



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, March 21, 2018

11:30 A.M.

BOARD TO RECONVENE

Board Members: Berjis, Bigler, Lawson, McGauley, 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. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Kern County Hospital Authority Board of Governors on its second anniversary –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on February 21, 2017 –
APPROVE
- 5) Proposed reappointment of Director Christina Sistrunk to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2021 –
REFER TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT
- 6) Proposed review of Board of Governors vacant position selection process –
RECEIVE AND FILE

CA

- 7) Proposed retroactive Resolution revising the extension of excess medical professional liability coverage for Kern Medical employed and independent contractor physicians, effective July 1, 2017 –
APPROVE; ADOPT RESOLUTION

CA

- 8) Proposed Memorandum of Understanding with Committee of Interns and Residents/Service Employees International Union, Local 1957 expiring March 31, 2021, with changes to compensation and benefits –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; DIRECT HUMAN RESOURCES DEPARTMENT TO IMPLEMENT CHANGES

CA

- 9) Proposed Agreement with Randolph Fok, M.D., an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology from April 1, 2018 through March 31, 2020, in an amount not to exceed \$600,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

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

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

CA

- 12) Claims and Lawsuits Filed as of February 28, 2018 –
RECEIVE AND FILE

CA

- 13) Miscellaneous Correspondence –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

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

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, APRIL 18, 2018, 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.

12) CLAIMS AND LAWSUITS FILED AS OF FEBRUARY 28, 2018 –
RECEIVE AND FILE

- A) Summons and Complaint for Damages in the matter of William Dorr, by and through his successor-in-interest, Casimir Alexander, et al. v. Kern Medical Center, et al., Kern County Superior Court, Case No. BCV-18-100186 TSC

13) MISCELLANEOUS CORRESPONDENCE –
RECEIVE AND FILE

- A) Letter and email from Director Colleen McGauley regarding resignation from the Kern County Hospital Authority Board of Governors, effective June 30, 2018



Kern County Hospital Authority Board of Governors

Major New Programs/Services
Since Inception of the
Kern County Hospital Authority
Board of Governors – March 2016

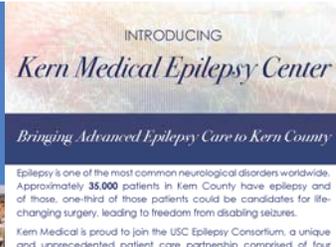


Clinical Services

- Butterfly Babies – Cuddle Cot
- Call Don't Fall
- Colon & Rectal Surgery
- Epilepsy Center
- Eye Institute
- GROW Clinic Opening at 34th Street
- Meds to Beds
- Nephrology Services
- Nitrous Oxide for Pain Management
- Nurse Residency Program
- Pet Therapy for Inpatients
- Stroke Program
- UroGynecology Services
- Valley Fever Institute



welcome
DR. CASSIDENTI



INTRODUCING
Kern Medical Epilepsy Center
Bringing Advanced Epilepsy Care to Kern County

Epilepsy is one of the most common neurological disorders worldwide. Approximately 35,000 patients in Kern County have epilepsy and of those, one-third of those patients could be candidates for life-changing surgery, leading to freedom from disabling seizures.

Kern Medical is proud to join the USC Epilepsy Consortium, a unique and unprecedented patient care partnership comprised of four additional comprehensive epilepsy centers certified by the National Association of Epilepsy Centers.

KERN MEDICAL & THE USC EPILEPSY CONSORTIUM

SERVICES PROVIDED IN THE EPILEPSY CENTER:

- Epilepsy Evaluation
- Imaging
- EEG Services
- Video Telemetry
- Stereotactic EEG
- Invasive EEG Monitoring
- Epilepsy Surgery Resections
- Neuromodulation

KERN MEDICAL EPILEPSY CENTER PHYSICIANS

Hari Veedu, MD Medical Director	Jonathan Russin, MD Neurosurgeon
Charles Liu, MD, PhD Surgical Director	Brian Lee, MD, PhD Neurosurgeon
Joseph Chen, MD, PhD Chief of Neurosurgery, Kern Medical	

TO LEARN MORE CALL
(661) 326-2305



About
Dr. George R. Moro

Dr. Moro joined the faculty of Kern Medical in September 2016 after a successful career in private practice in Orange County. Dr. Moro graduated from University of Miami School of Medicine and completed postgraduate surgical training at North Shore University Hospital, Long Island Jewish Hospital and the Cleveland Clinic.



Valley Fever Institute
Diagnose. Treat. Cure.

To learn more, visit
ValleyFeverInstitute.com or call (661) 706-6748

INTRODUCING
Kern Medical Eye Institute

A New Way to See Eye Care in Kern County

The Kern Medical Eye Institute is the only academic institution in Kern County with comprehensive programs for the clinical care of patients with eye disorders, cutting edge research on surgical techniques and treatments of eye diseases, education in the field of ophthalmology and innovative outreach to the community.

- TREATMENT OF EYE DISEASES & CONDITIONS INCLUDING:**
- Glaucoma
 - Cataracts
 - Refractive Surgery
 - Diabetic Retinopathy
 - General Ophthalmology
 - Intraocular Pressure Management
 - Age-Related Macular Degeneration
 - Corneal Conditions

Located in the heart of downtown Bakersfield!

Visit Kern Medical Eye Institute
2920 F Street, Suite 81 & 82
Bakersfield, CA 93301
661.599.0056



Meds to Beds
KERN MEDICAL PHARMACIES



Stroke Care
AT KERN MEDICAL

Nitrous Oxide for Pain Relief During Labor
INFORMATION YOU NEED TO KNOW

Education / Outreach Services

- A3 Partnerships
- Car Seat Safety
- Doc for a Day
- Fast Fast Baby Video
- Health for Life Magazine
- Kern County Fair
- Kern Medical Wellness Program
- KHSD – Sports Physicals
- No Smoking Campus
- Safe Home Safe Baby
- Sepsy Video
- Simulation Equipment – Sonosim, Laproscopy
- Stay in the Game
- Stop the Bleed Community Education
- Student Union Ribbon Cutting
- Up Sooner Safer

Facilities

- 1058 Remodel
- 2A Remodel
- 3D Temp Nurse Call
- A/B/C & E – Wing HVAC Controls
- A-Wing Parking Lot
- B-Wing Roof
- Café Grill Remodel
- D-Wing Air Handlers
- D-Wing Fire Panel
- D-Wing Vacuum Pumps
- Emergency Power to B/C Wings
- ER Waiting
- Exterior Lighting LED Upgrade
- Family Practice Clinic
- Front Entry Signage
- Generator Overhaul
- Healing Garden @ Chemo Infusion
- Infusion Clinic Renovation/Relocation
- L & D Renovation
- Outpatient Pharmacy Robots
- Pharmacy Sterile Prep Area
- Verizon Tower





Financial

- Peoplesoft – Supply Chain & Financial Management
- Strata – Productivity/Planning/Budgeting/Management Reporting/Cost Accounting Program

Foundation

- Kern Medical Alumni Society
- Rebrand & Reorganization of Auxiliary (Sips & Snacks, Gift Shop)
- Wonderful Company Grant



Great news STRATA is live!



PeopleSoft

Launches October 1st



It's the brand new way to:
Order · Track Inventory · Purchase

Training: September 13th through October 31st
Sessions will be coordinated by IT. PeopleSoft users will receive an invite to attend.

General questions? Peoplesoft@KernMedical.com
Support line: (661) 326-5080 staffed from 7:00 AM to 1:00 AM

Let's get ready to launch!



PeopleSoft

Launches October 1st

How will this impact Kern Medical?

- Staff will learn new skills when it comes to electronic invoices, general ledger, order entry and tracking.
- Electronic ordering means less paper and "greener" Kern Medical.
- Budgeting, monitoring and tracking, requests, and approvals will now be automated.
- Quicker turnaround times.
- Run or access your electronic reports on demand.
- Improve auditing, inventory and accountability.



MAKING THE ROUNDS

NOVEMBER 2017

WELCOME TO THE ALUMNI NEWSLETTER



By Dr. Amir Berjis



Welcome to the inaugural Kern Medical Alumni Society electronic newsletter. Kern Medical is celebrating its 150th anniversary. The hospital started as a one-room adobe hut in 1867 and over the last century and half has transformed itself into the premier academic teaching hospital in Kern County. We recently celebrated the 60th class of graduating residents and fellows in June of this year at the Bakersfield Music Hall of Fame. We inducted new members into the Alumni Association Society and added one more to our own Hall of Fame. Dr. Richard Busch who had been with Kern Medical for over 30 years retired, joining the likes of Smale, Einstein, Mosser, Arbogast, Bloch, Parell, Kercher, Amin, and Johnson. As the DIO and Director of Medical Education, I had the distinct honor of presenting the Class of 2017.

progress and advances we have made just in the last few years at Kern Medical. I want to share with you why I am here. I am part of the 2004 graduating class in general surgery. After completing my fellowship in thoracic surgery, I returned to Bakersfield and started my own private practice.

Approximately 6 years ago, Dr. Jack Bloch contacted me to assist with medical student education. Some of you may not have had the pleasure of working with Dr. Bloch. For those of you who did, he was a giant in our field. Dr. Bloch served as Chairman in the Department of Surgery for nearly 30 years, educating and training scores of residents who are now thriving in both private and academic practice.

Before I review with you the great

(Continued on next page)



KERN MEDICAL
ALUMNI

MENU

Sips
&
Snacks

MAIN DISHES



Sandwiches	\$3.00
Salads	\$4.00
Protein Pack	\$4.00
Burritos	\$3.00
Hot Dogs	\$1.50

STAFFED BY
KERN MEDICAL
VOLUNTEERS

All proceeds benefit the auxiliary to purchase new equipment at Kern Medical

SNACKS



Chips and Popcorn	\$1.00
Candy Bar & Cookies	\$1.25
Corn Nuts	\$1.25
Small Candies	\$0.25
Protein Bars	\$3.00
Yogurt	\$1.25
Donuts	\$1.25

DRINKS



	Med	Lg
Fountain Soda	\$1.50	\$1.75
Coffee	\$0.85	\$1.10
Iced Tea	\$1.00	\$1.50
Hot Chocolate	\$1.00	\$1.50
Canned soda		\$1.25
Milk		\$0.75
Bottled Water		\$1.50
Bottled Tea		\$2.00
Juice, Gatorade		\$2.25
Frappuccino		\$2.75
Energy Drink		\$2.75
Protein Drinks		\$2.50

ICE CREAM



Ice Cream Sandwich	\$1.25
Drumstick	\$1.50



We accept Mastercard and Visa Only
\$3.00 MINIMUM ORDER ON ALL DEBIT/CREDIT TRANSACTIONS

HR System

- Clairvia – Nurse Staffing System
- Elsevier – Online Education Program
- KernLink – HR System

Strategy

- Strategic Priorities - Development



ClairVia

DEMAND MANAGER AND ASSIGNMENT MANAGER



MANAGER ASSIGNED TRAININGS

Super User: January 9th and 10th
End User: January 16th - 19th

E-Learning Upgrade!

Goodbye Moodle, hello...

ELSEVIER

Great new features for you:

- Modules and lessons can be assigned directly to your profile
- Current Assignment lists will keep you organized
- View and print lessons you've completed
- Step by step training guides to make the switch easy



The transition will be completed in the coming weeks. Call Staff Development at **326-2646** for more information.



KernLink

U Link, We Link...KernLink.

STRATEGIC PRIORITIES 2017-2020



Go-Live January 22nd

Command Center and Go-Live Support info coming soon!



Strategic Priorities

1. INTEGRATED DELIVERY SYSTEM

Develop a healthcare network focused on improving quality, reducing cost, and enhancing access to patient care. Our organization will serve as a model delivery system in the community.

2. PATIENT EXPERIENCE

Enhance patient satisfaction through improved access to safe, patient-centered care in a healing environment.

3. ACADEMIC EXCELLENCE

Foster advanced education and research amongst our staff, residents, and students that are led by committed faculty physicians dedicated to lifelong learning.

4. HIGH QUALITY / HIGH RELIABILITY / DATA DRIVEN ORGANIZATION

Provide patients the highest level of safe, quality, effective care utilizing data and established clinical standards.

5. EMPLOYEE ENGAGEMENT

Be the employer of choice by creating an environment that attracts and retains the most competent and engaged team members.

6. FINANCIAL STRENGTH

Improve Kern Medical's financial performance and management of cash reserves to optimize reinvestment into the organization.





SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

**Regular Meeting
Wednesday, February 21, 2018**

11:30 A.M.

BOARD RECONVENED

Directors present: Bigler, Lawson, McGauley, McLaughlin, Pelz (arrived at 11:55 a.m. after the vote on the consent agenda and item 4)

Directors absent: Berjis, Sistrunk

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

DOMINIC BROWN, ACTING EXECUTIVE DIRECTOR, KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, HEARD REGARDING HIS WILLINGNESS TO ASSIST THE BOARD WITH ANY QUESTIONS OR CONCERNS RELATED TO THE RETIREMENT PLAN

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

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on January 18, 2018 –
APPROVED

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

- 4) 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, 2017 –

RECEIVED AND FILED; REFERED TO KERN COUNTY BOARD OF SUPERVISORS

McLaughlin-Lawson: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

- 5) Proposed update regarding the California section 1115 Medi-Cal 2020 Demonstration Waiver specific to the Kern Medical Center Whole Person Care Pilot program –
RECEIVED AND FILED

Pelz-McLaughlin: 5 Ayes; 2 Absent - Berjis, Sistrunk

CA

- 6) Proposed 2017 Achievement Award from state of California Health and Human Services Agency for meeting or exceeding the Healthy People 2020 target for low-risk, first-birth cesarean deliveries –
RECEIVED AND FILED

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 7) Proposed 2017 Comprehensive Annual Financial Report and 2017 Actuarial Valuation from Kern County Employees' Retirement Association –
RECEIVED AND FILED

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 8) Proposed retroactive Amendment No. 10 to Agreement 042-2015 with Cantu Management Group, Inc., an independent contractor, for Chief Financial Officer and healthcare financial management services, revising the methodology for the monthly staffing fee for additional staff from hourly rates plus 44% to hourly rates plus a percentage of costs (benefits and expenses) not to exceed 44%, and increasing the maximum payable by \$7,500,000, from \$30,038,240 to \$37,538,240, effective January 1, 2018 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 006-2018

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 9) Proposed retroactive Amended and Restated Membership Agreement with California Perinatal Quality Care Collaborative (CPQCC), an independent contractor, containing nonstandard terms and conditions, for statewide reporting and collection of hospital-level performance data on California maternal and neonatal care from December 1, 2017 through November 20, 2020, in an amount not to exceed \$30,000 –

APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 007-2018

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 10) Proposed Agreement with Arturo Gomez, M.D., a contract employee, for professional medical services in the Department of Surgery, Division of Orthopedic Surgery from March 16, 2018 through March 15, 2021, in an amount not to exceed \$3,690,000 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 008-2018

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 11) Proposed retroactive Statement of Commitment to Graduate Medical Education in support of residency and fellowship training programs sponsored by Kern Medical Center, as required by Accreditation Council for Graduate Medical Education, effective July 1, 2016 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN

Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 12) Proposed retroactive Change Order No. 1 to Agreement 077-2017 with James E. Thompson, Inc., doing business as JTS Construction, an independent contractor, for construction management services related to the NOC IT hub project at Sagebrush Medical Plaza, increasing the maximum payable by \$3,756, from \$717,500 to \$721,256, to cover the cost of additional services –

MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 009-2018; AUTHORIZED CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE TOTAL CONTRACT PRICE OR \$789,250
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 13) Proposed retroactive Agreement with MedHub, LLC, an independent contractor, containing nonstandard terms and conditions, for purchase of E*Value software license and maintenance to support graduate medical education from November 10, 2017 through November 9, 2020, in an amount not to exceed \$250,000 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 010-2018; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN SALES ORDERS TOTALING AN AMOUNT NOT TO EXCEED \$250,000
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 14) Proposed Agreement with Siemens Healthcare Diagnostics Inc., an independent contractor, containing nonstandard terms and conditions, for the acquisition of three chemistry analyzers and purchase of equipment service and support, reagents, consumables, and supplies from March 1, 2018 through February 28, 2025, in an amount not to exceed \$2,826,913 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 011-2018
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 15) Proposed Agreement with Hitachi Capital America Corp., an independent contractor, containing nonstandard terms and conditions, for capital lease with option to purchase three chemistry analyzers from Siemens Healthcare Diagnostics Inc., an independent contractor, for a term of 60 months commencing upon receipt of equipment, in an amount not to exceed \$534,332 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 012-2018; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN SUPPORTING DOCUMENTATION
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 16) Proposed Agreement with Charter Communications Operating, LLC on behalf of its operating subsidiary Spectrum, an independent contractor, containing nonstandard terms and conditions, for purchase of cable TV, phone, internet and related services, effective February 21, 2018 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 013-2018; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN SERVICE ORDERS EACH TOTALING AN AMOUNT NOT TO EXCEED \$250,000
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

CA

- 17) Proposed retroactive Resolution revising the authority of Counsel to contract for expert legal services for claims and litigation management, effective January 1, 2018 – APPROVED; ADOPTED RESOLUTION 2018-003
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

- 18) Kern County Hospital Authority Chief Financial Officer report – RECEIVED AND FILED
Lawson-McGauley: 5 Ayes; 2 Absent - Berjis, Sistrunk

- 19) Kern County Hospital Authority Chief Executive Officer report – RECEIVED AND FILED
Pelz-McGauley: 5 Ayes; 2 Absent - Berjis, Sistrunk

CA

- 20) Claims and Lawsuits Filed as of January 31, 2018 – RECEIVED AND FILED
Lawson-McGauley: 4 Ayes; 3 Absent - Berjis, Pelz, Sistrunk

ADJOURNED TO CLOSED SESSION

McGauley-Pelz

CLOSED SESSION

- 21) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 22) 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
- 23) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW
- 24) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – SEE RESULTS BELOW

- 25) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Hadie Vanessa Alvarez v. County of Kern, et al., Kern County Superior Court, Case No. BCV-15-101754 TSC – SEE RESULTS BELOW
- 26) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board, Case No. LA-CE-1084-M – SEE RESULTS BELOW
- 27) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Brandy Hernandez aka Brandy Desrocher, an individual v. County of Kern, et al., Kern County Superior Court, Case No. BCV-17-102820 SDS – SEE RESULTS BELOW
- 28) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer
(Government Code Section 54957) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

Lawson-Pelz

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 21 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR LAWSON, SECOND BY DIRECTOR MCGAULEY; 2 ABSENT - DIRECTORS BERJIS AND SISTRUNK), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, CHANGE IN STAFF STATUS, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 22 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: 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. 23 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. 24 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 25 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Hadie Vanessa Alvarez v. County of Kern, et al., Kern County Superior Court, Case No. BCV-15-101754 TSC – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 26 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 v. County of Kern, et al., Public Employment Relations Board, Case No. LA-CE-1084-M – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 27 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Brandy Hernandez aka Brandy Desrocher, an individual v. County of Kern, et al., Kern County Superior Court, Case No. BCV-17-102820 SDS – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 28 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURN TO WEDNESDAY, MARCH 21, 2018, 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**

March 21, 2018

Subject: Proposed reappointment of Director Christina Sistrunk to the Kern County Hospital Authority Board of Governors, term to expire June 30, 2021

Recommended Action: Refer to Kern County Board of Supervisors to make appointment

Summary:

Director Christina Sistrunk was appointed to the Board of Governors for an initial term of two years. Her term expires June 30, 2018. Members may serve an unlimited number of terms if reappointed by the Kern County Board of Supervisors.

Director Sistrunk, as required by the authority's Bylaws for Governance, has notified Chairman Bigler in writing of her intent to seek reappointment to the Board of Governors. She is not required to submit a new application for reappointment. The Bylaws requires your Board to notify the Board of Supervisors of a member's intent to continue to serve on the Board of Governors.

Therefore, it is recommended that your Board refer this item to the Kern County Board of Supervisors to make the appointment of Director Sistrunk for a three-year term expiring June 30, 2021.



February 15, 2018

HAND DELIVERED

Russell E. Bigler, Chairman
Board of Governors
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Re: Reappointment to Kern County Hospital Authority Board of Governors

Dear Mr. Bigler:

As you may know, my term of office on the Kern County Hospital Authority Board of Governors expires June 30, 2018. Please accept this letter as notice of my intent to seek reappointment to the Board of Governors, term to expire June 30, 2021. Such notice is provided pursuant to Section 2.05 of the Kern County Hospital Authority Bylaws for Governance. Please take appropriate measures to ensure the Kern County Board of Supervisors is notified timely of my intent to continue to serve on the Board of Governors, as required by the Bylaws for Governance.

Very truly yours,


Christina Sistrunk



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

March 21, 2018

Subject: Proposed review of Board of Governors vacant position selection process

Recommended Action: Receive and file

Summary: The enabling ordinance and the hospital authority's Bylaws for Governance provide the process by which an individual is appointed to the Board of Governors. The following will provide your Board with a brief overview of the selection process for filling any vacancy occurring on the Board of Governors. All appointments to the Board of Governors are made by the Kern County Board of Supervisors.

Qualifications –

- Desired qualifications include experience with business management, strategic planning, finance, public health policy, healthcare administration, medical services, and consensus building
- Specific qualifications include knowledge of health care delivery systems, health care policy, regulatory issues, and human resources in large organizations, an understanding of budgeting process, revenue cycle, financial reports, and basis accounting principles, and experience managing hospital services and understanding of the health care needs of the hospital authority's patient populations

Applications –

- All applicants must complete an application and a security clearance consent form
- Applications are accepted from all eligible persons
- Completed applications of all qualified applicants are submitted to the Board of Supervisors at least 30 days prior to the scheduled meeting of the Board of Supervisors to consider appointment

Selection –

- The Board of Governors forwards to the Board of Supervisors all applications received by all qualified applicants to fill any vacancy
- The Board of Supervisors may consider any such application to fill a vacancy
- **The Board of Governors may make recommendations to the Board of Supervisors from the pool of qualified applicants**
- The Board of Supervisors shall consider qualified applicants but is not bound to appoint any such individual
- The Board of Supervisors may only appoint qualified individuals who have formally applied for membership on the Board of Governors and have passed security clearance
- The Board of Supervisors may make an appointment from the pool of qualified applicants or request the submission of additional candidates to fill the vacancy
- Each member of the Board of Supervisors casts a ballot with one vote for each vacancy
- A candidate receiving a majority of all votes shall be appointed to the Board of Governors



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

March 21, 2018

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

Recommended Action: Approve; Adopt Resolution

Summary:

The Kern County Hospital Authority provides professional liability coverage in the form of indemnification for all claims relating to the professional medical services rendered on behalf of the Authority; provided, however, that the indemnification does not extend to any services rendered at any location other than Kern Medical and its affiliated clinics without approval of your Board. Effective July 1, 2017, the Authority has self-insured the first \$2,000,000 per medical incident or occurrence and has purchased umbrella coverage of \$25,000,000 in excess of the self-insured retention.

On September 21, 2016, your Board adopted Resolution No. 2016-018, which revised the extension of excess professional liability coverage to Kern Medical employed and independent contractor physicians at specific authorized off-site locations. Kern Medical is recommending the following to be added to the list of authorized off-site locations, effective July 1, 2017.

- Southern California Orthopedic Institute
- Bakersfield Specialists Surgical Center, LLC
- Kern Medical Surgery Center, LLC

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

The Authority will administer/submit claims, if any, in excess of the \$2,000,000 self-insured retention to CNA, the Authority's excess medical professional liability carrier.

Therefore, it is recommended that your Board retroactively approve and adopt the attached resolution revising the extension of excess medical professional liability coverage for employed and independent contractor physicians, when providing professional medical services on behalf of Kern Medical at the facilities listed in the resolution, effective July 1, 2017.

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

In the matter of:

Resolution No. _____

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

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 21st day of March, 2018, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

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

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

(c) On September 21, 2016, the Board of Governors adopted Resolution No. 2016-018, which revised the extension of excess professional liability coverage to include Millennium Surgery Center, Physicians Plaza Surgical Center, Northwest Surgery Center, and Southwest Surgical Center to the list of authorized off-site locations; and

(d) Kern Medical is recommending Southern California Orthopedic Institute, Bakersfield Specialists Surgical Center, LLC, and Kern Medical Surgery Center, LLC to be added to the list of authorized off-site locations; and

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

(f) The Authority has self-insured the first \$2,000,000 per medical incident or occurrence and has purchased umbrella coverage of \$25,000,000 in excess of the self-insured retention; and

(g) There is no added cost to the Authority's medical professional liability program to extend the requested coverage to these off-site locations; and

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

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

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

2. This Board finds the best interests of the Authority shall be served by extending excess medical professional liability coverage to Kern Medical Center employed and independent contractor physicians at the following authorized off-site locations:

- (a) Comprehensive Blood and Cancer Center;
- (b) Mercy Hospital;
- (c) Bakersfield Memorial Hospital;
- (d) San Joaquin Community Hospital;
- (e) Bakersfield Heart Hospital;
- (f) Millennium Surgery Center;

- (g) Physicians Plaza Surgical Center;
- (h) Northwest Surgery Center;
- (i) Southwest Surgery Center;
- (j) Bahamas Surgery Center;
- (k) Clinica Sierra Vista;
- (l) Southern California Orthopedic Institute;
- (m) Bakersfield Specialists Surgical Center, LLC;
- (n) Kern Medical Surgery Center, LLC;
- (o) Kern County owned and operated correctional facilities;
- (p) Behavioral Health and Recovery Services (f/k/a Kern County Mental Health; and
- (q) Facilities owned or leased and operated by the Authority.

3. The provisions of this Resolution shall be effective, in force, and operative as of the 1st day of July, 2017.

4. Resolution No. 2016-018, adopted by the Board of Governors on September 21, 2016, is hereby repealed and superseded by this Resolution.

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

Kern Medical Center
Chief Executive Officer
Chief Financial Officer
Chief Strategy Officer
Legal Services Department
Workers' Compensation & Liability Manager
Columbia Casualty Company (CNA)
Alliant Insurance Services, Inc.



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

March 21, 2018

Subject: Proposed Memorandum of Understanding with Committee of Interns and Residents/Service Employees International Union, Local 1957 expiring March 31, 2021 with changes to compensation and benefits

Recommended Action: Approve; Authorize Chairman to sign; Direct Human Resources Department to implement changes

Summary: The Memorandum of Understanding (MOU) with Committee of Residents and Interns/Service Employees International Union, Local 1957 (CIR/SEIU), covering the interns, residents, and fellows appointed to Kern Medical's graduate medical education programs, expires June 30, 2018. In anticipation of the expiration of the current MOU on June 30, representatives of the Kern County Hospital Authority (Authority) met with representatives of CIR/SEIU to negotiate terms and conditions for a new MOU.

The current MOU was negotiated by the County of Kern and required numerous revisions in language to accurately reflect the terms and conditions between the Authority and CIR/SEIU. These revisions have been negotiated and agreed to by both parties as indicated in the proposed MOU. In addition, there are several material changes to the term, compensation and benefits. Those changes are as follows:

TERM: A 36-month term commencing March 31, 2018, and expiring March 31, 2021. The Authority has agreed to a wage-only opener 45 days after ratification of the new MOU with SEIU, Local 521, anticipated to be completed by June 30, 2018.

COMPENSATION:

Educational Fund: An Educational Fund will be established for each resident in the amount of \$1,000 per academic year (July 1-June 30), which will be prorated for the period March 31, 2018-June 30, 2018. Residents may request reimbursement from this fund for educational expenses as outlined in the MOU. Unused amounts may be carried over year to year as long as the resident is actively employed by the Authority as a resident. Upon completion of training, credit balances, if any, will be forfeited.

Licensure Fees: The Authority agrees to pay the professional license fees for residents while they are in training at Kern Medical.

Meal Allowance: The Authority agrees to increase the current biweekly meal allowance from \$147.18 to \$164.71.

BENEFITS:

Disability Insurance: The Authority agrees to pay \$12.00 per month per resident for the purchase of disability insurance sponsored by CIR/SEIU.

Therefore, it is recommended that your Board approve and authorize the Chairman to sign the Memorandum of Understanding with Committee of Residents and Interns/Service Employees International Union, Local 1957, covering the interns, residents, and fellows in Kern Medical's graduate medical education programs, from March 31, 2018 through March 31, 2021, and direct the Human Resources Department to implement the changes.

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

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

PREAMBLE

This Memorandum of Understanding (“MOU”), entered into by the Kern County Hospital Authority (the “Authority”), which owns and operates Kern Medical Center (“KMC”), and Committee of Interns and Residents/Service Employees International Union Local 1957 (“CIR/SEIU”), has as its purpose the setting forth of the full and entire understanding of the parties regarding the matters set forth herein, reached as the result of good faith negotiations regarding the wages, hours, and other terms and conditions of employment of the resident physicians covered hereby. Pursuant to Government Code section 3505.1, this MOU is jointly submitted and recommended for approval, and implemented in accordance with its terms, to the Kern County Hospital Authority Board of Governors.

ARTICLE I – RECOGNITION

Section 1. Union Recognition

On January 12, 2010, CIR/SEIU was approved and certified by the Kern County Board of Supervisors as the exclusive bargaining representative of all interns, residents, and fellows (“resident physicians”) employed by the County of Kern on behalf of KMC. The Authority continues to recognize CIR/SEIU as the exclusive bargaining representative of all resident physicians employed by the Authority, pursuant to Health and Safety Code section 101853.1(d)(1).

Section 2. Full Understanding; Modifications; Waiver

This MOU sets forth the full and entire understanding of the parties regarding the specific matters set forth herein and any other prior or existing oral or written understandings or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

Except as specifically provided herein, it is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right and agrees that the other shall not be required to negotiate with respect to any subject or matter covered herein, during the term of this MOU.

No agreement, alteration, understanding, variation, waiver, or modification of any terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by the parties hereto, and approved by the Kern County Hospital Authority Board of Governors.

Waiver of any violation of this MOU, or failure to enforce any of its terms shall not constitute a waiver of the right to future enforcement of any of its terms.

Section 3. Authorized Agents

For the purposes of administering the terms and provisions of this MOU:

- A. The Authority’s principal authorized agent shall be the Chief Executive Officer or his/her duly authorized representative (Address: 1700 Mount Vernon Avenue, Bakersfield, California 93306; Telephone (661) 326-2102), except where a particular Authority representative is specifically designated in connection with the performance of a specified function or obligation set forth herein.

- B. CIR/SEIU's principal authorized agent shall be the President of CIR/SEIU Local 1957 or his/her duly authorized representative (Address: 1545 Wilshire Boulevard, Suite B02, Los Angeles, California 90017; Telephone (213) 628-3342).

Section 4. Status

Notwithstanding any other provision of this MOU, CIR/SEIU acknowledges and agrees that the resident physicians are appointed as physicians-in-training in graduate medical education training programs sponsored by KMC (individually and collectively, the "Program") and that this MOU does not confer upon any resident physician a benefit, promise, or other commitment that they will be appointed for a period beyond the date set forth in their individual Graduate Medical Education Agreement.

ARTICLE II – GENERAL PROVISIONS

Section 1. Dues and Union Security

All resident physicians covered by this MOU shall, as a condition of employment, either:

- A. Become and remain members of CIR/SEIU in good standing during the term of their employment, it being understood that membership in good standing on the part of a resident physician shall mean the tender by such resident physician, of the periodic dues uniformly required as a condition of employment; or
- B. Pay an agency fee to CIR/SEIU.

No discrimination or reprisal shall be visited against any such resident physician by either party based upon membership or non-membership in CIR/SEIU.

CIR/SEIU shall have the exclusive right to the check-off and transmittal of dues and agency fees on behalf of each resident physician in the unit, said dues and agency fees to be checked off monthly from the paycheck of each resident physician, pursuant to the directive of CIR/SEIU, in such amounts as CIR/SEIU shall establish. The Authority agrees to forward said dues and agency fees by the 15th day of the month after they are collected.

Any Resident physicians who have authorized union dues deductions on or before the effective date of this MOU or at any time subsequent to the effective date of this MOU, shall continue to have such dues deduction made by the Authority during the term of this MOU; provided, however, that Resident physicians may terminate such union dues deduction each year during the period August 1 to August 15 by notifying CIR/SEIU of their termination of union dues deduction. Such notification shall be by US mail and should be in the form of a letter containing the following information: employee name, employee number, job classification, and department name. CIR/SEIU will provide the Authority with the appropriate documentation to process these dues cancellations within ten (10) business days after the close of the withdrawal period.

The Authority agrees to a union dues check-off system whereby dues, as certified by the CIR/SEIU to be current, will be deducted and paid to CIR/SEIU, subject to the provision of the County of Kern Employer-Employee Relations Resolution ("EERR"), or any successor Employer-Employee Relations Resolution adopted by the Kern County Hospital Authority Board of Governors.

CIR/SEIU agrees to pay a service fee to the Authority for payroll deduction for union dues, or other assessments. The payroll deduction service fee shall be five cents (\$0.05) per deduction per biweekly payroll period.

By May 31 of each year, KMC shall forward to CIR/SEIU a list of all confirmed resident physicians in the bargaining unit, compiled from the KMC's records, which list shall include designation by post-graduate years, fellowship titles, personal email addresses, if any, and home or mailing addresses, assuming this information is available at that time. No later than June 30 of each year or when all pre-employment requirements have been successfully completed, whichever occurs first, CIR/SEIU shall receive a list of all incoming resident physicians, including their names, departments, employee identification numbers, work email addresses, and work telephone numbers.

Section 2. Agency Fee

- A. Scope – Each resident physician hired into Bargaining Unit Z shall, either (1) become a member of CIR/SEIU to the extent of rendering periodic dues uniformly required for membership, or (2) pay to the CIR/SEIU a biweekly representational fee. Such representational fee shall be an amount uniformly established by the CIR/SEIU.
- B. Indemnification – CIR/SEIU shall indemnify the Authority and hold it harmless against any and all suits, claims, demands or other liabilities, including the Authority's reasonable attorneys' fees, that may arise out of or by reason of any action taken by the Authority for purposes of complying with this Section 2.
- C. Challenges – Challenges to the Agency Fee shall be addressed as set forth in the California Public Sector Representation Fee Notice provided by CIR/SEIU.
- D. Agency Fees and the challenges thereto shall not be subject to Article VIII, Grievance and Arbitration Procedure.

Section 3. Political Action Check-Off

Upon receipt of written authorization from a resident physician in a form submitted by CIR/SEIU, and warranted by it to comply with all applicable laws and regulations, the Authority shall, on a biweekly basis and pursuant to such authorization, deduct from the wages due the resident physician the sum specified in said authorization. The Authority will remit the authorized amount to a fund established, pursuant to applicable law, to receive contributions to be used for political purposes.

It is specifically understood and agreed that the Authority assumes no obligation, financial or otherwise, arising out of the provisions of this Article, and CIR/SEIU agrees that it will indemnify and hold the Authority harmless for any claims, judgments, actions, or proceedings made or brought by any resident physician(s) arising from deductions made by the Authority pursuant to this Article or the expenditure of such funds by CIR/SEIU. After deductions are remitted to CIR/SEIU, the disposition thereof shall be the sole and exclusive obligation and responsibility of CIR/SEIU. It is further understood and agreed that the Authority's performance under this Article is not an endorsement of any expenditure on the part of CIR/SEIU.

Section 4. Safety and Security

The Authority shall provide a healthy and safe work environment for resident physicians and comply with local, state and federal health and safety laws.

- A. Personal Protection/Infection Control and Precautions - Resident physicians shall adhere to all KMC infectious disease policies and protocols which may be revised from time to time.
- B. Personal Safety - In conjunction with the annual call room walk-through as outlined in Article III, CIR/SEIU and the Authority shall conduct an annual safety and security walk-through to identify and address any security issues or concerns of the resident physicians. After the walk-through is completed, CIR/SEIU and the Department of Medical Education or designee shall generate a report of any issues or concerns regarding safety and security and present it to the KMC Director of Security. In addition to the walk-through, any security concerns shall be addressed in meetings of the Resident Advisory Council.

Section 5. Direct Deposit

The Authority shall require that all resident physicians receive their pay and qualified expense reimbursement via direct deposit.

Section 6. Issuance of Certificates

Each resident physician shall, upon satisfactory completion of the Program and satisfaction of the Program's requirements and the responsibilities contained herein, receive a Certificate of Completion within one month of completion of the Program.

Section 7. Library

The Authority shall provide and maintain medical library services as outlined in the Resident Policy Manual and in accordance with the Accreditation Council for Graduate Medical Education ("ACGME") guidelines.

Section 8. Return of Materials

At the time of termination from the Program or in the event of termination of the Program, resident physicians shall: (a) return all KMC property, including, without limitation, books, equipment, keys, pagers, paper, personal digital assistant (PDA) and uniforms; (b) complete all necessary records; and (c) settle all professional and financial obligations.

Section 9. Fitness

Subsequent to the commencement date of the individual Graduate Medical Education Agreements, resident physicians shall submit to periodic (post-appointment) health examinations and tests, which may include tests for drug use or alcohol abuse, as are deemed necessary by the Program to ensure that the resident physician is physically, mentally, and emotionally capable of performing essential duties or are otherwise necessary to the operation of the Program. Resident physicians agree to meet applicable standards for immunizations in the same manner as all KMC personnel. The results of all examinations shall be provided to the KMC employee health department. Resident physicians agree to comply with the KMC requirements concerning resident physician health status during the term of this MOU, as these requirements may be changed by KMC from time to time.

Section 10. Deductions and Contributions

The Authority shall withhold from the compensation paid to each resident physician applicable state and federal income taxes and other required deductions. The Authority shall pay the employer's portion of FICA 1 (Social Security) and FICA 2 (Medicare) contributions, and all other employer taxes and insurance, as applicable and as required by law.

ARTICLE III – RIGHTS OF PARTIES

Section 1. Bulletin Boards

The Authority agrees that CIR/SEIU may provide a standard bulletin board (not to exceed 24" x 36") for placement adjacent to existing Authority bulletin boards. Posting of notices is governed by provisions of the EERR. Resident physician representatives may post CIR/SEIU communications dealing with official CIR/SEIU business on Authority-approved bulletin boards. A copy of each communication shall be filed with the Human Resources Department. CIR/SEIU agrees not to post any notices that concern job actions or the political activities of CIR/SEIU.

The Authority reserves the right to remove any bulletin board notice that does not conform to the above standards. CIR/SEIU shall be given immediate notice of any material that is removed, and the Authority agrees, if requested by CIR/SEIU, to meet and discuss this removal as soon as it is mutually convenient.

The Authority and CIR/SEIU further agree that CIR/SEIU may continue to use the Authority mail, e-mail system, and pager system for official CIR/SEIU business in accordance with Authority rules relating to the use of Authority mail and e-mail. The Authority's mail and e-mail systems shall not be used for any communications dealing with job actions or political activities of CIR/SEIU.

Failure of CIR/SEIU to adhere to the use of the Authority's mail and e-mail systems in the above manner shall result in its revocation as a privilege extended to CIR/SEIU by the Authority.

Section 2. Claims Review

Resident physicians covered by this MOU who lose or damage their personal property in the course of their employment may process a claim for reimbursement in accordance with the Authority's claim review procedure.

Section 3. Nondiscrimination

The Authority agrees not to discriminate against any resident physician for his/her activity on behalf of, or membership in, CIR/SEIU, as stated in the EERR. Both parties shall comply with all applicable federal and state laws prohibiting discrimination against any resident physician on the basis of race, color, creed, religion, age, sex, marital status, physical disability or the resident physician's inclusion in a legally protected class.

Section 4. Access to Files

Resident physician performance evaluations will be provided in accordance with Authority policy and ACGME requirements.

All resident physicians shall have the right to access and review all documents placed in their individual academic, departmental, and employment files during the term of their appointment, excluding pre-appointment references. Copies shall be provided at the Authority's expense within five business days where a reasonable need therefore is established. The Authority will provide records once per year at the Authority's expense. Resident physicians should make all requests for access and review of their individual files to the Department of Medical Education. Access shall be provided within two business days of the request.

Section 5. Resident Physician Representatives

CIR/SEIU representatives shall have access to KMC and its clinics for the purpose of monitoring the administration of this MOU and grievance investigations. The number of representatives is determined by CIR/SEIU constitution, which may be amended from time to time.

Prior to entering a work location to conduct a grievance investigation or to process a grievance, the resident physician representative shall inform the supervisor of his/her presence. The affected resident physician shall be released to meet with the resident physician representative unless leaving the job would cause an undue work interruption, in which case the resident physician shall be released as soon as practicable thereafter.

Section 6. Resident Physician Lists and Orientation

It is recognized that CIR/SEIU has a need to communicate with its dues paying members in a timely and efficient manner and in order to alert new resident physicians of their right to belong to a union. Therefore, it is agreed:

- A. Monthly, if not prohibited by urgency of Authority business, the Authority will provide CIR/SEIU with the change of addresses of its dues paying members and new resident physicians of the Authority.
- B. The cost to the Authority of providing such addresses shall be borne by CIR/SEIU through monthly billing.
- C. If CIR/SEIU receives the addresses of a non-dues paying member (other than new resident physicians), it agrees not to use the addresses for any purpose, including CIR/SEIU business.
- D. Should any disputes arise regarding the application of this Section, they shall be discussed and resolved between CIR/SEIU and the Human Resources Department.

CIR/SEIU shall have access to resident physicians during new resident physician orientation including 45 minutes on the agenda to give a presentation to the incoming resident physicians.

Section 7. Pagers

Each resident physician shall be provided with a pager in accordance with KMC policy.

Section 8. Call Rooms – Lounges

The Authority shall provide on-call rooms as provided for in the Resident Policy Manual and in accordance with ACGME guidelines. On-call rooms shall be equipped with functioning computers with intranet and internet access and telephones. On-call rooms are for on-call resident physician use only, and are not to be used for spouses, children, and guests to spend the night.

On-call rooms shall be kept clean and tidy for the next person on-call. Housekeeping service is available to empty the trash and replace the linens. During daytime hours, housekeeping personnel shall be allowed to perform their duties. Concerns with housekeeping services should be reported to the Program Director immediately.

Resident physician on-call rooms shall be equipped with a functional lock. KMC shall provide reasonable notice to CIR/SEIU of any change in location of the on-call rooms.

An annual walk-through and survey of the on-call rooms shall be jointly conducted by CIR/SEIU and the Chief Academic Officer or his/her designee, if requested by CIR/SEIU, to assess the status of the on-call rooms and to ensure ACGME guidelines and compliance with this MOU. The walk-through shall take place during the month of October. CIR/SEIU and the Chief Academic Officer or designee shall generate a report of any repairs needed to be made to the call rooms and present it, through the Chief Academic Officer or designee, to KMC Administration for repair.

In conjunction with the annual call room walk-through, CIR/SEIU, Chief Academic Officer or his/her designee, and the Chief Information Officer or his/her designee will conduct an annual IT walk-through to assess medical technology needs. The results of this walk-through shall be provided, in writing, by KMC at the labor management or the CIR/SEIU-KMC Patient Care Committee meeting. Resolution of issues identified in the IT walk-throughs will be addressed at the CIR/SEIU-KMC Patient Care Committee meetings. Any issues that arise out of the IT walk-through will be resolved within a reasonable timeline.

Section 9. Duty Hours

Each resident physician shall perform his/her duties during such hours as the Program Director may direct in accordance with the policies and requirements of the Program, subject to periodic modification and variation as determined by the Program Director depending upon the clinical area to which a resident physician is assigned and exigent circumstances. All duty hours shall be in accordance with state, federal, ACGME and other applicable requirements. The call schedules and schedules of assignments shall be made available to resident physicians. Changes to these schedules shall be available in the office of each Program Director. Resident physicians shall comply with all assigned schedules in a timely fashion.

Completion of a time-study survey recorded in E*Value is required from each resident physician on a continuous basis. Program Directors will consistently monitor the duty hours in support of the physical and emotional well-being of the resident physicians, prevention of sleep deprivation, and assess resident physician fatigue based on these records.

The Authority will adhere to the provisions of the Resident Policy Manual, ACGME, and other applicable requirements governing sleep deprivation and fatigue.

Section 10. Parking

Parking is provided in accordance with KMC policy, which may be revised from time to time. Certain parking areas require a parking sticker and gate card. Resident physician parking areas and restrictions are provided as outlined in the Resident Policy Manual. If requested, KMC shall provide escort services for resident physicians when going to and from parking lots and other buildings on the hospital campus.

Reimbursement of parking while on rotations outside of Kern County is outlined in ARTICLE VII.

Section 11. Strikes and Lockouts

During the term of this MOU, the Authority agrees that it will not lock out resident physicians, and CIR/SEIU agrees that it will not engage in, encourage, or approve any strike, slowdown, or other work stoppage growing out of any dispute relating to the terms of this MOU. CIR/SEIU shall take whatever possible lawful steps necessary to prevent any interruption of work in violation of this MOU. Furthermore, CIR/SEIU and the Authority recognize that the grievance and arbitration procedures contained in this MOU shall be used to resolve any and all controversies in any way arising out of, or concerning, any language in the MOU.

Section 12. Out of Title Work

The Authority shall adhere to the Educational Curriculum/Scholarly Activity requirements as outlined in the Resident Policy Manual and the ACGME guidelines.

Section 13. Representation on Committees

The Authority shall adhere to the hospital and Medical Staff committee requirements as outlined in the Resident Policy Manual and the ACGME guidelines.

Section 14. Resident Physician Education

The Authority shall make safety training available and/or provide web-based online safety training for resident physicians. Resident physicians who staff the Emergency Department and Psychiatric Emergency Center shall also receive training on how to de-escalate violent patients.

Upon reasonable notice, the KMC Director of Security or designee shall attend regularly scheduled meetings of the Resident Advisory Council to discuss resident physician safety and security concerns, safety and security initiatives, and changes within the hospital, recommendations for improvement, and other items and matters related to resident physician safety and security.

Section 15. Program Security

The Authority shall notify each resident physician affected and CIR/SEIU:

- As soon as reasonably possible of a decision to discontinue any Program for any reason.
- As soon as reasonably possible upon receipt from ACGME, or any other relevant accrediting body of any notification regarding non-accreditation or probation or similar change in the accreditation status of any Program.
- As soon as reasonably possible of a decision of a merger, closure, or change in the number of beds that has a substantial impact on any Program.

For resident physicians continuing in a Program for which accreditation is lost, KMC shall maintain levels of training, continue to provide rotations required for certification, and add ancillary and professional staff to cover losses in resident physician coverage. KMC shall take reasonable steps to try to gain full accreditation for the affected Program, to encourage resident physicians to remain in the Program, and to balance the service needs of KMC with the professional goals of the resident physicians involved.

Section 16. Resident Physician Impairment

It is imperative that resident physicians not have their performance impaired by drugs, alcohol, or other circumstances. For resident physicians who feel they may have such a problem, the Employee Assistance Program (EAP) and any other program offered by the Authority are available. Every reasonable encouragement and support shall be given for this purpose.

The EAP is available to all eligible resident physicians and their eligible dependents. The purpose of the EAP is to provide evaluation and if appropriate, short term counseling for issues which may affect work performance or personal life. Through a confidential self-referral process, any resident physician has an opportunity to discuss personal situations in strict confidence with a professional.

A Department Chairman or Program Director may also make a formal referral if he/she feels that a resident physician's job performance may benefit from this service. No resident physician shall be disciplined or terminated for being referred to the EAP; however, disciplinary action may be taken for any underlying behavior or clinical performance issue, independent of supervisory referral.

Section 17. Management Rights

The Authority shall retain all customary rights, powers, functions, and authority consistent with state law, local ordinances, or other rules, which shall include, but not be limited to the right to:

- A. Determine the mission of the Authority, KMC, and departments;
- B. Set standards of services;
- C. Plan for and direct the work forces toward the organization's goals and strategic priorities;
- D. Effect a reduction of authorized positions because of lack of work, or for other legitimate reasons; and
- E. Determine work methods, numbers and classifications of personnel, and types of equipment required to accomplish an objective.

Section 18. Graduate Medical Education Agreement

Each resident physician, prior to his/her employment with the Authority, shall receive a written Graduate Medical Education Agreement consistent with then-applicable ACGME requirements. The form of individual agreement shall be furnished to CIR/SEIU, and if changed, a copy of any such changes shall be furnished to CIR/SEIU prior to its use. Each resident physician agrees to execute a Graduate Medical Education Agreement prior to his/her initial appointment as a physician-in-training in the Program and each academic year thereafter if reappointed to the next level of training.

Section 19. Labor-Management Agreement

The Authority and CIR/SEIU agree, if requested, to hold periodic meetings at a mutually acceptable time, date, and place to discuss issues related to working conditions, call room walk-throughs, meals, and facilities. Agenda items will be submitted one week prior to each meeting.

Section 20. Resident Patient Care Committee

The Authority and CIR/SEIU agree that quality patient care and appropriate working environments require sufficient medical equipment, technological support, access to medical educational resources for providers, and addressing patient discharge needs. The parties agree to continue a task force to consult on the development of a Resident Patient Care Committee. The task force will work collaboratively to develop the role of the Resident Patient Care Committee as it relates to issues including but not limited to best practices regarding quality patient care and documentation, medical equipment and technological support needs, patient discharge needs, and access to medical educational materials for providers and patients. The task force shall consist of a maximum of five members representing CIR/SEIU and a maximum of five members representing KMC including the Chief Medical Officer.

ARTICLE IV – PAID AND UNPAID LEAVES

Both the Authority and CIR/SEIU recognize that the use of any leave as described in this Article may require makeup time for purposes of completing Program requirements and Board certification eligibility, which is determined by the specific policy of each Board specialty and should be discussed with each individual Program Director. Resident physicians remain responsible for meeting the applicable time and other requirements of their Program.

Section 1. Vacation

A. During the first four years of consecutive service, each full time resident physician shall be credited with 160 hours (20 days) of vacation leave for each one-year term of service. Beginning with the fifth year of consecutive service, each full time resident physician will be credited with 176 hours (22 days) of vacation leave. Vacation leave shall accrue on the commencement date of the resident physicians' individual Graduate Medical Education Agreement, and shall be pro-rated from the commencement date of each academic year. The academic year begins on July 1. Vacation leave may be taken at any time thereafter.

Part-time resident physicians shall earn vacation leave at a rate proportionate to full time resident physicians, based on the number of regular hours worked by the part time resident physician per pay period in relation to 80 hours.

B. Vacation is to be taken at the mutual convenience of the resident physician and the Program Director. The standard vacation increment is a two-week block. (For the purpose of calculating vacation leave, a one-week block is defined as five days and includes Monday through Friday and contiguous weekend days preceding and following the five-day block.) This may vary from Program to Program. Increments less than one week shall be approved only under exceptional circumstances.

C. In general, vacation during the month of June shall not be granted. Vacation during the month of June shall be approved only under exceptional circumstances.

D. Vacation leave not taken at the expiration of each one-year term of service shall be credited to the next consecutive one-year term of service up to a maximum of 480 hours (60 days). If the maximum accrual amount is reached, the resident physician shall not earn (accrue) vacation leave until the vacation leave balance is reduced below the maximum.

- E. Resident physicians shall be paid for accrued and unused vacation leave upon termination of employment.
- F. All vacation leave must be approved in advance by the Program Director.

Section 2. Sick Leave

- A. Each full-time resident physician shall accrue sick leave credit at the rate of 2.46 hours per biweekly pay period, for a maximum accrual of 64 hours (eight days) per year. Total unused sick leave accumulated shall not exceed a maximum of 321 hours (40 days). If the maximum accrual amount is reached, the resident physician shall not earn (accrue) sick leave until the sick leave balance is reduced below the maximum.

Part-time resident physicians shall earn sick leave at a rate proportionate to full-time resident physicians, based on the number of regular hours worked by the part-time resident physician per pay period in relation to 80 hours.

- B. Resident physicians may be granted sick leave with pay up to the maximum number of hours of sick leave accrued as outlined in this MOU and under the terms and conditions set forth in the KMC Sick Leave Policy.
- C. Accrued sick leave hours remaining at the expiration of each one-year term of service shall be credited to the next consecutive one-year term of service up to a maximum of 321 hours.
- D. Resident physicians shall not be paid for accrued and unused sick leave upon termination of employment.

Section 3. Holidays

Resident physicians shall be entitled to all paid holidays authorized as official holidays for Authority employees. If a resident physician is scheduled for and works on an official holiday, the resident physician shall be granted an alternate day off. Resident physicians shall not be paid for accrued and unused holidays upon termination of employment.

Section 4. Fellowship/Post-Residency Employment Interviews

During the final year of the Program, a resident physician may take up to five days of paid leave for interviews related to fellowship training or post-residency employment.

Section 5. Leaves of Absence

- A. Family Sick Leave: Resident physicians are entitled to use accrued sick leave to take time off for the illness of an immediate family member up to a maximum of 10 days per year. Immediate family member is defined in the KMC Family Care Leave Policy.
- B. Family Care Leave: Family and medical leaves of absence (including leave for the birth and care of a newborn, placement of a child with an employee for adoption or foster care, care of a spouse, child, or parent who has a serious health condition or serious health condition of the employee) will comply with state and federal law and Authority policies.

- C. Discretionary Leave: Resident physicians may be granted, upon proper written request and approval of KMC, the Program Director, and the Director of Medical Education a discretionary leave of absence without pay for personal reasons. Approval of such leave without pay under this section shall be conditioned on finding that:

(i) the situation or condition necessitating leave is not remedial by other means;

(ii) refusal to authorize leave will result in personal hardship or suffering for the resident physician or his/her immediate family; and (iii) the absence of the resident physician will not substantially interfere with the service of the affected clinical department and/or Program. All vacation leave and holiday hours must be exhausted prior to granting a discretionary leave. Whenever a resident physician who has taken a discretionary leave desires to return before expiration of such leave, the resident physician shall notify KMC in writing as least five calendar days in advance of the return. The resident physician shall promptly notify the Program Director and Director of Medical Education of his/her return. Discretionary leaves must comply with the KMC Discretionary Leave Policy.

Extended leaves for any reason may impact the successful or timely completion of the resident physician's progress toward completion of the Program. Resident physicians expressly acknowledge that training after a leave of absence may be required to satisfy the criteria for completion of the Program or eligibility for certification by the relevant certifying Board.

- D. Bereavement Leave: A resident physician may be granted the use of up to 10 days of accrued sick leave for the death and/or funeral of a member of his/her immediate family. Immediate family member is defined as spouse, registered domestic partner, child, stepchild, foster child, grandchild, sibling, parent, step-parent, grandparent, and in-laws (parent, grandparent or sibling only).
- E. Military Leave: Military leave is granted in compliance with state and federal law.

ARTICLE V – COMPENSATION

Section 1. Biweekly Salary

The appointment of a resident physician shall be based on the resident physician's appropriate post-graduate year (PGY) level, as set forth below, which shall be determined as follows:

- A. A resident physician who has not completed at least one year of service in an ACGME accredited Program or an equivalent Program shall be placed at the PGY-1 level.
- B. Resident physicians shall be placed at PGY levels commensurate with their training in the Program in which they are appointed.
- C. A year of service in a Program shall mean a year of service in a Program that has been certified as having been completed by the appropriate authority.
- D. A resident physician who successfully completes his/her service for a year and is reappointed to serve for an additional year shall be advanced to the next higher PGY level.

- E. Resident physicians who have satisfied the eligibility requirements set forth in Exhibit “A” of the Graduate Medical Education Agreement and who are eligible for employment in the United States shall begin being paid as of the commencement date of the resident physicians’ individual Graduate Medical Education Agreement.

The flat biweekly salary for represented resident physicians by classification shall be as follows:

Classification	Flat Biweekly Salary
Resident Physician (Post Graduate Year 1)	\$ 1,791.30
Resident Physician (Post Graduate Year 2)	\$ 1,916.69
Resident Physician (Post Graduate Year 3)	\$ 2,050.85
Resident Physician (Post Graduate Year 4)	\$ 2,194.43
Resident Physician (Post Graduate Year 5)	\$ 2,348.07

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

Section 2. Medical Language Certification

The Authority agrees to compensate resident physicians for medical language certification under the terms and conditions outlined in the KMC Staff Healthcare Interpreter: Resident Physicians policy.

The Authority reserves the right to limit the number of languages qualifying for compensation, the number of employees qualifying for medical language certification, the number of certifications a resident physician may obtain, and the process for which certification is obtained.

Section 3. Educational Fund

Each resident physician shall be reimbursed in an amount not to exceed \$1,000 per academic year for the purchase of one or more of the following items, which may include:

medical books, medical software, registration fees for educational conferences, medical equipment (pre-approval from the Program Director must be obtained before purchasing medical equipment), fees for required exams, board examinations, board and exam preparation programs, and other required trainings. Travel expenses are not eligible for reimbursement through this fund.

This amount may be accumulated or accrued and will continue to the following academic year. Upon termination of employment, the credit balance, if any, will be forfeited. Resident physicians must be in good standing in the Program as determined by the Program Director, Department Chairman, and Chief Academic Officer, and remain actively employed and in compliance with KMC policies and directives concerning job performance in order to receive reimbursement through this fund.

For the 2017/18 fiscal year, the reimbursement amount available to each Resident physician will be prorated to \$250 representing the period beginning March 31, 2018 and ending June 30, 2018.

Section 4. License Fees

The Authority will pay 100% of each resident physician's license to practice medicine in the state of California. The procedure requires the resident physician to pay the fee directly to the appropriate agency (Medical Board of California or Osteopathic Medical Board of California) and submit a claim for payment, signed by the resident physician and the department head or designee, showing the amount, agency, and type of professional fee to be reimbursed. Proof of the professional fee must be attached to the claim (invoice for payment with copy of check, credit card receipt or statement, etc.).

Section 5. Drug Enforcement Administration (DEA) Certificate

Resident physicians who prescribe, order, administer or handle controlled substances are required to obtain an individual Controlled Substance Registration Certificate issued by the United States Department of Justice Drug Enforcement Administration ("DEA"). Registrations may be obtained on a fee-exempt basis while in training in a Program. However, such registrations are restricted to activities within the scope of the Program (including activities at KMC sites and other affiliated training sites). Exemption from payment of the individual registration application fee is limited to federal, state or local government duties (21 CFR § 1301.21). Resident physicians who engage in outside professional activities (e.g., moonlighting) at any site outside of the Program must obtain an individual DEA registration and may not use their fee-exempt registration for this purpose.

ARTICLE VI – BENEFITS

Section 1. Eligibility

Resident physicians enrolled full time in a Program are entitled to full benefits. Resident physicians employed at 0.5 FTE or greater but less than full time are eligible for prorated benefits. Resident physicians employed less than 0.5 FTE are not eligible for benefits. All requests for less than full time status must be approved by and are at the sole discretion of the Department of Medical Education upon recommendation of the Program Director. The Authority shall continue to provide an annual open enrollment for resident physicians to change plans and/or enroll eligible dependents.

Section 2. Health Care Coverage

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

Section 3. Flexible Spending Accounts

Resident physicians are eligible to participate in flexible spending plans to pay for dependent care, non-reimbursed medical expenses, and certain insurance premiums on a pre-tax basis through payroll deduction. This is a voluntary benefit that is paid by the resident physician if he/she elects to participate in the plan.

Section 4. Workers' Compensation

The Authority provides workers' compensation coverage as required by law to protect employees who are injured on the job. This coverage provides payment for medical expenses and temporary disability (in lieu of lost earnings) for workers who are injured in the course of their employment. Temporary disability payments begin on the first day of hospitalization or after the third day following a lost time injury if an employee is not hospitalized.

Section 5. Disability Insurance Plan

The Authority shall make a monthly contribution to the CIR/SEIU House Staff Benefits Fund (HSBF) in the amount of \$12.00 for each resident physician who is actively employed on the first day of each month, for the purpose of providing short-term and long-term disability benefits.

Section 6. State Disability Insurance

The Authority has an integrated disability plan with the state. The resident physician's wages are integrated with the disability payments from the state, which enables the resident physician to extend his/her sick leave or vacation leave. The resident physician's wages (sick leave and vacation leave used) are offset by disability payments and the corresponding sick leave and vacation time is restored to the resident physician's sick leave and vacation balances.

State disability applications are available from the KMC Human Resources Department or online at www.edd.ca.gov/disability. Resident physicians who file for state disability insurance are required to submit the Notice of Computation to the KMC Human Resources Department for purposes of integrating sick or other eligible leave time with state disability benefits.

Section 7. Retirement

Resident physicians are eligible to participate in the Kern County Deferred Compensation Plan (457 Plan) on a pre-tax basis. Resident physicians shall be required to make all contributions if electing to participate in the 457 Plan.

Section 8. Meals

Each resident physician, while on duty at KMC, shall be permitted to take meals in the KMC cafeteria during regular business hours. Resident physicians shall be given a meal allowance of \$164.71 per biweekly pay period that will be direct deposited and appear as a separate line item on their biweekly pay statement. Resident physicians shall receive the customary cafeteria employee discount for KMC staff in effect from time to time. The meal allowance will be prorated based upon the number of days in the last pay period a resident physician is employed by the Authority.

KMC shall arrange that the food left over from the food prepared daily for resident physicians be packed, date stamped with preparation dates, and stored at the end of the day so that the food is available for the night meal. KMC shall prepare sufficient food daily to ensure that healthy night meals are available or provide frozen meals for all resident physicians who are assigned to nighttime duty or in-hospital on-call duty.

KMC shall make every reasonable effort to provide meals in the cafeteria with sensitivity and consideration to a greater variety of dietary needs, including full vegetarian, kosher, and ethnic-specific diets on a daily basis.

Section 9. Uniforms

Lab coats are provided upon entry into the Program. KMC shall furnish two lab coats for categorical resident physicians and one lab coat for preliminary resident physicians. Resident physicians are responsible for maintenance of the lab coats. Scrubs will be issued to resident physicians in General Surgery, Emergency Medicine, and OB/GYN, and all resident physicians on rotations in these departments. Scrubs will be issued via a scrubs vending machine. Resident physicians will be given a card that allows access to two sets of scrubs at a time. One set of scrubs shall be issued to Internal Medicine and Psychiatry resident physicians.

Section 10. Professional Training

Every resident physician must be certified in basic life support (BLS), advanced cardiac life support (ACLS) and fundamental critical care support (FCCS). To assure that all resident physicians get certified on the first day of duty, KMC shall pay the American Hospital Association the fees for certification, which subsequently provides the books and materials for the classes as part of that fee. The Medical Library has one copy of BLS and ACLS books for reference and use only in the library. The Medical Library will not check out books used for certification or recertification purposes. It is recommended that resident physicians keep the initial books issued for the recertification process. In addition, each emergency medicine resident physician shall be certified in advanced trauma life support (ATLS) and neonatal resuscitation program (NRP); each OB/GYN resident physician shall be certified in NRP; and each surgery resident physician shall be certified in ATLS and fundamental laparoscopic surgery (FLS).

KMC shall be responsible for the cost and coordination of all the required recertification classes listed above. KMC through its Department of Graduate Medical Education shall work with each Program to schedule the recertification classes during times when the majority of resident physicians are able to attend. Resident physicians shall be notified at least a two weeks in advance of the scheduled class(es), in order to ensure their attendance. KMC shall email each resident physician every six months with the expiration dates of their required certifications.

KMC may reimburse for required training and/or recertification training costs from non-KMC providers if a resident physician can submit proof with the claim for reimbursement demonstrating that they (1) notified the Associate Director of Medical Education at least 60 days in advance of the requirement/expiration of difficulty with scheduling mandatory training or recertification due to vacation leave and/or work schedule, and (2) provide documentation of such conflict at least 60 days in advance of the requirement/expiration of mandatory training or recertification. All reimbursable expenses are subject to KMC policies regarding employment related expenses.

ARTICLE VII – TRAVEL POLICY

Resident physicians will be provided a travel allowance if they are in good standing in the Program as determined by the Program Director, Department Chairman, and Chief Academic Officer. All reimbursable expenses are subject to KMC's reimbursement procedures.

Three types of resident physician travel arrangements are eligible for reimbursement:

- Travel to attend a national meeting within the United States to present a first-author potential publication, abstract, or poster exhibit.

- Travel to attend a pre-approved education conference relevant to and the resident physician's Program within the United States. Upon return, under the direction of the Program Director, an educational report to the respective clinical department is expected.
- Attendance at mandatory rotations based on ACGME-approved curriculum, unless the host hospital or department provides food, mileage, and lodging.

Section 1. Education Benefit Travel

Over the course of the Program, one trip will be reimbursed for a national subspecialty education conference. Up to three trips may be paid if the resident physician is the first author who is presenting an abstract or poster exhibit at a national meeting. Meetings outside the United States are not reimbursed.

Resident physicians must request approval of prospective travel allowance by completing the KMC Travel Authorization Form six weeks prior to departure. Course syllabus or meeting brochures must be submitted and reviewed by the Program Director. The anticipated absence must be cleared by the Program Director for non-interference with coverage schedules.

Standard meeting coverage includes airfare, up to two nights lodging for presentation trips, and three nights for educational meetings, related per diem meals, and incidental expenses as set forth in the KMC employee travel reimbursement policy. If more than one resident physician attends the same meeting, the hotel room should be shared if gender is the same. Travel reimbursement for a national subspecialty education conference is capped at \$1,500.

If travel is by private automobile, current Authority established procedures must be followed and odometer readings before and after travel must be noted. Approved mileage rates, parking, and other driving expenses will be reimbursed pursuant to the KMC employee travel reimbursement policy. Proof of automobile insurance and a valid driver license must be provided.

The resident physician must provide all original receipts for expenses to be reimbursed and must follow the KMC employee travel reimbursement policy to be eligible for reimbursement. Receipts should be submitted to the Program Coordinator no later than five business days after travel.

If travel to the requested meeting is not approved, a separate request for personal time without reimbursement may be made to the Program Director. Educational leave is not subject to the ACGME duty hours rule.

Section 3. Travel for Outside Rotations

Resident physicians on mandatory rotations to attend Graduate Medical Education Committee approved rotations at UCLA campuses including Harbor, Olive View, and Ronald Reagan Medical Center, Cedars-Sinai Medical Center, and the VA Greater Los Angeles Hospital, may share the two-room KMC/UCLA apartments at no cost to the resident physician. The apartments are furnished and utilities are paid by KMC. Resident physicians on mandatory rotations at Valley Children's Hospital will be provided housing at a hotel selected by KMC at no cost to the resident physician. Resident physicians will be provided per diem and mileage reimbursement pursuant to the KMC employee travel reimbursement policy if not otherwise provided by the host hospital.

Elective rotations are not reimbursable.

ARTICLE VIII – GRIEVANCE AND ARBITRATION PROCEDURE

OBJECTIVES

1. Informally settle disagreements at the resident physician-supervisor level.
2. Provide an orderly procedure to handle the grievance through each level of supervision.
3. Correct, if possible, the cause of the grievance to prevent future complaints.
4. Promote harmonious relations among resident physicians, their supervisors, and departmental administrators.
5. Assure fair and equitable treatment of all resident physicians.
6. Resolve grievances at the departmental level before appeal to higher levels.

DEFINITIONS

The following terms, as used in the Article, shall have the following meaning:

Appointing Authority: The Chief Executive Officer of the Authority.

CIR/SEIU Representative: A person who appears on behalf of the resident physician.

Day: Calendar day, exclusive of Saturday, Sunday, and designated Authority holidays.

Grievance: A grievance shall be defined as a dispute regarding the interpretation or application of the terms of this MOU. Issues regarding documentation required for certification of eligibility shall be handled as set forth in Exhibit “A” of the Graduate Medical Education Agreement. Disputes regarding disciplinary and fair hearing procedures shall be handled as set forth in Exhibit “B” of the Graduate Medical Education Agreement. Grievances may be brought by an individual resident physician and CIR/SEIU, or by CIR/SEIU alone.

Immediate Supervisor: The person who assigns, reviews, or directs the work of a resident physician.

Resident Physician: An intern, resident, or fellow employed by the Authority.

Program: Any or all graduate residency or fellowship programs operated by the Authority.

Superior: The person to whom an immediate supervisor reports.

EXCLUSIONS

1. Work assignments.
2. Matters related to promotions to the next PGY level appointments and salaries related thereto.
3. Professional and academic matters. Such matters are subject to the Resident Policy Manual and ACGME guidelines, which may be revised from time to time.
4. Reappointment or promotion to the next level of training in the Program.
5. Closure or reduction in size of the Program to which the resident physician is appointed.
6. Matters subject to the Disciplinary and Fair Hearing Procedures set forth in Exhibit “B” of the Graduate Medical Education Agreement, including without limitation, probationary and disciplinary matters.

7. Authority policy and ordinance questions, including subjects involving newly established or amendments to existing Authority resolutions, ordinances, or minute orders, unless the allegation is that they are not uniformly administered.
8. Resident physician evaluations of performance, and progress in training or remediation.
9. Impasses in meeting and conferring upon terms of a proposed MOU.
10. Grievances filed after 20 days from the date of occurrence, or after 20 days from the date the resident physician had knowledge of an occurrence.
11. Grievances filed after a resident physician's appointment in the Program has terminated or expired.
12. Appointment/Reappointment to a Program.
13. Matters subject to Employment Security.
14. Matters subject to reappointment based on Institutional Factors.
15. Documentation required for Certification of Eligibility as set forth in Exhibit "A" of the Graduate Medical Education Agreement.
16. Challenges to the Agency Fee Amount.

TIME LIMITS

Time limits are established to settle grievances quickly. Time limits may be extended by agreement of the parties. If the grievant is not satisfied with the decision rendered, it shall be the grievant's responsibility to initiate the action which submits the grievance to the next level of review within the time limits specified. Failure of the resident physician to submit the grievance within the time limits imposed shall terminate the grievance process, and the matter shall be considered resolved. Failure of the Authority to respond within the time limits specified will allow the grievant to submit the grievance to the next higher step of the grievance procedure.

THE PARTIES' RIGHTS AND RESTRICTIONS

1. A party to the grievance shall have the right to record a formal grievance meeting at the expense of the requesting party.
2. The grievance procedure shall not limit the right of any resident physician to present a grievance individually.
3. A resident physician may have a representative present at all steps of the grievance procedure.
4. Reasonable time in processing a grievance shall be allowed during regular working hours with advanced supervisor approval. Supervisory approval shall not be unreasonably withheld.
5. Only a person selected by the resident physician from within a recognized resident physician organization and made known to management prior to a scheduled grievance meeting shall have the right to represent or advocate as a resident physician's representative.
6. Nothing within this grievance procedure shall be construed as limiting the right of management to manage the affairs of the Authority.
7. Grievances of an identical nature concerning the same subject matter may be consolidated.

INFORMAL GRIEVANCE DISPOSITION

1. Within 20 days from the occurrence of the issue that gave rise to the complaint, or within 20 days from the resident physician's knowledge of the occurrence (but no later than the expiration or termination of the resident physician's then-current appointment) a resident physician shall promptly and informally meet to discuss the complaint with his/her immediate supervisor. In those circumstances where the nature of the complaint involves the immediate supervisor, the resident physician may informally discuss the complaint with the next higher level of supervision, provided prior notification is given the immediate supervisor by the

resident physician. Such initial discussion shall precede the use of the formal grievance procedure. If the supervisor fails to reply to the resident physician within five days of the meeting, or if the resident physician is not satisfied with the decision, the resident physician may utilize the formal grievance procedure.

Grievance forms are available at KMC for this purpose.

FORMAL GRIEVANCE PROCEDURE

Step 1. The grievance form and any supporting documents shall be delivered to the Program Director/Supervisor with whom the informal meeting was held no later than five days from receipt of the Program Director/Supervisor's informal response or within 10 days from the close of the informal meeting if no decision is rendered. The formal grievance procedure shall be initiated by the resident physician, stating the nature of the grievance, the alleged violation by section or number, if any, and the desired solution, in writing on the grievance form, together with any supporting documents attached to the grievance form.

The Program Director/Supervisor shall hold a formal meeting with the resident physician within five days of the receipt of the formal grievance to review the facts, gather all supporting documents, discuss the complaint and desired solution, and discuss the proper appeal procedure.

The Program Director/Supervisor shall issue a written decision on the original grievance form within five days of the close of the formal meeting.

Step 2. If the resident physician feels the Program Director/Supervisor has not resolved the grievance, the resident physician may appeal to the next higher level of supervision (the Department Chair) and Chief Medical Officer (CMO) jointly. At this time, all supporting documents and evidence relative to the grievance shall be included with the appeal and made known to both parties. The Department Chair, together with the CMO, shall hold a formal meeting with the resident physician and his/her representative, if requested, within 10 days from the date of the appeal receipt, and attempt to settle the grievance.

A written decision shall be provided, which will include a copy of the original grievance form, to the resident physician by the CMO within 10 days from the close of the formal meeting.

Step 3. If the resident physician is not satisfied with the decision of the CMO, the resident physician may appeal the decision to the Chief Executive Officer (CEO) within five days from receipt of the CMO's decision. In his/her appeal to the CEO, all supporting documents must be attached to the grievance form, together with the grievant's reason for appeal and stated remedy requested.

The CEO or his/her designee shall review the original grievance, all supporting documents, the CMO's response, and the remedy requested, and issue a written decision within 10 days of receipt of the grievance.

If the resident physician is not satisfied with the decision of the CEO or his/her designee, the resident physician may, within 30 days of receipt of the decision, submit the grievance to advisory arbitration by written request to the CEO.

If the grievance is submitted to advisory arbitration, the grievant, his/her representative, if any, and the CEO, or his/her designee, shall, within five days of receipt of the grievant's request, set a date for a meeting to:

1. Attempt to settle the grievance;
2. Agree to any stipulations;
3. Agree upon the issue statement (the issue statement will reflect the issue as presented in the original grievance as written on grievance form); and
4. Select an impartial arbitrator.

SELECTION OF THE ADVISORY ARBITRATOR

If the parties fail to agree on an arbitrator, a list of five neutrals will be jointly requested from the Federal Mediation Service, the State Mediation and Conciliation Service, or the American Arbitration Association. The agency will be mutually selected.

The parties shall select a neutral by alternately striking a name from the list, with the remaining name being the selected neutral. Should both parties agree that the first list submitted is unsatisfactory, the parties may request a second list.

The arbitration procedure shall be informal and private. The arbitration procedure shall not be bound by any of the rules of evidence governing trial procedure in state courts.

The arbitrator shall not have the power to add to, subtract from, or otherwise modify the provisions of any MOU, Rules, Regulations, local ordinances, or the policies and procedures of the Authority.

The arbitrator shall confine himself/herself to the issue submitted.

The arbitrator's decision is binding upon approval by the Kern County Hospital Authority Board of Governors.

The cost of the arbitrator shall be borne equally between the Authority and the grievant. Each party shall bear its own costs relating to the arbitration including, but not limited to, witness fees, transcriptions and attorneys' fees.

The arbitrator shall be requested to submit his/her decision within 30 days from the close of the hearing.

ARTICLE IX – SEVERABILITY

In the event that any provision of this MOU is found to be in contradiction of any federal, state, or local law or regulation, or found by any court of competent jurisdiction to be invalid, such invalidity shall not impair the validity and enforceability of the remaining provisions of this MOU.

ARTICLE X – STABILITY OF THE MOU

No agreement, understanding, alteration, or variation of the terms and conditions of this MOU shall bind the parties hereto unless made in writing and executed by the parties.

The failure of the Authority or CIR/SEIU to insist, in any one or more incidents, upon performance of any of the terms or conditions of this MOU shall not be considered as a waiver or relinquishment of the right of the Authority or CIR/SEIU to future performance of any such term or condition, and obligations of the Authority and CIR/SEIU to such future performance shall continue in full force and effect.

The parties acknowledge that during the negotiations which resulted in this MOU, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law or the EERR from the scope of bargaining, and that the agreements arrived at by the parties after the exercise of that right and opportunity are set forth herein. The parties, for the life of this MOU, voluntarily and without qualification waive the right, and agree that the other shall not be obligated to bargain collectively, with respect to any subject or matter referred to or covered by this MOU.

[Signatures follow on next page]

ARTICLE XI – DURATION OF THE MOU

- A. Upon ratification by the CIR/SEIU membership and approval by the Kern County Hospital Authority Board of Governors, this MOU shall become effective and binding upon the parties, pursuant to Government Code section 3505.1.
- B. This MOU 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. Facsimile, email or other electronically delivered signatures of the parties shall be deemed to constitute original signatures, and facsimile or electronic copies hereof shall be deemed to constitute duplicate originals.
- C. The term of this MOU is March 31, 2018, through March 31, 2021.

This Memorandum of Understanding is entered into and signed this 21st day of March, 2018.

For CIR/SEIU Local 1957:



Susan Naranjo
Southern California Area Director

For Kern County Hospital Authority:

Russell E. Bigler, Chairman
Board of Governors



Lisa Hockersmith
Vice President, Human Resources



Karen S. Barnes
Vice President & General Counsel



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

March 21, 2018

Subject: Proposed Agreement with Randolph Fok, M.D., an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology

Recommended Action: Approve; Authorize Chairman to sign subject to approval as to form by Counsel

Summary:

Kern Medical recommends your Board approval an Agreement with Randolph Fok, M.D., for professional medical services in the Department of Obstetrics and Gynecology. Dr. Fok, who specializes in the diagnosis and treatment of women with high risk pregnancies, serves as Chief of Kern Medical's Division of Maternal-Fetal Medicine. The Agreement is for a term of two years from April 1, 2018 through March 31, 2020. Dr. Fok is compensated annually based on a fixed fee in the amount of \$260,700 that is prorated monthly in two payments. He is also paid for call coverage. The maximum payable under the Agreement will not exceed \$600,000 over the two-year term.

Therefore, it is recommended that your Board approve the Agreement with Dr. Fok and authorize the Chairman to sign subject to approval as to form by Counsel.

**AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Randolph Fok, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Randolph Fok, M.D., a sole proprietor (“Contractor”), whose principal place of business is located at 2330 Truxtun Avenue, Suite A, Bakersfield, California 93301.

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 (the “Premises”), in which is located the Department of Obstetrics and Gynecology (the “Department”); and

(c) Authority requires the assistance of Contractor to provide professional medical services to patients of KMC and teaching services to resident physicians and medical students, as such services are unavailable from Authority resources, and Contractor agrees to provide such services on the terms and conditions set forth in this Agreement; and

(d) 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 April 1, 2018 (the “Effective Date”), and shall end March 31, 2020, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**

2.1 **Specified Services.** Contractor shall render those services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference. Such services may be changed from time to time by agreement of the parties in accordance with the provisions of this Agreement.

2.2 Qualifications.

2.2.1 Licensure/Board Certification. Contractor shall at all times during the term of this Agreement be duly licensed as a physician and surgeon in the state of California, practicing in the medical specialty of maternal-fetal medicine, and certified or eligible for certification by the American Board of Obstetrics and Gynecology in obstetrics and gynecology-general with subspecialty certification in maternal-fetal medicine, and maintain such certifications at all times during the term of this Agreement.

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

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

2.2.4 Training/Experience. Contractor shall have (i) recent experience in obstetrics and gynecology and maternal-fetal medicine including without limitation, the diagnosis and treatment of women who have complicated or high-risk pregnancies, (ii) an academic background to include teaching and working in an academic medical center, experience working with other clinical departments, teaching residents and medical students, participating in hospital committees, and working on pathways and evidence-based guidelines, and (iii) ongoing acute care hospital experience.

2.3 Loss or Limitation. Contractor shall notify KMC promptly of any loss, sanction, suspension or material limitations of his license to practice in the state of California, Controlled Substance Registration Certificate issued by the Drug Enforcement Administration, right to participate in the Medicare or Medicaid programs, or specialty qualifications for medical staff membership or clinical privileges.

2.4 Standards of Medical Practice. The standards of medical practice and professional duties of Contractor shall be in accordance with the KMC medical staff bylaws, rules, regulations, and 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 and practice of physicians, and The Joint Commission.

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

2.6 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.

2.7 Quality Improvement and Risk Management. Contractor agrees that he 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. 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.

2.8 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. Contractor shall not use such space or equipment for other business or personal use.

3.3 Use Limitations on Space. The use of any part of the space occupied by the Department for the general or private practice of medicine is prohibited. Contractor 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 of any portion of

the Premises, and insofar as Contractor may use a portion of said Premises, Contractor does so as a licensee 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 an annual fixed fee in the amount of \$260,700 per year as follows: Contractor shall be entitled to receive two (2) payments per month, each payment being equal to \$10,862.50, payable on or before the 10th day and the 20th day of each month during the term of this Agreement. Invoices for payment shall be submitted in a form approved by Authority. Invoices shall be sent to KMC for review and processing on or before the 1st day and 10th day of each month.

4.2 Call Coverage. Authority shall pay Contractor for call coverage as follows: (i) Contractor shall be paid a fixed fee in the amount of \$2,400 per 24-hour day for weekend and holiday call coverage assigned (Saturday and Sunday; designated Authority holidays only); (ii) Contractor shall be paid a fixed fee in the amount of \$1,200 for every weekday night of call coverage assigned (Monday through Friday); and (iii) Contractor shall be paid a fixed fee in the amount of \$500 for backup call coverage if called to come to the hospital.

4.3 Quality Bonus. Upon satisfaction of the relevant criteria set forth below and subject to the other terms and conditions set forth in this Agreement, in addition to the fixed-fee compensation set forth in paragraph 4.1, Contractor shall be eligible to receive a quality bonus based on the following measures:

4.3.1 Quality/Safety Measure(s). Contractor shall be eligible to receive a quality bonus in an amount not to exceed \$6,250 for the fiscal year commencing July 1, 2018, and each fiscal year thereafter, if Contractor achieves certain quality/safety measure(s). Measures shall be determined annually. Measures shall be calculated within

60 days of the end of each fiscal year ending June 30. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$6,250 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

4.3.2 Patient Satisfaction Measure(s). Contractor shall be eligible to receive a quality bonus in an amount not to exceed \$6,250 for the fiscal year commencing July 1, 2018, and each fiscal year thereafter, if Contractor achieves certain patient satisfaction measure(s). Measures shall be determined annually. Measures shall be calculated within 60 days of the end of each fiscal year ending June 30. If multiple measures are used (i.e., more than one measure annually), the annual bonus amount of \$6,250 shall be divided by the total number of measures and the prorated amount paid if the target metric is achieved.

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

4.5 Maximum Payable. The maximum payable under this Agreement shall not exceed \$600,000 over the two-year term of this Agreement.

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

4.7 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 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.

4.8 High-risk Cesarean Deliveries. Notwithstanding paragraph 4.7 to the contrary, Contractor shall have the exclusive right to bill, collect and retain all professional fees for high-risk Cesarean deliveries provided by Contractor under this Agreement not to exceed 10 such deliveries per year.

4.9 Managed Care Organizations. For and on behalf of Contractor Authority shall have the sole and exclusive right and authority to enter into contractual relationships with HMOs, IPAs, PPOs, PHOs, employer groups, provider networks and other managed care organizations (collectively "Managed Care Organizations"). Contractor shall provide the same

quality of care to patients from Managed Care Organizations as is provided to other KMC patients. Upon request from Authority or KMC, Contractor shall execute Managed Care Organization documents as “provider” if deemed necessary or advisable by Authority. Contractor shall not contract with any Managed Care Organization without Authority’s prior written consent in each instance.

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

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

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

8. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to Authority accurate books and records relative to all his 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 Bind Authority.** It is understood that Contractor, in his performance of any and all duties under this Agreement, has no 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.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

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

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

15. **Confidentiality.**

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

notice to the other party to contest such order or requirement; and (iii) on a confidential basis to its legal or financial advisors.

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

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

15.4 Medical Staff and Committee Records. All records, files, proceedings and related information of Contractor, KMC and the medical staff and its committees pertaining to the evaluation and improvements of the quality of patient care at KMC shall be kept strictly confidential by Contractor. Contractor shall not voluntarily disclose such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by KMC, which may be given or withheld in the sole discretion of KMC.

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

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

16. Conflict of Interest. Contractor covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of his 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 agrees to assume liability for and indemnify and hold Contractor harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Contractor or for which Contractor becomes liable to pay, arising out of or related to the services rendered (including without limitation, those services described in section 2 and Exhibit "A" hereof) or which a third party alleges should have been rendered by Contractor on behalf of Authority or KMC pursuant to this Agreement. The obligation of Authority under this section shall arise as to all services rendered or which a third party alleges should have been rendered by Contractor on behalf of Authority or KMC on and after April 1, 2018 and prior to termination or expiration of this Agreement. This section 23 shall survive termination or expiration of this Agreement and shall apply to all claims made during or after the termination or expiration of this Agreement, which allegedly arise out of services rendered or which allegedly should have been rendered by Contractor during the term of this Agreement; provided, however, that the provisions of this section 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 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 "C," 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 he 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:

Randolph Fok, M.D.
2330 Truxtun Avenue, Suite A
Bakersfield, California 93301

Notice to Authority:

Kern Medical Center
1700 Mount Vernon Avenue
Bakersfield, California 93301
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 without Cause.** Either party may terminate this Agreement, without penalty or cause, upon 30 days' prior written notice to the other party.

36.2 **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) Contractor does not have the proper credentials, experience or skill to perform the required services under this Agreement; (ii) the issuance of a final order of any governmental agency or court that has competent jurisdiction over the parties, which order requires the termination of this Agreement; (iii) an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to Authority or KMC; (iv) the breach of any federal or state law or regulatory rule or regulation or condition of accreditation or certification; (v) the loss or threatened loss of Authority's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor; (vi) commission of any unlawful or intentional act by Contractor which would be detrimental to the reputation, character or standing of Authority or KMC; or (vii) commission of a material act of dishonesty, fraud, embezzlement, misappropriation or financial dishonesty by Contractor against Authority or KMC.

37. **Effect of Termination.**

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

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

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

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

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

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

[Signatures follow on next page]

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

CONTRACTOR

By _____
Randolph Fok, M.D.

Date _____

KERN COUNTY HOSPITAL AUTHORITY

By _____
Russell V. Judd
Chief Executive Officer

Date _____

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Date _____

Agreement.Fok.031518

EXHIBIT “A”
DESCRIPTION OF SERVICES
Randolph Fok, M.D.

Contractor shall provide services, as assigned by the Department chair, as follows:

1. Serve as Chief, Division of Maternal-Fetal Medicine.
2. Provide coverage for high-risk OB clinic at KMC to see, manage and treat patient, interact with Department staff and train resident physicians and medical students; supervise resident physicians and medical students during all assigned clinical activity.
3. Provide regular and scheduled rounds with resident physicians and Department staff to discuss patients of special interest and needs.
4. Give lectures to Department staff and resident physicians on subjects in maternal-fetal medicine, prenatal diagnoses and obstetrics.
5. Design and participate in clinical research projects; assist resident physicians in designing and conducting clinical research.
6. Consult with Department staff and assist in the management of in-house obstetrical patients.
7. Perform ultrasound examinations, genetics consultations, and other consultations on patients referred to KMC.
8. Provide training to resident physicians in the performance and interpretation of obstetrical ultrasound.
9. Participate in Department and hospital quality improvement programs as required by the KMC medical staff bylaws, rules, regulations and policies.
10. Make every effort to attend Department staff meetings, the annual medical staff meeting, and committee meetings assigned by the president of the medical staff.
11. Be available to provide a minimum of one weekend and one weeknight of call coverage per month.

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EXHIBIT "B"
IRS FORM W-9

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

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

March 21, 2018

Subject: Comments Regarding Budget Variances for Operating Expenses – January 2018

Recommended Action: Receive and File

Summary:

The following items have budget variances for the month of January 2018:

Gross Operating Revenue:

Gross operating revenue for the month of January 2018 has a \$3.9 million unfavorable variance due to lower than expected patient volume for the month. Average daily census for the month was 130, compared to a budget of 135. The corresponding patient days were 4,020, compared to a budget of 4,200.

Indigent Funding:

Each month, Kern Medical only recognizes ninety-five percent of the total accrued amount receivable from indigent funding. This is a conservative approach that reserves five percent of the total receivable indigent funding to account for the possibility that some funding could be taken back by the funding sources at a later time due to changes in calculations or in the method that funds are allocated among California's public hospitals.

Other Revenue:

Other revenue has an unfavorable budget variance for January due to an adjustment for over accrued Medical Education Tuition in prior months.

Registry Nurses:

Registry nurses expense has an unfavorable budget variance on both a month to date and a year to date basis. Kern Medical continues to rely on contracted nurse staffing to supplement the nursing departments while aggressively trying to recruit full time employed nurses.

Other Professional Fees:

Professional fees have a favorable budget variance for the month of January due in part to the reclassification of Cerner service fees to the Cerner capital project. There are also significant savings each month due to the fact that AMF Media is no longer engaged for marketing and advertising.

Supplies Expense:

Supplies expense has an unfavorable budget variance for the month of January due to mainly to higher than average pharmaceutical expenses. The expansion of Kern Medical clinics is a main driver of the increase in pharmaceutical expenses. A year-to-date inventory true-up adjustment also contributed to the January variance.

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

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

Purchased Services:

Purchased services have an unfavorable budget variance for January because of being under accrued for Health Advocates expenses in prior months while contract terms with the vendor were being negotiated. Health Advocates are engaged to assist the Admitting staff with checking Medi-Cal eligibility of patients and helping patients qualify for Medi-Cal. They have been very successful and their efforts have resulted in a large increase of Kern Medical patients qualifying for Medi-Cal. After contract terms were recently finalized, Health Advocates billed Kern Medical for five months of services. These invoices, totaling \$1.6 million, were received and included in purchased services expenses for January.

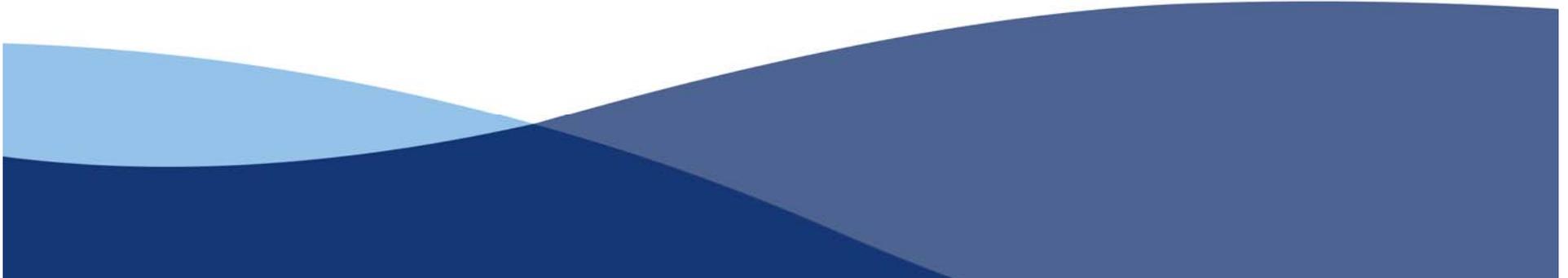
Other Expenses:

Other expenses are slightly over budget for the month of January due to an increase in office rent expense. There are several new leases for office and clinic space that were not included in the fiscal year 2018 budget.



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – JANUARY 2018**

MARCH 2018



3-Month Trend Analysis: Revenue & Expense

January 31, 2018

	NOVEMBER	DECEMBER	JANUARY	BUDGET JANUARY	VARIANCE POS (NEG)	PY JANUARY
Gross Patient Revenue	\$ 68,111,189	\$ 68,313,864	\$ 69,489,102	\$ 73,398,355	(5.3%)	\$ 69,400,017
Contractual Deductions	(50,804,752)	(48,939,529)	(49,557,631)	(54,762,188)	(9.5%)	(65,940,666)
Net Revenue	17,306,437	19,374,335	19,931,471	18,636,167	7%	3,459,351
Indigent Funding	8,678,171	8,967,443	9,759,609	9,650,779	1%	28,757,643
Correctional Medicine	1,976,127	1,976,127	1,613,842	2,002,051	(19%)	1,976,045
County Contribution	285,211	285,211	285,211	297,260	(4%)	285,911
Net Patient Revenue	28,245,946	30,603,116	31,590,132	30,586,258	3.3%	34,478,949
Other Operating Revenue	1,659,117	858,742	901,952	1,066,889	(15%)	1,050,616
Other Non-Operating Revenue	53,887	29,787	99,900	34,458	190%	95,335
Total Operating Revenue	29,958,950	31,491,645	32,591,984	31,687,605	2.9%	35,624,901
Expenses						
Salaries	11,754,757	12,614,029	12,670,987	13,091,597	(3%)	11,698,128
Employee Benefits	5,165,517	5,741,843	5,975,264	6,276,515	(5%)	6,172,126
Contract Labor	1,597,387	1,150,813	1,090,377	924,007	18%	814,787
Medical Fees	1,453,762	1,312,030	1,421,410	1,449,182	(2%)	1,373,065
Other Professional Fees	1,713,019	1,989,125	990,253	1,778,830	(44.3%)	1,409,998
Supplies	4,231,030	4,850,911	5,152,027	4,284,373	20%	3,986,324
Purchased Services	1,625,487	1,494,550	2,966,046	1,569,779	89%	1,486,496
Other Expenses	1,371,488	1,253,241	1,357,142	1,303,184	4%	1,480,513
Operating Expenses	28,912,446	30,406,541	31,623,504	30,677,468	3%	28,421,438
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,046,504	1,085,105	968,480	1,010,137	(4%)	7,203,462
EBIDA Margin	3%	3%	3%	3%	(7%)	20%
Interest	21,306	(9,379)	10,827	43,132	(75%)	22,513
Depreciation	521,952	513,049	440,285	482,712	(9%)	477,976
Amortization	29,345	41,505	38,790	25,327	53%	20,313
Total Expenses	29,485,049	30,951,715	32,113,407	31,228,639	2.8%	28,942,240
Operating Gain (Loss)	473,901	539,930	478,578	458,966	4%	6,682,660
Operating Margin	1.6%	1.7%	1.5%	1.4%	1%	19%

Year-to-Date: Revenue & Expense

January 31, 2018

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 502,901,527	\$ 502,483,349	0.1%	\$ 464,213,942	8%
Contractual Deductions	(373,014,880)	(379,873,481)	(1.8%)	(356,328,404)	5%
Net Revenue	129,886,647	122,609,868	6%	107,885,538	
Indigent Funding	64,021,058	66,932,824	(4%)	74,739,672	(14%)
Correctional Medicine	13,470,604	13,885,193	(2.986%)	13,821,374	(2.5%)
County Contribution	1,996,477	2,061,644	(3%)	2,008,116	(1%)
Net Patient Revenue	209,374,785	205,489,528	2%	198,454,699	6%
Other Operating Revenue	7,522,097	7,399,489	2%	6,884,303	9%
Other Non-Operating Revenue	272,971	238,982	14%	235,371	16%
Total Operating Revenue	217,169,853	213,127,999	2%	205,574,374	6%
Expenses					
Salaries	86,598,072	86,527,531	0.1%	78,211,122	11%
Employee Benefits	37,732,788	42,655,046	(12%)	38,158,710	(1.1%)
Contract Labor	8,311,925	6,325,183	31%	6,127,947	36%
Medical Fees	9,243,923	9,918,252	(7%)	9,680,228	(5%)
Other Professional Fees	9,779,385	12,337,044	(21%)	11,285,468	(13%)
Supplies	30,783,430	29,356,156	4.9%	28,081,212	10%
Purchased Services	13,549,479	10,887,179	24%	9,545,351	42%
Other Expenses	10,140,370	9,041,493	12%	8,893,859	14%
Operating Expenses	206,139,371	207,047,883	(0.4%)	189,983,897	9%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	11,030,482	6,080,116	81%	15,590,477	(29%)
EBIDA Margin	5%	3%	78%	8%	-33%
Interest	111,063	299,142	(63%)	161,548	(31.3%)
Depreciation	3,686,853	3,347,844	10%	3,283,630	12%
Amortization	213,037	175,655	21%	168,411	26%
Total Expenses	210,150,325	210,870,524	(0.3%)	193,597,485	9%
Operating Gain (Loss)	7,019,529	2,257,475	211%	11,976,888	(41%)
Operating Margin	3.2%	1.1%	205%	6%	(45%)

3-Month Trend Analysis: Cash Indicators

January 31, 2018

		NOVEMBER	DECEMBER	JANUARY	BUDGET	VARIANCE	PY
		30	31	31	JANUARY	POS (NEG)	JANUARY
					31		31
CASH							
	Total Cash	73,821,664	60,025,766	56,860,816	63,099,108	(10%)	70,228,894
	Days Cash On Hand	77	61	56	64	(13%)	77
	Days In A/R - Gross	84.79	90.10	91.09	76.00	20%	96.00
	Patient Cash Collections	\$ 18,693,217	\$ 16,423,850	\$ 19,544,737	N/A	N/A	\$ 18,055,114
	Patient Cash Goal	\$ 17,739,762	\$ 18,963,009	\$ 17,300,912	N/A	N/A	\$ 17,573,818
	Projected Year End Cash Balance	59,085,203	59,085,203	59,085,203	N/A	N/A	N/A

3-Month Trend Analysis: Operating Metrics

January 31, 2018

					BUDGET	VARIANCE	PY
		NOVEMBER	DECEMBER	JANUARY	JANUARY	POS (NEG)	JANUARY
Operating Metrics							
Total Expense per Adjusted Admission		19,977	20,652	19,203	19,550	(2%)	19,042
Total Expense per Adjusted Patient Day		4,126	4,291	4,084	3,872	5.5%	3,644
Supply Expense per Adjusted Admission		2,867	3,237	3,081	2,682	14.9%	2,623
Supply Expense per Surgery		1,330	1,831	2,047	1,947	5%	1,958
Supplies as % of Net Patient Revenue		15%	16%	16%	14%	16%	12%
Pharmaceutical Cost per Adjusted Admission		1,132	1,326	1,463	1,096	34%	1,283
Net Revenue Per Adjusted Admission	\$	11,726	\$ 12,927	\$ 11,918	\$ 11,667	2%	\$ 2,276

Year-to-Date: Operating Metrics

January 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	19,271	19,293	(0.1%)	18,465	4%
	Total Expense per Adjusted Patient Day	3,845	3,821	1%	3,667	5%
	Supply Expense per Adjusted Admission	2,823	2,686	5.1%	2,678	5%
	Supply Expense per Surgery	1,528	1,833	(17%)	1,876	(19%)
	Supplies as % of Net Patient Revenue	15%	14%	2.9%	14%	3.9%
	Pharmaceutical Cost per Adjusted Admission	1,198	1,097	9%	1,074	12%
	Net Revenue Per Adjusted Admission	\$ 11,911	\$ 11,218	6%	\$ 10,290	16%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH JANUARY 31 , 2018

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
121,027	127,397	(6,370)	-5.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	839,383	883,561	(44,178)	-5.0%
2,084,500	2,194,210	(109,711)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	14,457,016	15,217,911	(760,896)	-5.0%
0	196,257	(196,257)	-100.0%	COUNTY REALIGNMENT FUNDS	0	1,361,139	(1,361,139)	-100.0%
1,176,563	1,255,432	(78,869)	-6.3%	MEDI-CAL SUPPLEMENTAL FUNDING	8,271,679	8,707,031	(435,352)	-5.0%
2,178,493	2,293,151	(114,658)	-5.0%	PRIME - NEW WAIVER	15,108,904	15,904,110	(795,205)	-5.0%
2,121,207	2,232,849	(111,642)	-5.0%	GPP - NEW WAIVER	14,711,596	15,485,890	(774,295)	-5.0%
1,269,555	1,336,374	(66,819)	-5.0%	WHOLE PERSON CARE	8,804,980	9,268,400	(463,420)	-5.0%
808,263	15,108	793,155	5249.9%	MEANINGFUL USE	1,827,500	104,781	1,722,719	1644.1%
9,759,609	9,650,779	108,829	1.1%	SUB-TOTAL - GOVERNMENTAL REVENUE	64,021,058	66,932,824	(2,911,766)	-4.4%
1,613,842	2,002,051	(388,209)	-19.4%	CORRECTIONAL MEDICINE	13,470,604	13,885,193	(414,589)	-3.0%
285,211	297,260	(12,049)	-4.1%	COUNTY CONTRIBUTION	1,996,477	2,061,644	(65,167)	-3.2%
11,658,661	11,950,091	(291,429)	-2.4%	TOTAL INDIGENT CARE & COUNTY FUNDING	79,488,139	82,879,660	(3,391,522)	-4.1%

OTHER REVENUE

FOR THE MONTH JANUARY 31, 2018

OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
52400000-MEDICAL POSTGRAD EDUC TUITION	106,794	369,527	(262,733)	2,113,114	2,562,847	(449,734)
52700000-STAFF DEVELOPMENT EDUC FEES	405	724	(319)	7,003	5,024	1,979
52701000-TRAUMA EDUCATION REG FEES	0	91	(91)	350	631	(281)
53200000-CAFETERIA REVENUE	75,447	88,399	(12,952)	527,336	613,088	(85,752)
55200000-FINANCE CHARGES-PATIENT AR	23,124	21,231	1,893	142,694	147,340	(4,646)
56700000-SALE OF SCRAP AND WASTE	0	104	(104)	(23)	720	(743)
56800000-REBATES AND REFUNDS	97,459	78,381	19,078	591,331	543,609	47,722
56801000-DRUG CO. CASH BACK	3,714	0	3,714	10,896	0	10,896
57001000-PHOTOCOPY FEES	2,145	1,799	346	13,415	12,476	939
57002000-JURY WITNESS FEES	0	326	(326)	456	2,260	(1,804)
57003000-MEDICAL RECORDS FEES	5,501	2,984	2,517	17,745	20,698	(2,953)
57790000-PHYSICIAN PRO FEE-ER LOCKBOX	6,700	46,882	(40,183)	139,734	325,151	(185,417)
57800000-OTHER REVENUE	680	32,835	(32,155)	100,369	227,726	(127,357)
57802000-CANCELLED OUTLAWED WARRANTS	24,900	(62)	24,962	38,741	(432)	39,172
57803000-GRANTS - KHS	126,962	127,397	(435)	1,936,814	883,562	1,053,252
57804000-GRANT-SONG BROWN	0	82	(82)	0	570	(570)
57805000-MADDY FUNDS-EMERG MEDICAL SVCS	99,563	46,046	53,516	203,850	319,354	(115,504)
57806000-PRIMARY CARE INCENTIVE PAYMENT	15,150	0	15,150	16,129	0	16,129
57807000-VETERANS ADMIN REVENUE	3,728	7,901	(4,173)	20,303	54,799	(34,496)
57808000-JAMISON CENTER MOU	15,639	29,510	(13,871)	109,473	204,666	(95,193)
57809000-MENTAL HEALTH MOU	278,871	187,610	91,261	1,343,232	1,301,167	42,064
57813000-PEDIATRIC FORENSIC EXAMS	12,800	10,261	2,539	65,800	71,167	(5,367)
57814000-FOUNDATION CONTRIBUTIONS	0	0	0	27,745	0	27,745
57814100-DONATED EQUIPMENT	0	0	0	1,754	0	1,754
57816000-PAY FOR PERFORMANCE	0	0	0	85,237	0	85,237
57820000-WORKERS COMPENSATION REFUNDS	0	13,649	(13,649)	111	94,661	(94,550)

TOTAL OTHER OPERATING REVENUE	901,952	1,066,889	(164,938)	7,522,097	7,399,489	122,608
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OTHER NON-OPERATING REVENUE

OTHER MISCELLANEOUS REVENUE	408	901	(493)	1,563	6,244	(4,681)
INTEREST ON FUND BALANCE	99,492	33,558	65,935	271,408	232,738	38,670
TOTAL OTHER NON-OPER REVENUE	99,900	34,458	65,442	272,971	238,982	33,989

**KERN MEDICAL
BALANCE SHEET**

	January 2018	January 2017
CURRENT ASSETS:		
CASH	\$56,860,816	\$70,228,894
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	203,866,307	219,806,742
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(162,768,472)	(176,921,271)
-NET OF CONT ALLOWANCES	41,097,835	42,885,470
MD SPA	4,896,362	3,051,397
HOSPITAL FEE RECEIVABLE	874,696	3,009,206
CPE - O/P DSH RECEIVABLE	6,430,383	6,974,934
MENTAL HEALTH MOU	492,295	21,458
MANAGED CARE IGT (RATE RANGE)	10,418,208	16,223,093
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	3,047,229	3,354,122
PRIME RECEIVABLE	14,016,424	16,813,594
AB85/75% DEFAULT PCP RECEIVABLE	5,536,324	2,750,604
GPP (Global Payment Program)	935,438	3,476,995
WPC (Whole Person Care)	8,465,488	14,423,504
INTEREST ON FUND BALANCE RECEIVABLE	47,213	28,152
MANAGED CARE IGT (SPD)	(1,438,996)	609,161
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 FY14	0	(25,189,023)
WAIVER RECEIVABLE FY15	(11,223,792)	(23,770,144)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	5,608,568	2,994,290
PREPAID MORRISON DEPOSIT	799,706	776,510
INVENTORY AT COST	4,282,853	3,456,217
TOTAL CURRENT ASSETS	123,246,457	115,043,264
PROPERTY, PLANT & EQUIPMENT:		
LAND	170,401	168,115
EQUIPMENT	49,362,846	44,854,389
BUILDINGS	82,462,625	82,462,622
CONSTRUCTION IN PROGRESS	8,524,488	2,467,175
LESS: ACCUMULATED DEPRECIATION	(87,298,791)	(81,328,572)
NET PROPERTY, PLANT & EQUIPMENT	53,221,569	48,623,729
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	12,864,446	11,030,413
ACCUMULATED AMORTIZATION INTANGIBLES	(10,763,406)	(10,397,168)
NET INTANGIBLE ASSETS	2,101,040	633,245
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	71,902,645	49,355,076
CASH HELD BY COP IV TRUSTEE	912,973	906,469
TOTAL LONG-TERM ASSETS	72,815,618	50,261,545
TOTAL ASSETS	\$251,384,684	\$214,561,783

KERN MEDICAL BALANCE SHEET		
	January 2018	January 2017
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$21,568,956	\$16,364,688
ACCRUED SALARIES & EMPLOYEE BENEFITS	20,128,392	14,076,900
INTEREST PAYABLE	215,691	224,414
OTHER ACCRUALS	5,724,311	4,757,203
ACCRUED CWCAP LIABILITY	0	337,456
CURRENT PORTION - CAPITALIZED LEASES	135,836	67,093
CURR LIAB - COP 2011 PAYABLE	1,085,718	1,032,670
CURR LIAB - P.O.B.	1,114,513	1,034,070
MEDICARE COST REPORT LIAB PAYABLE	2,335,732	2,813,079
MEDI-CAL COST REPORT LIABILITY	1,430,435	738,571
INDIGENT FUNDING PAYABLE	15,698,237	9,040,557
DSH PAYABLE FY14	24,746,355	24,746,355
CREDIT BALANCES PAYABLES	4,542,042	4,899,814
DEFERRED REVENUE - COUNTY CONTRIBUTION	6,691,955	6,042,434
TOTAL CURRENT LIABILITIES	105,418,175	86,175,304
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	1,131,693	2,217,410
NET UNAMORTIZED DISCOUNT COP	59,978	79,971
LONG-TERM LIABILITY - CAPITAL LEASES	1,387,154	1,924,541
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,201,203	5,354,890
NET PENSION LIABILITY	329,935,445	345,262,534
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,722,232	17,201,707
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	3,917,723	3,528,303
L.T. P.O.B. PAYABLE 03	16,695,541	18,326,891
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	3,474,640	4,149,059
ACCRUED WORKERS' COMPENSATION PAYABLE	6,773,000	0
DEFERRED INFLOWS - PENSIONS	22,238,926	15,299,688
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	3,830,085	9,069,008
TOTAL LONG-TERM LIABILITIES	417,438,657	432,528,521
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	39,814,215	51,791,104
RETAINED EARNINGS - PRIOR YEAR	(311,286,363)	(355,933,146)
TOTAL NET POSITION	(271,472,148)	(304,142,042)
TOTAL LIABILITIES & NET POSITION	\$251,384,684	\$214,561,783



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

March 21, 2018

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



150 YEARS
Health for Life.

**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – JANUARY 2018**

MARCH 2018



3-Month Trend Analysis: Volume and Strategic Indicators

January 31, 2018

					BUDGET	VARIANCE	PY
		NOVEMBER	DECEMBER	JANUARY	JANUARY	POS (NEG)	JANUARY
VOLUME							
	Adjusted Admissions (AA)	1,476	1,499	1,672	1,597	5%	1,520
	Adjusted Patient Days	7,146	7,213	7,863	8,065	(3%)	7,942
	Admissions	790	853	855	832	3%	791
	Average Daily Census	128	132	130	135	(4%)	133
	Patient Days	3,825	4,105	4,020	4,200	(4%)	4,133
	Available Occupancy %	59.6%	61.9%	60.6%	63.3%	(4%)	62.3%
	Average LOS	4.8	4.8	4.7	5.0	(7%)	5.2
	Surgeries						
	Inpatient Surgeries (Main Campus)	225	214	236	224	5%	222
	Outpatient Surgeries (Main Campus)	257	227	208	254	(18%)	251
	Total Surgeries	482	441	444	478	(7%)	473
	Births	203	238	213	234	(9%)	214
	ER Visits						
	Admissions	424	425	467	437	7%	417
	Treated & Released	3,942	3,638	3,928	3,915	0.3%	3,542
	Total ER Visits	4,366	4,063	4,395	4,351	1%	3,959
	Trauma Activations	233	256	198	N/A	N/A	169
	Outpatient Clinic Visits						
	Total Clinic Visits	12,008	10,408	12,582	11,337	11%	10,252

Year-to-Date: Volume and Strategic Indicators

January 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	10,905	10,930	(0.23%)	10,485	4%
	Adjusted Patient Days	54,656	55,186	(1.0%)	52,796	4%
	Admissions	5,892	5,692	4%	5,604	5.1%
	Average Daily Census	135	134	1%	131	3%
	Patient Days	29,530	28,742	3%	28,260	4.5%
	Available Occupancy %	64.2%	62.5%	3%	61.4%	4.5%
	Average LOS	5.0	5.0	(0.7%)	5.0	(1%)
	Surgeries					
	Inpatient Surgeries (Main Campus)	1,651	1,646	0.3%	1,630	1.3%
	Outpatient Surgeries (Main Campus)	1,695	1,826	(7%)	1,808	(6%)
	Total Surgeries	3,346	3,472	(3.6%)	3,438	(3%)
	Births	1,550	1,603	(3%)	1,583	(2%)
	ER Visits					
	Admissions	3,044	2,988	2%	2,802	9%
	Treated & Released	26,275	26,788	(2%)	23,837	10%
	Total ER Visits	29,319	29,776	(2%)	26,639	10%
	Trauma Activations	1,759	N/A	N/A	1,547	N/A
	Outpatient Clinic Visits					
	Total Clinic Visits	81,501	77,583	5%	73,010	12%

3-Month Trend Analysis: Payor Mix

January 31, 2018

		NOVEMBER	DECEMBER	JANUARY	BUDGET JANUARY	VARIANCE POS (NEG)	PY JANUARY
PAYOR MIX - Charges							
	Commercial FFS	4.0%	5.2%	5.4%	4.8%	13%	4.1%
	Commercial HMO/PPO	5.1%	4.7%	4.6%	5.8%	(21%)	4.2%
	Medi-Cal	31.2%	30.7%	31.1%	30.1%	3%	29.3%
	Medi-Cal HMO - Kern Health Systems	32.0%	31.5%	31.8%	30.9%	3%	30.4%
	Medi-Cal HMO - Health Net	9.4%	9.3%	9.4%	9.1%	3%	9.3%
	Medi-Cal HMO - Other	1.1%	1.1%	1.1%	1.1%	2%	1.3%
	Medicare	9.9%	10.6%	10.8%	7.6%	42%	10.3%
	Medicare - HMO	1.5%	2.5%	1.8%	3.1%	(41%)	2.0%
	County Programs	0.3%	0.3%	0.3%	0.4%	(24%)	2.3%
	Workers' Compensation	0.6%	0.7%	0.5%	1.8%	(72%)	0.6%
	Self Pay	4.9%	3.5%	3.1%	5.3%	(41%)	6.2%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

January 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS	5.3%	4.0%	34%	4.0%	34%
	Commercial HMO/PPO	5.8%	6.0%	(4%)	6.0%	(4%)
	Medi-Cal	29.8%	28.1%	6%	28.1%	6%
	Medi-Cal HMO - Kern Health Systems	30.6%	28.8%	7%	28.8%	7%
	Medi-Cal HMO - Health Net	9.0%	11.0%	(18%)	11.0%	(18%)
	Medi-Cal HMO - Other	1.1%	1.1%	(4%)	1.1%	(4%)
	Medicare	10.0%	8.7%	16%	8.7%	16%
	Medicare - HMO	2.1%	1.9%	8%	1.9%	8%
	County Programs	0.5%	2.4%	(81%)	2.4%	(81%)
	Workers' Compensation	1.0%	0.6%	74%	0.6%	74%
	Self Pay	4.8%	7.4%	(35%)	7.4%	(35%)
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

January 31, 2018

		NOVEMBER	DECEMBER	JANUARY	BUDGET JANUARY	VARIANCE POS (NEG)	PY JANUARY
Labor Metrics							
	Productive FTEs	1,338.01	1,291.95	1,343.23	1,384.67	(3%)	1,221.27
	Non-Productive FTEs	245.86	276.84	230.75	212.05	9%	288.98
	Contract Labor FTEs	89.81	76.54	77.62	65.32	19%	57.86
	Total FTEs	1,583.87	1,568.79	1,573.98	1,596.72	(1%)	1,510.25
	FTE's Per AOB Paid	6.65	6.33	6.21	6.14	1%	5.90
	FTE's Per AOB Worked	5.62	5.21	5.30	5.32	(0.5%)	4.77
	Labor Cost/FTE (Annualized)	125,420.17	133,628.02	134,845.27	134,459.10	0.3%	137,240.33
	Benefits Expense as a % of Benefitted Labor Expense	58%	60%	61%	65%	(7%)	68%
	Salaries & Benefits as % of Net Patient Revenue	66%	64%	62%	66%	(6%)	54%

Year-to-Date: Labor and Productivity Metrics

January 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,354.56	1,342.77	1%	1,224.96	11%
	Non-Productive FTEs	216.87	205.60	5%	229.95	(5.7%)
	Contract Labor FTEs	85.94	64.51	33%	64.36	34%
	Total FTEs	1,571.43	1,548.37	1%	1,454.91	8%
	FTE's Per AOB Paid	6.18	6.03	2%	5.87	5%
	FTE's Per AOB Worked	5.33	5.23	2%	4.94	8%
	Labor Cost/FTE (Annualized)	129,481.49	132,482.63	(2%)	128,533.95	0.7%
	Benefits Expense as a % of Benefitted Labor Expense	58%	66%	(12%)	65%	(11%)
	Salaries & Benefits as % of Net Patient Revenue	63%	66%	(4%)	62%	2.6%



February 16, 2018

HAND DELIVERED

Russell E. Bigler, Chairman
Board of Governors
Kern County Hospital Authority
1700 Mount Vernon Avenue
Bakersfield, CA 93306

Re: Resignation from Kern County Hospital Authority Board of Governors

Dear Mr. Bigler:

It is with deep regret that I am writing to inform you of my decision to resign my position on the Board of Governors of the Kern County Hospital Authority, effective June 30, 2018.

My other commitments have become too great for me to be able to fulfill the requirements of my position on the Board, and I feel it is best for me to make room for someone with the time and energy to devote to the job.

It has been a privilege being a part of the hospital authority's inaugural Board. I am so proud of all we have accomplished in the past two years since our first meeting in March 2016, and I have no doubt the Board will continue these successes in the future.

If I can be of any assistance during the time it will take to fill the position, please do not hesitate to ask.

Best Regards,

A handwritten signature in black ink that reads "Colleen A McGauley". The signature is fluid and cursive, with the first name "Colleen" and the last name "McGauley" clearly legible.

Colleen McGauley

cc: Members, Board of Governors
Russell V. Judd

From: Colleen McGauley [mailto:cmcgauley@kerncasa.org]

Sent: Monday, March 12, 2018 3:36 PM

To: Rubigler@kern.org

Cc: Mona Allen <Mona.Allen@kernmedical.com>; Russell Judd <Russell.Judd@kernmedical.com>; Karen Barnes <Karen.Barnes@kernmedical.com>; Kathleen Krause <krausek@kerncounty.com>; alsopr@kerncounty.com; Amir Berjis <Amir.Berjis@kernmedical.com>; Christina Sistrunk <cssistrunk@aeraenergy.com>; Nancy Lawson <Lawsonn@kerncounty.com>; Phil McLaughlin <p.mclaughlin@vrbank.com>; Russell Bigler <rubigler@kern.org>; Stephen Pelz <spelz@kernha.org>; Colleen McGauley <cmcgauley@kerncasa.org>

Subject: RE: Notice of my intent to resign from Kern Medical Board of Governors

Hi Russell and my fellow board members.

I am sorry to officially announce that I will not be seeking another term on the Board of Governors of Kern Medical. I hope that I have been of assistance in my time on the board, as I have found it to be most enjoyable. It truly has been an honor to serve on the Board, and I am so proud of Russell Judd's leadership, his executive team, dear Karen, and all that serve the medical needs of our community.

My term is set to expire in June 2018, and the June meeting will be my last.

Thanks so very much,

Colleen

Colleen McGauley

Executive Director

CASA of Kern County

1717 Columbus Street

Bakersfield, CA 93305

661.631.2272- Office 661.321.4860- Direct Line



APRIL 7, 2018
REGISTER NOW!

**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 March 21, 2018, 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(e)(1)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on March 21, 2018, 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)) –

**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 March 21, 2018, to consider:

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