



## **AGENDA**

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

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

Regular Meeting  
Wednesday, February 12, 2020

11:30 A.M.

#### **BOARD TO RECONVENE**

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing staff for achieving Public Hospital Redesign and Incentives in Medi-Cal (PRIME) quality improvement metrics –  
**MAKE PRESENTATION**

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on January 15, 2020 –  
**APPROVE**

CA

- 5) Proposed Amendment No. 4 to Agreement 2016-030 with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, an independent contractor, for professional medical services in the Department of Surgery for the period July 1, 2016 through June 30, 2021, deleting neurodiagnostic monitoring services and technician support, and reducing the maximum payable by \$300,760, from \$10,968,792 to \$10,668,032 –  
**APPROVE; AUTHORIZE CHAIRMAN TO SIGN**

CA

- 6) Proposed Agreement with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services from February 12, 2020 through February 11, 2021, in an amount not to exceed \$376,000 –  
**APPROVE; AUTHORIZE CHAIRMAN TO SIGN**

CA

- 7) Proposed increase in the number of Microsoft Volume Licenses and purchase of additional security licenses through Microsoft Enterprising Agreement 11418 with affiliate Dell, Inc., an independent contractor, increasing the maximum payable by \$1,321,643, from \$637,565 to \$1,959,208, to cover the term –  
**APPROVE**

- 8) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVE AND FILE
- 9) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVE AND FILE

CA

- 10) Claims and Lawsuits Filed as of January 31, 2020 –  
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 11) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 12) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 13) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –
- 14) 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 –
- 15) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman, M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 SDS –
- 16) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: President, Hospital and Clinic Operations (Government Code Section 54957) –
- 17) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, MARCH 18, 2020, AT 11:30 A.M.

## **SUPPORTING DOCUMENTATION FOR AGENDA ITEMS**

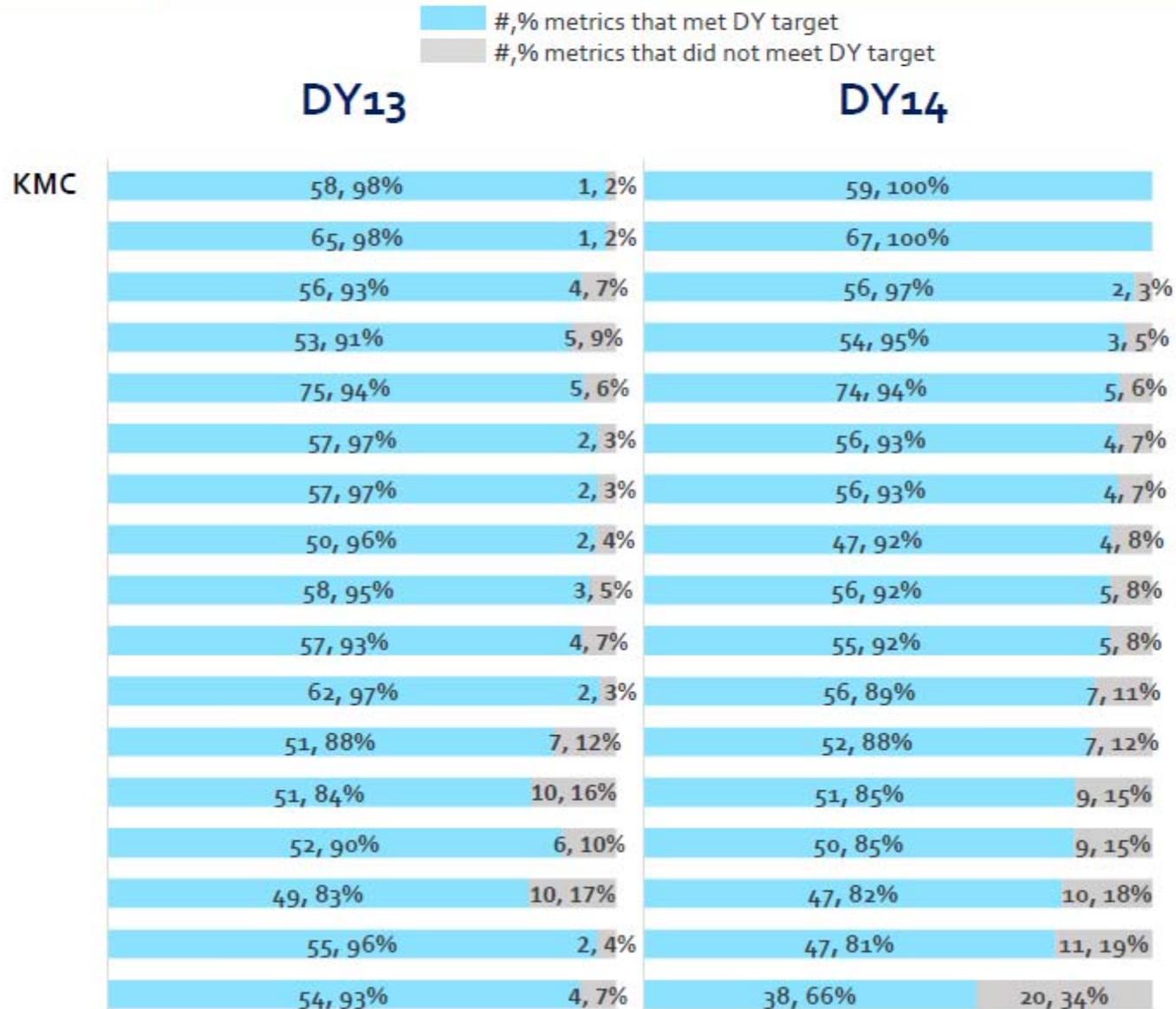
All agenda item supporting documentation is available for public review at Kern Medical Center in the Administration Department, 1700 Mount Vernon Avenue, Bakersfield, 93306 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting 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.

- 10) CLAIMS AND LAWSUITS FILED AS OF JANUARY 31, 2020 –  
RECEIVE AND FILE
- A) Plaintiff's Claim and Order to Go to Small Claims Court in the matter of Tina M. Edwards v. Kern Medical, Case No. BCS-19-003641
  - B) Notice of Case Closure and Right to Sue in the matter of Amy Swidecki, DFEH Case No. 201810-03971522, EEOC No. 37A-2019-01714-C
  - C) Claim in the matter of Guadalupe Mendoza
  - D) Claim in the matter of Maria Elena Lopez-Rodriguez
  - E) Claim in the matter of Sequoia Financial Services
  - F) Claim in the matter of Dell Marketing, LP
  - G) Claim in the matter of Weatherby Locums, Inc.
  - H) Second Amended Complaint in the matter of Adria Ottoboni, an individual v. Kern County Hospital Authority, a public entity, et al., KCSC Case No. BCV-19-102820
  - I) Summons and Complaint in the matter of Tyler Andrews, an individual v. Kern County Hospital Authority, a public agency this is a local unit of government, which owns and operates Kern Medical Center, et al., KCSC Case No. BCV-19-103520

# By System: Target Met



# PRIME Team

## Process Improvement

- Carmi Magno
- Araceli Romero
- Areisy Sanchez-Aranda
- Carinna Certuche
- Denisha Lopez
- Diana Loza
- Lorraine Gonzalez
- Martin Nolasco
- Theodora Garnette
- Yareli Tirado-Sanchez

## Reporting

- Kevin Jenson
- Tyler Bangerter
- Tori Gordillo
- Valentin Conde

# PRIME Team

## Operations

- Natalee Garrett
- Alicia Gaeta
- Marie Ruffin
- Gloria Sandoval
- Jacqueline Laws
- Marinda DuToit
- Janet Barrett
- Kyisha Clay Roby
- Vivian Cervantes
- Monette Hoburn
- BreAnn Navarro

## Behavioral Health

- Shahzad Chaudhry
- Ingrid Franco
- Angeli Hernandez
- Zachary Martin
- Julieana Martinez
- Camille Carson
- Maria Llamas
- Jodi Bowen
- Hiliary Schroeder
- Alexandra Cano



## SUMMARY OF PROCEEDINGS

### KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting  
Wednesday, January 15, 2020

11:30 A.M.

#### BOARD RECONVENED

Directors Present: Alsop, Berjis, Bigler, Brar, McLaughlin, Pelz, Sistrunk  
Directors Absent: None

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

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

#### BOARD ACTION SHOWN IN CAPS

#### PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. In addition, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**  
**NO ONE HEARD**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))  
**NO ONE HEARD**

RECOGNITION

- 3) Presentation of service awards by the Chief Executive Officer to seven Kern Medical Center employees with 25 and 30 years of service –  
**MADE PRESENTATION**

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on December 11, 2019 –  
**APPROVED**  
**Berjis-McLaughlin: All Ayes**

CA

- 5) Proposed First Amendment to Employer Participation Agreement 2016-006 with the Kern County Employees' Retirement Association for standards of financial capability for new employees of the Kern County Hospital Authority, effective January 15, 2020 –  
**APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 001-2020**  
**Berjis-McLaughlin: All Ayes**

CA

- 6) Proposed Plan of Participation Agreement with the Kern County Employees' Retirement Association and County of Kern for standards of financial capability for new employees of the Kern County Hospital Authority, effective January 15, 2020 –  
**APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 002-2020**  
**Berjis-McLaughlin: All Ayes**

CA

- 7) Proposed retroactive Grant Agreement with the County of Kern to provide funding for the procurement of a high-performance modular building structure, foundation and construction costs associated with the modular building structure, and construction costs, renovation and improvement of existing facilities from December 18, 2019 through June 30, 2025, in an amount not to exceed \$1,113,867 –  
**APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 003-2020**  
**Berjis-McLaughlin: All Ayes**

CA

- 8) Proposed retroactive acceptance of donation from the California Safety Net Institute, an independent contractor, for travel and related expenses to cover all costs for one Kern Medical Center employee to attend the 2019 Institute for Healthcare Improvement "National Forum on Quality Improvement in Health Care" in Orlando, Florida, from December 10-11, 2019 –  
**APPROVED; ADOPTED RESOLUTION 2020-001**  
**Berjis-McLaughlin: All Ayes**

CA

- 9) Proposed acceptance of donations from California State Association of Counties and Safety National risk funds for travel and related expenses to cover all costs for one Kern Medical Center employee to attend the state of California Department of Industrial Relations “27th Annual DWC Educational Conference” in Los Angeles, California, from March 26-27, 2020 – APPROVED; ADOPTED RESOLUTION 2020-002  
**Berjis-McLaughlin: All Ayes**

CA

- 10) Proposed retroactive Resolution reaffirming the appointment of Russell V. Judd, Andrew J. Cantu, Alton Scott Thygerson, Jared W. Leavitt, Glenn E. Goldis, M.D., and Antoinette C. Smith, RN, MSN, to serve as officers of the Kern County Hospital Authority, effective October 16, 2019 – APPROVED; ADOPTED RESOLUTION 2020-003  
**Berjis-McLaughlin: All Ayes**

CA

- 11) Proposed retroactive Amendment No. 8 to Agreement 14818 with Healthcare Performance Group, Inc., an independent contractor, for professional consulting services related to the Cerner Millennium project, for the period December 21, 2019 through June 10, 2020, increasing the maximum payable by \$856,960, from \$1,987,864 to \$2,844,824, to cover payment for additional services, effective December 21, 2019 – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 004-2020  
**Berjis-McLaughlin: All Ayes**

- 12) Proposed Report of Independent Auditors from Moss-Adams LLP, an independent contractor, regarding the audit of Kern Medical Center financial statements for the year ending June 30, 2019 – RECEIVED AND FILED; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS  
**Pelz-Sistrunk: All Ayes**

- 13) Kern County Hospital Authority Chief Financial Officer report – RECEIVED AND FILED  
**Sistrunk-Brar: All Ayes**

- 14) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED  
**McLaughlin-Berjis: All Ayes**

ADJOURNED TO CLOSED SESSION

**Pelz-Alsop**

CLOSED SESSION

- 15) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs – SEE RESULTS BELOW

- 16) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW
- 17) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

**Alsop-Sistrunk**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 15 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 16 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 17 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, FEBRUARY 12, 2020, AT 11:30 A.M.

**Pelz**

/s/ Mona A. Allen  
Authority Board Coordinator

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



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

February 12, 2020

**SUBJECT:** Proposed Amendment No. 4 to Agreement 2016-030 with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation

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

**Summary:**

Kern Medical requests your Board approve the Amendment No. 4 with Valley Neurosurgery and Neurorestoration Center (“Valley Neurosurgery”), for professional medical services in the Department of Surgery. The proposed Amendment deletes neurodiagnostic monitoring services and technician support, and reduces the maximum payable by \$300,760, from \$10,968,792 to \$10,668,032, over the remaining five-year term. In a separate item to today’s agenda, your Board will be asked to approve an agreement with Neurodiagnostic Workforce LLC to provide neurodiagnostic monitoring services in place of Valley Neurosurgery. These services are vital to the success our neurosurgery and neurology programs and a critical component of the Epilepsy Monitoring Unit. The Amendment is effective February 12, 2020.

Therefore, it is recommended that your Board approve Amendment No. 4 to Agreement 2016-030 with Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, and authorize the Chairman to sign.

**AMENDMENT NO. 4  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Valley Neurosurgery)**

This Amendment No. 4 to the Agreement for Professional Services is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2020, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, a California professional medical corporation (“Contractor”), with its principal place of business located at 309 Grand Avenue, South Pasadena, California 91030.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #2016-030, dated June 22, 2016), Amendment No. 1 (Agt. #2017-048, dated July 19, 2017), Amendment No. 2, (Agt. #072-2017, dated October 18, 2017), and Amendment No. 3 (Agt. 44819, dated October 8, 2019) (collectively, the “Agreement”), for the period July 1, 2016 through June 30, 2021, whereby Contractor provides professional medical services in the Department of Surgery at KMC and teaching services to resident physicians employed by Authority; and

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

(c) The Agreement is amended effective February 12, 2020;

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

1. Section 2, Obligations of Contractor, paragraph 2.1, Specified Service, subparagraph 2.1.6, Neurophysiological Monitoring, shall be deleted in its entirety and replaced with the following:

**“2.1.6 RESERVED.”**

2. Section 2, Obligations of Contractor, paragraph 2.1, Specified Service, subparagraph 2.1.8, EEG Technician Support, shall be deleted in its entirety and replaced with the following:

**“2.1.8 RESERVED.”**

3. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.4, Neurophysiological Monitoring Coverage, shall be deleted in its entirety and replaced with the following:

“4.1.4 **RESERVED.**”

4. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.6, EEG Monitoring Coverage, shall be deleted in its entirety and replaced with the following:

“4.1.6 **RESERVED.**”

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

“4.5 Maximum Payable. The maximum payable under this Agreement will not exceed \$10,668,032 over the five-year term of this Agreement.”

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

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

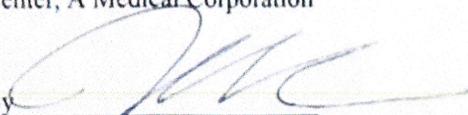
8. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 4  
as of the day and year first written above.

Valley Neurosurgery and Neurorestoration  
Center, A Medical Corporation

By   
Joseph Chen, M.D.  
Its President

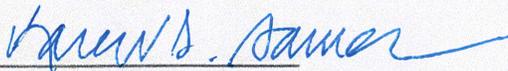
KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

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

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By   
VP & General Counsel  
Kern County Hospital Authority

Amend4.Valley Neurosurgery.013020



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

February 12, 2020

**SUBJECT:** Proposed Agreement with Neurodiagnostic Workforce LLC

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

**Summary:**

Kern Medical requests your Board approve the proposed Agreement with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services. The services proposed under this Agreement will be in place of the services provided by the Valley Neurosurgery medical group. The Agreement is effective February 12, 2020, and is for a term of one year. The maximum payable over the one-year term will not exceed \$376,000.

This proposed agreement allows for Neurodiagnostic Workforce LLC to provide the non-physician staff, including three full time EEG technicians and a Chief Technician, perform inpatient and outpatient monitoring services, including routine EEG monitoring services, for continuous monitoring of patients in the ICU, ambulatory and outpatient clinic setting, and epilepsy monitoring unit as well as services 24/7 on an “on-call” basis. These services are vital to the success of our neurosurgery and neurology programs and a critical component of the Epilepsy Monitoring Unit.

Therefore, it is recommended that your Board approve the Agreement with Neurodiagnostic Workforce LLC, for neurodiagnostic monitoring services from February 12, 2020 through February 11, 2021, in an amount not to exceed \$376,000, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Neurodiagnostic Workforce LLC)**

This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Neurodiagnostic Workforce LLC, a California limited liability company (“Contractor”), with its principal place of business located at 11604 Crabbet Park Drive, Bakersfield, California 93311.

**I.  
RECITALS**

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

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

(c) Contractor is a California limited liability company with neurodiagnostic technicians (collectively, “EEG Technicians” or individually, “EEG Technician”) who provide services on behalf of Contractor; and

(d) Authority requires the assistance of Contractor to provide specialized services to patients of KMC in one or more clinical departments (collectively, the “Department”), as such services are unavailable from Authority resources, and Contractor desires to provide such services on the terms and conditions set forth in this Agreement; and

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

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

**II.  
TERMS AND CONDITIONS**

1. **Term.** This Agreement shall be effective and the term shall commence as of February 12, 2020 (the “Effective Date”), and shall end February 11, 2021, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**

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

2.1.1 Neurophysiological Monitoring. Contractor shall: (i) support KMC in its efforts to establish and maintain a program for seizures in the intensive care unit and the epilepsy monitoring unit, and a neurological surgery epilepsy service with the goal to maintain Level 3 Epilepsy Center accreditation by the National Association of Epilepsy Centers; (ii) furnish the necessary competent non-physician professional personnel, including patient care and EEG Technicians, to perform inpatient and outpatient monitoring services, including routine EEG monitoring services, for continuous monitoring of patients in the ICU, ambulatory and outpatient clinic setting, and epilepsy monitoring unit; (iii) provide services 24/7 on an “on-call” basis; (iv) provide education, as appropriate, to KMC personnel; (v) communicate with KMC staff at time of arrival and departure from location where monitoring services are being performed; (vi) complete any and all documentation and reports required in accordance with KMC policy and the KMC medical staff bylaws, rules, regulations, and policies; and (vii) support all quality improvement and research efforts for the program.

2.1.2 EEG Technician Support. Contractor shall provide EEG Technician support as follows: (i) three (3) full-time equivalent (FTE) EEG Technicians. One “FTE” equates to 2080 hours per year; and (ii) one (1) part-time “Chief” Technician who provides a minimum of 1200 hours per year.

2.1.3 Trainees. Authority supports Contractor in its efforts to train individuals to become neurodiagnostic technicians and agrees that Contractor may train such individuals during the provision of services hereunder. Notwithstanding the foregoing, Contractor understands and agrees that the provision of services by trainees shall not replace or supplant the obligations and duties of Contractor under this Agreement.

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

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

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

2.5 Assigned Personnel.

2.5.1 Duty to Assign Competent Personnel. Contractor shall assign only competent personnel to perform the services hereunder. In the event that at any time Authority, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform the services hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from Authority. EEG Technicians providing services under this Agreement include, without limitation, Adora Calistro.

2.5.2 Qualifications/Training/Experience. Each EEG Technician shall have (i) successful completion of education/training to obtain necessary technologist certification, (ii) current registration as a PSG Technologist by BRPT, or EEG Technologist by ABRET or EP Technologist by ABRET or otherwise be eligible for registration, (iii) current Basic Cardiac Life Support certification for healthcare workers, (iv) current experience performing EEG and evoked potential studies, and (v) ongoing outpatient and acute care hospital experience.

2.5.3 Duty to Fill Vacancies. In the event that any of Contractor's personnel assigned to perform services under this Agreement becomes unavailable due to resignation, sickness or other factors outside of Contractor's control, Contractor shall be responsible for timely provision of adequately qualified replacements.

2.6 Compliance with Standards. All services performed by Contractor shall be performed in accordance with applicable state and federal laws and regulations, accreditation standards, and Authority and KMC policies and procedures.

2.7 Cooperation with Authority. Contractor shall cooperate with Authority and Authority staff in the performance of all work hereunder.

2.8 Rights and Duties. Adora Calistro shall act as the authorized agent for Contractor in all matters relating to the performance of EEG Technicians under this Agreement. Contractor shall obligate EEG Technicians to comply fully with all duties, obligations and restrictions imposed upon Contractor under this Agreement.

2.9 Loss or Limitation. Contractor shall notify KMC promptly of any loss, sanction, suspension or material limitations of any EEG Technician's license or certification to practice in the state of California, or right to participate in the Medicare or Medicaid programs.

2.10 Standards of Practice. The standards of practice and professional duties of all EEG Technicians providing services under this Agreement shall be in accordance with the KMC policies, the standards for practice established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure or certification and practice of EEG Technicians, and The Joint Commission.

2.11 Medical Record Documentation. Contractor shall cause a complete medical record to be timely prepared and maintained for each patient seen by an EEG Technician providing services under this Agreement. This record shall be prepared in compliance with all state and federal regulations, standards of The Joint Commission, and the KMC medical staff bylaws, rules, regulations, and policies.

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

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

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

### 3. Obligations of Authority.

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

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

3.3 Use Limitations on Space. Contractor shall use the items furnished under this Agreement only for the performance of services required by this Agreement. This Agreement shall not be construed to be a lease to Contractor or any EEG Technician of any portion of the Premises, and insofar as Contractor or EEG Technicians may use a portion of said Premises, Contractor and EEG Technicians do so as licensees only, and Authority and KMC shall, at all times, have full and free access to the same.

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

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

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

#### 4. **Payment for Services**.

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

4.1.1 Coverage. Authority shall pay Contractor a fixed fee in the amount of \$376,000 per year at the rate of \$31,333 per month for coverage provided by EEG Technicians in the outpatient clinic, ICU, and inpatient epilepsy monitoring unit.

4.1.2 Payment All-inclusive. The compensation paid to Contractor is inclusive of accommodations, mileage reimbursement, car rental, meals, and incidental expenses.

4.1.3 Limitations on Compensation. Except as expressly stated herein, Contractor shall receive no benefits from Authority, including without limitation, health benefits, sick leave, vacation, holidays, deferred compensation or retirement.

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

4.2 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$376,000 over the one-year term of this Agreement.

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

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

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

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

payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

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

6. **Anti-referral Laws.** Nothing in this Agreement, nor any other written or oral agreement, or any consideration in connection with this Agreement, contemplates or requires or is intended to induce or influence the admission or referral of any patient to or the generation of any business between Contractor or Authority and KMC. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct itself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 U.S.C. section 1320a-7b).

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

8. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to Authority accurate books and records relative to all its activities under this Agreement. Contractor shall permit Authority to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Agreement shall have the same rights conferred upon Authority herein.

9. **Authority to Incur Financial Obligation.** It is understood that neither Contractor nor EEG Technicians, in the performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

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

11. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good

faith, any necessary or appropriate amendments(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within 30 days of such negotiation period, this Agreement shall automatically terminate at the end of such 30-day period.

12. **Choice of Law/Venue.** This Agreement, and all transactions contemplated by this Agreement, shall in all respects be governed by, and construed and interpreted in accordance with, the laws of the state of California without giving effect to any conflicts of law principles of such state that might refer the governance, construction or interpretation of this Agreement to the laws of another jurisdiction. Any dispute between the parties shall be brought before the Superior Court, County of Kern, California, which shall have jurisdiction over all such claims.

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

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

15. **Confidentiality.**

15.1 **Use and Disclosure Restrictions.** Neither party shall, without the written consent of the other, communicate confidential information of the other, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that the receiving party would protect its own confidential information. The foregoing obligations will not restrict either party from disclosing confidential information of the other party: (i) pursuant to applicable law; (ii) pursuant to the order or requirement of a court, administrative agency, or other governmental body, on condition that the party required to make such a disclosure gives reasonable written notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its legal or financial advisors.

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

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

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

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

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

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

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

an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

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

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

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

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

23. **Indemnification and Hold Harmless.** Authority shall assume liability for and indemnify and hold Contractor and EEG Technicians harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys’ fees and judgments incurred by Contractor or EEG Technicians or for which Contractor or EEG Technicians becomes liable, arising out of or related to professional services rendered or which a third party alleges should have been rendered by Contractor or EEG Technicians pursuant to this Agreement. Authority’s obligation under this paragraph shall extend from the Effective Date and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of professional services Contractor or EEG Technicians rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than KMC without

approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify or hold Contractor or EEG Technicians harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

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

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

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

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

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

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

30. **Non-collusion Covenant.** Contractor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this

Agreement with Authority. Contractor has received from Authority no incentive or special payments, nor considerations, not related to the provision of services under this Agreement.

31. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.

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

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

Notice to Contractor:

Neurodiagnostic Workforce LLC  
11604 Crabbet Park Drive  
Bakersfield, California 93311  
Attn.: Its Managing Member

Notice to Authority:

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

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

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

36. **Termination.**

36.1 **Termination with Cause.** Either party may terminate this Agreement in the event of a material breach by the other; provided, however, the termination for the breach of this Agreement will not become effective unless and until the party not in default, has given the other party written notice of breach, which notice shall state the general nature of the breach, and the party allegedly in default will thereafter have a period of 30 days following the giving of said

notice in which to remedy the default to the reasonable satisfaction of the other party. If the alleged default is of the kind that cannot be cured within 30 days, then the party allegedly in default will have an additional 30 days in which to remedy the breach as long as such party is acting in good faith and using diligent efforts to remedy such breach throughout the cure period.

36.2 Termination without Cause. Either party may terminate this Agreement, without cause, upon 30 days' prior written notice to the other party.

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

### 37. Effect of Termination.

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

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

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

37.4 No Hearing Rights. In the event Authority exercises its right to terminate this Agreement pursuant to section 36, Contractor expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to Authority or KMC employees.

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

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

[Signatures follow on next page]

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

NEURODIAGNOSTIC WORKFORCE LLC

By   
Adora Calistro  
Its Managing Member

KERN COUNTY HOSPITAL AUTHORITY

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

APPROVED AS TO CONTENT:

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

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By   
VP & General Counsel  
Kern County Hospital Authority

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

## **EXHIBIT “B” INSURANCE**

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

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

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

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

### 2. General Liability Insurance:

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

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

3. Automobile Liability Insurance:

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

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

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

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

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

7. Documentation:

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

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

9. Waiver of Subrogation: Contractor hereby grants to Authority a waiver of any right to subrogation, which any insurer of said Contractor may acquire against Authority by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not Authority has received a waiver of subrogation endorsement from the insurer.

10. Primary Coverage: For any claims related to this Agreement, Contractor’s insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects Authority, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by Authority, its officers, directors, officials, employees, or volunteers shall be excess of Contractor’s insurance and shall not contribute with it.

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

[Intentionally left blank]



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

February 12, 2020

**Subject:** Proposed Microsoft Volume License increase and additional security purchase through Microsoft Enterprising Agreement with affiliate Dell, Inc. (Agt. #11418, dated January 30, 2018).

**Recommended Action:** Approve additional licensing costs associated with previously approved agreement with Microsoft Corporation and its affiliate Dell, Inc.

**Summary:**

Kern Medical entered into a Microsoft Volume Licensing Purchase Agreement through its affiliate Dell, Inc., effective December 17, 2017, with a term of three years and payment structure of \$212,522 per year of the Agreement. With changes in IT leadership, it was discovered that this initial license estimate did not include the appropriate number of licenses to manage additional users (physicians, residents, consultants, etc.) and secure mobile devices. To compensate for this error, it was necessary to increase the amount of licenses and expand the licenses to include security measures. The Agreement allows for a maximum of 5,999 licenses, so there is no need to amend the Agreement, but with the additional licenses comes additional costs that require your Board’s approval. These additional costs include prorated funds for the first year of the term and the full funds for the additional two years of the three-year term, as detailed below with supporting documentation attached.

Agreement	Agreement Type	Effective Date	Months	Total	Status
Base Agreement included OfficeProPlus, CoreCal, ProjectProj, SQL, Visio, SvrCore (for 1,112 Users) but up to 5,999 users	Base	12/17/2017	36 month term	\$637,565	Approved
Additional users of Base Agreement (Exchange Licenses for residents, physicians, contractors, etc. and additional 1,500 Users)	Included in Base Agreement	12/18/2017	36 month term	\$733,665	Additional payable for 36-month term
Add on Email Device Security Licenses for all users/devices (2,100 Users)	Not included in Base Agreement	09/10/2018	Remaining term	\$587,978	Additional payable for remaining term
<b>Total for Agreement</b>				<b>\$1,959,208</b>	

Therefore, it is recommended that your Board approve the additional payable of \$1,321,643 associated with the Agreement to allow Kern Medical to use the appropriate amount and type of licenses as needed.



## A quote for your consideration!

**Total: \$65,330.76**

Based on your business needs, we put the following quote together to help with your purchase decision. Please review your quote details below, then contact your sales rep when you're ready to place your order.

<b>Quote number:</b> 1024253137169.1	<b>Quote date:</b> Sep. 10, 2018	<b>Quote expiration:</b> Sep. 30, 2018
---	-------------------------------------	---

<b>Company name:</b> KERN MEDICAL CENTER	<b>Customer number:</b> 147047181	<b>Phone:</b> (661) 326-2322
---	--------------------------------------	---------------------------------

<b>Sales rep information:</b> Tyler White Joseph_T_White@Dell.com (800) 456-3355 Ext: 5133937	<b>Billing Information:</b> KERN MEDICAL CENTER 1700 MOUNT VERNON AVE BAKERSFIELD CA 93306-4018 US (661) 326-2322
---	--

## Pricing Summary

Item	Qty	Unit Price	Subtotal
VLA ENTERPRISE ENTMOBANDSECE5GOV SHRDSVR ALNG SUBSVL MVL ADDON TODEVICECORECAL	788	\$31.02	\$24,443.76
VLA ENTERPRISE ENT MOB AND SEC E5 FULL K GOV SHRD SVR ALNG SUBSVL MVL PER USR	2100	\$19.47	\$40,887.00
		<b>Subtotal:</b>	\$65,330.76
		<b>Shipping:</b>	\$0.00
		<b>Environmental Fees:</b>	\$0.00
		<b>Non-Taxable Amount:</b>	\$0.00
		<b>Taxable Amount:</b>	\$0.00
		<b>Estimated Tax:</b>	\$0.00
		<b>Total:</b>	<b>\$65,330.76</b>

Special lease pricing may be available for qualified customers. Please contact your DFS Sales Representative for details.

## Dear Customer,

Your Quote is detailed below; please review the quote for product and information accuracy. If you find errors or desire certain changes please contact me as soon as possible.

Regards,  
Tyler White

Order this quote easily online through your [Premier page](#), or if you do not have Premier, using [Quote to Order](#)

## Shipping Group 1

<b>Shipping Contact:</b> ACCOUNTS PAYABLE	<b>Shipping phone:</b> (661) 326-2322	<b>Shipping via:</b> Not available	<b>Shipping Address:</b> KERN MEDICAL CENTER 1700 MOUNT VERNON AVE BAKERSFIELD CA 93306-4018 US
--	--	---------------------------------------	--

SKU	Description	Qty	Unit Price	Subtotal
	<b>VLA ENTERPRISE ENTMOBANDSECE5GOV SHRDSVR ALNG SUBSVL MVL ADDON TODEVICECORECAL</b>	<b>788</b>	<b>\$31.02</b>	<b>\$24,443.76</b>
	<b>Contract No: 76ADX</b> <b>Customer Agreement No: RFQ #PUARC-1200</b>			
AA327351	VLA ENTERPRISE ENTMOBANDSECE5GOV SHRDSVR ALNG SUBSVL MVL ADDON TODEVICECORECAL	788	-	-

SKU	Description	Qty	Unit Price	Subtotal
	<b>VLA ENTERPRISE ENT MOB AND SEC E5 FULL K GOV SHRD SVR ALNG SUBSVL MVL PER USR</b>	<b>2100</b>	<b>\$19.47</b>	<b>\$40,887.00</b>
	<b>Contract No: 76ADX</b> <b>Customer Agreement No: RFQ #PUARC-1200</b>			
AA327352	VLA ENTERPRISE ENT MOB AND SEC E5 FULL K GOV SHRD SVR ALNG SUBSVL MVL PER USR	2100	-	-

<b>Subtotal:</b>	<b>\$65,330.76</b>
<b>Shipping:</b>	<b>\$0.00</b>
<b>Environmental Fees:</b>	<b>\$0.00</b>
<b>Estimated Tax:</b>	<b>\$0.00</b>
<b>Total:</b>	<b>\$65,330.76</b>

Unless you have a separate written agreement that specifically applies to this order, your order is subject to [Dell's Terms of Sale](#) (for consumers the terms include a binding arbitration provision). Please see the legal disclaimers below for further information.

## Important Notes

---

### Terms of Sale

Unless you have a separate written agreement that specifically applies to this order, your order will be subject to and governed by the following agreements, each of which are incorporated herein by reference and available in hardcopy from Dell at your request: Dell's Terms of Sale ([www.dell.com/learn/us/en/uscorp1/terms-of-sale](http://www.dell.com/learn/us/en/uscorp1/terms-of-sale)), which include a binding consumer arbitration provision and incorporate Dell's U.S. Return Policy ([www.dell.com/returnpolicy](http://www.dell.com/returnpolicy)) and Warranty (for [Consumer warranties](#) ; for [Commercial warranties](#)).

If this purchase includes services: in addition to the foregoing applicable terms, the terms of your service contract will apply ([Consumer](#); [Commercial](#)). If this purchase includes software: in addition to the foregoing applicable terms, your use of the software is subject to the license terms accompanying the software, and in the absence of such terms, then use of the Dell-branded application software is subject to the Dell End User License Agreement - Type A ([www.dell.com/AEULA](http://www.dell.com/AEULA)) and use of the Dell-branded system software is subject to the Dell End User License Agreement - Type S ([www.dell.com/SEULA](http://www.dell.com/SEULA)).

If your purchase is for Mozy, in addition to the foregoing applicable terms, your use of the Mozy service is subject to the terms and conditions located at <https://mozy.com/about/legal/terms>.

If your purchase is for Boomi services or support, your use of the Boomi Services (and related professional service) is subject to the terms and conditions located at <https://boomi.com/msa>.

If this purchase is for (a) a storage product identified in the DELL EMC Satisfaction Guarantee Terms and Conditions located at

[http://www.emc.com/collateral/sales/dellemc-satisfaction-guarantee-terms-and-conditions\\_ex-gc.pdf](http://www.emc.com/collateral/sales/dellemc-satisfaction-guarantee-terms-and-conditions_ex-gc.pdf) ("Satisfaction Guarantee") and (ii) three (3) years of a ProSupport Service for such storage product, in addition to the foregoing applicable terms, such storage product is subject to the Satisfaction Guarantee.

You acknowledge having read and agree to be bound by the foregoing applicable terms in their entirety. Any terms and conditions set forth in your purchase order or any other correspondence that are in addition to, inconsistent or in conflict with, the foregoing applicable online terms will be of no force or effect unless specifically agreed to in a writing signed by Dell that expressly references such terms.

### Pricing, Taxes, and Additional Information

All product, pricing, and other information is valid for U.S. customers and U.S. addresses only, and is based on the latest information available and may be subject to change. Dell reserves the right to cancel quotes and orders arising from pricing or other errors. Please indicate any tax-exempt status on your PO, and fax your exemption certificate, including your Customer Number, to the Dell Tax Department at 800-433-9023. Please ensure that your tax-exemption certificate reflects the correct Dell entity name: **Dell Marketing L.P.**

Note: All tax quoted above is an estimate; final taxes will be listed on the invoice.

If you have any questions regarding tax please send an e-mail to [Tax\\_Department@dell.com](mailto:Tax_Department@dell.com).

For certain products shipped to end-users in California, a State Environmental Fee will be applied to your invoice. Dell encourages customers to dispose of electronic equipment properly.



\*Estimated Pricing for Budgetary Purposes\*  
Dell Customer Confidential

## Quotation

Joseph White  
Joseph.T.White@dell.com  
512-728-9481

Customer: KERN MEDICAL CENTER  
Customer#: 147047181  
Microsoft Enterprise Agreement (EA) #: 7192285

Date of Issue:	9/10/2018
Quote Expires:	Preliminary Pricing

Section 1: Subscriptions Monthly					
Product Description	Mfg#	Quantity	Unit Price Per Month	Unit Price Per Year (12 Months)	Ext. Price
EntMobandSec5GCC ShrdSvr ALNG SubsVL MVL AddOn todeviceCoreCAL	CE5-00001	788	\$10.34	\$124.08	\$97,775.04
EntMobandSec5FullKGCC ShrdSvr ALNG SubsVL MVL PerUsr	CEM-00001	2100	\$6.49	\$77.88	\$163,548.00
<b>Year 2 (Months 13-24)</b>					<b>\$261,323.04</b>

Section 1: Subscriptions Monthly					
Product Description	Mfg#	Quantity	Unit Price Per Month	Unit Price Per Year (12 Months)	Ext. Price
EntMobandSec5GCC ShrdSvr ALNG SubsVL MVL AddOn todeviceCoreCAL	CE5-00001	788	\$10.34	\$124.08	\$97,775.04
EntMobandSec5FullKGCC ShrdSvr ALNG SubsVL MVL PerUsr	CEM-00001	2100	\$6.49	\$77.88	\$163,548.00
<b>Year 3 (Months 25-36)</b>					<b>\$261,323.04</b>

- Notes:
- |  |  |
|--|--|
| <p>1) Customer's purchase is subject to Dell's Terms and Conditions of Sale found at <a href="http://www.dell.com">www.dell.com</a>, unless Customer has a separate purchase agreement with Dell.</p> <p>2) Sales/use tax is based on the "ship to" address on your invoice. Please indicate your taxability status on your purchase order. If exempt, Customer must have an Exemption Certificate on file.</p> <p>3) If you have a question re: your tax status, please contact your Dell   ASAP Software Inside sales representative listed above. Shipments to California: for certain products, a State Environmental Fee of up to \$10 per item may be applied to your invoice. Prices do not reflect this fee unless noted. For more information, refer to <a href="http://www.dell.com/environmentalfee">www.dell.com/environmentalfee</a>.</p> | <p>4) All product descriptions and prices are based on latest information available and are subject to change without notice or obligation.</p> <p>5) All prices are based on Net 30 Terms. If not shown, shipping, handling, taxes, and other fees will be added at the time of order, where applicable.</p> <p>6) Customer understands and acknowledges that all warranties, representations and returns are subject to the manufacturer, publisher or distributor guidelines.</p> |
|--|--|



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

February 12, 2020

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

**Recommended Action:** Receive and File

**Summary:**

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

**Patient Revenue:**

Gross patient revenue has a favorable year-to-date budget variance primarily because of improved revenue cycle efficiency.

**Indigent Funding:**

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

**Capitation Premium Revenue:**

Capitation premium revenue for December has an unfavorable budget variance due to a change in the estimated amount of capitation revenue expected to be received for fiscal year 2020. The estimate is based on a negotiated reimbursement rate paid to Kern Medical by Kern Health Systems for patients covered by managed Medi-Cal health plans implemented as part of the Affordable Care Act that are administrated by Kern Health Systems and assigned to Kern Medical for health care services.

**Registry Nurse Expense:**

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

**Other Professional Fees:**

Other professional fees have a favorable variance for the month and on a year-to-date basis because of the reclassification of Information Technology (IT) contract labor staff expense. IT contract labor expense that pertains to the Cerner EHR implementation project is reclassified from expense and into the Cerner capital project each month. In addition, 25 individuals that were previously contract laborers across several different departments have been hired by Kern Medical as full-time employees. Therefore, the labor expense for these individuals is now reported under salaries and benefits expenses.

**Supplies Expense:**

Supplies expenses are under budget for the month because of lower than average costs for general medical supplies and lower than average costs for minor equipment. Pharmaceutical costs, as well as general medical supply costs and computer software costs, are the primary reason for the unfavorable year-to-date budget variance for supplies expenses.

**Purchased Services:**

Purchased services were over budget for December due to an under accrual of prior month expenses Delano Ambulance Services. In addition, Trans-West Security was budgeted low for FY 2020 causing a budget variance each month.

**Other Expenses:**

Other expenses for December were under budget due to lower than average repairs and maintenance expenses. On a year-to-date basis, other expenses are trending at the projected budgeted dollar amount.



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

FEBRUARY 2020



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

December 31, 2019

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>Gross Patient Revenue</b>	\$ 83,717,416	\$ 81,226,355	\$ 76,811,620	\$ 75,015,003	2%	\$ 66,966,564
Contractual Deductions	(62,813,935)	(60,432,238)	(56,851,762)	(56,301,641)	1%	(49,428,900)
<b>Net Revenue</b>	20,903,481	20,794,117	19,959,859	18,713,361	7%	17,537,664
Indigent Funding	12,465,202	12,190,725	12,090,749	12,249,481	(1%)	13,118,737
Correctional Medicine	2,443,735	2,443,735	2,443,735	2,777,068	(12%)	1,672,397
County Contribution	284,951	285,496	285,446	284,951	0.2%	285,211
Incentive Funding	333,333	(273,133)	212,040	333,333	(36%)	250,000
<b>Net Patient Revenue</b>	36,430,702	35,440,940	34,991,828	34,358,195	2%	32,864,009
Gain/(Loss) on Health-Related Entity	(105,072)	(95,966)	(136,548)	0	0%	0
Other Operating Revenue	1,518,370	872,657	1,194,078	1,270,500	(6%)	977,498
Other Non-Operating Revenue	(34)	1,094	36,748	79,434	(54%)	20,287
<b>Total Revenue</b>	37,843,966	36,218,725	36,086,107	35,708,129	1%	33,861,794
<b>Expenses</b>						
Salaries	15,555,187	15,752,618	14,886,695	13,768,209	8%	13,852,811
Employee Benefits	6,760,144	6,681,937	6,676,375	6,346,258	5%	5,497,435
Contract Labor	1,934,128	1,895,707	1,575,265	1,421,642	11%	1,594,380
Medical Fees	1,783,119	1,536,773	1,778,328	1,789,832	(1%)	1,877,669
Other Professional Fees	1,165,662	1,529,484	1,460,377	2,246,816	(35%)	1,824,378
Supplies	5,966,461	4,937,326	4,855,484	5,401,815	(10%)	5,092,496
Purchased Services	2,005,479	1,408,854	2,083,492	1,917,475	9%	1,773,716
Other Expenses	1,463,117	1,505,400	1,487,391	1,581,886	(6%)	1,517,100
Operating Expenses	36,633,296	35,248,098	34,803,407	34,473,932	1%	33,029,984
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,210,670	970,627	1,282,700	1,234,196	4%	831,810
EBIDA Margin	3%	3%	4%	3%	3%	2%
Interest	226,813	219,742	224,997	342,117	(34%)	45,185
Depreciation	487,004	479,686	486,792	886,705	(45%)	516,504
Amortization	76,688	261,315	256,825	(106,532)	(341%)	58,691
Total Expenses	37,423,801	36,208,841	35,772,021	35,596,222	0.5%	33,650,364
<b>Operating Gain (Loss)</b>	420,166	9,885	314,086	111,906	181%	211,430
<b>Operating Margin</b>	1.1%	0.03%	0.9%	0.31%	178%	1%

Year-to-Date: Revenue & Expense						
December 31, 2019						
	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE	
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)	
<b>Gross Patient Revenue</b>	\$ 466,318,821	445,084,205	5%	\$ 425,821,383	10%	
Contractual Deductions	(346,341,372)	(333,980,001)	4%	(322,023,897)	8%	
<b>Net Revenue</b>	<b>119,977,449</b>	<b>111,104,204</b>	<b>8%</b>	<b>103,797,487</b>		
Indigent Funding	73,258,372	74,306,598	(1%)	77,564,797	(6%)	
Correctional Medicine	15,162,408	16,662,408	(9%)	14,432,738	5%	
County Contribution	1,711,266	1,709,705	0.09%	1,711,266	(0%)	
Incentive Funding	1,272,240	2,000,000	(36%)	4,564,060	(72%)	
<b>Net Patient Revenue</b>	<b>211,381,735</b>	<b>205,782,915</b>	<b>3%</b>	<b>202,070,347</b>	<b>5%</b>	
Gain/(Loss) on Health-Related Entity	(534,517)	0	0%	0	0%	
Other Operating Revenue	6,983,642	7,715,744	(9%)	6,218,348	12%	
Other Non-Operating Revenue	58,876	121,093	(51%)	299,258	(80%)	
<b>Total Revenue</b>	<b>217,889,735</b>	<b>213,619,751</b>	<b>2%</b>	<b>208,587,953</b>	<b>4%</b>	
<b>Expenses</b>						
Salaries	87,505,253	83,490,163	5%	79,437,509	10%	
Employee Benefits	39,689,421	38,490,323	3%	35,399,938	12%	
Contract Labor	10,278,713	8,395,265	22%	9,235,923	11%	
Medical Fees	10,211,452	10,678,544	(4%)	11,040,762	(8%)	
Other Professional Fees	9,010,489	12,675,354	(29%)	10,488,228	(14%)	
Supplies	32,863,344	32,081,465	2%	30,459,491	8%	
Purchased Services	12,049,222	11,381,144	6%	11,751,326	3%	
Other Expenses	9,275,773	9,390,167	(1%)	9,631,228	(4%)	
Operating Expenses	210,883,668	206,582,426	2%	197,444,404	7%	
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	7,006,067	7,037,325	(0.4%)	11,143,549	(37%)	
EBIDA Margin	3%	3%	(2%)	5%	(40%)	
Interest	1,398,356	2,052,699	(32%)	2,415,159	(42%)	
Depreciation	2,992,456	3,432,424	(13%)	3,097,979	(3%)	
Amortization	824,890	999,302	(17%)	338,920	143%	
Total Expenses	216,099,370	213,066,851	1%	203,296,461	6%	
<b>Operating Gain (Loss)</b>	<b>1,790,365</b>	<b>552,900</b>	<b>224%</b>	<b>5,291,492</b>	<b>(66%)</b>	
<b>Operating Margin</b>	<b>1%</b>	<b>0.3%</b>	<b>217%</b>	<b>3%</b>	<b>(68%)</b>	

### 3-Month Trend Analysis: Cash Indicators

December 31, 2019

		OCTOBER	NOVEMBER	DECEMBER	GOALS DECEMBER	PY DECEMBER
<b>Cash</b>						
	Total Cash	18,077,243	26,755,536	13,715,496	22,889,117	24,373,434
	Days Cash On Hand	15	23	12	20	22
	Days In A/R - Gross	84.01	87.62	101.24	70.00	86.81
	Patient Cash Collections	\$ 20,290,788	\$ 15,594,622	\$ 12,729,288	\$ 19,083,207	\$ 15,241,673
<b>Indigent Funding Liabilites Due to the State</b>						
	FY 2007 Waiver Payable (County Responsibility)	\$ (745,824)	\$ (745,824)	\$ (745,824)	N/A	\$ (745,824)
	FY 2008 Waiver Payable (County Responsibility)	\$ (6,169,000)	\$ (6,169,000)	\$ (6,169,000)	N/A	\$ (6,169,000)
	FY 2009 Waiver Payable (County Responsibility)	\$ (2,384,000)	\$ (2,384,000)	\$ (2,384,000)	N/A	\$ (2,384,000)
	FY 2011 Waiver Payable (County Responsibility)	\$ (10,493,878)	\$ (10,493,878)	\$ (10,493,878)	N/A	\$ (10,493,878)
	<b>Total County Responsibility</b>	\$ (19,792,702)	\$ (19,792,702)	\$ (19,792,702)		\$ (19,792,702)
	FY 2015 Waiver Payable (Kern Medical Responsibility)	\$ (11,223,792)	\$ (23,770,144)	\$ (23,770,144)	N/A	\$ (11,223,792)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (4,477,261)	\$ (4,477,261)	N/A	\$ (2,819,361)
	FY 2017 Waiver Payable (Kern Medical Responsibility)	\$ -	\$ (1,652,782)	\$ (1,652,782)		
	FY 2018 Waiver Payable (Kern Medical Responsibility)	\$ -	\$ 3,347,641	\$ 3,347,641		
	DSH Payable (Kern Medical Responsibility)	\$ (42,388,763)	\$ (29,842,410)	\$ (29,842,410)	N/A	\$ (42,388,763)
	<b>Total Kern Medical Responsibility</b>	\$ (56,431,916)	\$ (56,394,956)	\$ (56,394,956)		\$ (56,431,916)
	<b>Total Indigent Funding Liabilites Due to the State</b>	\$ (76,224,618)	\$ (76,187,658)	\$ (76,187,658)	N/A	\$ (76,224,618)

### 3-Month Trend Analysis: Operating Metrics

December 31, 2019

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>Operating Metrics</b>						
Total Expense per Adjusted Admission	23,224	25,476	25,470	21,701	17%	23,196
Total Expense per Adjusted Patient Day	4,287	4,730	4,225	4,393	(4%)	4,618
Supply Expense per Adjusted Admission	3,703	3,474	3,457	3,293	5%	3,510
Supply Expense per Surgery	2,350	1,687	1,539	1,870	(18%)	2,314
Supplies as % of Net Patient Revenue	16%	14%	14%	16%	(12%)	15%
Pharmaceutical Cost per Adjusted Admission	1,762	1,646	1,905	1,601	19%	1,610
Net Revenue Per Adjusted Admission	\$ 12,972	\$ 14,631	\$ 14,212	\$ 11,409	25%	\$ 12,089

## Year-to-Date: Operating Metrics

December 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Operating Metrics</b>						
	Total Expense per Adjusted Admission	23,226	21,879	6%	21,729	7%
	Total Expense per Adjusted Patient Day	4,297	4,428	(3%)	4,299	(0.1%)
	Supply Expense per Adjusted Admission	3,532	3,294	7%	3,256	8%
	Supply Expense per Surgery	1,779	1,869	(5%)	1,981	(10%)
	Supplies as % of Net Patient Revenue	16%	16%	(0.3%)	15%	3%
	Pharmaceutical Cost per Adjusted Admission	1,734	1601	8%	1,464	18%
	Net Revenue Per Adjusted Admission	\$ 12,895	\$ 11,409	12%	\$ 11,094	16%

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

FOR THE MONTH OF DECEMBER 31, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
402,322	423,497	(21,175)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	2,387,978	2,513,661	(125,683)	-5%
2,063,805	2,172,426	(108,621)	-5%	MEDI-CAL RATE-RANGE REVENUE	12,724,679	13,394,398	(669,720)	-5%
92,644	97,520	(4,876)	-5%	PHYSICIAN SPA REVENUE	549,884	578,826	(28,941)	-5%
457,139	481,199	(24,060)	-5%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	2,713,344	2,856,151	(142,808)	-5%
2,054,809	2,054,809	0	0.0%	PRIME - NEW WAIVER	12,596,284	12,596,284	0	0.0%
2,212,562	2,212,562	0	0.0%	GPP - NEW WAIVER	13,832,623	13,832,623	0	0.0%
1,270,492	1,270,492	0	0.0%	WHOLE PERSON CARE	7,540,984	7,540,984	0	0.0%
0	0	0	0%	EPP REVENUE	(81,074)	0	(81,074)	0%
1,791,542	1,791,542	0	0%	EPP REVENUE	10,633,666	10,633,666	0	0%
1,745,435	1,745,435	0	0%	QIP REVENUE	10,360,004	10,360,004	0	0%
12,090,749	12,249,481	(158,732)	-1%	<b>SUB-TOTAL - GOVERNMENTAL REVENUE</b>	73,258,372	74,306,598	(1,048,226)	-1%
2,443,735	2,777,068	(333,333)	-12.0%	CORRECTIONAL MEDICINE	15,162,408	16,662,408	(1,500,000)	-9.0%
285,446	284,951	495	0.2%	COUNTY CONTRIBUTION	1,711,266	1,709,705	1,561	0.1%
14,819,930	15,311,500	(491,570)	-3%	<b>TOTAL INDIGENT CARE &amp; COUNTY FUNDING</b>	90,132,046	92,678,711	(2,546,665)	-3%

**OTHER REVENUE**

FOR THE MONTH DECEMBER 31, 2019

## OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
MEDICAL POSTGRAD EDUCATION TUITION	109,715	260,010	(150,295)	1,346,340	1,543,287	(196,947)
STAFF DEVELOPMENT EDUCATION FEES	75	432	(357)	265	2,562	(2,297)
CAFETERIA REVENUE	76,413	80,080	(3,667)	529,434	475,312	54,122
FINANCE CHARGES-PATIENT AR	19,786	12,447	7,339	108,303	73,879	34,424
REBATES AND REFUNDS	51,464	71,494	(20,029)	151,928	424,351	(272,423)
DRUG COMPANY CASH BACK	0	3,384	(3,384)	4,054	20,088	(16,035)
PHOTOCOPY FEES	6,755	2,699	4,056	27,672	16,022	11,650
MEDICAL RECORDS FEES	15	2,002	(1,987)	15	11,882	(11,867)
MEDICAL STAFF FEES	600	0	600	600	0	600
ADMINISTRATIVE FEES-PAYROLL	195	78	117	353	462	(109)
PHYSICIAN PROFESSIONAL FEES-ER LOCKBOX	5,971	5,724	247	19,703	33,977	(14,274)
OTHER REVENUE	2,191	87,598	(85,407)	116,276	694,645	(578,369)
LASER CENTER REVENUE	18,814	18,717	97	125,116	111,095	14,021
GRANT - KHS	121,276	248,493	(127,216)	568,834	1,474,923	(906,089)
GRANT - CALMEDFORCE	36,012	0	36,012	36,012	0	36,012
GRANT - OTS - TRAFFIC SAFETY	4,370	0	4,370	4,370	0	4,370
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	0	23,288	(23,288)	215,005	138,228	76,777
PRIMARY CARE & OTHER INCENTIVES	0	10,216	(10,216)	75,021	60,638	14,383
VETERANS ADMINISTRATION REVENUE	(806)	3,178	(3,984)	9,942	18,862	(8,920)
JAMISON CENTER MOU	40,726	26,710	14,015	155,465	158,539	(3,074)
MENTAL HEALTH MOU	471,478	298,438	173,039	1,993,075	1,771,375	221,700
PATERNITY DECLARATION REVENUE	1,670	1,073	597	5,650	6,369	(719)
PEDIATRIC FORENSIC EXAMS	0	5,337	(5,337)	0	31,677	(31,677)
FOUNDATION CONTRIBUTIONS	0	3,048	(3,048)	9,164	18,090	(8,926)
DONATED EQUIPMENT	0	18,974	(18,974)	0	112,622	(112,622)
PAY FOR PERFORMANCE	119,440	24,709	94,731	195,958	146,657	49,301
PROPOSITION 56 DIRECTED PAYMENTS	107,918	62,371	45,547	1,285,087	370,202	914,885
<b>TOTAL OTHER OPERATING REVENUE</b>	<b>1,194,078</b>	<b>1,270,500</b>	<b>(76,422)</b>	<b>6,983,642</b>	<b>7,715,744</b>	<b>(732,102)</b>

## OTHER NON-OPERATING REVENUE

GAIN/LOSS ON DISPOSAL OF PROPERTY	0	3,842	(3,842)	0	22,804	(22,804)
INTEREST ON FUND BALANCE	0	74,795	(74,795)	18,763	93,558	(74,795)
PARKING LOT RENT REVENUE	1,297	797	500	4,485	4,730	(245)
PHYSICIAN REIMBURSEMENT-SERVICES AND FACILITIES	35,451	0	35,451	35,451	0	35,451
MISCELLANEOUS	0	0	(0)	176	1	175
<b>TOTAL OTHER NON-OPERATING REVENUE</b>	<b>36,748</b>	<b>79,434</b>	<b>(42,685)</b>	<b>58,876</b>	<b>121,093</b>	<b>(62,217)</b>

<b>KERN MEDICAL BALANCE SHEET</b>		
	December 2019	December 2018
<b>CURRENT ASSETS:</b>		
CASH	\$13,715,496	\$24,373,434
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	266,034,338	194,999,270
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(203,969,518)	(149,282,968)
-NET OF CONTRACTUAL ALLOWANCES	62,064,820	45,716,303
CORRECTIONAL MEDICINE RECEIVABLE	2,582,073	1,593,835
MD SPA	1,730,185	6,111,006
HOSPITAL FEE RECEIVABLE	4,063,379	(445,178)
CPE - O/P DSH RECEIVABLE	8,756,151	3,394,221
BEHAVIORAL HEALTH MOU	1,815,533	2,221,722
MANAGED CARE IGT (RATE RANGE)	39,902,118	22,997,731
RECEIVABLE FROM LIHP	-	(6,547,536)
OTHER RECEIVABLES	6,592,949	3,072,549
PRIME RECEIVABLE	12,596,284	12,758,004
AB85/75% DEFAULT PCP RECEIVABLE	-	(770,256)
GPP (Global Payment Program)	11,549,959	9,982,445
WPC (Whole Person Care)	7,865,984	8,241,001
EPP (Enhanced Payment Program)	40,575,015	31,045,000
QIP (Quality Incentive Program)	25,906,031	8,976,000
INTEREST ON FUND BALANCE RECEIVABLE	10,496	165,010
MANAGED CARE IGT (SPD)	0	0
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY15	(23,770,144)	(11,223,792)
WAIVER RECEIVABLE FY16	(4,477,261)	(2,819,361)
WAIVER RECEIVABLE FY17	(1,652,782)	0
WAIVER RECEIVABLE FY18	3,347,641	0
PREPAID EXPENSES	3,272,863	3,464,340
PREPAID MORRISON DEPOSIT	813,320	813,320
INVENTORY AT COST	5,558,180	5,395,050
<b>TOTAL CURRENT ASSETS</b>	<b>204,284,592</b>	<b>149,981,151</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT:</b>		
LAND	1,683,786	542,961
EQUIPMENT	53,122,786	54,834,308
BUILDINGS	90,614,739	87,486,989
CONSTRUCTION IN PROGRESS	9,669,128	27,727,167
LESS: ACCUMULATED DEPRECIATION	(98,502,876)	(92,412,714)
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>56,587,563</b>	<b>78,178,711</b>
<b>NET INTANGIBLE ASSETS</b>		
INTANGIBLE ASSETS	48,551,203	14,688,166
ACCUMULATED AMORTIZATION INTANGIBLES	(12,729,668)	(11,346,156)
<b>NET INTANGIBLE ASSETS</b>	<b>35,821,535</b>	<b>3,342,010</b>
<b>LONG-TERM ASSETS:</b>		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	79,727,604	70,895,681
INVESTMENT IN SURGERY CENTER	5,311,549	3,643,659
CASH HELD BY COP IV TRUSTEE	931,830	922,330
<b>TOTAL LONG-TERM ASSETS</b>	<b>85,970,983</b>	<b>75,461,670</b>
<b>TOTAL ASSETS</b>	<b>\$382,664,673</b>	<b>\$306,963,542</b>

<b>KERN MEDICAL BALANCE SHEET</b>		
	December 2019	December 2018
<b>CURRENT LIABILITIES:</b>		
ACCOUNTS PAYABLE	\$38,468,663	\$25,236,916
ACCRUED SALARIES & EMPLOYEE BENEFITS	27,259,191	23,817,176
INTEREST PAYABLE	3,718,391	4,453,141
OTHER ACCRUALS	5,493,375	3,435,671
CREDIT LINE PAYABLE - PNC BANK	11,500,000	0
CURRENT PORTION - CAPITALIZED LEASES	1,770,887	1,910,146
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,131,693
CURR LIAB - P.O.B.	1,564,475	1,444,238
MEDICARE COST REPORT LIABILITY PAYABLE	53,802	0
MEDI-CAL COST REPORT LIABILITY	389,631	845,580
INDIGENT FUNDING PAYABLE	9,269,881	11,651,235
DSH PAYABLE	29,842,410	42,388,763
CREDIT BALANCES PAYABLES	3,987,191	2,924,063
DEFERRED REVENUE - COUNTY CONTRIBUTION	8,010,031	2,100,667
TOTAL CURRENT LIABILITIES	142,459,622	121,339,289
<b>LONG-TERM LIABILITIES:</b>		
LONG-TERM LIABILITY-COP 2011	0	0
NET UNAMORTIZED DISCOUNT COP	19,993	39,985
LONG-TERM LIABILITY - CAPITAL LEASES	2,405,930	6,267,636
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	3,772,716	4,306,044
NET PENSION LIABILITY	307,234,709	293,255,458
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	12,745,786	14,842,004
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,763,410	4,329,041
L.T. P.O.B. PAYABLE 95	7,535,194	11,590,866
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,527,387	7,026,444
ACCRUED WORKERS' COMPENSATION PAYABLE	6,252,235	8,511,000
DEFERRED INFLOWS - PENSIONS	60,090,954	69,247,058
PENSION OBLIGATION BOND PAYABLE	1,610,473	2,643,205
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
TOTAL LONG-TERM LIABILITIES	422,181,766	431,281,719
<b>NET POSITION</b>		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	36,714,021
RETAINED EARNINGS - PRIOR YEAR	(218,690,736)	(282,371,488)
TOTAL NET POSITION	(181,976,714)	(245,657,467)
TOTAL LIABILITIES & NET POSITION	\$382,664,673	\$306,963,542



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

February 12, 2020

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

**Recommended Action:** Receive and File

**Summary:**

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



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

FEBRUARY 2020



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

December 31, 2019

		OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>VOLUME</b>							
	Adjusted Admissions (AA)	1,611	1,421	1,404	1,640	(14%)	1,451
	Adjusted Patient Days	8,729	7,656	8,467	8,102	5%	7,287
	Admissions	763	737	768	844	(9%)	785
	Average Daily Census	133	132	149	134	11%	127
	Patient Days	4,133	3,970	4,630	4,169	11%	3,943
	Available Occupancy %	60.1%	59.6%	67.3%	60.6%	11%	57.3%
	Average LOS	5.4	5.4	6.0	4.9	22%	5.0
	Surgeries						
	Inpatient Surgeries (Main Campus)	172	174	181	201	(10%)	179
	Outpatient Surgeries (Main Campus)	275	273	280	257	9%	225
	Total Surgeries (Main Campus)	447	447	461	458	1%	404
	Outpatient Surgeries (Ambulatory Surgery Center)	*	74	86	154	(44%)	0
	Births	186	190	169	223	(24%)	242
	ER Visits						
	Admissions	555	433	329	434	(24%)	401
	Treated & Released	5,261	3,866	4,412	3,842	15%	3,555
	Total ER Visits	5,816	4,299	4,741	4,276	11%	3,956
	Trauma Activations	258	250	236	224	5%	192
	Outpatient Clinic Visits						
	Total Clinic Visits	14,493	7,827	9,462	13,329	(29%)	12,064
	Total Unique Patient Clinic Visits	10,437	6,384	7,539	10,213	(26%)	9,244
	New Unique Patient Clinic Visits	1,804	1,199	1,320	1,656	(20%)	1,499

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

December 31, 2019

		<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>PY</b>	<b>PY VARIANCE</b>
		<b>FYTD</b>	<b>FYTD</b>	<b>POS (NEG)</b>	<b>FYTD</b>	<b>POS (NEG)</b>
<b>VOLUME</b>						
	Adjusted Admissions (AA)	9,304	9,738	(4%)	9,356	(1%)
	Adjusted Patient Days	50,294	48,121	5%	47,287	6%
	Admissions	4,676	4,965	(6%)	4,777	(2%)
	Average Daily Census	137	133	3%	131	5%
	Patient Days	25,276	24,534	3%	24,144	5%
	Available Occupancy %	61.9%	60.1%	3%	59.1%	5%
	Average LOS	5.4	4.9	9%	5.1	7%
	<b>Surgeries</b>					
	Inpatient Surgeries (Main Campus)	1,121	1,180	(5%)	1,253	(11%)
	Outpatient Surgeries (Main Campus)	1,668	1,532	9%	1,485	12%
	<b>Total Surgeries (Main Campus)</b>	<b>2,789</b>	<b>2,712</b>	<b>3%</b>	<b>2,738</b>	<b>2%</b>
	Outpatient Surgeries (Ambulatory Surgery Center)	366	699	(48%)	0	0%
	<b>Births</b>	<b>1,193</b>	<b>1,315</b>	<b>(9%)</b>	<b>1,420</b>	<b>(16%)</b>
	<b>ER Visits</b>					
	Admissions	2,609	2,553	2%	2,407	8%
	Treated & Released	25,647	22,896	12%	22,429	14%
	<b>Total ER Visits</b>	<b>28,256</b>	<b>25,449</b>	<b>11%</b>	<b>24,836</b>	<b>14%</b>
	Trauma Activations	1,583	1,336	18%	1,338	18%
	<b>Outpatient Clinic Visits</b>					
	Total Clinic Visits	72,516	79,433	(9%)	76,346	(5.0%)
	Total Unique Patient Clinic Visits	54,404	59,765	(9%)	57,396	(5%)
	New Unique Patient Clinic Visits	9,643	11,460	(16%)	11,040	(13%)

### 3-Month Trend Analysis: Payor Mix

December 31, 2019

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>PAYOR MIX - Charges</b>						
Commercial FFS	2.5%	3.0%	1.6%	1.9%	(18%)	2.5%
Commercial HMO/PPO	7.9%	10.7%	9.0%	6.3%	42%	6.9%
Medi-Cal	27.9%	21.3%	23.4%	29.9%	(22%)	28.6%
Medi-Cal HMO - Kern Health Systems	28.7%	30.3%	30.7%	31.0%	(1%)	29.4%
Medi-Cal HMO - Health Net	8.4%	8.9%	9.0%	9.1%	(1%)	8.6%
Medi-Cal HMO - Other	1.0%	1.0%	1.1%	1.1%	(1%)	1.0%
Medicare	10.2%	11.6%	9.8%	10.2%	(3%)	11.8%
Medicare - HMO	3.9%	2.7%	4.3%	3.3%	30%	4.4%
Other Government Correct, CCS, Tricare	0.3%	3.7%	6.5%	0.3%	2067%	0.3%
Workers' Compensation	0.74%	0.36%	1.02%	0.4%	184%	0.3%
Self Pay	8.5%	6.6%	3.6%	6.5%	(45%)	6.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>

## Year-to-Date: Payor Mix

December 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>PAYOR MIX - Charges</b>						
	Commercial FFS	2.3%	1.9%	21%	1.9%	19%
	Commercial HMO/PPO	7.9%	6.3%	26%	6.7%	19%
	Medi-Cal	24.1%	29.9%	(19%)	29.8%	(19%)
	Medi-Cal HMO - Kern Health Systems	29.7%	31.0%	(4%)	30.6%	(3%)
	Medi-Cal HMO - Health Net	8.8%	9.1%	(3%)	9.0%	(2%)
	Medi-Cal HMO - Other	1.2%	1.1%	9%	1.1%	11%
	Medicare	10.3%	10.1%	2%	10.3%	1%
	Medicare - HMO	3.3%	3.3%	0.2%	2.9%	12%
	Other Government Correct, CCS, Tricare	3.6%	0.3%	1,100%	0.3%	1,068%
	Workers' Compensation	0.7%	0.4%	90%	0.4%	88%
	Self Pay	8.0%	6.6%	23%	7.2%	12%
	<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

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

December 31, 2019

	OCTOBER	NOVEMBER	DECEMBER	BUDGET DECEMBER	VARIANCE POS (NEG)	PY DECEMBER
<b>Labor Metrics</b>						
Productive FTEs	1,505.32	1,513.61	1,319.75	1,337.18	(1%)	1,358.95
Non-Productive FTEs	205.20	207.15	325.15	236.97	37%	282.95
Contract Labor FTEs	133.83	130.68	130.99	95.23	38%	90.38
Total FTEs	1,710.52	1,720.76	1,644.90	1,574.15	4%	1,641.90
FTEs Per AOB Paid	6.75	6.74	4.99	5.77	(14%)	6.99
FTEs Per AOB Worked	5.94	5.93	4.00	4.90	(18%)	5.78
Labor Cost/FTE (Annualized)	151,897.72	157,694.86	156,349.78	154,807.95	1%	137,928.20
Benefits Expense as a % of Benefitted Labor Expense	58%	58%	59%	62%	(5%)	52%
Salaries & Benefits as % of Net Patient Revenue	67%	69%	66%	63%	5%	64%

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

December 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Labor Metrics</b>						
	Productive FTEs	1,464.02	1,448.72	1%	1,417.34	3%
	Non-Productive FTEs	220.05	206.12	7%	235.07	(6%)
	Contract Labor FTEs	127.96	94.66	35%	96.16	33%
	Total FTEs	1,684.07	1,654.84	2%	1,652.41	2%
	FTEs Per AOB Paid	6.10	6.08	0.2%	6.44	(5%)
	FTEs Per AOB Worked	5.30	5.33	(0.5%)	5.52	(4%)
	Labor Cost/FTE (Annualized)	179,586.35	149,043	20%	135,647.31	32%
	Benefits Expense as a % of Benefitted Labor Expense	60%	61%	(2%)	60%	(1%)
	Salaries & Benefits as % of Net Patient Revenue	65%	63%	3%	61%	6%

**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 February 12, 2020, 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**

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 February 12, 2020, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 12, 2020, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X   CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
(Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1)  
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on February 12, 2020, 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 February 12, 2020, 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: Martin L. Goldman,  
M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior  
Court Case No. BCV-18-100390 SDS –

**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 February 12, 2020, to consider:

  X   PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: President, Hospital and Clinic Operations (Government Code Section 54957) –

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on February 12, 2020, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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