted or withheld at KCHA's Risk Manager's sole discretion.

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

c. **Fire and Casualty Insurance** – Lessor shall, at its sole cost, maintain on the Premises a policy of standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least 100% of full replacement value. The insurance policy shall be issued in the names of KCHA, Lessor, and any lender, as their interests appear. The insurance policy shall provide that any proceeds shall be made payable to Lessor, and Lessor shall apply and use such proceeds as required by **Section 16** subject to the priority rights of any lender. Such insurance shall satisfy the requirements of **Section 21.c**, and shall be issued by a company or companies satisfying the requirements of **Section 21.e**. On or before the Effective Date, Lessor shall deliver to KCHA certificates of insurance indicating that Lessor has complied with the provisions of this **Section 21.c**.

d. **Cancellation of Insurance** – The above-stated insurance coverages required to be maintained by Lessor shall be maintained until the completion of all of Lessor's obligations

under this Agreement. Each insurance policy supplied by Lessor must be endorsed to provide that the coverage shall not be suspended, voided, cancelled, or reduced in coverage or in limits except after 10 days written notice in the case of non-payment of premiums, or thirty (30) days written notice in all other cases. Such notice shall be by certified mail, return receipt requested. This notice requirement does not waive the insurance requirements stated herein. Lessor shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

e. **Insurance Company Rating** – All insurance shall be issued by a company or companies admitted to do business in California and listed in the current “Best’s Key Rating Guide” publication with a minimum rating of A-; VII. Any exception to these requirements must be approved in writing by KCHA’s Risk Manager, which may be granted or withheld at the KCHA’s Risk Manager’s sole discretion.

f. **Lessor Self-Insured** – If Lessor is, or becomes during the term of this Agreement, self-insured or a member of a self-insurance pool, Lessor shall provide coverage equivalent to the insurance coverages and endorsements required above. KCHA will not accept such coverage unless KCHA’s Risk Manager determines by written acceptance, that the coverage proposed to be provided by Lessor is equivalent to the above-required coverages.

g. **Primary Insurance** – All insurance afforded by Lessor pursuant to this Agreement shall be primary to and not contributing to all insurance or self-insurance maintained by KCHA. An endorsement shall be provided on all policies, except professional liability/errors and omissions, which shall waive any right of recovery (waiver of subrogation) against KCHA.

h. **No Limitations by Policy Limits** – Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve Lessor for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage, or to preclude KCHA from taking such other actions as are available to it under any other provision of this Agreement or otherwise under Applicable Laws.

i. **Failure to Maintain Insurance** – Failure by Lessor to maintain all such insurance in effect at all times required by this Agreement shall be a material breach of this Agreement by Lessor. KCHA, at its sole option, may terminate this Agreement and obtain damages from Lessor resulting from said breach.

21. **Liens and Encumbrances:** KCHA shall keep the Premises free from any liens and encumbrances arising out of any work performed, material furnished, or obligations incurred by KCHA, or from any other cause.

22. **Breach by Parties:** In the event of a breach by either party of any term, covenant, or condition, the breaching party shall have 30 days to cure said breach after receiving written notice from the non-breaching party. If the breaching party fails to cure within the stated time periods, KCHA may exercise its remedies under **Section 23**.

23. **Remedies:**

a. **Breach by KCHA** – In the event of a breach by KCHA, Lessor shall have the right to either terminate KCHA’s right to possession of the Premises, by giving written notice of termination to KCHA, and thereby terminating this Agreement or to have this Agreement continue in full force and effect with KCHA at all times having the right to possession of the Premises.

b. **Breach by Lessor** – In the event of a breach by Lessor, KCHA shall have the right to terminate the Agreement by giving written notice of termination to Lessor or elects to have this

Agreement continue in full force and effect in which Lessor shall remain liable to perform all of its obligations under this Agreement and KCHA may enforce all of KCHA's rights and remedies. If Lessor fails to maintain and protect the same as herein provided, KCHA shall have the right (i) to do all things necessary or appropriate to maintain, preserve and protect the Premises, and (ii) to withhold rents to reimburse KCHA for all amounts reasonably expended by KCHA in connection with the maintenance, preservation, and protection of the Premises by the Lessor as outlined in this Agreement.

c. **Remedies Not Exclusive** - No right or remedy herein conferred upon or reserved to the parties is intended to be exclusive of any other right or remedy herein or by law, provided that each shall be cumulative and in addition to every other right or remedy given herein or now, or hereafter existing at law or in equity or by statute.

24. **No Waiver of Breach:** The waiver by the Parties of any term, covenant, or condition contained in this Agreement must be in writing and shall not be deemed to be a waiver of any subsequent breach of the term, covenant or condition contained in this Agreement, and no custom or practice that may arise between the Parties during the course of this Agreement shall be construed to waive or lessen the right of a Party to the performance by the other Party in strict accordance with the terms of this Agreement.

25. **Force Majeure:**

a. **Definition** - Neither Party shall be held responsible or be deemed to be in default under this Agreement for any delay in performance or failure to perform any of its obligations, if such delay or failure is the result of causes beyond the control and without negligence of the Party. Such causes include, without limitation, acts of nature, strikes, lockouts, riots, insurrections, civil disturbances or uprisings, sabotage, embargoes, blockages, acts of war or terrorism, acts or failure to act by any governmental or regulatory body (whether civil or military, domestic or foreign), governmental regulations superimposed after the fact, communication line failures, power failures, fires, explosions, floods, accidents, epidemics, earthquakes, tsunamis, or other natural or man-made disasters ("**Force Majeure**"). Lack of funds shall not be a Force Majeure event.

b. **Consequences** - The Party affected by a Force Majeure event, upon giving prompt notice to the other Party, shall be excused from performance to the extent of such prevention, restriction, or interference, on a day-to-day basis until the Force Majeure event is removed, and the other Party shall likewise be excused from performance of its obligation which relate to the performance so prevented, restricted, or interfered with. The affected Party shall use its best efforts to avoid or remove the causes of nonperformance and to minimize the consequences thereof, and both Parties shall resume performance when the Force Majeure event is removed.

26. **Quiet Possession:** KCHA, in keeping and performing the terms, covenants and conditions herein contained on the part of KCHA to be kept and performed, shall at all times during the term of this Agreement peaceably and quietly have, hold, and enjoy the Premises.

27. **Assignment and Subletting:**

a. **No Assignment or Subletting** - KCHA shall not assign, transfer, mortgage, or otherwise convey this Agreement, or any of its rights and interests hereunder, including its leasehold rights and interests granted by this Agreement, without the prior written consent of the Lessor.

b. **Change in Ownership** – If Lessor sales, transfers, or in any way changes the ownership of the Premises, Lessor will provide KCHA adequate written notice of the change in ownership and allow KCHA an opportunity to form an agreement with the new ownership and/or terminate this Agreement.

28. **Surrender of Premises:** On the last day of the term, or extension thereof, or sooner termination of this Agreement, KCHA shall peaceably and quietly leave, surrender, and yield up to Lessor the Premises, in as good a condition and state of repair as it existed on the Execution Date subject to damage by Force Majeure.

29. **Notices:** All notices herein provided to be given, or which may be given, by either Party to the other shall be deemed to have been fully given when made in writing and deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Lessor: Shanny Singh
5212 Wingfoot Drive
Bakersfield, CA 93306

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

The address to which the notices shall be mailed to either Party may be changed by written notice given by such Party to the other, but nothing shall preclude the giving of any such notice by personal service.

30. **Miscellaneous Provisions:**

a. **Negation of Partnership** - KCHA shall not become or be deemed a partner or joint venturer with Lessor or associate in any relationship with Lessor other than that of landlord and tenant by reason of the provisions of this Agreement. Lessor shall not for any purpose be considered an agent, officer, or employee of KCHA.

b. **Conflict of Interest** - The Parties have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All Parties 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 as of the Execution Date, KCHA may immediately terminate this Agreement by giving written notice to Lessor. KCHA shall comply with the requirements of Government Code Section 87100 et seq. during the term of this Agreement.

c. **Nondiscrimination** - KCHA, in the use of the Premises and in the operations to be conducted under this Agreement, shall not discriminate or permit discrimination against any person or class of persons by reason of race, color, creed, religion, ancestry, sex, or national origin in any manner prohibited by federal, state, or local laws or policies.

d. **Incorporation of Prior Agreements** - This Agreement contains all agreements of the Parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective.

e. **Remedies not Exclusive** - The use by either Party of any remedy specified herein for the enforcement of this Agreement is not exclusive and shall not deprive such Party of, or limit the application of, any other remedy provided by law, at equity, or otherwise.

f. **Severability** - If any part, term, portion, or provision of this Agreement is 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.

g. **Governing Law; Venue** - The Parties agree that the provisions of this Agreement shall be construed pursuant to the laws of the State of California. If either Lessor or KCHA initiates an action to enforce the terms of this Agreement or declare rights hereunder, including actions on any bonds and/or surety agreements, the venue thereof shall be the County of Kern, State of California, it being understood that this Agreement is entered into, and will be performed, within the County of Kern.

i. **Arbitration** – KCHA and Lessor will work cooperatively to resolve any dispute arising out of or relating to this Agreement (including claims relating to the negotiations and the inducement to enter into the Agreement) (“Dispute”) amicably at appropriate management levels. If a Dispute remains unresolved and a party wishes to escalate to a formal dispute resolution forum, the party may submit the Dispute to binding arbitration, which shall be conducted in accordance with the Judicate West Arbitration Rules in effect at the time of the arbitration and judgment on the award rendered by the mediator may be entered in any court having jurisdiction with respect thereto. The site of the arbitration shall be in the Bakersfield, California metropolitan area. The parties will share equally in the fees and expenses of the arbitrator(s) and the cost of the facilities used for the arbitration hearing, but will otherwise bear their respective fees, expenses, and costs incurred in connection with the arbitration.

h. **Compliance with Laws** - Lessor shall, at its sole cost, promptly comply with all Applicable Laws, including Environmental Requirements, which may in any way apply to the use, operation, repair, maintenance, occupation of, or operations or construction on, the Premises.

i. **Successors** - Subject to **Section 26**, all terms, covenants, and conditions of this Agreement shall extend to, be binding upon, and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties.

j. **No Third Party Beneficiaries** - This Agreement is made for the sole benefit of the Parties and their respective heirs, executors, administrators, successors, and assigns, and no other persons shall have any right of action hereon.

k. **Covenants and Conditions** - Each provision of this Agreement performable by Lessor and KCHA shall be deemed both a covenant and a condition.

l. **Modification** - This Agreement may be modified or amended only by a written document signed by both Parties.

m. **Authorization** - Each individual executing this Agreement on behalf of either Party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of that Party, and that this Agreement is binding upon both Parties in accordance with its terms.

n. **Construction** - The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and that the normal rule of construction to the effect that any

ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

o. Recitals - Each of the recitals is incorporated in this Agreement by reference as if fully set forth in this Agreement at length, is deemed to be the agreement and a reflection of the intent of the Parties, and is relied upon by the Parties in agreeing to the provisions of this Agreement and in interpreting its provisions.

p. Captions - Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement.

q. Exhibits - All exhibits attached to this Agreement are incorporated into this Agreement by reference.

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

The remainder of this page has been intentionally left blank.

The Parties have executed this Agreement on the Execution Date.

KERN COUNTY HOSPITAL AUTHORITY

SHANNY SINGH

By _____
Russell Bigler
Chairman, Board of Governors
"KCHA"

By _____
Shanny Singh
Title:
"Lessor"

APPROVED AS TO CONTENT:
Kern Medical Center

By _____
Scott Thygerson
Chief Strategy Officer

APPROVED AS TO FORM:
Office of County Counsel

By _____
Deputy

DEFINITION OF ENVIRONMENTAL TERMS

For the purpose of this Agreement, the following terms and words shall have the meaning given below:

1. **Environmental Requirements.** All applicable present and future statutes, regulations, rules, ordinances, codes, leases, permits, orders, approvals, plans, authorizations, and similar items of any governmental agency, department, commission, board, bureau, or instrumentality of the United States of America, California, or its political or municipal subdivisions, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human life or the environment.

2. **Hazardous Materials.** All flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous waste, toxic substances or related materials, petroleum products, and any substances declared to be hazardous or toxic under any present or future Environmental Requirements or which requires investigation or remediation under any present or future federal, state, or local law, statute, regulation, environmental requirement, order, or rule.



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

September 21, 2016

SUBJECT: Proposed Agreement with Aslan Ghandforoush, D.O.

Recommended Action: Approve; Authorize Chairman to sign.

Summary:

Kern Medical requests Agreement with Aslan Ghandforoush, D.O., a contract employee, for professional medical services in the Department of Medicine, Division of Cardiology. Dr. Ghandforoush will join the faculty at Kern Medical on a full-time basis for an initial term of three (3) years, effective November 26, 2016 through November 25, 2019, in an amount not to exceed \$3,000,000 over the three-year Initial Term of this Agreement.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Aslan Ghandforoush, D.O.)**

This Agreement is made and entered into this ____ day of _____, 2016, between the Kern County Hospital Authority, a county hospital authority (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Aslan Ghandforoush, D.O. (“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 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;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of three (3) years, commencing as of November 26, 2016 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

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

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

4. **Obligations of Physician.**

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

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

4.3 **Qualifications.**

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

4.3.2 **Board Certification.** Physician shall be board certified by the American Osteopathic Board of Internal Medicine in internal medicine, with subspecialty certification by the American Osteopathic Board of Internal Medicine in interventional cardiology and cardiovascular disease within 24 months of the Commencement Date, 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

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.

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 Organizations. For and on behalf of Physician, Authority shall have the sole and exclusive right and authority to enter into contractual relationships with HMOs, IPAs, PPOs, PHOs, employer groups, provider networks and other managed care organizations (collectively "Managed Care Organizations"). Physician shall provide the same quality of care to patients from Managed Care Organizations as is provided to other KMC patients. Upon request from Authority or KMC, Physician shall execute Managed Care Organization documents as "provider" if deemed necessary or advisable by Authority. Physician shall not contract with any Managed Care Organization without Authority's prior written consent in each instance.

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. Notwithstanding the foregoing, Physician shall be permitted to provide coverage as an independent contractor on behalf of Comprehensive Cardiovascular Medical Group, Inc. only, for a period not to exceed six (6) months from the Commencement Date. Physician, while engaged in activities outside KMC or the scope of this Agreement, is not covered by the professional liability insurance provided by Authority under this Agreement during the performance of such activities. If Physician engages in outside activities beyond the scope of this Agreement, Physician hereby agrees to indemnify and hold Authority and KMC harmless from and against any and all liability arising therefrom. Physician understands and agrees that the provision of such services shall be subordinate to his obligations and duties under this Agreement.

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 40 hours per week, 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 care of KMC patients in the amount of \$587,500 per year, to be paid as follows: Physician shall be paid \$22,519.06 biweekly not to exceed \$587,500 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 50th percentile level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the Term of this Agreement.

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

5.2 **Incentive Compensation.** Within 30 days following the end of each Employment Year, beginning from the Commencement Date, KMC will calculate the professional fee net collections (defined as actual cash received) for all professional services provided by Physician. Physician shall receive 25% of the professional fee net collections in excess of \$587,500, less all applicable federal and state taxes and withholdings, per Employment Year. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.3 **Starting Bonus.**

5.3.1 **Bonus.** Physician shall receive a starting bonus in the amount of \$25,000, less all applicable federal and state taxes and withholdings, payable within 10 business days of the Commencement Date. Physician shall forfeit the starting bonus if he fails to report to work on the Commencement Date.

5.3.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician will repay to Authority an amount equal to \$25,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of his termination of employment with Authority.

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

5.4 Professional Fee Billing.

5.4.1 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, intellectual property developed or work on similar development projects prior to the Commencement Date, and industry consulting, which includes honoraria, cadaver labs, and professional speaking, expert witness, and teaching fees), 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.

5.4.2 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.

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

6. Benefits Package.

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

6.3 Holidays. Physician shall be entitled to all paid holidays authorized as official holidays for Authority employees. A holiday occurring on a Sunday shall be observed on the following Monday and a holiday occurring on a Saturday shall be observed on the preceding Friday. In the event Physician is scheduled for and works on a holiday, he shall be entitled to an equivalent period of time off at a later date.

6.4 Vacation. Physician shall be credited with vacation leave of 6.15 hours for each pay period of service, for a maximum accrual of 160 hours per year. Vacation leave will accrue from the Commencement Date and may be taken at any time thereafter. Total unused vacation leave accumulated will not exceed a maximum of 320 hours. No further vacation leave will accrue as long as Physician has the maximum number of hours credited. The Department chair must approve all vacation leave in advance. 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 accrue sick leave in accordance with 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 Pension 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 Bind Authority**. It is understood that Physician, in his performance of any and all duties under this Agreement, has no authority to bind Authority or KMC 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: Aslan Ghandforoush, D.O.
10814 Vista Del Luna Drive
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; or (xv) 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.

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

PHYSICIAN

By _____
Aslan Ghandforoush, D.O.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By _____
Chief Deputy

Agreement.Ghandforoush.091416

EXHIBIT “A”
Job Description
Aslan Ghandforoush, D.O.

Position Description: Reports to Chair, Department of Medicine; serves as Chief, Division of Cardiology; serves as full-time attending physician faculty in the Department, residency program, and Division of Cardiology; Physician work effort will be at a minimum 2,500 hours annually in teaching, administrative, and clinical activity; provides professional, comprehensive and safe clinical coverage for day-to-day operations, timely completion of therapeutic and diagnostic procedures, direct patient care, scholarly research and resident education; works collaboratively with clinic and Department staff as well as hospital administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

Essential Functions:

1. **Clinical Responsibilities.** Physician shall: (i) supervise residents and medical students while on service; (ii) supervise and ensure competence of mid-level activity; (iii) perform therapeutic and diagnostic procedures within the scope of practice for cardiology specialist while on service; (iv) coordinate with faculty schedules and activities to provide service and improve efficiency for clinical activities; (v) conduct daily inpatient cardiology rounds; (vi) provide outpatient clinic coverage at designated Practice Sites; (vii) provide coverage for the echocardiology lab, interventional and invasive cardiology services for the cardiac catheterization lab, and services for KMC patients requiring interventional cardiology services at other local area hospitals; and (viii) provide weekend inpatient ward coverage and call coverage as assigned.
2. **Medical Education; Academic Responsibilities.** Physician shall: (i) provide clinical mentoring to and evaluation of residents and medical students; (ii) establish and maintain academic appointment at David Geffen School of Medicine at University of California, Los Angeles; (iii) serve as a mentor to internal medicine residents who desire to conduct research or other scholarly activity; (iv) demonstrate active involvement in continuing medical education; (v) demonstrate active involvement in presentations, publications, and other scholarly activity at local, regional and national scientific societies in accordance with RRC program requirements; (vi) participate in development of Department curriculum; (vii) attend and participate in the Department didactic sessions as assigned; (viii) deliver assigned lectures to the internal medicine residents; and (ix) prepare residents for the cardiology portion of the internal medicine boards.
3. **Administrative Responsibilities.**
 - A. **Core Faculty:** Physician shall: (i) assist in clinical and administrative integration efforts across KMC as appropriate for the department and the division, assisting with proper program planning, physician recruitment, faculty development, resource allocation, analysis, communication and assessment; (ii) gather data through best practices and collaborates with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest

quality of care to KMC patients; (iii) support the Department Chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes; (iv) participate in the preparation, monitoring, review, and performance of clinical activity in the Department; (v) participate in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department; (vi) complete medical records in a timely fashion and work to improve the quality, accuracy, and completeness of documentation; (vii) work collaboratively with other clinical departments to further develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services; (viii) follow and comply with the medical staff bylaws, rules, regulations, and policies as well as Authority and KMC policies and procedures; (ix) attend department staff meetings and the annual medical staff meeting; (x) attend and actively participate in medical staff and hospital committees, as assigned; and (xi) participate in other clinical, academic, and administrative activities, as assigned by the Department chair.

B. Chief, Division of Cardiology: Physician shall: (i) supervise the cardiology service, including the echocardiology lab, cardiac catheterization lab, outpatient clinics, and inpatient wards; (ii) manage the quality assurance work pertaining to the Division; (iii) ensure the cardiology service is monitored and evaluated for quality and appropriateness of care and that opportunities for continuous improvements are regularly reviewed and implemented; (iv) develop, monitor, review, and oversee performance of the Division budget; (v) provide support to the residency program director for didactic teaching and resident education; (vi) establish goals and expectations for resident and medical student rotations; (vii) prepare the call schedule for the cardiology service; and (viii) collaborate with Department leadership, all other KMC physician leadership, and hospital administration in the development of a comprehensive cardiology clinical program.

Employment Standards:

Completion of an accredited residency program in internal medicine; completion of a fellowship in cardiology; two (2) years of post-residency experience in interventional and invasive cardiology

AND

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

AND

Certification by the American Osteopathic Board of Internal Medicine in internal medicine-general with subspecialty certification by the American Osteopathic Board of Internal Medicine in interventional cardiology and cardiovascular disease

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

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

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

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

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

Physician

Date



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

September 21, 2016

Subject: Report on County of Kern Health Benefits Programs

Recommended Action: Hear Presentation; Receive and File

Summary:

A report from the County of Kern Administrative Office, Human Resources Division on county health benefits programs has been presented to the Board of Governors and will be presented at the Board meeting.

Human Resources Division

County Administrative Office

Personnel Services • Labor Relations • Health Benefits • Training & Development



John Nilon
County Administrative Officer

1115 Truxtun Avenue, 1st Floor, Bakersfield, CA 93301
Telephone (661) 868-3480 • Fax (661) 868-3928 • TTY Relay (800) 735-2929

Devin W. Brown
Chief Human Resources Officer

September 21, 2016

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

REPORT ON COUNTY OF KERN HEALTH BENEFITS PROGRAMS

After the recent transition from the County of Kern to the Kern County Hospital Authority, Kern Medical continues to offer its employees benefits provided by the County. In addition to retirement, Deferred Compensation, and voluntary insurance benefits, employees are offered participation in the same medical, dental, and vision plans offered to County employees and participating special districts. In partnership with Kern Medical Human Resources and hospital administration, our office is pleased to partner in providing excellent benefits at the most affordable cost to participating employers. The County currently offers four employee medical plan options: The County of Kern Point of Service (POS) Plan, County of Kern Exclusive Provider Organization (EPO) Plan, Kaiser Permanente HMO Plan, and Kern Legacy Health Plan. Kern Legacy is a unique offering that prominently features Kern Medical as the preferred provider in the Bakersfield area and originally began as a program of the hospital. The discussion below provides additional information on the group health insurance program, the employee health plans currently offered by the County, and costs associated with these benefits.

OVERVIEW OF THE EMPLOYEE GROUP HEALTH PROGRAM

The County's employee Group Health Self-Insurance Program operates from an internal service fund and relies on both employee and employer contributions to fund benefits. The entire program, which includes the POS Plan, EPO Plan, Kaiser Permanente, and Kern Legacy medical options, as well as dental, vision, and employee assistance and wellness programs, has budgeted annual expenses of \$140 million and estimated revenues of \$145 million for the current fiscal year. Charges to departments and premium contributions from employees used to fund the Group Health program are based on projected claims expense (based on prior claims experience and actuarial analysis) and any budgeted increase or reduction to reserves. In FY 2015-16, \$107 million of \$137 million in total expenses were for payment of actual claims for medical, dental, and vision benefits. Both active employee and retiree claims expenses for all self-funded options are paid from the Group Health fund. Other expenses in the fund include the Employee Assistance Program (EAP) as well as administration costs and excess insurance premiums for the various self-funded health plans and programs.

In FY 2015-16, the per employee "super-composite" charge for County departments and the Hospital Authority is \$575 biweekly. These charges are the same amount for each employee, regardless of the individual's coverage. This per-employee charge is the primary source of funding for claims paid for the self-funded programs and their administrative fees as well as all premium payments for fully-insured products. Under collective bargaining agreements, most employees now also pay a 20% "premium contribution" for their health benefits. For the self-

funded medical plan options, the premium amount is derived from an estimated per employee cost based on actual claims, as determined by actuarial analysis, when claims data is available. However, the true costs for the self-funded plans are actual claims paid plus administrative fees, not a premium. Claims costs can vary widely and the County is responsible to pay up to \$1.5 million per occurrence before stop-loss insurance will cover excess cost. While there is additional risk with a self-funded plan, there is no cost for unused services. For the Kaiser Permanente plan, the County pays actual premiums as this plan is fully insured while Kaiser Permanente assumes all additional risk (although an employee's bundled dental and vision benefits may also be self-funded).

Each employee medical plan option includes similar services. Every plan covers emergency services and allows access to a contracted primary care physician at a low co-pay amount. Hospital, inpatient, and outpatient care is also covered under each plan with co-pays that range from \$0 to a flat co-pay per admission or daily co-pay amount (with annual maximum). No plans have deductibles except for the out-of-network benefit on the POS Plan and Preferred Provider Organization (PPO) benefit on Kern Legacy "Network Plus." Except for some instances on the POS Plan and for chiropractic, outpatient mental health, and OB/GYN, most specialist services require referral from the primary care physician. County plans that include Kern Medical as an in-network provider also feature lower co-pays to encourage employee use of Kern Medical facilities. The largest difference between all of the different plans will always be the provider network, as each option except the POS Plan uses a limited network as a means of achieving cost savings.

POINT OF SERVICE PLAN FEATURES AND COSTS

The POS Plan, is a self-funded plan for which the County is solely responsible to pay actual claims from providers on a fee-for-service basis. The POS Plan has the most robust network of any employee medical plan option and is the only plan that offers an out-of-network benefit. The out-of-network benefit will pay 70% of "reasonable and customary" charges over a deductible amount—this essentially means that members of the POS Plan have the option of using any provider they choose, although at a higher out-of-pocket cost for non-contracted providers. The POS Plan is popular with employees and retirees under age 65 and has the highest enrollment of any available option. The POS Plan uses the Anthem Blue Cross provider network and includes the following local hospitals: Kern Medical, Delano Regional, HealthSouth Rehabilitation, Kern Valley Hospital, Bakersfield Heart Hospital, Memorial, Mercy, Mercy Southwest, Ridgecrest Regional, San Joaquin Community Hospital, and Tehachapi Hospital.

Costs: Employee contributions for the POS Plan are currently \$84/\$151/\$219 biweekly (single/two-party/family with dental HMO and vision).

Intangibles: The POS Plan offers the widest variety of choices for members and gives more options for self-directed care than any of the other plans. This is the only plan with a nationwide network, for those employees (or retirees) that live in or frequently visit areas outside of Kern County. Being the oldest of the employee plan options, it is the plan that employees are most familiar with and is the most widely accepted plan in the local provider community. Although there are now four employee medical plan options, the POS Plan is still often referred to as "The County Plan." The number of options available on this plan adds to the potential costs and individuals that need to use services most are likely to opt for the more robust POS Plan, which also increases costs.

KAISER PERMANENTE HMO PLAN FEATURES AND COSTS

Kaiser Permanente is one of two lower-cost options initially offered in 2008. Kaiser Permanente is the County's only fully-insured medical plan offered to employees. As a fully-insured plan, Kaiser assumes the risk of funding members' treatment and the County is charged a fixed premium amount per employee. While there is a potential excess cost to the County, in that the premiums are paid even for those individuals that do not access services, the County is also protected from fluctuating costs and has limited liability in the current period (although premium amounts could increase annually based on experience). The Kaiser option is an HMO model with a limited network of providers and actively managed care. Kaiser Permanente members are restricted to using Kaiser-contracted facilities, which are limited to the Bakersfield area within Kern County but also expand to locations throughout California. Kaiser Permanente is contracted with San Joaquin Community Hospital locally.

Costs: Employee contributions for the Kaiser Permanente HMO are currently \$45/\$87/\$123 biweekly (single/two-party/family with dental HMO and vision).

Intangibles: Kaiser Permanente is a unique offering and can have a loyal following. It is the only active employee plan, other than the POS Plan, that offers a coverage area that expands beyond Kern County. Kaiser is also a preferred option for some outlying areas of the County where Kaiser facilities are available in a neighboring county, even though Kaiser does not provide coverage in all areas of Kern County. Because the plan is fully insured, costs are predictable and the County is somewhat protected from extremes in treatment costs.

EXCLUSIVE PROVIDER ORGANIZATION PLAN FEATURES AND COSTS

The EPO Plan, administered by Managed Care Systems, LLC (MCS), is another self-funded plan for which the County is solely responsible to pay actual claims from providers on a fee-for-service basis. The EPO Plan is the other of two lower-cost options initially offered in 2008. Although otherwise offering similar benefits to the POS Plan, the EPO Plan has no out-of-network benefit. Like the Kaiser Permanente HMO, the EPO Plan uses a limited network—GEMCare contracted providers and Dignity Health hospitals and facilities. Because the Plan features a limited network, care is easier to coordinate and manage and overall costs can be kept lower. The EPO Plan is contracted with the following local hospitals: Bakersfield Memorial, Mercy, Mercy Southwest, Delano Regional, Kern Valley Hospital, Ridgecrest Regional Hospital, and Tehachapi Hospital.

Costs: Employee contributions for the EPO Plan are currently \$42/\$78/\$113 biweekly (single/two-party/family with dental HMO and vision).

Intangibles: The EPO Plan offers a stable healthcare product with a cohesive provider network that is well-recognized locally. The Plan has been successful with employees over the past six years and is the second most popular plan for under age 65 retirees, after the POS Plan. Costs have been consistently lower than the POS Plan and total medical and prescription claims for the EPO Plan have been the lowest of any plan per member per month over the past six months. Similar to the Kaiser Permanente option and the Kern Legacy option, this plan uses a limited network, which may present a drawback for members in locations without contracted providers or those that prefer the freedom of the out-of-network benefit provided in the POS Plan.

KERN LEGACY HEALTH PLAN FEATURES AND COSTS

Kern Legacy Health Plan began as an EPO Plan administered by staff at Kern Medical. Beginning in 2016, Kern Legacy was expanded to the new “Network Plus” benefit that includes the original EPO model, with the addition of a Preferred Provider Organization (PPO) benefit at a higher out-of-pocket cost. Administration for the Plan has now transitioned to a dedicated team within the County’s Human Resources Division. Kern Legacy is another self-funded plan for which the County is solely responsible to pay actual claims from providers on a fee-for-service basis. Kern Legacy’s network is independently owned and administered by the County and is structured specifically to drive business and revenue to Kern Medical facilities, while also actively managing costs. Kern Medical is the primary hospital for this Plan in metropolitan Bakersfield but the Plan also includes Ridgecrest Regional, Delano Regional, Northern Inyo Hospital, Southern Inyo Hospital, and Tehachapi Valley Hospitals outside of Bakersfield. San Joaquin Community Hospital is contracted to provide EPO-level services that Kern Medical cannot, with prior approval from the Plan.

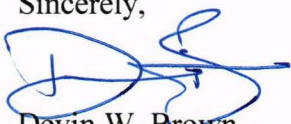
Costs: Employee contributions for Kern Legacy Health Plan are currently \$31/\$59/\$86 biweekly (single/two-party/family with dental HMO and vision).

Intangibles: Kern Legacy Health Plan’s greatest assets are Kern Medical and the dedicated County staff that provide a “personal touch” for County, Hospital Authority, and special district employees. This plan was conceived for the dual purpose of offering an affordable health plan option for participating employers and their employees as well as driving additional revenue to Kern Medical. The close relationship between County staff and Kern Medical staff helps to provide the best member experience and provides invaluable feedback to hospital administration. Kern Legacy is a new and drastically different health plan offering for the County and Kern Medical and has seen tremendous success in its short three years.

CONCLUSION

This report presents the health benefits that the Hospital Authority is currently “buying back” from the County. The Authority is currently charged the same per employee rate as County departments. Being the sole fiduciary for its self-funded medical benefits, including the Point of Service Plan, Exclusive Provider Organization Plan, and Kern Legacy Health Plan, the County has a clear financial interest in reducing overall costs for these benefits. The County currently offers a very robust benefits package with generous health benefits. Change is always an option and Kern County Human Resources will continue to work with Kern Medical to identify ways to provide the best benefits for employees at the lowest possible cost. Kern Legacy Health Plan is a key component in our office’s long-term benefits strategy and we appreciate the continued support and involvement of Kern Medical administration and your Board in this partner project.

Sincerely,



Devin W. Brown
Chief Human Resources Officer

Attachments

County of Kern Health Plans Summary of Benefits – Comparison Chart

Summary of Benefits	Kern Legacy Health Plan Network Plus 1-855-308-5547		Managed Care Systems EPO Plan 1-888-587-8810	Kaiser Permanente HMO Plan 1-800-464-4000	Point of Service (POS) Plan 1-855-KERNPOS (537-6767)	
	Premier EPO Benefit	Additional PPO Benefits	EPO (Exclusive Provider Organization)	HMO Traditional Plan	POS In-Network	POS Out-of-Network
Who Directs Your Care	KLHP Primary Care Physician (PCP)	Member (some services require member to obtain prior authorization)	MCS contracted Primary Care Physician (PCP)	Kaiser Permanente Plan Providers	Anthem Blue Cross contracted Primary Care Physician (PCP)	Member (some services require member to obtain prior authorization)
Annual Deductible	\$0	\$250 individual \$500 per family	\$0	\$0	\$0	\$200 per individual \$400 per family (2 mbrs @ \$200)
Calendar Year Out-of-Pocket Max (Once this maximum is paid by the member, the plan pays a higher amount - up to 100% coverage)	<u>Medical:</u> \$1,000 per person \$2,000 per family <u>Pharmacy:</u> \$1,600 per person \$3,200 per family	<u>Medical:</u> \$4,000 per person \$8,000 per family (No PPO pharmacy benefits)	<u>Medical:</u> \$1,000 per person \$3,000 per family <u>Pharmacy:</u> \$5,600 per person \$10,200 per family	<u>Combined Medical/Pharmacy:</u> \$1,500 for employee \$ 3,000 per family	<u>Medical:</u> \$1,000 per person \$3,000 per family <u>Pharmacy:</u> \$5,600 per person \$10,200 per family	<u>Medical:</u> \$2,000 per person \$4,000 per family (2 mbrs @ \$2,000)
Primary Physician Visit	\$10 copay	n/a	\$10 copay	\$10 copay	\$15 copay	70% coverage R&C ¹
Specialist Physician Visits	\$20 copay	20% coinsurance ¹	\$15 copay	\$10 copay	\$25 copay	70% coverage R&C ¹
Well Baby Care (up to age 2)	\$0 copay	n/a	\$0 copay	\$0 copay	\$0 copay	70% coverage R&C ¹
Adult Periodic Health Evaluations ²	\$0 copay	n/a	\$0 copay	\$0 copay	\$0 copay	Not covered
Outpatient Surgery / Procedure	\$0 copay at Kern Medical \$50 copay at surgery center \$150 copay at outlying hospital	20% coinsurance ¹	Copays: \$150 (hospital setting) \$50 (surgery center)	\$10 per procedure copay	\$0 copay at Kern Medical or \$100 copay	70% coverage R&C ¹
Inpatient Hospitalization	\$0 copay at Kern Medical ⁴	20% coinsurance ¹	\$100/day, up to max copay of \$500 per calendar year	\$250 per admission copay	\$0 copay at Kern Medical or \$150 copay per day, up to \$750 yr max	70% coverage R&C ¹

¹ After deductible has been met

² Over 2 years old

Continuation of Summary	KLHP Network Plus		MCS EPO Plan	Kaiser Permanente	Point of Service (POS)Plan	
Type of Plan/Benefit Level	Premier EPO Benefit	Additional PPO Benefits	EPO	HMO	<u>In-Network</u>	<u>Out-of-Network</u>
Emergency Room	\$150 copay (waived if admitted)		\$75 copay (waived if admitted)		\$75 copay (waived if admitted)	
Urgent Care	\$15 copay		\$15 copay	\$10 copay	\$15 copay	70% coverage R&C ¹
Mammogram & Pap Smear	\$0 copay	20% coinsurance ¹	\$0 copay	\$ 0 copay	\$0 copay	Not Covered
Immunizations (Office visit copay applies)	\$0 copay	20% coinsurance ¹	\$0 copay	\$ 0 copay	\$0 copay	70% coverage R&C ¹
Diagnostic Lab/X-Ray	\$0 copay	20% coinsurance ¹	\$0 copay	\$ 0 copay	\$0 copay	70% coverage R&C ¹
Advanced Radiology (CT/PET/MRI)	\$25 copay	20% coinsurance ¹	\$0 copay	\$ 0 copay	\$0 copay	70% coverage R&C ¹
Physical, Speech and Occupational Therapy	\$0 copay	20% coinsurance ¹	\$0 copay (max 60 visits/year combined)	\$10 copay	\$0 copay (max 60 visits/year combined)	70% coverage R&C ¹ (max. 60 visits/yr combined)
Durable Medical Equipment	\$0 copay	20% coinsurance ¹	\$0 copay	No charge	\$0 copay	70% coverage R&C ¹
Allergy Testing & Diagnosis	\$15 copay	20% coinsurance ¹	\$0 copay	\$10 copay	\$0 copay	70% coverage R&C ¹
Chiropractic	\$10 copay (max 20 visits per calendar year)		\$10 per visit – maximum 20 visits per calendar year	\$10 copay – max 30 visits per calendar year (ASHP Networks)	\$20 maximum benefit/visit (max 30 visits per calendar year)	
Prescription - Retail	Up to 90 day supply at Kern Medical Pharmacy: \$0 Generic \$15 Preferred Brand \$35 Non-Preferred Brand		30 day at NPS pharmacy: \$5 Generic \$10 Preferred Brand \$25 Non-Preferred Brand	Up to a 100 day supply at Kaiser pharmacy: \$5 Generic \$15 Brand	30 day at a contracted pharmacy: \$5 Generic (\$0 at Kern Medical Pharmacies) \$15 Preferred Brand ³ \$30 Non-Preferred Brand ³	
Prescription - Mail order	Up to 30 day at Non-Kern Medical Pharmacy: \$5 Generic *** \$30 Preferred Brand *** \$60 Non-Preferred Brand *** *** Or actual cost, whichever is lower		90 day at Int HMO pharmacy: \$10 Generic \$20 Preferred Brand \$50 Non-Preferred Brand	Up to a 100 day: \$5 Generic \$15 Brand	90 day at Mail Delivery: \$10 Generic \$30 Preferred Name brand ³ \$60 Non-Preferred Name brand ³	

¹ After deductible has been met. ³ If no generic available. Higher cost if generic is available.

⁴ Kern Medical is the ONLY in-network EPO hospital in metropolitan Bakersfield, except for certain specialties with prior Plan approval. \$100/day co-pay for in-network hospitals in

OUTLYING AREAS up to max copay of \$500 per calendar year. Out-of-network is for emergency ONLY, and includes \$100/day co-pay. In-network EPO hospitals include Kern Medical, Ridgecrest Regional, Delano Regional, and Tehachapi Valley hospitals.

This is a summary of the most frequently asked-about benefits. This chart does not explain benefits, out-of-pocket maximums, exclusion or limitations, nor does it list all benefits. For a complete explanation, please refer to the Summary Plan Description for each plan.

County of Kern Dental Plans

Summary of Benefits - Comparison Chart

Dental plans administered by **LIBERTY Dental Plan**
 Customer Service: 1-888-273-3179

Dental Plans	Independence PPO		Cobalt Plus - Liberty DHMO	
	PPO Dentist	Non-PPO Dentist	DHMO Dentist	Any other Dentist
Annual Maximum <i>(per person)</i>	\$1,500.00	\$1,500.00	None	N/A
Deductible <i>(per calendar year)</i>				
Individual	\$50.00	\$50.00	\$0.00	N/A
Family	\$150.00	\$150.00	\$0.00	N/A
Coinsurance <i>(plan pays)</i>				
Preventive Exams <i>(prophylaxis)</i>	90% ^{①④}	70% ^{②④}	100% ^③	No covered benefit
X-Rays	90% ^①	70% ^②	100% ^③	No covered benefit
Other Services - Restorative <i>(Amalgam, plastic, acrylic filling of cavities)</i>	90% ^①	70% ^②	100% ^③	No covered benefit
Endodontic <i>(Pulpal therapy and root canals)</i>	90% ^①	70% ^②	100% ^③	No covered benefit
Periodontics <i>(Treatment of gums and bones supporting teeth)</i>	90% ^①	70% ^②	100% ^③	No covered benefit
Prosthodontics <i>(Partial and complete dentures)</i>	90% ^①	70% ^②	Patient pays: ^③ \$55.00 - dentures \$25.00 – partial	No covered benefit
Crowns	90% ^①	70% ^②	Patient pays: ^③ \$45.00 to \$90.00	No covered benefit
Orthodontia	No covered benefit	No covered benefit	Contact Customer Service	No covered benefit

①Of negotiated fees

②Of reasonable and customary charge

③Procedure must be listed in the schedule of benefits to be covered at 100%.

Many other services are offered with a specified co-payment.

④Deductible waived

Call LIBERTY Dental for provider information or visit their website at
www.libertydentalplan.com/countyofkern



Your Vision Benefit Summary

Keep your eyes healthy with COUNTY OF KERN and VSP® Vision Care.

Using your VSP benefit is easy.

- **Find an eyecare provider who's right for you.** With open access to see any eyecare provider, you can see the one who's right for you. Choose a VSP doctor or any other provider. To find a VSP doctor, visit vsp.com or call **800.877.7195**.
- **Review your benefit information.** Visit vsp.com to review your plan coverage before your appointment.
- **At your appointment, tell them you have VSP.** There's no ID card necessary.

That's it! We'll handle the rest—there are no claim forms to complete when you see a VSP doctor.

Personalized Care

A VSP doctor provides personalized care that focuses on keeping you and your eyes healthy year after year. Plus, when you see a VSP doctor, you'll get the most out of your benefit, have lower out-of-pocket costs, and your satisfaction is guaranteed.

Choice in Eyewear

From classic styles to the latest designer frames, you'll find hundreds of options for you and your family. You'll have access to great brands, like bebe®, Calvin Klein, Disney, FENDI, Nike, and Tommy Bahama®.

Plan Information

VSP Coverage Effective Date: 01/01/2014

VSP Doctor Network: VSP Signature

Benefit	Description	Copay
Your Coverage with a VSP Doctor		
WellVision Exam	<ul style="list-style-type: none"> • Focuses on your eyes and overall wellness • Every 12 months 	\$20
Prescription Glasses		
		\$20
Frame	<ul style="list-style-type: none"> • \$105 allowance for a wide selection of frames • 20% off amount over your allowance • Every 24 months 	Included in Prescription Glasses
Lenses	<ul style="list-style-type: none"> • Single vision, lined bifocal, and lined trifocal lenses • Polycarbonate lenses for dependent children • Every 24 months 	Included in Prescription Glasses
Lens Options	<ul style="list-style-type: none"> • Standard progressive lenses • Premium progressive lenses • Custom progressive lenses • Average 35-40% off other lens options • Every 24 months 	\$50 \$80 - \$90 \$120 - \$160
Contacts (instead of exam and glasses)	<ul style="list-style-type: none"> • \$100 allowance for exam, contacts, contact lens exam (fitting and evaluation) • 15% discount off WellVision Exam • 15% off contact lens exam (fitting and evaluation) • Every 24 months 	\$0
Additional Coverage	<ul style="list-style-type: none"> • Diabetic Eyecare Program 	
Extra Savings and Discounts	Glasses and Sunglasses	<ul style="list-style-type: none"> • 30% off additional glasses and sunglasses, including lens options, from the same VSP doctor on the same day as your WellVision Exam. Or get 20% off from any VSP doctor within 12 months of your last WellVision Exam.
	Retinal Screening	<ul style="list-style-type: none"> • Guaranteed pricing on retinal screening as an enhancement to your WellVision Exam.
	Laser Vision Correction	<ul style="list-style-type: none"> • Average 15% off the regular price or 5% off the promotional price; discounts only available from contracted facilities • After surgery, use your frame allowance (if eligible) for sunglasses from any VSP doctor
Your Coverage with Other Providers		
Visit vsp.com for details, if you plan to see a provider other than a VSP doctor.		
Exam.....	up to \$35	Lined Trifocal Lenses..... up to \$50
Frame.....	up to \$30	Progressive Lenses..... up to \$50
Single Vision Lenses.....	up to \$25	Exam/Contacts..... up to \$100
Lined Bifocal Lenses.....	up to \$40	
<small>VSP guarantees coverage from VSP doctors only. Coverage information is subject to change. In the event of a conflict between this information and your organization's contract with VSP, the terms of the contract will prevail.</small>		

Visit vsp.com or call **800.877.7195** for more details on your vision coverage and exclusive savings and promotions for VSP members.

County of Kern Health Benefits



Presented by

Kern County Administrative Office

Human Resources Division

1115 Truxtun Avenue, 1st Floor

www.kerncountyhealthbenefits.com

Kern County Health Benefits

- Human Resources Division of the County Administrative Office
- Health benefits and voluntary benefits
 - Health plan eligibility and enrollment
 - Health plan administration
- Benefits for active employees and retirees of the County and Special Districts



Medical Benefits

Insured option:

- Kaiser Permanente HMO

Self-funded options:

- Point of Service (POS) Plan
- Exclusive Provider Organization (EPO) Plan
- Kern Legacy Health Plan



Medical Benefits

All medical plan options offer similar coverage

- Very generous benefits
 - No in-network deductibles
 - Low in-network co-pays
- Primary difference is network make-up



Dental and Vision

Liberty Dental

- **PPO** – more providers, coinsurance, annual max
- **DHMO** – fewer providers, low co-pays, no annual max

Vision Service Plan (VSP)

- Annual exam (\$20 co-pay)
- Glasses/contacts every two years



Eligibility of Other Public Employers

- Eligibility Policy changed in March 2015
 - Premiums charged to districts
 - Composite rate charged to Authority
 - Kern Legacy offered to other public employers
- Some districts have now switched to offer Kern Legacy exclusively



Hospital Authority and Kern Legacy

- “Roots” with County and Kern Medical
- Long-term strategic partnership
- Benefit Services Agreement
- Providing the best service for our “family”





**KERN LEGACY
HEALTH PLAN**

Network Plus

A County of Kern Employee & Retiree Medical Plan

EPO MODEL HEALTH PLAN ... WITH A PPO OPTION

THE EVOLUTION

- ❖ Hospital In/Outpatient, Lab, Radiology, and many specialties closed to Kern Medical Center.
- ❖ Plan offered during a special open enrollment for Active employees only.
- ❖ Approximately 2,300 lives enrolled

Implementation
of the EPO
July 2013

❖ Vendors

- Kern Medical Center: Plan Administration, UM
- FMC: Claims Administration, Network
- Catamaran: PBM

- ❖ Opened Lab and Radiology to other local providers
- ❖ Opened enrollment to Retirees under 65 and Renegade Dependent

2014 Opened to
Retirees

- ❖ Approximately 2,500 lives including Retirees.

- ❖ Membership remains stagnant
- ❖ Transition from Kern Medical Center to County for Health Plan Administration (September)
- ❖ Design for “Branding” including logo and print materials

2015
The Beginning of
Transition

- ❖ Burns starts building KHCCN amendments for 2016 plan year
- ❖ RFP for new pharmacy vendor
- ❖ Open enrollment and new PPO benefit option

2016 PRODUCT

“Network Plus”

❖ New for this plan year:

- PPO Benefit Tier
- Network
- Pharmacy Benefit
- Clinical Review Partner/Portal
- Branding Material and Website

❖ Major Achievements:

- 3,000 lives
- 1st Special District Enrolled
- More Competitive Network Rates
- Largest Lunch with Legacy



BENEFIT LEVELS



PRIMARY BENEFIT TIER INCLUDING:

- Primary Care • OB/GYN • DME • Specialty Care • Lab
- Radiology • Physical Therapy • Chiropractic
- Hospital Facility • Outpatient Surgery Facility
- Mental Health

OUT OF POCKETS

- ★ No Annual Deductible
- ★ Low to No Copayments
- ★ Affordable Premiums

REFERRALS & PRECERTIFICATIONS

- Referrals to Specialty Care
- Authorization for most procedures

GIVING YOU MORE OPTIONS:

- Specialty Care • Lab • Radiology • Physical Therapy
- Chiropractic • Hospital Facility
- Outpatient Surgery Facility

OUT OF POCKETS

- ★ \$250 Annual Deductible
- ★ 20% Coinsurance
- ★ Included as a Benefit of the Plan

PRECERTIFICATIONS REQUIRED

- Self-referral for consultations
- Authorization for most procedures

PHARMACY BENEFITS

Three Tier Benefit Plan

Access to Generic, Preferred Brand and Non-Preferred Brand Medication at any retail network pharmacy with reduced copays at a Kern Medical affiliated pharmacy.

At Kern Medical's Main Campus & Sagebrush Pharmacies

- ❖ Up to a 90 day supply of medication
- ❖ \$ 0 copay generic
\$15 copay preferred brand
\$35 copay non-preferred brand
- ❖ Free "Desk Delivery" services, delivering your medications directly to your County office free of charge.

At a retail pharmacy

- ❖ Up to a 30 day supply of medication
- ❖ \$ 5 copay generic
\$30 copay preferred brand
\$60 copay non-preferred brand
- ❖ Use any retail pharmacy contracted with WellDyne RX in or outside of Kern County.

NETWORK CONTRACTING —

- County owned and maintained network.
- Network was previously used for County of Kern POS, however, is now only being used for Kern Legacy Health Plan.
- Contracts are designed to include competitive rates in order to:
 - Keep the Plan sustainable by the employer
 - Remain affordable to members
 - Provide fair reimbursement rates to our providers



Kern Health Care Network

KERN LEGACY PARTNERS

❖ **Plan Administration/Network:**

County of Kern – Kern Legacy

- Member/Provider Services
- Utilization Support – UM Intake
- Network Contracting/Directory Maintenance

❖ **Utilization Management:**

Clinix Healthcare

- Clinical Review
- Care Management
- Online Provider Portal

❖ **Premier EPO Hospital:**

Kern Medical and Off-Site Offices

- In/Out Patient Hospital Services and Specialty Care
- Primary Care/OBGYN
- Ancillary Services

❖ **Claims Administration:**

HealthEdge Administrator

- Customer Service – Provide Eligibility, Benefits, Claims Status
- Processing of Claims

❖ **Pharmacy Benefit Manager:**

WellDyne RX

- Processing of Claims
- Formulary
- Medication Prior Authorizations (PA's)

❖ **Pharmacy:**

Kern Medical Pharmacies

- \$0 generic medications for Members up to a 90 day supply
- Direct to Desk Delivery

ADVANTAGES OF HAVING KERN LEGACY

❖ **The Only Plan Administered Directly by the County of Kern**

- Providing a personal touch to customer service
- Flexible network owned and maintained by the County

❖ **Expansive Primary Network**

- Access to most providers in Kern County
- Only pay up when you choose to

❖ **Low Out-of-Pocket Expenses**

- Maximum out-of-pocket expenses
- No copays for medications, inpatient admissions, and hospital outpatient procedures at Kern Medical

❖ **Emergency and Urgent Care Coverage Outside of Kern County**

- Assurance that you are covered even when you are traveling out of town

❖ **Most Affordable Bi-Weekly Premiums**



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

September 21, 2016

Subject: Hospital Compare Patient Satisfaction Report presented by Kern Medical's Chief Nursing Officer

Recommended Action: Hear Presentation; Receive and File.

Summary:

The Chief Nursing Officer (CNO) will introduce patient satisfaction information which is publically available through the Hospital Compare website. The presentation will include information concerning the patient satisfaction survey process, Centers for Medicare & Medicaid Services mandates and projects undertaken to address Kern Medical patient satisfaction.



Patient Satisfaction

Toni Smith, MSN, RNC
Chief Nursing Officer

HCAHPS (Inpatient)

Hospital Consumer Assessment of Healthcare Providers and Systems

Developed in 2002 by

- Centers for Medicare & Medicaid Services (CMS),
- Agency for Healthcare Research and Quality (AHRQ)

National Standardized Survey Tool

- Provides accurate “apples to apples” metrics
- Results are tied to quality and clinical outcomes
- Gives consumers an easy way to compare hospitals

HCAHPS 101

Sponsoring organizations	CMS and AHRQ		
Who is eligible?	Adult inpatients (18+)	All payers (not just Medicare)	Overnight stay
Who is excluded?	Deceased in hospital Psychiatric diagnosis	Discharged to hospice International address	Discharged to authority
How are questions organized?	2 global measures of performance	7 composites	2 individual items
<p>Metrics are publicly reported four times per year</p> <p>http://www.hospitalcompare.hhs.gov/</p>	<p><u>The 2 global ratings are:</u></p> <ol style="list-style-type: none"> 1. Overall rating of hospital (0-10 scale) 2. Recommend this hospital <p><u>The 7 composites are:</u></p> <ol style="list-style-type: none"> 1. Nurse Communication 2. Doctor Communication 3. Responsiveness of hospital staff 4. Pain management 5. Communication about medicines 6. Discharge information 7. Care transitions <p><u>The 2 individual items are:</u></p> <ol style="list-style-type: none"> 1. Cleanliness of hospital environment 2. Quietness of hospital environment 		

What counts as a positive score?

1. During this hospital stay, how often did nurses treat you with courtesy and respect?

- 1 Never
- 2 Sometimes
- 3 Usually
- 4 Always

21. Using any number from 0 to 10, where 0 is the worst hospital possible and 10 is the best hospital possible, what number would you use to rate this hospital during your stay?

- 0 Worst hospital possible
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 Best hospital possible

HCAHPS – Hospital Compare	2nd Qtr 2016	October 2014 to September 30, 2015				
Survey Domains	Kern Medical	Kern Medical	BMH	SJCH	Mercy	CA
Patients who reported that their nurses "Always" communicated well	72%	67%	73%	72%	71%	75%
Patients who reported that their doctors "Always" communicated well	78%	71%	74%	76%	71%	78%
Patients who reported that they "Always" received help as soon as they wanted	62%	53%	55%	57%	56%	62%
Patients who reported that their pain was "Always" well controlled [†]	71%	60%	66%	63%	67%	68%
Patients who reported that staff "Always" explained about medicines before giving it to them	71%	59%	63%	60%	61%	61%
Patients who reported that their room and bathroom were "Always" clean	69%	65%	73%	67%	68%	70%
Patients who reported that the area around their room was "Always" quiet at night	50%	35%	50%	51%	45%	51%
Patients who reported that YES, they were given information about what to do during their recovery at home	82%	80%	85%	86%	84%	85%
Patients who "Strongly Agree" they understood their care when they left the hospital	51%	43%	46%	46%	45%	48%
Patients who gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest)	68%	58%	68%	66%	67%	68%
Patients who reported YES, they would definitely recommend the hospital	65%	58%	70%	67%	68%	69%

Hourly Rounding

BEHAVIORS OF HOURLY ROUNDING	EXPECTED RESULTS
<ul style="list-style-type: none">• Accomplish scheduled tasks• Address 4 P's<ul style="list-style-type: none">painpottypositioningfall prevention• Address personal needs & questions• Conduct environmental assessment• Address outstanding patient needs• Reassure patient/family a caregiver will be back in an hour	<ul style="list-style-type: none">• Reduce patient/family anxiety• Increase nursing efficiency• Increase patient satisfaction• Address quality indicators<ul style="list-style-type: none">pain managementpressure ulcersfall prevention• Increase patient safety• Increase care provider teamwork• Reassurance to patient/family

Bedside Report (7am & 7pm)

Nurse to nurse change of shift communication that occurs at the bedside

- Introduce on-coming nurse and review plan of care for next 12 hours
Patients can opt-out/opt-in at any time
- Review **S**-ituation,
 B-ackground,
 A-ssessment
 R-ecommendations
- Conduct a patient safety check
 ID band, incision, IV site, equipment settings, foley, fall risk
- Check the environment for safety
 Call light within reach, walker in reach, bed alarm
- Update white board with nurse & aid name/phone number
- Ask patient (and family) if they have anything to add, have questions, have other needs that need to be addressed

Nursing Journey to Provide Excellent Patient Care

- Rolled out July 2016/ 3 year plan
- Focus on Hourly Rounding & Bedside Report

HCAHPS Composites	HCAHPS Question Summary	Hourly Rounding	Bedside Report
Nursing Communication	<ol style="list-style-type: none"> 1. Nurse courtesy and respect 2. Nurses listen carefully 3. Nurse explanations are clear 4. Nurses kept you informed 	X X X X	X X X X
Responsiveness of Hospital Staff	<ol style="list-style-type: none"> 1. Staff helped with bathroom needs 2. Call button answered timely 3. Staff concern for privacy 	X X X	X X X
Pain Management	<ol style="list-style-type: none"> 1. Pain well controlled 2. Staff helped with pain 	X X	X X
Communication about Medicines	<ol style="list-style-type: none"> 1. Staff explained new medicine 2. Staff clearly described side effects 	X X	
Quietness of Hospital Environment	<ol style="list-style-type: none"> 1. Area around room kept quiet at night 	X	
Cleanliness of Hospital Environment	<ol style="list-style-type: none"> 1. Room and bathroom kept clean 	X	
Discharge Information	<ol style="list-style-type: none"> 1. Staff discussed help needed after discharge 2. Written symptom/health info provided 	X	X

The Future of Patient Satisfaction

- Ensuring that the patient's voice is heard
- Public transparency
Consumers have an informed choice regarding healthcare
- Reimbursement tied to patient satisfaction

thank
thank
you!



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

September 21, 2016

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Required Action: Receive and File.

Summary:

Chief Executive Officer will provide an update on hospital operations.

KERN MEDICAL

3-Month Trend Analysis: Volume and Strategic Indicators

July 31, 2016

	MAY	JUNE	JULY	BUDGET JULY	PY JULY	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
VOLUME										
Adjusted Admissions (AA)	1,595	1,456	1,500	1,455	1,560	1,500	1,485	1%	1,560	(4%)
Adjusted Patient Days	8,352	6,904	7,945	8,050	7,700	7,945	8,050	(1%)	7,700	3%
Admissions	814	757	787	779	779	787	779	1%	779	1%
Average Daily Census	138	129	134	139	124	134	139	(3%)	124	8%
Patient Days	4,263	3,872	4,168	4,309	3,846	4,168	4,309	(3%)	3,846	8%
Available Occupancy %	64.3%	60.3%	62.8%	65.0%	58.0%	62.8%	65.0%	(3%)	58.0%	8%
Average LOS	5.2	5.1	5.3	5.5	4.9	5.3	5.5	(4%)	4.9	7%
Surgeries										
Inpatient Surgeries (Main Campus)	257	201	214	228	208	214	228	(6%)	208	(6%)
Outpatient Surgeries (Main Campus)	254	277	249	265	285	249	265	(6%)	285	(6%)
Total Surgeries	511	478	463	493	493	463	493	(6%)	493	
Births	195	220	216	276	214	216	276	(22%)	214	1%
ER Visits										
Admissions	428	363	390	316	394	1,181	316	274%	394	214%
Treated & Released	3,613	3,480	3,574	2,900	3,103	10,667	2,900	268%	3,103	242%
Total ER Visits	4,041	3,843	3,964	3,216	3,497	11,848	3,216	268%	3,497	239%
PAYOR MIX - Charges										
Commercial FFS	6.6%	4.9%	3.6%	5.4%	5.7%	3.6%	5.4%	-32.7%	5.7%	(36%)
Commercial HMO/PPO	4.6%	5.4%	6.4%	5.6%	4.7%	6.4%	5.6%	14.3%	4.7%	35%
Medi-Cal	31.0%	29.7%	24.2%	26.8%	32.8%	24.2%	26.8%	-9.9%	32.8%	(26%)
Medi-Cal HMO - Kern Health Systems	26.4%	25.2%	27.8%	23.7%	26.1%	27.8%	23.7%	17.4%	26.1%	7%
Medi-Cal HMO - Health Net	11.2%	11.5%	11.3%	9.6%	8.4%	11.3%	9.6%	17.5%	8.4%	35%
Medi-Cal HMO - Other	0.4%	0.6%	0.7%	6.0%	0.6%	0.7%	6.0%	-88.3%	0.6%	17%
Medicare	7.5%	9.1%	10.9%	9.4%	8.1%	10.9%	9.4%	16.7%	8.1%	35%
Medicare - HMO	2.0%	2.1%	3.0%	2.5%	1.3%	3.0%	2.5%	20.0%	1.3%	127%
County Programs	3.8%	3.7%	3.2%	1.2%	3.7%	3.2%	1.2%	175.9%	3.7%	(14%)
Workers' Compensation	0.3%	0.6%	0.4%	1.6%	0.8%	0.4%	1.6%	-74.1%	0.8%	(48%)
Self Pay	6.3%	7.3%	8.5%	8.3%	7.8%	8.5%	8.3%	2.2%	7.8%	9%
Total	100%	100%	100%	100%	100%	100%	100%		100%	

KERN MEDICAL

3-Month Trend Analysis: Labor and Productivity Metrics

July 31, 2016

	MAY	JUNE	JULY	BUDGET JULY	PY JULY	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Labor Metrics										
Productive FTEs	1,363.50	1,341.06	1,353.63	1,433.91	1,316.97	1,353.63	1,433.91	(6%)	1,316.97	3%
Non-Productive FTEs	165.57	232.42	208.13	191.09	383.45	208.13	191.09	9%	383.45	(46%)
Contract Labor FTEs	54.12	57.47	61.66	52.61	27.50	61.66	52.61	17%	27.50	124%
Total FTEs	1,529.07	1,573.48	1,561.75	1,625.00	1,700.42	1,561.75	1,625.00	(4%)	1,700.42	(8%)
FTE's Per AOB Paid	5.68	6.34	6.09	5.87	6.94	6.09	5.87	4%	6.94	(12%)
FTE's Per AOB Worked	5.06	5.40	5.28	5.18	5.38	5.28	5.18	2%	5.38	(2%)
Labor Cost/FTE	128,775	85,559	134,605	132,769	118,752	134,605	132,769	0	118,752	13%
Salaries & Benefits as % of Net Patient Revenue	49.4%	33.6%	66.2%	65.8%	68.3%	0.66	65.8%	1%	68.3%	(3%)



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

September 21, 2016

Subject: Kern County Hospital Authority, Chief Financial Officer Report

Required Action: Receive and File.

Summary:

Kern County's Hospital Authority Chief Financial officer will provide a report.

KERN MEDICAL
3-Month Trend Analysis: Revenue & Expense
July 31, 2016

	MAY	JUNE	JULY	BUDGET JULY	PY JULY	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 71,750,628	\$ 64,305,039	\$ 65,986,271	\$ 73,287,271	\$ 57,252,227	\$ 65,986,271	\$ 73,287,271	(10%)	\$ 57,252,227	15%
Contractual Deductions	(55,432,757)	(47,093,733)	(48,963,457)	(55,892,400)	(43,357,551)	(48,963,457)	(55,892,400)	(12%)	(43,357,551)	13%
Net Revenue	16,317,871	17,211,306	17,022,814	17,394,871	13,894,676	17,022,814	17,394,871	(2%)	13,894,676	
Indigent Funding	6,023,258	10,567,115	6,360,863	6,876,297	7,163,465	6,360,863	6,876,297	(7%)	7,163,465	(11%)
Correctional Medicine	8,497,748	3,515,692	1,942,469	1,942,469	1,937,012	1,942,469	1,942,469	0%	1,937,012	
County Contribution	631,415	304,057	297,260	297,260	633,144	297,260	297,260	0%	633,144	
Incentive Funding	1,750,000	1,750,000	849,315	833,334	1,000,000	849,315	833,334	2%	1,000,000	(15%)
Net Patient Revenue	33,220,292	33,348,170	26,472,721	27,344,231	24,628,297	26,472,721	27,344,231	(3%)	24,628,297	7%
Other Operating Revenue	1,226,602	952,827	1,115,814	1,301,415	1,464,461	1,115,814	1,301,415		1,464,461	
Other Non-Operating Revenue	515,066	691,863	62,803	22,187	11,643	62,803	22,187	183%	11,643	439%
Total Operating Revenue	34,961,960	34,992,860	27,651,338	28,667,833	26,104,401	27,651,338	28,667,833	(4%)	26,104,401	6%
Expenses										
Salaries	10,402,533	9,770,594	11,687,472	11,512,980	11,150,906	11,687,472	11,512,980	2%	11,150,906	5%
Employee Benefits	5,369,063	311,390	5,048,433	5,760,198	5,307,480	5,048,433	5,760,198	(12%)	5,307,480	(5%)
Contract Labor	637,234	1,136,821	782,414	705,976	369,060	782,414	705,976	11%	369,060	112%
Medical Fees	1,338,300	1,338,792	1,198,506	1,391,774	1,210,009	1,198,506	1,391,774	(14%)	1,210,009	(1%)
Other Professional Fees	1,945,798	1,428,564	1,589,837	1,546,280	1,662,980	1,589,837	1,546,280	3%	1,662,980	(4%)
Supplies	4,069,895	4,836,758	3,448,646	4,030,466	3,244,964	3,448,646	4,030,466	(14%)	3,244,964	6%
Purchased Services	1,465,156	1,661,121	1,110,954	1,215,178	1,362,129	1,110,954	1,215,178	(9%)	1,362,129	(18%)
Other Expenses	1,783,498	2,250,148	1,677,645	1,661,360	1,193,037	1,677,645	1,661,360	1%	1,193,037	41%
Operating Expenses	27,011,477	22,734,188	26,543,907	27,824,212	25,500,565	26,543,907	27,824,212	(5%)	25,500,565	4%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	7,950,483	12,258,672	1,107,432	843,621	603,836	1,107,432	843,621	31%	603,836	83%
EBIDA Margin	23%	35%	4%	3%	2%	4%	3%	36%	2%	73%
Interest	40,941	3,317,333	18,808	49,973	22,931	18,808	49,973	(62%)	22,931	(18%)
Depreciation	528,639	459,491	450,376	399,668	380,265	450,376	399,668		380,265	18%
Amortization	158,713	68,122	21,125	49,797	48,259	21,125	49,797	(58%)	48,259	(56%)
Total Expenses	27,739,770	26,579,134	27,034,216	28,323,650	25,952,020	27,034,216	28,323,650	(5%)	25,952,020	4%
Operating Gain (Loss)	7,222,190	8,413,726	617,123	344,183	152,381	617,123	344,183	79%	152,381	305%
Operating Margin	21%	24%	2%	1%	1%	2%	1%	86%	1%	282%

KERN MEDICAL
3-Month Trend Analysis: Cash Indicators
 July 31, 2016

				BUDGET	PY	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	MAY	JUNE	JULY	JULY	JULY	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
CASH										
Total Cash	1,130,798	9,855,835	34,170,088	23,631,900	12,192,089	34,170,088	23,631,900	45%	12,192,089	180%
Days Cash On Hand	1	13	40	26	15	40	26	52%	15	169%
Days In A/R - Gross	79.7	79.3	87.7	76.0	78.5	87.7	76.0	15%	78.5	12%
Patient Cash Collections (in 000's)	\$ 20,130	\$ 18,713	\$ 15,634	\$ 17,023	\$ 16,536	\$ 15,634	\$ 17,023	(8%)	\$ 16,536	(5%)
Patient Cash Goal	\$ 16,318	\$ 17,211	\$ 17,023	\$ 17,023	\$ 13,895	\$ 17,023	\$ 17,023	0%	\$ 13,895	23%
Projected Year End Cash Balance	2,473,636	38,451,563	33,108,369	33,108,369	0	33,108,369	33,108,369	0%	0	0%

KERN MEDICAL
3-Month Trend Analysis: Operating Metrics
 July 31, 2016

	MAY	JUNE	JULY	BUDGET	PY	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
					JULY	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics										
Total Expense per Adjusted Admission	17,392	18,255	18,020	19,462	16,641	18,020	19,073	(6%)	16,641	8%
Total Expense per Adjusted Patient Day	3,321	3,850	3,403	3,518	3,371	3,403	3,518	(3%)	3,371	1%
Supply Expense per Adjusted Admission	2,552	3,322	2,299	2,769	2,081	2,299	2,714	(15%)	2,081	10%
Supply Expense per Surgery	2,402	1,471	1,518	1,859	1,399	1,518.03	1,859.20	(18%)	1,399	9%
Supplies as % of Net Patient Revenue	12%	15%	13%	15%	13%	13%	15%	(12%)	13%	(1%)
Pharmaceutical Cost per Adjusted Admission	733	1,912	950	1,221	887	950	1,221	(22%)	887	7%
Net Revenue Per Adjusted Admission	\$ 10,231	\$ 11,821	\$ 11,347	\$ 11,952	\$ 8,909	\$ 11,347	\$ 11,714	(3%)	\$ 8,909	27%

KERN MEDICAL					APPENDIX A				
INDIGENT PATIENT CARE FUNDING - MTD & YTD									
FOR THE MONTH JULY 31, 2016									
MTD ACT	MTD BUD	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACT	YTD BUD	VAR \$ FAV/(UNFAV)	VAR %	
311,379	345,977	(34,598)	-10.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	311,379	345,977	(34,598)	-10.0%	
855,876	950,974	(95,098)	-10.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	855,876	950,974	(95,098)	-10.0%	
196,257	196,257	0	0.0%	COUNTY REALIGNMENT FUNDS	196,257	196,257	0	0.0%	
1,016,900	960,366	56,534	5.9%	MEDI-CAL SUPPLEMENTAL FUNDING	1,016,900	960,366	56,534	5.9%	
2,181,474	2,423,860	(242,386)	-10.0%	PRIME - NEW WAIVER	2,181,474	2,423,860	(242,386)	-10.0%	
1,798,977	1,998,863	(199,886)	-10.0%	GPP - NEW WAIVER	1,798,977	1,998,863	(199,886)	-10.0%	
6,360,863	6,876,297	(515,434)	-7.5%	SUB-TOTAL - GOVERNMENTAL REVENUE	6,360,863	6,876,297	(515,434)	-7.5%	
1,942,469	1,942,469	0	0.0%	CORRECTIONAL MEDICINE	1,942,469	1,942,469	0	0.0%	
297,260	297,260	0		COUNTY CONTRIBUTION	297,260	297,260	0		
8,600,592	9,116,026	(515,434)	-5.7%	TOTAL INDIGENT CARE & COUNTY FUNDING	8,600,592	9,116,026	(515,434)	-5.7%	

KERN MEDICAL						APPENDIX B
OTHER REVENUE						
FOR THE MONTH JULY 31, 2016						
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>
		196,257.00				
PARKING LOT REVENUE	500	500	0	500	500	0
OTHER COUNTY DEPARTMENT REIMBURSEMENT	18,555	14,244	4,311	18,555	14,244	4,311
EMS REVENUE (SB-612)	87,883	71,264	16,619	87,883	71,264	16,619
FEDERAL INMATE REVENUE	49,189	54,598	(5,409)	49,189	54,598	(5,409)
MEDICAL RECORDS FEES	2,445	1,999	446	2,445	1,999	446
MEDICAL SCHOOL STUDENT FEES	333,587	383,616	(50,029)	333,587	383,616	(50,029)
CANCELLED OUTLAWED WARRANTS	(4,412)	2,754	(7,166)	(4,412)	2,754	(7,166)
PROFESSIONAL FEES	445,305	501,009	(55,704)	445,305	501,009	(55,704)
CAFETERIA SALES	66,201	68,117	(1,916)	66,201	68,117	(1,916)
MENTAL HEALTH MOU	115,436	191,985	(76,549)	115,436	191,985	(76,549)
REBATES & REFUNDS	1,125	6,622	(5,497)	1,125	6,622	(5,497)
TOTAL OTHER OPERATING REVENUE	1,115,814	1,296,708	(180,894)	1,115,814	1,296,708	(180,894)
OTHER NON-OPERATING REVENUE						
INTEREST ON COLLECTIONS	12,062	12,881	(819)	12,062	12,881	(819)
OTHER MISCELLANEOUS REVENUE	45,650	8,860	36,790	45,650	8,860	36,790
INTEREST ON FUND BALANCE	5,091	5,153	(62)	5,091	5,153	(62)
TOTAL OTHER NON-OPERATING REVENUE	62,803	26,894	35,909	62,803	26,894	35,909

KERN MEDICAL

CORRECTIONAL MEDICINE P&L - MTD & YTD

FOR THE MONTH JULY 31, 2016

<u>MTD ACT</u>	<u>MTD BUD</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>	<u>DESCRIPTION</u>	<u>YTD ACT</u>	<u>YTD BUD</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>
1,942,469	1,942,469	0	0.0%	COUNTY INMATE REVENUE	1,942,469	1,942,469	0	0.0%
49,189	54,598	196,257	359.5%	FEDERAL INMATE REVENUE	49,189	54,598	(5,409)	-9.9%
1,991,658	1,997,067	(5,409)	-0.3%	TOTAL REVENUE	1,991,658	1,997,067	(5,409)	-0.3%
				DIRECT INMATE EXPENSES				
1,113,104	1,139,474	(26,370)	-2.3%	SALARIES & BENEFITS	1,113,104	1,139,474	(26,702)	-0.4%
230,058	42,152	187,906	445.8%	SUPPLIES & OTHER EXP	230,058	42,152	343,281	201.5%
1,343,161	1,181,626	161,535	13.7%	TOTAL DIRECT INMATE EXPENSES	1,343,161	1,181,626	161,535	13.7%
				ALLOCATED INMATE EXPENSES				
188,008	166,111	21,897	13.2%	INPATIENT	188,008	166,111	21,897	13.2%
293,434	293,773	(339)	-0.1%	OUTPATIENT	293,434	293,773	(339)	-0.1%
481,442	459,884	21,558	4.7%	TOTAL ALLOCATED INMATE EXPENSES	481,442	459,884	21,558	4.7%
97,447	134,656	(37,209)	-27.6%	AMBULANCE/OTHER HC PROVIDER EXPENSES	97,447	134,656	(37,209)	-27.6%
1,922,050	1,776,166	145,884	8.2%	TOTAL EXPENSES	1,922,050	1,776,166	145,884	8.2%
69,608	220,901	(151,293)	-68.5%	NET INCOME	69,608	220,901	(151,293)	-68.5%

KERN MEDICAL
CORRECTIONAL MEDICINE P&L AND VOLUME INDICATORS - YTD COMPARISON
 THROUGH JULY 31, 2016

APPENDIX D

<u>DESCRIPTION</u>	<u>YTD FY17 ACT</u>	<u>YTD FY16 ACT</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>
COUNTY INMATE REVENUE	1,942,469	1,937,012	5,457	0.3%
FEDERAL INMATE REVENUE	49,189	196,257	(147,068)	-74.9%
TOTAL REVENUE	1,991,658	2,133,269	(141,611)	-6.6%
DIRECT INMATE EXPENSES				
SALARIES & BENEFITS	1,113,104	1,173,607	(60,503)	-5.2%
SUPPLIES & OTHER EXP	230,058	99,996	130,062	130.1%
INDIRECT EXPENSES	0	0	0	100.0%
TOTAL DIRECT INMATE EXPENSES	1,343,161	1,273,603	69,558	5.5%
ALLOCATED INMATE EXPENSES				
INPATIENT	188,008	0	188,008	100.0%
OUTPATIENT	293,434	0	293,434	100.0%
TOTAL ALLOCATED INMATE EXPENSES	481,442	0	481,442	100.0%
AMBULANCE/OTHER HC PROVIDER EXPENSES	97,447	13,707	83,740	610.9%
TOTAL EXPENSES	1,922,050	1,287,310	634,740	49.3%
NET LOSS	69,608	845,959	(776,351)	-91.8%

Inmate Patient Volume Indicators:	<u>YTD FY17</u>	<u>YTD FY16</u>	<u>VAR</u>	<u>VAR%</u>
# of Admissions	15	7	8	114.3%
# of ER Visits	121	103	18	17.5%
Patient Days	68	33	35	106.1%

Kern County Administrative Office



County Administrative Center

1115 Truxtun Avenue, Fifth Floor • Bakersfield, CA 93301-4639
Telephone 661-868-3198 • FAX 661-868-3190 • TTY Relay 800-735-2929

JOHN NILON
County Administrative Officer

August 9, 2016

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

JUNE 30, 2016 COMPLIANCE AND ACCOUNTABILITY REPORT

Fiscal Impact: None

County Ordinance Code 2.01.010 requires the County Administrative Office to report on the Compliance and Accountability function no later than 45 days after June 30, 2016 on departmental compliance issues for the period January 1, 2016 through June 30, 2016.

COMPLIANCE

Audit Requirements

Government Code Section 25250 requires the Board of Supervisors to at least biennially examine and audit, or cause to be audited, the financial accounts and records of all officers having responsibility for the care, management, collection, or disbursement of money belonging to the County or money received or disbursed by them under authority of law. The Board of Supervisors, by resolution dated June 13, 1956, adopted Government Code Section 26883 that gave the Board of Supervisors the power to require the Auditor-Controller to perform the audits of any department, office, board or institution under the Board of Supervisor's control including the requirement of Government Code Section 25250.

In general, an audit is an assessment of information aimed to determine the accuracy of information, provide insight and propose recommendations to improve. The audit scope depends on the focus, extent, and boundary of a particular engagement. Audits may be financial, compliance, or operational based and may vary significantly depending on the department and the objective. To fulfill biennial audit requirements, the Auditor-Controller's audit division primarily performed compliance audits for each County department. Compliance audits include assessing the adequacy of internal controls and examining, on a test basis, compliance with statutory requirements and the policy and procedures applicable to the department. On occasion, the Auditor-Controller audit division has performed additional auditing services such as financial statement audits and has performed other agreed upon procedures. The Auditor-Controller also contracts an independent certified public accountant (CPA) for specialized audits including those requiring an independent audit report and for audits they choose not to perform.

Post Audit Reviews

A responsibility of the County Administrative Office is to monitor and report to your Board the status of a department's compliance with policy and regulations after the issuance of an audit report. The County Administrative Office performs a post audit review process in which the Administrative Analysts and the County Compliance and Accountability Officer reviews audit findings with departments, ensures procedures are documented, and identifies probable solutions to the weaknesses and deficiencies identified in the audit reports. As a result of the review process and the proactive and diligent efforts of the Board of Supervisors, County Administrative Office, Auditor-Controller, and each County department, there is a decreasing trend in the average number of findings reported, including repeat findings. The collaboration has been a vital part of providing transparent and accountable County operations.

Departments are required to provide written procedures that will help to improve the internal controls that contributed to the findings. While the department may have implemented a corrective process, if the procedure was not documented (for purposes of the post audit review), compliance was considered still in progress.

Department heads are responsible for developing a corrective action plan and submitting it to the County Administrative Office within 45 days of the audit report. All departments have submitted their required corrective action plans for their internal audits listed in this report.

The following four audits were completed during the reporting period, but their corrective action plans were not due, so they will be included in the next compliance and accountability report for December 31, 2016:

Department	Report Date	Report Opinion	Corrective Action Plan Due Date
Fire	06/07/16	Modified	07/22/16
Public Works – Engineering, Surveying, Permit Services	06/14/16	Unmodified	07/29/16
Public Works – Roads and Transit	06/14/16	Modified	07/29/16
Public Works – Waste Management	06/14/16	Unmodified	07/29/16

The post audit review summaries are provided in Attachment A for the following departments that had audit reports issued and/or corrective action plans due during this reporting period:

Department	Report Date	Report Opinion	Attachment A Page
Treasurer-Tax Collector (TTC) Statement of Money in the County Treasury	11/17/15	Compliant	Not Required
TTC Investment Policy Compliance*	12/08/15	Unmodified	Not Required
Farm and Home Advisors	12/15/15	Unmodified	Not Required
Department of Human Services Revenue Accrual Reconciliation	12/15/15	Adequate	A-1
Child Support Services	01/05/16	Modified	A-2
Employers' Training Resource	01/05/16	Modified	A-3
Assessor-Recorder	01/05/16	Modified	A-4
Board of Supervisors	01/26/16	Unmodified	Not Required
Kern Solid Waste Management Enterprise Fund*	01/26/16	Unmodified	Not Required
Public Health Prop 10 Black Infant Health*	01/26/16	Unmodified	Not Required
Public Health Prop 10 Nurse Family Partnership*	01/26/16	Unmodified	Not Required
Public Health Prop 10 Successful Application Stipend*	01/26/16	Unmodified	Not Required
California Office of Emergency Services, Board of State and Community Corrections, Office of Traffic Safety, and Department of Justice Grants*	01/26/16	Unmodified	Not Required
Sheriff	02/02/16	Unmodified	Not Required
TTC Deferred Compensation*	03/01/16	Unmodified	Not Required
County's Comprehensive Annual Financial Report*	03/01/16	Unmodified	Not Required
TTC Statement of Money in the County Treasury	04/05/16	Compliant	Not Required
General Services	04/05/16	Unmodified	Not Required
Information Technology Services	04/05/16	Unmodified	Not Required
Kern Medical Physician Retirement	04/05/16	Unmodified	Not Required
Board of Trade	04/26/16	Modified	A-5
County Administrative Office	04/26/16	Unmodified	Not Required
TTC Statement of Money in the County Treasury	04/26/16	Compliant	Not Required
County's Single Audit*	04/26/16	Unmodified	Not Required

* Audit performed by Brown Armstrong Accountancy Corporation, not Kern County Auditor-Controller.

Many of the departments have achieved compliance on some of the findings identified in the audit reports. If compliance was not achieved for a specific finding by June 30, 2016 it is indicated as “In Progress” and the County Compliance and Accountability Officer will continue to work with the department to assist with remediation by the anticipated date of compliance indicated on the summary. An update on “In Progress” items will be provided in the December 31, 2016 Compliance and Accountability Report to your Board.

Follow-up Reviews on Previous Compliance Reports

In addition to the new audits that went to your Board in the past six months, a separate follow-up report on outstanding, unresolved audit findings from the December 31, 2015 Compliance and Accountability Report has been provided as Attachments B and C. Findings that continue to be “In Progress” on Attachment B are a concern and may be indicative that the department will receive repeat findings in these areas if not resolved soon. The County Compliance and Accountability Officer will continue to pursue adequate documentation and remedial proof on these items and will strive to help departments resolve these items by the next December 31, 2016 report. It is imperative that department heads are proactive in this process, as they are ultimately responsible for the success of their department’s internal control processes. Follow-up findings that have been resolved during this reporting period are listed on Attachment C.

The following departments have outstanding issues over six months old (Attachment B):

Department	Report Date	Area of Concern	Attachment B Page
Kern Medical Cash	05/22/12	Cash Count	B-1
Kern Medical Payroll	08/21/12	Banked Holidays, On-call	B-1
Fire	04/14/15	Payroll TRACS	B-1
Kern Medical Operating Room	06/23/15	System Upgrade	B-2
Kern Medical Inpatient Pharmaceutical	06/23/15	Agreement Terms, System Upgrade, Cross-training	B-2
District Attorney	07/14/15	Accounts Receivable	B-3
Kern Medical Relative Value Unit	09/01/15	Rate Adjustment, Pay Settlement, Contract Retention	B-3

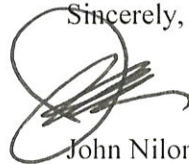
This report includes 30 unresolved Kern Medical audit findings from the December 31, 2015 report. Kern Medical committed to resolve all findings prior to this June 30, 2016 report; however, only 19 findings were achieved and 11 remained in progress. Effective July 1, 2016, Kern Medical responsibilities were transferred from the Kern County Board of Supervisors to a separate Kern County Hospital Authority Board of Governors. Under the enabling resolution your Board will continue to be informed of the Hospital Authority’s annual independent financial statement audit findings and their corrective actions taken. The remaining 11 unresolved findings are not independent financial statement audit findings; therefore the Board of Governors will be informed of the unresolved findings.

CONCLUSION

As required by County ordinance, this report provides your Board with an update on department’s compliance as identified through the audit process. This office will continue to assist departments in reaching resolution of the audit findings.

Board of Supervisors
Compliance and Accountability Report for June 30, 2016
August 9, 2016
Page 4

Therefore, IT IS RECOMMENDED that your Board receive and file the June 30, 2016 Compliance and Accountability Report.

Sincerely,

John Nilon
County Administrative Officer

JN:KB:COMPL Jun 2016 Report

Attachments

cc: All Department Heads
Kern County Hospital Authority Board of Governors

Attachment A

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Budget Unit: 5120, 5220
 Department: Department of Human Services - Revenue Accrual Reconciliation
 Audit Issued: December 15, 2015

Corrective Action Plan Received: Yes
 Audit Period: July 1, 2015 through September 30, 2015
 Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
1 Internal Control	Areas of Concern Recommendation	Recommendation - Auditor recommended that any excess fund balance at fiscal year end (FYE) from the revenue accrual process, for fund 00130 or 00140, be accounted for in appropriation for contingencies until the revenue reconciliation process is completed.	The department and County Administrative Office created a policy and procedure where all fund balance available at fiscal year end would be transferred to a general designation. On June 7, 2016, the Board of Supervisors approved the proposed fund balance policy. For FYE June 30, 2016, general designation was increased by \$1,054,532.	Achieved	Completed

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Budget Unit: 2183
 Department: Child Support Services
 Audit Issued: January 5, 2016

Corrective Action Plan Received: Yes
 Audit Period: FYE June 30, 2015 and 2014
 Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
Generally Accepted Accounting Principles (GAAP) / County Policy	Significant Deficiency	Accrued Revenue - The amount accrued at fiscal year end (FYE) June 30, 2015 was overstated by \$710,305.	The FYE June 30, 2015 revenue accrual was corrected September 2015. The department updated their written procedures and worksheets. The procedure allows for revenue accruals when earned but not received in the period, and are both measurable and available in accordance with GAAP and County Policy. At FYE June 30, 2016 management reviewed the accuracy of accrual prior to submitting.	Achieved	Completed

1

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Budget Unit: 5923
 Department: Employers' Training Resource
 Audit Issued: January 5, 2016

Corrective Action Plan Received: Yes
 Audit Period: FYE June 30, 2015 and 2014
 Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
1 Internal Control	Significant Deficiency	Workforce Investment Act (WIA) Fund Balance Available - The department is grant-funded with expenditures reimbursed by local, state, federal and other agencies. At fiscal year end (FYE) June 30, 2015, the department reported approximately \$1.4 million in fund balance that was not reconciled.	The department reconciled the FYE June 30, 2015 fund balance available to the funding sources. Factors that caused fund balance to accumulate and appear excessive were timing issues, accruals, journal vouchers, reconciliations, and miscommunication. Going forward, the department commits to provide future reconciliations timelier as soon as the closing allocation process of prior month's revenues and expenditures are completed for the fiscal year end. The process includes staff gathering backup information and reviewing details of the fund balance available. Management will review and approve the backup documents providing better communication, cross training, and reviews.	Achieved	Completed

Attachment A

JUNE 30, 2016
COMPLIANCE AND ACCOUNTABILITY
POST AUDIT REVIEW SUMMARY - CURRENT

Budget Unit: 1130
Department: Assessor-Recorder
Audit Issued: January 5, 2016

Corrective Action Plan Received: Yes
Audit Period: FYE June 30, 2015 and 2014
Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
1 Internal Control Integrated Framework by COSO	Significant Deficiency	Trust Fund - The department makes transfer tax disbursements based on recorded transactions; whether or not actually received or not. As of June 2015, the department could not account for approximately a \$504,037.84 balance in the Recorder's Real Property Transfer Tax Fund, therefore they could not determine the appropriate distribution to either the County's general discretionary revenue and/or the cities.	The department reviewed and researched the fund as far back as historical financial data existed to 1984. The department was able to identify and distribute \$98,091.91 to rightful recipients. Records were not available prior to 1984, but research discovered that undistributed excess fund balance existed prior to 1984. The department worked with the Auditor-Controller, Treasurer, County Counsel, and County Administrative Office to conclude that the remaining balance be cleared by maintaining \$25,000 as a revolving fund and transferring \$455,420.67 to the general discretionary revenue fund. The transfer was completed January 2016. Effective November 2015, the department changed their process to distribute transfer tax funds based on actual cash received. The improved process will also include monthly reconciliations to County's financial management system for accuracy.	Achieved	Completed

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 POST AUDIT REVIEW SUMMARY - CURRENT

Budget Unit: 1812
 Department: Board of Trade
 Audit Issued: April 26, 2016

Corrective Action Plan Received: Yes
 Audit Period: FYE June 30, 2015 and 2014
 Issuing Agency: Kern County Auditor-Controller

Policy/Regulation	Finding Level	Violation/Finding	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
1 Internal Control Integrated Framework by COSO, Kern County Administrative Policy and Procedure Manual (KCAPP) Section 531	Significant Deficiency	Insurance Certifications - The department failed to obtain the contract required insurance certificate for a Personal or Professional Service Agreement (PPSA) and for five grant recipients.	The department is working with County Counsel and Risk Management to amend the tourism grant agreements so that insurance certificates will no longer be required since they are considered unnecessary. The department is in progress of implementing procedures to ensure that all other contract required insurance certificates are maintained. The department's fiscal oversight moved to the County Administrative Office. A checklist will be developed as a method to ascertain that insurance certificates are maintained in the folder. CAO staff will maintain the checklist and the assistant CAO will annually verify compliance.	In Progress	10/01/16

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 FOLLOW-UP POST AUDIT REVIEW SUMMARY - OVER SIX MONTHS OLD

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
1 8997 - Kern Medical Cash	05/22/12	Significant Deficiency	Internal Control Weakness, Kern Medical's Policy / Cash Count - Cash count of 22 locations revealed the following: 1) 2 shortages of \$30.00 and \$99.15. 2) 1 overage of \$1.25. 3) Cash receipts used as a change fund. 4) 8 unauthorized locations, 1 approval, and un replenished.	06/30/16	Kern Medical provided written cash handling policies and procedures and implemented surprise quarterly cash counts and reconciliations. However, a recent June 30, 2016 audit identified this as a repeat finding due to lack of internal controls, including shortages and overages, improper change fund use, and unauthorized location use. Kern Medical must reassess and enforce their policies and procedures accordingly, reassess the purpose and locations of cash funds and update Auditor-Controller's records accordingly, replenishing variances, and retrain employees.	In Progress	-
2 8997 - Kern Medical Payroll	08/21/12	Material Weakness PARTIAL REPEAT	Internal Control Weakness / Banked Holidays - In the past, Kern Medical allowed employees to bank holidays resulting in a liability estimated at \$3 million.	06/30/16	Banking holidays was discontinued November 2010 and is now part of the compensation time balance in the County's payroll system; with the exception of all previous balances, residents, and physicians. On June 28, 2016 Kern Medical received Board authorization to increase the accrual limit and add all previous balances into the County's payroll system. On July 6, 2016, time balance adjustments were finalized in the County's payroll system but Kern Medical has not provided sufficient backup documentation to support the adjustment totals.	In Progress	-
3 8997 - Kern Medical Payroll	08/21/12	Significant Deficiency PARTIAL REPEAT	Internal Control Weakness / On-call Availability - Kern Medical did not request a contract amendment for a physician that provided more on-call coverage.	06/30/16	Kern Medical has failed to provide any support that indicates they monitor on-call activity to ensure it is in accordance with the contract terms.	In Progress	-
4 2415 - Fire	04/14/15	Significant Deficiency	Kern County Ordinance 3.24 Overtime Work, FLSA / Payroll - The following deficiencies were noted: a) The department's redefined workweek for 12-hour general employee dispatchers resulted in employee FLSA underpayments. Since August 2013 the department had only corrected one employee's pay and had not corrected the other remaining employees. b) The FLSA calculation to fire safety employees is a manual labor intensive calculation that only one employee in the department knows. The FLSA calculation is not reviewed by management before it is sent to the Auditor-Controller's office for review.	06/30/16	a) The department has completed the retroactive payroll calculations for all active fire dispatchers and on June 2, 2015 the Board approved the retro-pay. b) Two employees are now able to perform and review the manual FLSA calculation. All general and administrative safety employees are now using TRACS which includes an automated FLSA calculation. The department's IT and payroll staff continue to work with data in their Telestaff Program to develop a complete export of all safety employees into their CAMS Program and TRACS. The department has tested eight different pay periods and will continue to test and work with the Auditor-Controller's office to implement the Telestaff, CAMS, and TRAC's interface to reduce the manual labor-intensive FLSA overtime calculation and comply with Administrative Bulletin 40.	In Progress	12/31/16

Attachment B

JUNE 30, 2016
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY - OVER SIX MONTHS OLD

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
5 8997 - Kern Medical Operating Room (OR) Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control Weakness / Recommendation 5 - Auditor recommended a system upgrade to produce exceptions report of variances between billing records and final itemized statements to reduce manual reconciliation and ensure accuracy. It is difficult to locate, create, and utilize reports from various software systems to construct an audit trail to the final itemized statement.	06/30/16	Kern Medical is in process of evaluating a new electronic medical records systems.	In Progress	-
6 8997 - Kern Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control and Agreement Terms / Recommendation 1 - Auditor recommended that Kern Medical evaluate the vendor agreement's process for validating supplier prices as they are not sufficiently validated. The agreement only allows Kern Medical to verify pricing terms once a year with 60 days advance written notice. The 1999 agreement automatically renews for 1 year periods unless termination notice is provided within 60 days prior to expiration. Auditor recommended a contingency plan be developed to address risks of sourcing services from a single supplier. Risks include abrupt termination including inventory control reliance from a vendor owned software/hardware lease and potential inventory supply interruptions.	06/30/16	The prices paid for products are not set by the supplier. Prices paid are set by the group purchasing organization (GPO). The GPO periodically verifies accurate prices based on contract and manufacturers pricing. Supplier software is web-based and accessible from any computer and is continuously updated. In the event of contract termination, Kern Medical could obtain services from other suppliers without a contract and possibly higher prices. Kern Medical is evaluating possibility of issuing a Request for Proposals for other vendors. A quarterly review of the twenty most expensive medications will be performed to verify pricing.	In Progress	-
7 8997 - Kern Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control / Recommendation 2 - Auditor recommended an upgrade to software and hardware systems supplied by vendor in 2006 since it is difficult to produce audit support. Auditor recommended Kern Medical be able to produce and evaluate the services independently and rely less on supplier to provide information. Kern Medical has never been formally trained.	06/30/16	The software is web-based and continuously updated. The supplier will provide training to designated staff so that they can access and retrieve available reports. If a report is not retrievable, vendor will be asked to provide reports. Kern Medical will review agreement to determine obligation to maintain and update software.	In Progress	-

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 FOLLOW-UP POST AUDIT REVIEW SUMMARY - OVER SIX MONTHS OLD

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
8 Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control / Recommendation 3 - Auditor recommended that the inpatient pharmacy cross-train other staff to administer ordering, receiving, inventorying, and dispensing. Reliance of a single employee's expertise could potentially compromise the effectiveness and contractual obligations if employee was out for an extended period of time.	06/30/16	Two employees have completed hands-on, one-on-one training under the acting pharmacy buyer. Kern Medical is in progress of cross-training employees.	In Progress	-
9 8997 - Kern Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control / Recommendation 7 - Auditor recommended cross-training employees to provide flexibility, coverage, and additional internal controls so that staff's responsibilities can be rotated.	06/30/16	Job duties are readily accessible on the Kern County Employee Website and the work-duties of technicians by shift and assignment are listed at workstations and checked off daily. Kern Medical is currently in progress of cross-training employees.	In Progress	-
10 2180, 2200 - District Attorney	07/14/15	Significant Deficiency PARTIAL REPEAT	Internal Control Integrated Framework by COSO and Administrative Bulletin 9 / Accounts Receivable - The following accounts receivable deficiencies were noted: a) The department's account receivable listing was not kept up-to-date and statements were not issued monthly. b) The department lacked proper segregation of duties over accounts receivable.	06/30/16	Accounts receivable duties were appropriately segregated. The department updated their accounts receivable listing monthly, however invoices were last issued on March 2016 because the department is working with County Counsel to adjust the fee schedule. Once completed the department will adjust accounts receivable records and issue monthly statements.	In Progress	12/31/16
11 8997 - Kern Medical Relative Value Unit (RVU)	09/01/15	Condition Recommendation	Resolution No. 2011-017 Terms / Condition 1 - Auditor recommended the resolution that requires Kern Medical to calculate and accordingly adjust RVU rates and payments within 30 days of the preceding quarter be revised to a more reasonable semiannual frequency. Initially each physician's base RVU compensation payment rate was properly established, however, the rate was not adjusted quarterly. 10 physician's RVU compensation rates were tested and all 10 were over or under compensated each quarter.	06/30/16	This finding is no longer applicable to those physicians previously covered by the resolution that have already transitioned to individual contracts. Physicians that have not been converted to an individual contract are still subject to the resolution terms but Kern Medical has not recalculated or adjusted their rates in accordance with the terms but rather tracks the over and underpayment balances monthly. The remaining contracts are anticipated to be completed by August 2016.	In Progress	-

Attachment B

JUNE 30, 2016
COMPLIANCE AND ACCOUNTABILITY
FOLLOW-UP POST AUDIT REVIEW SUMMARY - OVER SIX MONTHS OLD

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
12 8997 - Kern Medical RVU	09/01/15	Condition Recommendation	Resolution No. 2011-017 Terms / Condition 2 - Auditor recommended Kern Medical adjust RVU compensation as soon as possible and then subsequently on a semi-annual basis. Since inception, March 2011, Kern Medical did not initiate regular adjustments (payment or collection) as resolution requires, only sporadically as individual physicians requested the funds due to them. As of 12/31/14, Kern Medical's records indicated the total amount of RVU underpayment due to physicians was \$1,032,690.36 and RVU overpayment due from 2 former physicians was \$576,319.24. No attempt has been made to settle all payments.	06/30/16	The estimated RVU compensation is reviewed monthly but only some compensation adjustments were requested and settled during FY 2015/2016. Kern Medical anticipates transitioning remaining physicians previously covered by the resolution to individual contracts by August 2016. The individual contract language to settle all outstanding balances are being negotiated and adjusted individually. As of July 2016, the total amount of underpayment and overpayment was \$1,246,771 and \$1,508,909, respectively.	In Progress	-
13 8997 - Kern Medical RVU	09/01/15	Condition Recommendation	Resolution No. 2011-017 / Condition 3 - Auditor recommended Kern Medical identify or contract differently the physicians not required to reimburse RVU overpayments. Auditor recommended that Kern Medical evaluate and substantiate the need to compensate and maintain certain physicians that have high RVU overpayments. 2 specialty area physicians were retained despite underachieving according to the RVU compensation model.	06/30/16	Kern Medical has identified two specialty areas that will remain on a productivity compensation model. Kern Medical anticipates transitioning the remaining physicians in all other specialties that were previously covered by the resolution to individual contracts by August 2016. Individual contract language to settle outstanding balances are being negotiated and adjusted individually.	In Progress	-

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 FOLLOW-UP POST AUDIT REVIEW SUMMARY - RESOLVED

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
1 8997 - Kern Medical Cash	05/22/12	Significant Deficiency PARTIAL REPEAT	Internal Control Weakness, Kern Medical's Policy / Bank Account - \$5,000 revolving fund for credit card service fees contained a shortage of \$31.59.	06/30/16	Kern Medical provided a list of all bank fees and service charges that had not been replenished from October 2012 through May 2016 in the amount of \$200,446.62. On June 6, 2016, the Auditor-Controller approved Kern Medical's memo requesting the replenishment back to the \$5,000 revolving fund balance. Effective June 2016, staff and management were assigned to perform and review monthly reconciliations and replenishments as recommended by the Auditor-Controller to ensure the fund is intact and to report the activity timely and accurately.	Achieved	Completed
2 8997 - Kern Medical Cash	05/22/12	Significant Deficiency	Kern County Administrative Policy and Procedures Manual (KCAPP) Section 523.3 and .4 / Petty Cash Fund - The petty cash log was not updated and the fund was not reconciled monthly or replenished annually.	06/30/16	Staff and management were assigned to implement internal controls and to monitor cash activities. Kern Medical updated and replenished all prior outstanding reconciling variances and monitors activities with surprise cash counts and reconciliations.	Achieved	Completed
3 8997 - Kern Medical Accounts Payable	08/21/12	Significant Deficiency PARTIAL REPEAT	Internal Control Weakness, Kern Medical's Policy / Accuracy of Accruals - Accrual inaccuracies of duplication, period, incomplete, inaccurate, inappropriate, unsupported, exceeded and unadjusted balance.	06/30/16	Kern Medical implemented policies and procedures to ensure the accuracy of their accounts payable accruals by realigning key management responsibilities including the Accountant, Accounting Manager, Director of Finance, and Chief Financial Officer to reconcile, analyze, review and cross check.	Achieved	Completed
4 8997 - Kern Medical Accounts Payable	08/21/12	Significant Deficiency	Internal Control Weakness / Late Payment - Cash flow didn't allow for accounts payable to be paid timely. As of April 2012, Kern Medical had approximately \$26 million in accounts payable, of which \$12 million was for invoices received in 2011.	06/30/16	In 2015, Kern Medical filled key management positions that reevaluated the accounts payable and revenue cycle. An accountant was assigned to continually review and identify pending accrued invoices. Management monitored and analyzed daily cash collections disbursement schedules and quarterly projections. Kern Medical's improved cash flow and the management of appropriations, allowed Kern Medical to continue paying FY 2015/2016 accounts payables without significant delays.	Achieved	Completed
5 8997 - Kern Medical Payroll	08/21/12	Material Weakness PARTIAL REPEAT	Internal Control Weakness / Electronic Attendance System - Kern Medical implemented an attendance system that needs additional controls to prevent errors and create efficiencies in the payroll process.	06/30/16	Staff worked collaboratively with JB Developer's programmers to ensure all codes necessary for payroll processing were programmed. Additionally, internal controls of time card edits, authorizations, and approvals were implemented to restrict access to supervisors and managers. All requests for access levels are vetted, and if appropriate, approved by Human Resources Management to grant access. Periodic reviews and audits are conducted to ensure it remains as intended.	Achieved	Completed

Attachment C

JUNE 30, 2016 COMPLIANCE AND ACCOUNTABILITY FOLLOW-UP POST AUDIT REVIEW SUMMARY - RESOLVED

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
6 8997 - Kern Medical Payroll	08/21/12	Significant Deficiency PARTIAL REPEAT	KCAPPM Section 120.8 / Record Keeping of Vacation and Sick Accruals - Kern Medical does not keep records of vacation and sick leave for physician and residents in the County's Payroll system.	06/30/16	All vacation and sick leave accrual rates and balances were added into the County's payroll system. The County's system will maintain all balances so that Kern Medical will no longer manually record and track.	Achieved	Completed
7 8997 - Kern Medical Financial Statements / County's Single Audit	02/03/15 04/14/15	Material Weakness PARTIAL REPEAT	Internal Control Weakness / State Receivables and Related Revenues - Kern Medical did not assess and update their indigent receivable estimates at year end. Revenues and related receivables audit adjustments were needed to decrease MD SPA, IGT SPD, and Hospital Fee by \$8.1 million, \$1.3 million, and \$2.0 million, respectively, and increase DSH SNCP by \$6.6 million.	06/30/16	Since 2013, Kern Medical periodically engaged a consultant to identify state revenue and receivables, review data, prepare cost reports, and train staff on implementing proper procedures to maintain adequate records an understanding of funding models. In accordance with the auditor's recommendation, the consultants are now engaged more frequently to help update estimated receivable and related revenue as needed (at least quarterly). Corrective action has been achieved through the consultant's work; the most recent audited financial statements for FYE June 30, 2015 did not have a repeat finding of misstated state receivables and related revenue as previous audited financial statements had. However, Kern Medical significantly relies on the consultants since they still do not have a complete understanding of the assumptions used and the information required to develop accurate estimates and identify errors timely.	Achieved	Completed
8 1900, 2625, 2620 - Public Works Department - Engineering, Surveying and Permit Services	06/02/15	Significant Deficiency	Accounting Matching Principle / Grant Expenditure Reimbursement - The department did not submit a request for reimbursement of grant funds in the amount of \$584,837 on a timely basis.	06/30/16	Additional staff was assigned to implement a more prompt submission of reimbursement for grants. Funds were still available and the department continued working with the Fire department for reimbursement. This was not a repeat finding in the recent audit.	Achieved	Completed
9 8997 - Kern Medical Operating Room (OR) Procurement Process	06/23/15	Areas of Concern Recommendation	Kern Medical Internal Policies and Procedures / Recommendation 1 - Auditor recommended that Kern Medical's Policy ADM-LD-400 Equipment (Procurement and Lending and Supplies - Nursing) that was due for review in May of 2010 be updated.	06/30/16	Kern Medical's policy was reviewed and updated.	Achieved	Completed
10 8997 - Kern Medical OR Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control Weakness / Recommendation 2 - Auditor recommended a required supervisor review and initial all OR orders that are prepared and received as being authorized.	06/30/16	Kern Medical updated their policies and procedures to include OR management's review and signature authorizing all orders processed through Q-Sight.	Achieved	Completed

Attachment C

JUNE 30, 2016 COMPLIANCE AND ACCOUNTABILITY FOLLOW-UP POST AUDIT REVIEW SUMMARY - RESOLVED

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
11 8997 - Kern Medical OR Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control Weakness / Recommendation 3 - Auditor recommended each position of materials management and OR materials procurement staff document their job responsibilities and procedures and make it accessible to staff to improve internal controls and training for new-hires or coverage.	06/30/16	Kern Medical documented staff's essential functions and made them readily accessible for staff.	Achieved	Completed
12 8997 - Kern Medical OR Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control Weakness / Recommendation 4 - Auditor recommended nurses that initiate a surgical procedure billing record be required to review and reconcile it to their notes and an OR nursing supervisor review the reconciliation in a timely manner to improve accuracy. Billings are initiated by a nurse scanning or noting surgical supply items and OR materials staff bills. In one instance a patient's billing record was not closed so the items appeared on the next patient's record.	06/30/16	Kern Medical implemented a process to have an OR nurse perform an initial review of supply charges at the close of each case. A second nurse is assigned to daily review and verify all encounters have been completed and closed. Any encounters still open are given to the registered nurse circulator of the case to finish and close. Additionally, the OR material manager compares the encounter billing statement to delivery documents.	Achieved	Completed
13 8997 - Kern Medical OR Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control Weakness / Recommendation 6 - Auditor recommended Kern Medical's accountants periodically audit their final itemized billing statements and the OR's billings records to ensure accuracy from system errors and manual human errors.	06/30/16	Kern Medical performed billing audits on a quarterly basis and plans to continue performing audits each quarter.	Achieved	Completed
14 8997 - Kern Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Kern Medical Internal Policies and Procedures / Recommendation 4 - Auditor recommended that Kern Medical's Policy PCS-MM-101 (Controlled Substances - Nursing and Physicians Responsibilities Guidelines) and PHA-MN-230 (Controlled Substances - Inpatient Pharmacy Guidelines) that was due for review in April 2014 and May 2013, respectively, be updated.	06/30/16	Kern Medical reviewed and updated the policies and procedures.	Achieved	Completed
15 8997 - Kern Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Kern Medical Internal Policies and Procedures / Recommendation 5 - Auditor recommended that Kern Medical's Policy PCS-MM-720 (Automated Medication Dispensing System) and PHA-R1-100 (Pharmacy Compliance Process) that was due for review in May 2013 and April 2011, respectively, be updated.	06/30/16	Kern Medical reviewed and updated the policies and procedures.	Achieved	Completed

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 FOLLOW-UP POST AUDIT REVIEW SUMMARY - RESOLVED

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
16 8997 - Kern Medical Inpatient Pharmaceutical Procurement Process	06/23/15	Areas of Concern Recommendation	Internal Control / Recommendation 6 - Auditor recommended that each inpatient pharmacy position document their job responsibilities and procedures and make it accessible to all staff to improve the internal control process, training for new-hires, and coverage. KCAPPM Section 1105-1106, 1117 and 1123 / County and Private Vehicle Use - The following deficiencies were noted: a) The department did not maintain up-to-date records of the DMV Pull Notice Program. Risk Management was not notified to remove two employees from the DMV Pull Notice Program upon their departure from department. b) The department did not submit 39 employee driver's licenses and authorizations to drive on County business to Risk Management. c) 2 of 41 employees authorized for Vehicle Home Retention (VHR) did not have authorization form on file. 6 VHR were not signed by the department head. 1 employee did not sign his monthly vehicle mileage log.	06/30/16	Kern Medical documented staff's essential functions and made them readily accessible for staff.	Achieved	Completed
17 2180, 2200 - District Attorney	07/14/15	Significant Deficiency	Internal Control Integrated Framework by COSO / Cash Handling - The following deficiencies were noted: a) Reimbursed revolving fund for checks issued but not cleared. b) Checks were not being endorsed upon receipt at front desk. c) 9 of 27 checks examined were deposited 37 to 181 days from the date of receipt. e) 5 of 48 checks were not on check log. f) Did not reconcile the original records of cash and check receipts to the actual deposits. g) Did not reconcile the \$2,000 revolving fund for Checkbusters' credit card charges.	06/30/16	The department provided Risk Management with an updated listing of employee driver's license information for the DMV Pull Notice Program. The department utilized the Auditor's system to track and maintain up-to-date driver's license and insurance records and periodically audited to ensure compliance. Employee's Vehicle Home Retention forms were reviewed and all were appropriately signed. Monthly vehicle mileage logs were completed by employees, reviewed by supervisor, forwarded to the business office for compilation, and reviewed prior to submittal to the Auditor-Controller.	Achieved	Completed
18 2180, 2200 - District Attorney	07/14/15	Significant Deficiency	Internal Control Integrated Framework by COSO / Cash Handling - The following deficiencies were noted: a) Reimbursed revolving fund for checks issued but not cleared. b) Checks were not being endorsed upon receipt at front desk. c) 9 of 27 checks examined were deposited 37 to 181 days from the date of receipt. e) 5 of 48 checks were not on check log. f) Did not reconcile the original records of cash and check receipts to the actual deposits. g) Did not reconcile the \$2,000 revolving fund for Checkbusters' credit card charges.	06/30/16	The department updated their policy and reconciliation process to verify collections, verify original records to deposits, and to reimburse checks that have cleared. The department's cash handling policy was updated to include timely check endorsements and deposits. The department's procedures were updated to ensure all check and cash collections are properly logged and reconciled to detect and correct any variances.	Achieved	Completed

JUNE 30, 2016
 COMPLIANCE AND ACCOUNTABILITY
 FOLLOW-UP POST AUDIT REVIEW SUMMARY - RESOLVED

Budget Unit - Department	Audit Report Date	Finding Level	Violation/Finding	12/31/15 Reported Estimated Date of Compliance	CAO Comments:	Compliance Status at 06/30/16	Estimated Date of Compliance
19 8997 - Kern Medical Relative Value Unit (RVU)	09/01/15	Condition Recommendation	Financial Statement Reporting / Condition 4 - Auditor recommended that Kern Medical properly include the RVU liability or asset annually on their financial statements. The RVU compensation liability has not been accounted for on previous financial statements.	06/30/16	Kern Medical updated their procedures to implement auditor's recommendation to properly include the RVU payable in the June 30, 2015 financial statements and the statement thereafter in accordance with generally accepted accounting principles.	Achieved	Completed
20 8997 - Kern Medical Capital Assets	10/27/2015	Significant Deficiency	KCAPPM Section 406 and 408 / Capital Assets and Equipment Inventory - The following deficiencies were noted: a) 22 equipment items in Kern Medical's list could not be located. 54 assets located did not have a County asset tag. 5 assets did not have a Kern Medical inventory tag. 2 items located were not included in the County Capital Asset Program. 9 items were not located at specified location. 3 items located were not in operable condition. b) 17 items located were not in the County Capital Asset Program. c) 11 software items were not listed in the County Capital Asset Program and were purchased using a non-capital asset account.	06/30/16	Kern Medical updated their written procedures to improve controls identified in the audit. Kern Medical reconciled their inventory records with the County's and consultant's inventory records to resolve the discrepancies by adjusting, adding, and deleting inventory items. Kern Medical's Chief Financial Officer submitted an inventory affidavit on April 2016 that the provided inventory records including description, source, and cost was in their possession. Kern Medical did not perform a complete physical inventory verification but did verify inventory records with an alternative procedure that was deemed sufficient by the Auditor-Controller's office. Kern Medical implemented a policy for their accounting staff to continue sampling and reconciling inventory throughout the hospital on a monthly basis for sufficient coverage.	Achieved	Completed
21 8997 - Kern Medical Capital Assets	10/27/2015	Significant Deficiency	KCAPPM Section 407 Government Finance Officers Association / Capitalized Cost - The following deficiencies were noted: a) A training expense included in the purchase of 3 items was inaccurately capitalized. b) 15 items did not capitalize all applicable costs.	06/30/16	Kern Medical has reviewed capitalization procedures in accordance with generally accepted accounting principles and updated their policies accordingly. Kern Medical submitted all necessary capital asset program adjustments to accurately report cost.	Achieved	Completed
22 8997 - Kern Medical Capital Assets	10/27/2015	Significant Deficiency	KCAPPM Section 406 Kern Medical's Internal Policy / Inventory Adjustment Report (IAR) - The following deficiencies were noted: a) Equipment Disposal Reports were not submitted for 16 of 22 items that were not located. b) Completion of Equipment Disposal Reports for 6 items were submitted between 90 to 152 days late.	06/30/16	Kern Medical updated their written procedures to maintain and communicate an accurate equipment tracking system to ensure inventory records are up-to-date by deleting items as they are disposed of. Kern Medical reviewed and reconciled the deficiencies identified and adjusted each appropriately.	Achieved	Completed

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on September 21, 2016, 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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**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
PUBLIC STATEMENT REGARDING CLOSED SESSION**

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on September 21, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Jasmin Delila Hernandez, et al. v. County of Kern, et al., Kern County Superior Court Case No. S-1500-CV-277124 DRL –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on September 21, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(4).) Number of cases: One (1) Based on existing facts and circumstances, the Board of Governors has decided to initiate or is deciding whether to initiate litigation –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on September 21, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on September 21, 2016, to consider:

 PUBLIC EMPLOYEE APPOINTMENT/RECRUITMENT - Title: _____
(Government Code Section 54957)

 PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: _____
(Government Code Section 54957)

 PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE -
(Government Code Section 54957)

 X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives:
Chief Executive Officer Russell V. Judd, and designated staff - Employee organization:
Service Employees International Union, Local 521 (Government Code Section 54957.6)

**KERN COUNTY HOSPITAL AUTHORITY
BOARD OF GOVERNORS
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Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on September 21, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on September 21, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

 X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Bravo v. County of Kern, et al., Kern County Superior Court Case No. S-1500-CV-280293 DRL –