



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, December 11, 2019

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Cerner Electronic Health Record Implementation teams –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on November 13, 2019 –
APPROVE

CA

- 5) Proposed acceptance of donation from Federal Emergency Management Agency Center for Domestic Preparedness for travel and related expenses to cover all costs for ten Kern Medical Center employees to attend the “Healthcare Leadership for Mass Casualty Incidents” training in Anniston, Alabama, from January 5, 2020 through January 11, 2020 –
APPROVE; ADOPT RESOLUTION

CA

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

CA

- 7) Proposed Agreement with Arman G. Froush, D.O., a contract employee, for professional medical and administrative services in the Department of Radiology from December 11, 2019 through December 10, 2022, in an amount not to exceed \$2,850,000 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Master Lease Schedule to Quote 20032199908673-01 with Presidio Networked Solutions Group, LLC, an independent contractor, for financing the purchase of software and equipment for on-site data storage and backup system, effective December 11, 2019 – APPROVE; ADOPT RESOLUTION; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Sales Order 1-6UQOXCN with Cerner Corporation, an independent contractor, for the purchase of the MPI Duplicate Reconciliation Tool related to the electronic health record from December 11, 2019 through January 10, 2025, in an amount not to exceed \$285,178 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

- 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 November 30, 2019 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 13) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 14) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JANUARY 15, 2020, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

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

12) CLAIMS AND LAWSUITS FILED AS OF NOVEMBER 30, 2019 –
RECEIVE AND FILE

- A) Claim in the matter of Esperanza Maldonado
- B) Notice of Filing Discrimination Complaint in the matter of Julie Rosant (DFEH Matter Number 201906-06390405; EEOC Number 37A-2020-00488-C)
- C) Complaint for Damages in the matter of Marcel Monji v. County of Kern, et al., United States District Court, Eastern District of California, Case No. 1:19-cv-01526-LJO-JLT



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

**Regular Meeting
Wednesday, November 13, 2019**

11:30 A.M.

BOARD RECONVENED

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

ROLL CALL: 5 Present; 2 Absent - Bigler, Sistrunk

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR BERJIS REPORTED ON THE SIGNIFICANT INCREASE IN APPLICATIONS FOR THE RESIDENCY AND FELLOWSHIP PROGRAMS AT KERN MEDICAL CENTER

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing Aidee Cardenas, Kern Medical Center Foundation Community Engagement Coordinator, on her receipt of the Latino Inspire Award from Congressman TJ Cox –
MADE PRESENTATION; ERICA EASTON, EXECUTIVE DIRECTOR, KERN MEDICAL CENTER FOUNDATION, HEARD

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on October 16, 2019 –
APPROVED
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 5) Proposed Agreement with Igor Garcia-Pacheco, M.D., a contract employee, for professional medical and administrative services in the Department of Medicine from December 2, 2019 through December 1, 2022, in an amount not to exceed \$1,505,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 068-2019
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 6) Proposed Agreement with Aslan Ghandforoush, D.O., a contract employee, for professional medical and administrative services in the Department of Medicine, Division of Cardiology, from November 26, 2019 through November 25, 2024, in an amount not to exceed \$5,000,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 069-2019
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 7) Proposed Resolution in the matter of approving the establishment of one or more checking accounts with a local banking institution and delegation of authority to certain individuals to sign banking instruments –
APPROVED; ADOPTED RESOLUTION 2019-014
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 8) Proposed retroactive Subscriber Service Agreement with Chaffee Enterprises, Inc., doing business as Ability Answering Service, an independent contractor, containing nonstandard terms and conditions, for specialized medical office phone coverage from October 11, 2019 through January 9, 2020, in an amount not to exceed \$6,000 – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 070-2019
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 9) Proposed Quote 20032199908673-01 to Agreement 053-2018 with Presidio Networked Solutions Group, LLC, an independent contractor, for lease of equipment, software and services for information technology data storage to support the Cerner Millennium project, effective November 13, 2019, in an amount not to exceed \$413,193 – APPROVED (AGREEMENT 071-2019); DIRECTED DEPARTMENT TO ISSUE A PURCHASE ORDER
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 10) Proposed Supplement to Agreement 496-2016 with The Ultimate Software Group, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of employee case management software, effective November 13, 2019, in an annual amount not to exceed \$72,048 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 072-2019
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

CA

- 11) Proposed acceptance of donation from Unitek College, an independent contractor, for travel and related expenses to cover all costs for one Kern Medical Center employee to attend the Unitek College 2019 Annual Conference titled “Innovation in Education and Health Care: Leading and Growing the Future” in Newark, California, on November 18, 2019 – APPROVED; ADOPTED RESOLUTION 2019-015
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

- 12) Proposed Resolution in the matter of conducting an election among eligible employees to determine coverage of Kern Medical Center employees under the old age, survivors, disability and health insurance system established by the Federal Social Security Act – APPROVED; ADOPTED RESOLUTION 2019-016; DIRECT STAFF TO CONDUCT ELECTION
Alsop-Pelz: 5 Ayes; 2 Absent - Bigler, Sistrunk

- 13) Kern County Hospital Authority Chief Financial Officer report – RECEIVED AND FILED
Pelz-Brar: 5 Ayes; 2 Absent - Bigler, Sistrunk

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

CA

- 15) Claims and Lawsuits Filed as of October 31, 2019 –
RECEIVED AND FILED
Brar-Berjis: 5 Ayes; 2 Absent - Bigler, Sistrunk

ADJOURNED TO CLOSED SESSION
Alsop-Berjis

CLOSED SESSION

- 16) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 17) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 18) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman, M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 SDS – SEE RESULTS BELOW
- 19) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
Alsop-Pelz

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 16 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR PELZ, SECOND BY DIRECTOR BERJIS; 2 ABSENT - DIRECTORS BIGLER AND SISTRUNK), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW/RELEASE OF PROCTORING, CHANGE IN STAFF STATUS, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 17 concerning Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 18 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Martin L. Goldman, M.D., an individual v. Kern County Hospital Authority, et al., Kern County Superior Court Case No. BCV-18-100390 SDS – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 19 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD;
NO REPORTABLE ACTION TAKEN

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

Pelz

/s/ Mona A. Allen
Authority Board Coordinator

/s/ Philip McLaughlin
Vice-Chairman, Board of Governors
Kern County Hospital Authority



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

December 11, 2019

Subject: Proposed acceptance of donation of training, travel, and related expenses from the Federal Emergency Management Agency, Center for Domestic Preparedness

Recommended Action: Approve; Adopt Resolution

Summary:

The Authority's conflict of interest policy prohibits employees from receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the employee would be required or expected to render in the regular course of his or her employment.

The Federal Emergency Management Agency, Center for Domestic Preparedness (FEMA/CDP) provides advanced, all-hazards training to state, local, and territorial governments. This FEMA/CDP training is fully funded by the Department of Homeland Security, including all travel and related expenses. Kern Medical seeks approval for 10 employees to attend the Healthcare Leadership for Mass Casualty Incidents training in Anniston, Alabama, from January 5-11, 2020. The 10 hospital employees will be trained in mass casualty management and include members of the hospital's emergency management committee and frontline staff members.

Kern Medical recommends your Board adopt the attached proposed resolution to accept the training and travel donation from FEMA/CDP for registration, travel, and related expenses and authorize the Chief Executive Officer to designate 10 employees to attend this important training.

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

In the matter of:

Resolution No. 2019-____

**ACCEPTANCE OF DONATION OF
TRAVEL AND RELATED EXPENSES
FROM FEDERAL EMERGENCY
MANAGEMENT AGENCY CENTER
FOR DOMESTIC PREPAREDNESS**

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 11th day of December, 2019, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The conflict of interest policy for the Kern County Hospital Authority (“Authority”) prohibits Authority employees from receiving or accepting money or any other consideration from anyone other than the Authority for the performance of an act which the employee would be required or expected to render in the regular course of his or her employment; and

(b) The Federal Emergency Management Agency Center for Domestic Preparedness (FEMA/CDP) has offered to donate to the Authority all travel and related expenses for 10 Authority employees to attend the “Healthcare Leadership for Mass Casualty Incidents” training in Anniston, Alabama, from January 5-11, 2020; and

(c) The training session is necessary in connection with official Authority business; and

(d) The Authority desires to obtain the donation of travel and related expenses to the Authority and will retain full control over the use of the donation; and

(e) FEMA/CDP has not made any restrictions as to how the donation may be used.

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

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

2. This Board hereby accepts from FEMA/CDP the donation of travel and related expenses to cover all costs for 10 Authority employees to travel to Anniston, Alabama, to attend the “Healthcare Leadership for Mass Casualty Incidents” training from January 5-11, 2020.

3. This Board authorizes the Chief Executive Officer to designate 10 Authority employees to attend the “Healthcare Leadership for Mass Casualty Incidents” training in Anniston, Alabama, from January 5-11, 2020.

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

Chief Financial Officer
Legal Services Department
Human Resources Department



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

December 11, 2019

SUBJECT: Proposed Conflict of Interest Policy for Kern County Hospital Authority

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

Summary:

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

The purposes of this policy are: (1) to preserve the integrity of the decision-making process of the Hospital Authority, (2) to prevent intentional or inadvertent participation in the decision-making process by persons having an actual or apparent conflict of interest, (3) to promote compliance with the process by which conflicts of interest are disclosed and managed in accordance with state laws, and (4) to prevent violations of state conflict of interest laws.

The attached reflects our recommended changes to the policy and conflict of interest code. The policy was updated to conform to the California Fair Political Practices Commission gift limits in effect from January 1, 2019 – December 31, 2020. The conflict of interest code was revised to reflect the current list of designated covered individuals by title or classification. The proposed changes have been reviewed and approved as to legal form by counsel.

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

¹ Each member of the Hospital Authority Board of Governors and officers shall discharge his or her duties with integrity and fidelity and may not let private interests influence public decisions.

² In accordance with Section 101855(o) of the Health and Safety Code, a member of the Hospital Authority's administrative staff shall not be considered to hold an incompatible office or to be engaged in activities inconsistent and incompatible with his or her duties as a result of his or her employment or affiliation with the County of Kern or an agency of the County.

**ADMINISTRATIVE POLICY KERN
COUNTY HOSPITAL AUTHORITY**

SUBJECT: Conflict of Interest

POLICY STATEMENT:

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

DEFINITIONS:

- A. “Covered Individual” means those individuals identified in the attached Appendix A.
- B. “Financial interest” means for purposes of this policy a Covered Individual has a “financial interest” in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee or an immediate family member or on:
 - (1) any business entity in which the Covered Individual has a direct or indirect investment worth ~~\$1,000~~2,000 or more;
 - (2) any real property in which the Covered Individual has a direct or indirect interest worth ~~\$1,000~~2,000 or more;
 - (3) any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating ~~\$470~~500² or more in value provided to, received by or promised to the Covered Individual within 12 months prior to the time when the decision is made;
 - (4) any business or entity in which the Covered Individual is a director, officer, partner, trustee, employee, or holds any position of management; and
 - (5) any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating ~~\$470~~500 or more in value provided to, received by or promised to the Covered Individual within 12 months prior to the time when the decision is made.

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

² California Fair Political Practices Commission gift limit effective January 1, ~~2017~~2019 - December 31, ~~2018~~2020.

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

1.0 ACTS CONSTITUTING CONFLICT OF INTEREST

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

2.0 EXEMPTION FOR CERTAIN PHYSICIAN SERVICES

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

3.0 POST-EMPLOYMENT RESTRICTIONS REGARDING REPRESENTATION, APPEARANCE OR COMMUNICATION

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

4.0 POST-EMPLOYMENT RESTRICTIONS REGARDING AID, ADVICE OR COUNSEL

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

5.0 CONFLICT OF INTEREST CODE

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

APPENDIX A

CONFLICT OF INTEREST CODE KERN COUNTY HOSPITAL AUTHORITY DESIGNATED COVERED INDIVIDUALS

Accountant (all)

Assistant Pharmacy Director

~~Associate Hospital Administrator, Behavioral Health (contract service)~~

~~Associate Hospital Administrator, Trauma and Surgery (contract service)~~

Associate Director of Medical Education

Authority Board Coordinator (contract service)

Chairman and Members of the Board of Governors

~~Chief Academic Officer~~

Chief Executive Officer (contract service)

Chief Financial Officer (contract service)

Chief Information Officer

Chief Medical Officer (contract service)

Chief Nursing Officer

Chief Operating Officer (contract service)

~~Chief Quality Officer~~

Chief Strategy Officer (contract service)

Clinical Directors (all)

Consultants *

~~Contract Administrator~~

~~Contract Compliance Manager (contract service)~~

Contracts Compliance Specialist

Credit Card Holders (all)

Decision Support ~~Specialist Consultant~~ (contract service)

~~Director, Business Office (contract service)~~

Director, Care Coordination (contract service)

Director, Change Management (contract service)

~~Director, Clinical Laboratory Services~~

Director, Communications (contract service)

~~Director, Community Wellness (contract service)~~

Director, Employee and Labor Relations

Director, Finance (contract service)

~~Director, Human Resources Operations (contract service)~~

Director, Outpatient Integration (contract service)

Director, Patient Access (contract service)

Director, Patient Accounting (contract service)

Director, Performance Improvement (contract service)

Director, Pharmacy Services

Director, Physician Recruitment (contract service)

Director, Population Health (contract service)

~~Director, Radiology~~

Director, Whole Person Care (contract service)

EVS Director (contract service)

~~Finance Contract Compliance Manager (contract service)~~

[Financial Planning Director \(contract service\)](#)

Fiscal Support Supervisor (assigned to General Accounting or Accounts Payable)

Fiscal Support Technician (assigned to Materials Management)

Front End Revenue Cycle Manager – EMR (contract service)

Front End Revenue Cycle Manager – Inpatient and Emergency Department (contract service)

Front End Revenue Cycle Manager – Patient Financial Counseling and Outpatient Clinics (contract service)

Front End Revenue Cycle Manager – Pre-registration and Authorization (contract service)

[General Accounting Manager](#)

Health Information Services Director

[Hospital Business Office Manager](#)

[Hospital Business Office Supervisor](#)

Hospital Counsel

Health Facilities Director ~~(contract service)~~

Hospital Materials Director ~~(contract service)~~

Hospital Materials Manager

Hospital Payroll Manager (contract service)

Hospital Security Director (contract service)

Managed Care Consultant (contract service)

[Manager, Decision Support \(contract service\)](#)

Manager of Reimbursement (contract service)

[Manager, Radiology](#)

Materials Management Operations Manager ~~(contract service)~~

Medical Staff Department Chairs (all)

Medical Staff Division Chiefs (all)

Medical Staff Officers (elected officers only)

Patient Access Services Supervisor

[Physician Billing Manager \(contract service\)](#)

[Physician Enterprise Manager](#)

[Physician Enterprise Consultant \(contract service\)](#)

[President of Hospital and Clinic Operations \(contract service\)](#)

Revenue Cycle AR Administration Manager (contract service)

[Revenue Cycle AR Inventory Manager \(contract service\)](#)

Revenue Cycle Systems Support Manager (contract service)

Revenue Integrity Manager (contract service)

Senior Paralegal

Special Projects Manager (contract service)

Therapy Services Manager

Vice President & General Counsel

Vice President, Administrative Services (contract service)

Vice President, Ambulatory Services (contract service)

Vice President, Human Resources (contract service)

Workers' Compensation and Liability Manager

*Consultants shall be included in the list of designated Covered Individuals and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation: The Chief Executive Officer may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not

required to comply fully with the disclosure requirements described in the Kern County Hospital Authority Conflict of Interest Code. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as the Conflict of Interest Code.

DISCLOSURE CATEGORY

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

ADMINISTRATIVE POLICY
KERN COUNTY HOSPITAL AUTHORITY

SUBJECT: Conflict of Interest

POLICY STATEMENT:

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

DEFINITIONS:

- A. “Covered Individual” means those individuals identified in the attached Appendix A.
- B. “Financial interest” means for purposes of this policy a Covered Individual has a “financial interest” in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee or an immediate family member or on:
 - (1) any business entity in which the Covered Individual has a direct or indirect investment worth \$2,000 or more;
 - (2) any real property in which the Covered Individual has a direct or indirect interest worth \$2,000 or more;
 - (3) any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500² or more in value provided to, received by or promised to the Covered Individual within 12 months prior to the time when the decision is made;
 - (4) any business or entity in which the Covered Individual is a director, officer, partner, trustee, employee, or holds any position of management; and
 - (5) any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$500 or more in value provided to, received by or promised to the Covered Individual within 12 months prior to the time when the decision is made.

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

² California Fair Political Practices Commission gift limit effective **January 1, 2019 - December 31, 2020.**

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

1.0 ACTS CONSTITUTING CONFLICT OF INTEREST

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

2.0 EXEMPTION FOR CERTAIN PHYSICIAN SERVICES

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

3.0 POST-EMPLOYMENT RESTRICTIONS REGARDING REPRESENTATION, APPEARANCE OR COMMUNICATION

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

4.0 POST-EMPLOYMENT RESTRICTIONS REGARDING AID, ADVICE OR COUNSEL

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

5.0 CONFLICT OF INTEREST CODE

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

APPENDIX A

CONFLICT OF INTEREST CODE KERN COUNTY HOSPITAL AUTHORITY DESIGNATED COVERED INDIVIDUALS

Accountant (all)
Assistant Pharmacy Director
Associate Director of Medical Education
Authority Board Coordinator (contract service)
Chairman and Members of the Board of Governors
Chief Executive Officer (contract service)
Chief Financial Officer (contract service)
Chief Information Officer
Chief Medical Officer (contract service)
Chief Nursing Officer
Chief Operating Officer (contract service)
Chief Strategy Officer (contract service)
Clinical Directors (all)
Consultants *
Contracts Compliance Specialist
Credit Card Holders (all)
Decision Support Consultant (contract service)
Director, Care Coordination (contract service)
Director, Change Management (contract service)
Director, Communications (contract service)
Director, Employee and Labor Relations
Director, Finance (contract service)
Director, Outpatient Integration (contract service)
Director, Patient Access (contract service)
Director, Patient Accounting (contract service)
Director, Performance Improvement (contract service)
Director, Pharmacy Services
Director, Physician Recruitment (contract service)
Director, Population Health (contract service)
Director, Whole Person Care (contract service)
EVS Director (contract service)
Fiscal Support Supervisor (assigned to General Accounting or Accounts Payable)
Fiscal Support Technician (assigned to Materials Management)
Front End Revenue Cycle Manager – EMR (contract service)
Front End Revenue Cycle Manager – Inpatient and Emergency Department (contract service)
Front End Revenue Cycle Manager – Patient Financial Counseling and Outpatient Clinics (contract service)
Front End Revenue Cycle Manager – Pre-registration and Authorization (contract service)
Health Information Services Director
Hospital Counsel
Health Facilities Director
Hospital Materials Director
Hospital Materials Manager

Hospital Payroll Manager (contract service)
Hospital Security Director (contract service)
Managed Care Consultant (contract service)
Manager of Reimbursement (contract service)
Manager, Radiology
Materials Management Operations Manager
Medical Staff Department Chairs (all)
Medical Staff Division Chiefs (all)
Medical Staff Officers (elected officers only)
Patient Access Services Supervisor
Physician Enterprise Manager
Physician Enterprise Consultant (contract service)
President of Hospital and Clinic Operations (contract service)
Revenue Cycle AR Administration Manager (contract service)
Revenue Cycle AR Inventory Manager (contract service)
Revenue Cycle Systems Support Manager (contract service)
Revenue Integrity Manager (contract service)
Senior Paralegal
Special Projects Manager (contract service)
Therapy Services Manager
Vice President & General Counsel
Vice President, Administrative Services (contract service)
Vice President, Ambulatory Services (contract service)
Vice President, Human Resources (contract service)
Workers' Compensation and Liability Manager

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

DISCLOSURE CATEGORY

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



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

November 13, 2019

Subject: Proposed Agreement with Arman G. Froush, D.O.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve an agreement with Arman G. Froush, D.O., a contract employee, for professional medical and administrative services in the Department of Radiology. Dr. Froush has been a full-time contract employee at Kern Medical since October 2016. Dr. Froush also serves as Chair, Department of Radiology and Chief, Division of Vascular and Interventional Radiology

The proposed Agreement is for a term of three-years from December 11, 2019 through December 10, 2022. The maximum payable will not to exceed \$2,850,000 over the three-year term of the Agreement.

Dr. Froush's annual salary is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided. Included in Dr. Froush's annual salary, he receives a base salary for teaching and administrative duties as well as patient care and on-call coverage for Kern Medical.

Therefore, it is recommended that your Board approve the Agreement with Arman G. Froush, D.O., for professional medical and administrative services in the Department of Radiology from December 11, 2019 through December 10, 2022, in an amount not to exceed \$2,850,000 over the three-year term, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Arman G. Froush, D.O.)**

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

**I.
RECITALS**

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

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

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

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical and administrative services in the Department (Agt. #2016-072, dated October 19, 2017), for the period January 21, 2017 through January 20, 2020; and

(e) Physician has met the conditions of paragraph 5.4 as set forth in Agt. #2016-072, which provides in relevant part that Physician shall be paid an annual retention bonus in the amount of \$20,000, less all applicable federal and state taxes and withholdings; and

(f) Each party expressly understands and agrees that Agt. #2016-072 is superseded by this Agreement as of the Commencement Date, with the exception of the retention bonus set forth in paragraph 5.4 of Agt. #2016-072, which becomes payable to Physician on January 20, 2020;

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The term of this Agreement shall be for a period of three (3) years, commencing as of December 11, 2019 (the “Commencement Date”), and shall end December 10, 2022 (the “Term”), unless earlier terminated pursuant to other provisions of this Agreement as herein

stated. This Agreement may be renewed for additional terms of two (2) years each, but only upon mutual written agreement of the parties. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

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

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

4. **Obligations of Physician.**

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

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

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

4.3 Qualifications.

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

4.3.2 Board Certification. Physician shall be board certified by the American Osteopathic Association in radiology-general certification with certification of added qualifications in vascular/interventional radiology, and maintain such certifications at all times during the Term of this Agreement.

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

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

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

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

4.6 Managed Care Contracting. Physician shall cooperate in all reasonable respects necessary to facilitate KMC’s entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable KMC to participate in any third-party payer arrangements, Physician shall, upon request: (i) enroll as a

provider (if required by the third-party payer), separate from KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a “Managed Care Organization”) designated by KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

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

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

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

4.10 Proprietary Information. Physician acknowledges that during the Term of this Agreement Physician will have contacts with and develop and service KMC patients and referring sources of business of KMC. In all of Physician’s activities, Physician, through the nature of his work, will have access to and will acquire confidential information related to the business and operations of KMC, including, without limiting the generality of the foregoing, patient lists and confidential information relating to processes, plans, methods of doing business and special needs of referring doctors and patients. Physician acknowledges that all such information is solely the property of KMC and constitutes proprietary and confidential information of KMC; and the disclosure thereof would cause substantial loss to the goodwill of KMC; and that disclosure to Physician is being made only because of the position of trust and

confidence that Physician will occupy. Physician covenants that, except as required by law, Physician will not, at any time during the Term or any time thereafter, disclose to any person, hospital, firm, partnership, entity or organization (except when authorized in writing by KMC) any information whatsoever pertaining to the business or operations of KMC, any affiliate thereof or of any other physician employed by KMC, including without limitation, any of the kinds of information described in this paragraph.

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

5. Compensation Package.

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

5.1.1 Annual Salary. Authority shall pay Physician an Annual Salary comprised of (i) a base salary for teaching and administrative duties and (ii) payment for care of KMC patients in the amount of \$525,000 per year, to be paid as follows: Physician shall be paid \$20,192.30 biweekly not to exceed \$525,000 annually. Physician understands and agrees that (i) the annual salary set forth in this paragraph 5.1 is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey ("MGMA Survey") for specialty and (ii) Physician will maintain a median level of worked relative value units ("Worked RVU") based on the current MGMA Survey and fulfill all the duties set forth in Exhibit "A" during the term of this Agreement.

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

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

5.2 Chair Stipend. Authority shall pay Physician an annual stipend of \$2,884.61 biweekly not to exceed \$75,000 annually for services as Chair, Department of Radiology. Physician understands and agrees that he must remain in the position of Chair, Department of Radiology as of each payout date in order to earn and receive the stipend. All stipend payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.3 Excess Call Coverage. Authority shall pay Physician for excess call coverage (vascular/interventional radiology only) as follows: (i) Physician shall be paid a fixed fee in the amount of \$1,000 per 24-hour day for every weekday (Monday-Friday) of call coverage assigned; and (ii) Physician shall be paid a fixed fee in the amount of \$2,000 per 24-hour day for every weekend (Saturday and Sunday) of call coverage assigned. All payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.

5.4 Additional Shifts. Authority shall pay Physician for additional shifts (diagnostic imaging only) as follows: (i) Physician shall be paid a fixed fee in the amount of \$1,700 for every weekday shift (Monday-Friday) that exceeds 20 eight-hour shifts per month or 16 10-hour shifts per month; and (ii) Physician shall be paid a fixed fee in the amount of \$1,900 for every weekend shift (Saturday and Sunday) that exceeds 20 eight-hour shifts per month or 16 10-hour shifts per month. All payments made by Authority to Physician for additional shifts shall be subject to all applicable federal and state taxes and withholding requirements.

5.5 Backup Call Coverage. Authority shall pay Physician a fixed fee in the amount of \$500, less all applicable federal and state taxes and withholdings, for backup call coverage (vascular/interventional radiology only), unless otherwise on service.

5.6 Retention Bonus.

5.6.1 Bonus. Physician shall be paid an annual retention bonus in the amount of \$20,000, less all applicable federal and state taxes and withholdings, payable within 30 days of the end of each Employment Year. If the conditions for Physician to receive the retention bonus are met, the retention bonus would become payable to Physician on January 10, 2020, for the previous Employment Year, and each January 10 thereafter.

5.6.2 Repayment. In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever during an Employment Year in which a retention bonus is paid, Physician will repay to Authority an amount equal to \$20,000 multiplied by the fraction, the numerator of which is 365 less the number of days during which Physician was employed by Authority, and the denominator of which is 365. Such repayment shall be made by Physician in full within 30 days of the effective date of his termination of employment with Authority.

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

5.7 Professional Fee Billing.

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

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

5.8 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,850,000 over the three-year Term of this Agreement.

6. **Benefits Package.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notice to Physician:

Arman G. Froush, D.O.
901 Mohawk Street, Apt. 13
Bakersfield, California 93309

Notice to Authority:

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

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

26. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the state of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions

shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.

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

28. **Termination.**

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

28.2 **Immediate Termination.** Notwithstanding the foregoing, Authority may terminate this Agreement immediately by written notice to Physician upon the occurrence of any of the following events: (i) Authority determines that Physician does not have the proper credentials, experience, or skill to perform the required services under this Agreement; (ii) Authority determines the conduct of Physician in the providing of services may result in civil, criminal, or monetary penalties against Authority or KMC; (iii) Physician violates any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or Practice Sites is subject; (iv) Physician engages in the commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty against Authority or KMC; (v) the actions of Physician result in the loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal; (vi) Physician's license to practice medicine in the state of California lapses or is denied, suspended, revoked, terminated, relinquished or made subject to terms of probation or other restriction; (vii) Physician's medical staff privileges are denied, suspended, revoked, terminated, relinquished under threat of disciplinary action or made subject to terms of probation or other restriction; (viii) Physician's Controlled Substance Registration Certificate issued by the Drug Enforcement Administration is revoked, suspended, terminated, relinquished, placed on terms of probation, or restricted in any way; (ix) Physician becomes debarred, excluded, or suspended, or if any other event occurs that makes Physician an Ineligible Person; (x) Physician fails to make a timely disclosure pursuant to paragraph 4.4; (xi) Physician engages in conduct that, in the sole discretion of Authority, is detrimental to patient care or to the reputation or operations of Authority and/or KMC, which conduct persists for five (5) business days after written notice to Physician; (xii) Physician breaches the confidentiality provisions of this Agreement; (xiii) Physician dies; (xiv) Physician fails to follow Authority's policies and procedures and other rules of conduct applicable to all employees of Authority, including without limitation, policies prohibiting sexual harassment, which failure persists for five (5) business days after written notice to Physician; or (xv) Physician breaches any covenant set forth in paragraph 4.11.

29. **Effect of Termination.**

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

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

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

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

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

[Signatures follow on next page]

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

PHYSICIAN

By _____
Arman G. Froush, D.O.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

EXHIBIT “A”
Job Description
Arman G. Froush, D.O.

Position Description: Reports to Chief Medical Officer; serves as Chair, Department of Radiology and Chief, Division of Vascular and Interventional Radiology; serves as a full-time physician in the Department; day-to-day work activities and clinical workload shall include coverage within the Department; provides comprehensive and safe clinical coverage for day-to-day operations, timely completion of care, direct patient care, leadership, and administrative services. Physician shall work collaboratively with Department physicians, staff, managers, and administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience. Physician work effort will be at a minimum of 2,500 hours annually in teaching, administrative, leadership, and clinical activity.

Essential Functions:

A. Leadership and Administrative Responsibilities

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

- Collaboration with all other KMC Department Chairs
- Collaboration with KMC administration to enhance engagement with area health plans, community physicians, and members of the Medical Staff to improve patient care and overall volume growth
- Lead the clinical preparation monitoring, review, and performance of clinical activity in the Department
- Develop and maintain a Department Strategic Plan in consultation with Department faculty, radiology management, and KMC administration.
- Develop a faculty succession and recruitment plan. In consultation with Department faculty, recruit and recommend to hospital administration new faculty, after appropriate vetting, for faculty appointments in the Department
- Work collaboratively with other clinical departments to develop a cohesive and collaborative environment across clinical departments with a focus of enhancing access to patient care for inpatient and outpatient services
- Support the development of Graduate Medical Education within the institution and other education programs and curriculum
- Follow and comply with the Medical Staff bylaws, rules, regulations, and Authority and KMC policies and procedures
- Participate in clinical and administrative integration efforts across the organization as appropriate for the Department ensuring proper program planning, resource allocation, analysis, communication, and assessment
- Gather data through best practices and collaborates with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
- Develop monitoring tools to measure financial, access, quality and satisfaction outcomes
- Ensures preparation, monitoring, review, and performance of clinical activity in the Department
- Participates in the quality improvement and risk management activities, including peer review and quality control functions, as assigned to services in the Department
- Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation
- Participate in other clinical, academic, and administrative activities as assigned by the Chief Medical Officer
- Participate in additional administrative responsibilities, as required

B. Clinical Responsibilities

- The Chair is a working clinical position that models exemplary clinical outcomes and professional leadership behaviors as well as provides professional and administrative services
- Serve as an attending physician in the Department performing appropriate therapeutic and diagnostic care and procedures within the scope of practice for an interventional radiologist as well as a diagnostic radiologist
- Provide radiology services on-site at KMC or other KMC locations and in accordance with generally accepted professional standards
- Provide professional services for all patients who present to KMC for treatment

- Participate in special procedures and in rotations in the various departmental image reading queues
- Provide shift coverage for weekdays and weekends as well as call coverage for weekday nights and 24-hour weekend call in accordance with the schedule as determined by the Department chair and/or designee
- Provide first call and backup call for vascular and interventional radiology in accordance with the schedule as determined by the Department chair and/or designee
- Respond to call within 10 minutes, when on call
- Supervise residents and medical students in the Department
- Supervise any Advance Practice Providers (APP) in the Department or Interventional and Vascular Clinic and ensure competence
- Pursue optimized vascular and interventional radiology services and continue development of a comprehensive imaging service

C. Medical Education, Teaching, and Academic Responsibilities

- Participate in the instruction of residents and medical students, as appropriate
- Pursue as appropriate an academic appointment at the David Geffen School of Medicine at UCLA
- Serve as a mentor to residents and medical students as appropriate
- Support the activities of the residency educational programs
- Participate in the development of Department curriculum as appropriate
- Deliver lectures as appropriate throughout the year

Employment Standards:

Completion of an accredited residency program in diagnostic radiology; completion of a fellowship in vascular and interventional radiology; one (1) year of post-residency experience in diagnostic and interventional radiology

AND

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

AND

Certification by the American Osteopathic Association in diagnostic radiology-general certification with certification of added qualifications in vascular/interventional radiology

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

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

[See attached]

AUTHORIZATION TO RELEASE INFORMATION

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

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

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

Physician

Date



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

December 11, 2019

Subject: Proposed Master Lease Schedule and Counsel Opinion Letter regarding Presidio Quote 20032199908673-01 with Presidio Networked Solutions Group, LLC, for services regarding information technology infrastructures approved on November 13, 2019.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board of Governors approve the Master Lease Schedule and Counsel Opinion letter for Presidio Quote 20032199908673-01, which was approved on November 13, 2019, (KCHA Agt.# 071-2019). The quote included costs to provide for an expansion of the Rubrik system, which is for onsite data storage and backup solutions. The Radiology Picture Archive Computer System (PACS) system is not currently covered and needs to be backed-up. This backup solution will be able to handle the current and future needs for the image backup and recovery. At the time your Board approved the Quote, the documents referenced herein were inadvertently omitted. In order to move forward with the Quote, Presidio requires the approval of the following:

- Master Lease Schedule
- Exhibit A to Schedule Number 679359 to Master Lease Agreement
- Equipment Addendum
- Option to Purchase Equipment at End of Lease
- Opinion Letter of Counsel addressed to Presidio Technology Capital

Therefore, in order to move forward with the previously approved Quote, Kern Medical recommends that your Board approve the above-referenced listed documents and authorize the Chairman to sign.

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

In the matter of:

Resolution No. _____

**FINANCING THE PURCHASE OF PRESIDIO
SOFTWARE AND EQUIPMENT FOR THE
EXPANSION OF THE RUBRIK SYSTEM FOR
ONSITE DATA BACKUP FOR
THE KERN COUNTY HOSPITAL AUTHORITY**

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 the Kern County Hospital Authority at an official meeting thereof on the 11th day of December, 2019, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

MONA A. ALLEN
Authority Board Coordinator
Kern County Hospital Authority

Mona A. Allen

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority ("Hospital Authority") has the power to incur indebtedness and to borrow money and issue bonds, subject to the approval of the Board of Supervisors; and

(b) The Hospital Authority also has the power to purchase supplies, equipment, materials, property, and services, and the power to enter into contracts, pursuant to Chapter

5.5 (commencing with Section 101852) of Part 4 of Division 101 of the Health and Safety Code; and

(c) The Hospital Authority has entered into an agreement with Change Healthcare Technologies, LLC to orchestrate the implementation of the Picture Archiving and Communication System (PACS) which requires an additional purchase of software and equipment; and

(d) Presidio Technology Capital, LLC desires to lend Hospital Authority monies in the lease/purchase of this software and equipment and requires a resolution by the Hospital Authority's governing body to do so.

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 Hospital Authority shall be served by entering into an agreement to borrow monies for the lease/purchase of equipment.

3. The provisions of this Resolution shall be effective, in force and operative as of the 11th day of December 2019.

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

Kern Medical Center
Presidio Technology Capital, LLC

PRESIDIO[®]

TECHNOLOGY CAPITAL

PRESIDIO TECHNOLOGY CAPITAL, LLC ■ TWO SUN COURT ■ NORCROSS, GA. 30092-9204

Master Lease Schedule

- 1. LESSEE NAME & ADDRESS: Kern County Hospital Authority
1700 Mt. Vernon Ave.
Bakersfield, CA 93306-4018
- 2. MASTER LEASE WITH: Kern County Hospital Authority
- 3. EQUIPMENT: Equipment is listed on attached Equipment Addendum.
- 4. RENTAL PERIOD: 36 Months MONTHLY PAYMENT: \$14,117.84
- 5. ADVANCE PAYMENT: None.
- 6. BILLING INFORMATION: N/A
- 7. ADDITIONAL PROVISIONS: N/A

Federal Tax ID No: 364642420
State Incorporated: CA
State ID No: C3157027

THIS SCHEDULE IS ISSUED PURSUANT TO THE MASTER LEASE, WHICH LESSEE HAS REVIEWED AND HEREBY REAFFIRMS, AND WILL BECOME EFFECTIVE ONLY WHEN ACCEPTED IN WRITING BY LESSOR AT ITS OFFICES IN NORCROSS, GEORGIA. LESSEE AGREES THAT THE EQUIPMENT AND LESSEE'S OBLIGATIONS WILL BE SUBJECT TO THE TERMS AND CONDITIONS OF THIS SCHEDULE AS IT INCORPORATES THOSE OF THE MASTER LEASE

Presidio Technology Capital, LLC

Kern County Hospital Authority

By: _____
Authorized Signature

Name (Type or Print) Date

By: _____ <Sign here
Authorized Signature
Russell Bigler **12/11/2019**
Name (Type or Print) Date

NONE OF THE PROVISIONS OF THIS SCHEDULE MAY BE WAIVED OR AMENDED EXCEPT IN A WRITING SIGNED BY LESSEE AND LESSOR.

DATE OF ACCEPTANCE BY LESSOR:

Norcross, Georgia

Kern County Hospital Authority

By: _____ <Sign here
Authorized Signature

APPROVED AS TO FORM
Legal Services Department

By: 
Kern County Hospital Authority

PRESIDIO[®]

TECHNOLOGY CAPITAL

PRESIDIO TECHNOLOGY CAPITAL, LLC ■ TWO SUN COURT ■ NORCROSS, GEORGIA 30092

EXHIBIT A TO SCHEDULE NUMBER 679359 to MASTER LEASE AGREEMENT

ATTACHED TO AND MADE A PART OF the Master Lease Schedule Number 679359 ("Schedule") to the Master Lease Agreement dated July 24, 2018 between **Presidio Technology Capital, LLC** ("Lessor") and **Kern County Hospital Authority** ("Lessee").

I. MODIFICATIONS

A.1 For purposes of the Equipment on the Schedule, the Master Lease Agreement is amended by adding the following to the end thereof as new paragraphs:

32. NONAPPROPRIATION OF FUNDS.

If Lessee's governing body, or, if applicable, the governmental entity from which Lessee obtains its operating and/or capital funds to appropriate money for any fiscal year sufficient for the continued performance by Lessee of all of Lessee's obligations under this Lease. Lessee may, upon giving prior written notice to Lessor effective 60 days after the giving of such notice and upon the exhaustion of the funding authorized for the then current appropriation period, return the Equipment at Lessee's expense and thereupon be released of its obligation to make all rental payments to Lessor due thereafter. The Equipment shall be returned to Lessor freight prepaid and insured to any location in the continental United States designated by Lessor in the same condition as when first delivered to Lessee, reasonable wear and tear resulting solely from authorized use thereof excepted. The foregoing notice [shall state the failure of the legislative body or funding authority to appropriate the necessary funds as reason for cancellation and] shall be accompanied by payment of all amounts then due to Lessor during the current fiscal year under the Agreement. Upon termination under this Section 32, Lessee shall not be responsible for the payment of any additional payments coming due in succeeding fiscal years.

In the event Lessee cancels the Equipment pursuant to the terms of this Section 32, Lessor shall retain all sums paid hereunder by Lessee including any security deposits paid hereunder, and in addition, Lessee shall pay to Lessor the termination charge, if any, specified in the applicable Schedule hereto.

33. REPRESENTATIONS OF LESSEE.

Lessee represents and agrees as of the date of this Lease, and, so long as this Lease is in effect or any part of Lessee's obligations to Lessor remain unfulfilled, shall continue to agree at all times, that:

- (a) All requirements have been met, and procedures have occurred in order to insure the enforceability of this Lease and Lessee has complied with such public bidding requirements, if any, as may be applicable to the transactions contemplated by this Lease.
- (b) The Equipment will be used by Lessee only for the purpose of performing one or more governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority and will not be used in a trade or business of any person or entity other than Lessee.
- (c) Lessee has funds available to pay all Payments until the end of its current appropriation period, and it will request funds to make payments in each appropriation period, from now until the end of the term of the Lease.
- (d) This Lease has been duly executed and constitutes a valid, legal and binding obligation of Lessee enforceable against Lessee in accordance with the respective terms hereof.
- (e) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is essential and not temporary or expected to diminish during the applicable Lease term. Lessee presently intends to continue each schedule hereunder for its entire lease term and to pay all rental payments relating thereto.

II. The complete and exclusive statement of the agreement relating to this subject consists of the Master Lease Agreement, the Schedule and this Exhibit A. This statement of the agreement supersedes all proposals, letters and other agreements, oral or written, and all other communications between the parties relating to this subject. There are no promises, representations or warranties other than as expressly set forth in the Master Lease Agreement and the Schedule, as modified by this Exhibit A.

IN WITNESS WHEREOF, each party has caused this Exhibit A to be executed by its duly authorized representative.

Presidio Technology Capital, LLC

By: _____
Name: _____
Title: _____
Date: _____

Kern County Hospital Authority

By: _____
Name: Russell Bigler
Title: Chairman, Board of Governors
Date: 12/11/2019



November 8, 2019

Presidio Technology Capital, LLC
2 Sun Court, Suite 120
Norcross, GA 30092-9204

RE: Master Lease Agreement (“Lease Agreement”) dated July 24, 2018 and Lease Schedule STN: **679359** dated December 11, 2019 each by and between **Presidio Technology Capital, LLC** (“Lessor”) and **Kern County Hospital Authority**, (“Lessee”)

Under the above-referenced Lease Agreement and all Lease Schedules, Lessee is required to maintain certain insurance policies with respect to the Equipment listed on Lease Schedules to the Lease Agreement between Lessor and Lessee. Subject thereto, provided that insurance policies are not required if Lessee has an adequate self-insurance program. This letter is for the sole purpose of describing Lessee’s self-insurance program.

- I. Kern County Hospital Authority maintains a robust self-insurance program which includes coverage for Commercial General Liability exposures, including property damage and public liability, arising out of Authority operations as allowed pursuant to Government Code Section 990 and Health and Safety Code Section 101855. This program consists of a Risk Management department overseen by the Vice President and General Counsel of the Authority. The program is self-administered with sufficient staff to resolve claims in a timely and effective manner.
 - (a) The self-insurance program is limited to a retention of \$1 million per occurrence with significant insurance coverage purchased in excess of the self-insured retention. The Authority maintains sufficient assets and reserves to cover its self-insured obligations.
 - (b) The Authority’s self-insurance program will only consider full replacement value or stated value if contractually agreed upon, otherwise settlement of property damage is limited to the actual cash value at the time of the loss.
 - (c) As indicated above, the Authority maintains excess coverage in excess of the \$1 million per occurrence retention. Said coverage is currently placed with Columbia Casualty (CNA).
 - (d) The Authority’s General Liability exposure is capped pursuant to the California Government Tort Claims Act (910, 910.2 & 910.4)

Capitalized terms contained herein but not defined shall have the same meaning as defined under the Master Lease Agreement.

Please do not hesitate to contact me if you have any questions concerning this letter.

Very truly yours,

KERN COUNTY HOSPITAL AUTHORITY

PRESIDIO[®]

TECHNOLOGY CAPITAL

STN: 679359
Legal Name: Kern County Hospital Authority
Address: 1700 Mt. Vernon Avenue; Bakersfield, CA 93306-4018
Install Site Address: 1700 Mt. Vernon Avenue; Bakersfield, CA 93306-4018

Payment Amount: \$14,117.84

Item #	Qty	Type/Model	Serial #	Description
1	1	RBK-R6410S-HW-01		r6410s Appliance, 4-node, 120TB raw HDD, 1.6TB SSD, SFP+ NIC
2	1	RBK-SVC-PREM-HW		PREMIUM SUP FOR HW P SLIC
3	1	RBK-GO-FNDN-R6410		One (1) month of Rubrik Go Foundation Edition for r6410, incl. RCDM, Polaris GPS, CloudOut, 20 instances/VMs of cloud native protection and Premium Support, subscription prepay
4	1	RBKF3MCBL01		4PK 3M FIBER OPTIC OM3 LC/LC CABL
5	1	RBK-SFP-TSR-01		10G/1G Dual Rate SFP+ Transceiver, pack of 4
6	1	RBK-R6404S-HW-01		R6404S APPL 4NODE 48TB PERP
7	1	RBK-GO-FNDN-R6404		One (1) month of Rubrik Go Foundation Edition for r6404, incl. RCDM, Polaris GPS, CloudOut, 20 instances/VMs of Cloud Native Protection and Premium Support, subscription prepay
8	1	RBKF3MCBL01		4PK 3M FIBER OPTIC OM3 LC/LC CABL
9	1	RBK-SFP-TSR-01		10G/1G Dual Rate SFP+ Transceiver, pack of 4
10	1	RBK-SVC-PREM-HW		PREMIUM SUP FOR HW P SLIC
11	1	RBK-INSTALL		RUBRIK INSTALLATION & CONFIG SVCS SVCS INCL TRAVEL & EXPENSE

Initial Here _____

PRESIDIO[®]

TECHNOLOGY CAPITAL

PRESIDIO TECHNOLOGY CAPITAL, LLC ■ TWO SUN COURT ■ NORCROSS, GA. 30092-9204

Option to Purchase Equipment at End of Lease

1. LESSEE NAME AND ADDRESS: Kern County Hospital Authority
1700 Mt. Vernon Ave. - Bakersfield, CA 93306-4018
2. PURCHASE PRICE: FMV Purchase
3. EXERCISE: Lessee has the option of purchasing all but not less than all of the Equipment upon termination of the term of the Schedule, including any extensions, renewal terms or transition terms, by giving Presidio Technology Capital, LLC ("Lessor"), irrevocable notice at least ninety days prior to the end of the term and paying the specified purchase price at or before the end of the term. If an amount is not specified or "Fair Market Value" is indicated, the purchase price will be the amount Lessor determines would be obtainable at the expiration of the term in an arms' length retail sales transaction between an informed and willing buyer (other than a buyer currently in possession) and an informed and willing seller under no compulsion to sell.
4. TITLE: Provided the purchase option is exercised in the manner indicated and Lessee has fulfilled all Lessee's obligations under the Schedule and upon payment of above purchase price, title to the purchased Equipment will be transferred to Lessee, free and clear of all encumbrances created by or through Lessor, on an "AS IS" basis. All provisions of the Schedule will continue in effect until passage of title to the Equipment.
5. GENERAL: It is understood and agreed that any software included under the Schedule is copyright protected and not subject to sale by Lessor whether pursuant to this purchase option or otherwise. Lessee may assign Lessee's rights under this purchase option only in connection with an authorized assignment of the Schedule.

THIS PURCHASE OPTION IS MADE A PART OF THE SCHEDULE, WHICH LESSEE HAS REVIEWED AND HEREBY REAFFIRMS, AND WILL BECOME EFFECTIVE ONLY WHEN ACCEPTED IN WRITING BY LESSOR AT ITS OFFICES IN NORCROSS, GEORGIA. LESSEE AGREES THAT LESSEE'S OBLIGATION TO PURCHASE THE EQUIPMENT WILL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE SCHEDULE AS IT INCORPORATES THOSE OF THIS PURCHASE OPTION.

Presidio Technology Capital, LLC

By: _____
Authorized Signature

Name (Type or Print) Date

DATE OF ACCEPTANCE BY LESSOR:

 Norcross, Georgia

Kern County Hospital Authority

By: _____ <Sign here
Authorized Signature

 Russell Bigler 12/11/2019
Name (Type or Print) Date

NONE OF THE PROVISIONS OF THIS SCHEDULE MAY BE WAIVED OR AMENDED EXCEPT IN A WRITING SIGNED BY LESSEE AND LESSOR.

Kern County Hospital Authority

By: _____ <Sign here
Authorized Signature

December 11, 2019

Presidio Technology Capital, LLC
2 Sun Court, Suite 120
Norcross, GA 30092-9204

Re: Master Lease Agreement dated as of July 24, 2018 (the "Master Lease") by and between Presidio Technology Capital, LLC as lessor and Kern County Hospital Authority ("Lessee"), and Lease Schedules thereto

Ladies and Gentlemen:

As counsel for Kern County Hospital Authority ("Lessee"), I have examined the Master Lease which has been incorporated by reference into Lease Schedule No. 679359 dated as of December 11, 2019 ("Lease Schedule No. 679359") and Lease Schedule No. 679359, each between Lessee and Presidio Technology Capital, LLC, as lessor ("Lessor"), the form of the Certificate of Acceptance and Acknowledgment of Assignment (the "Certificate of Acceptance") attached to Lease Schedule No. 679359 and the proceedings taken by the governing body of Lessee to authorize on behalf of Lessee the execution and delivery of the Master Lease, Lease Schedule No. 679359, the Certificate of Acceptance and other documents related to Lease Schedule No. 679359. The Master Lease, Lease Schedule No. 679359, and the related Certificate of Acceptance and related documents are herein collectively referred to as the "Lease." Based upon the foregoing examination and upon an examination of such other documents and matters of law as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a local unit of government in the State of California and the Lessee has full power and authority to enter into the Lease.
2. The Master Lease and Lease Schedule No. 679359 have each been duly authorized and have been duly executed and delivered by Lessee. Assuming due authorization, execution and delivery thereof by Lessor, the Master Lease and Lease Schedule No. 679359 constitute the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.
3. The Certificate of Acceptance has been duly authorized by Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, subject to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally.

4. The Equipment to be leased pursuant to the Lease constitutes personal property and when subjected to use by Lessee will not be or become a fixture under applicable law. Lessor's remedies affecting the Equipment in the event of a default by Lessee are enforceable under applicable law.
5. Lessee has complied with any applicable public bidding requirements in connection with the Lease and the transactions contemplated thereby.
6. No litigation or proceeding is pending or, to the best of my knowledge, threatened to restrain or enjoin the execution, delivery or performance by Lessee of the Master Lease or Lease Schedule No. 679359 or in any way to contest the validity of the Lease, to contest or question the creation or existence of Lessee or its governing body or the authority or ability of Lessee to execute or deliver the Lease or to comply with or perform its obligations thereunder. There is no litigation pending or, to the best of my knowledge, threatened seeking to restrain or enjoin Lessee from annually appropriating sufficient funds to pay the rental payments and other amounts contemplated by the Lease.
7. The resolution adopted by Lessee's governing body authorizing the execution and delivery of the Master Lease, Lease Schedule No. 679359, and the Certificate of Acceptance and certain other matters was adopted at a meeting that was held in compliance with all applicable laws relating to the holding of open and public meetings.
8. Lessee's name indicated above is its true, correct, and complete legal name.
9. The entering into and performance of the Master Lease , Lease Schedule No.679359 do not, and the execution of a Certificate of Acceptance by Lessee pursuant to Lease Schedule No. 679359 will not, violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Equipment (as such term is defined in the Master Lease) pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it or its assets may be bound.

This opinion is for the sole benefit of, and may be relied upon by, Lessor and any permitted assignee or subassignee of Lessor under the Lease.

Respectfully submitted,



Hospital Counsel & Acting Compliance Officer



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

December 11, 2019

Subject: Proposed Sales Order 1-6UQOXCN to the Cerner Business Agreement (Agt.# HA2016-036) with Cerner Corporation for the purchase of the MPI Duplicate Reconciliation Tool.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed Sales Order 1-6UQOXCN with Cerner Corporation for the purchase of the MPI Duplicate Reconciliation Tool for a one-time cleanup of duplicate patient files and the provision of a monthly subscription service to maintain cleansed patient data.

Duplicate patient files create issues in many areas of the hospital including, but not limited to patient care, referrals, billing, scheduling, and pharmacy, so it is important that Kern Medical continues their efforts to remove duplicate patient files. Cerner Corporation's professional fees for this 61-month engagement are \$285,178, billed annually at \$56,112.

Therefore, it is recommended that your Board approve the proposed Sales Order 1-6UQOXCN with Cerner Corporation to implement the MPI Duplicate Reconciliation tool with an ongoing maintenance service for the period of December 11, 2019 through January 10, 2025, effective December 11, 2019, with a maximum payable of \$285,178.00, and authorize the Chairman to sign.



CERNER SALES ORDER

This Cerner Sales Order is made on December 11, 2019 ("Effective Date"), between

Kern County Hospital Authority ("Client")

and Cerner Corporation ("Cerner")

a local unit of government with its principal place of business at:

a Delaware corporation with its principal place of business at:

1700 Mount Vernon Ave
Bakersfield, CA 93306-4018
USA
Telephone: (661) 326-2000

2800 Rockcreek Parkway
Kansas City, MO 64117
USA
Telephone: (816) 221-1024

Cerner Sales Contact: Kristina Pineiro
Kristina.Pineiro@Cerner.com
816-201-7290

This Cerner Sales Order includes the sections noted in the Table of Contents section. Client agrees to purchase the products and services set forth herein, and Cerner agrees to furnish such products and services, upon the terms and conditions of this Cerner Sales Order and the Cerner Business Agreement, dated July 1, 2016, between Client and Cerner (the "Agreement").

KERN COUNTY HOSPITAL AUTHORITY

CERNER CORPORATION

By:

(signature)

Russell Bigler

(type or print)

Title:

Chairman, Board of Governors

By:

(signature)

Teresa Waller

Title:

Sr. Director, Contract Management

APPROVED AS TO FORM
Legal Services Department

By [Signature]
Kern County Hospital Authority



CONTENTS

Financial Overview	3
Payment Terms	3
Term and Termination	3
Fee Increases	3
Assignment of Payments	3
Solutions	3
Shared Computing Services	3
Scope of Use	4
Shared Computing Services	4
Facilities	4
Solution Descriptions	4
Additional Terms and Provisions	4
Exhibit A - Quote Assumptions	6
Exhibit B - Scope of Services	7
Execution Invoice	9

FINANCIAL OVERVIEW

Description	One-Time Fees	Monthly Fees
SOLUTIONS		
Shared Computing Services	0.00	4,676.00
TOTALS:	0.00	4,676.00

All prices in this Cerner Sales Order are shown in USD. Pricing is valid until May 30, 2020. If this Cerner Sales Order is not executed on or before such date, this pricing is considered null and void and will be subject to revision.

Not Applicable is indicated by "-".

PAYMENT TERMS
SOLUTIONS

Shared Computing Services. The one-time Shared Computing Services fees will be paid on the Effective Date. The monthly Shared Computing Services fees are payable annually beginning on the Effective Date.

TERM AND TERMINATION

Other Services. All recurring services (such as subscription services, application services, shared computing services, transaction services, employer services, and managed services) begin on the Effective Date, and continue as set forth in the "Solutions" or "Managed Services" sections. At the end of the applicable term, each service will automatically renew for additional 12 month periods at the rate charged in the final period of the then-current term, unless either party provides the other party with written notification of its intent to terminate the relevant service no less than 60 days prior to the expiration of the applicable then-current term.

FEE INCREASES

Cerner may increase the monthly fee for Support services and each recurring service (such as subscription services, application services, shared computing services, transaction services, employer services, and managed services) any time following the initial 12 month period after such recurring service fees begin (but not more frequently than once in any 12 month period) by giving Client 60 days prior written notice of the price increase. The amount of such annual increase will equal CPI plus 5% per annum. Cerner may also increase the fees at any time during the term if a Cerner third party increases the fees to be paid by Cerner, with such increase being limited to the amount of increase in Cerner's fee to the third party.

ASSIGNMENT OF PAYMENTS

Client agrees that Cerner may assign its interest in or otherwise grant a security interest in payments due pursuant to this Cerner Sales Order in whole or in part to an assignee. Cerner will continue to perform its obligations under the Agreement following such assignment or granting of a security interest.

SOLUTIONS
SHARED COMPUTING SERVICES

Category	Solution	Solution Detail Description	Scope of Use Metric	Qty.	Term (Mo.)	Monthly Range	One-Time Fees	Monthly Fees	Solution Description Code	Pass-Through Code
Population Health	MPI Duplicate Reconciliation	MPI Duplicate Reconciliation One-time Cleanup Base Charge	Service Population	650,000	--	--	0	--	--	--
		MPI Duplicate Reconciliation One-time Cleanup Per Duplicate	Each	1	--	--	--	--	--	--

SHARED COMPUTING SERVICES

Category	Solution	Solution Detail Description	Scope of Use Metric	Qty.	Term (Mo.)	Monthly Range	One-Time Fees	Monthly Fees	Solution Description Code	Pass-Through Code
		MPI Duplicate Reconciliation Ongoing Cleanup Recurring	Service Population	650,000	61	1-61	--	4,676	SD101070_01	--
TOTALS:								0	4,676	

SCOPE OF USE

Client will use the following solutions in accordance with the Documentation and subject to the scope of use limits set forth below. If a scope of use limit is exceeded, Client agrees to pay the additional fees below, which are valid for 2 years after the Effective Date, and thereafter increase at a rate of 5% per year.

Scope of use will be measured periodically by Cerner's system tools, or, for metrics that cannot be measured by system tools or obtained through the industry-available reporting services (e.g. FTEs or locations), Client will provide the relevant information (including records to verify the information) to Cerner at least once per year. Client agrees that if an event occurs that will affect Client's scope of use (such as acquisition of a new hospital or other new facility), Client will notify Cerner in writing of such event no later than 30 days following the effective date of such event so that Client's scope of use can be reviewed. Any additional fees due under this section will be payable within net 60 days following Client's receipt of an invoice for such fees. Any additional monthly fees will begin on the date the limit was exceeded, and shall be paid Annually (pro-rated for any partial month).

SHARED COMPUTING SERVICES

Category	Solution	Solution Detail Description	Scope of Use Metric	Scope of Use Metric Description	Scope of Use Limit	Extending Scope of Use Limit By	Additional One-Time Fees	Additional Monthly Fees
Population Health	MPI Duplicate Reconciliation	MPI Duplicate Reconciliation Ongoing Cleanup Recurring	Service Population	Relates the number of people that are serviced by the health care delivery system and its entities. This can be all the people in the surrounding counties, where the health system is located, or even across state boundaries.	650,000	65,000	--	813

FACILITIES

Permitted Facilities. For use and access by these facilities:

Name	Address	City	State/Province	Zip/Postal Code	Country
Kern County Hospital Authority	1700 Mount Vernon Ave	Bakersfield	CA	93306-4018	USA

The parties may add or substitute Permitted Facilities by amending this section, provided Client pays any relevant scope of use expansion fees set forth in the Scope of Use section of this Cerner Sales Order.

SOLUTION DESCRIPTIONS

Each solution with a Solution Description has a code noted in the "Solutions and Services" section of this Cerner Sales Order, and that code can be entered at <https://solutiondescriptions.cerner.com> to view the Solution Description. These Solution Descriptions are incorporated into this Cerner Sales Order by reference. In the event a Solution Description is not published on Cerner's website, it may be attached to this Cerner Sales Order.

ADDITIONAL TERMS AND PROVISIONS

SHARED COMPUTING SERVICES

Client Responsibilities. Client agrees to comply with all applicable laws, rules, and regulations as they relate to its use of the Services and its provision of the Services to Users. Client or its Users must obtain all appropriate and necessary authorizations and consents to use or disclose any personally identifiable information in compliance with all federal and state privacy laws, rules, and regulations. Client must have security and privacy policies and procedures in place that govern its Users' ability to access information on or through the Services and to prevent unauthorized access, use, and disclosure of personally identifiable information including, but not limited to, protected health information.

Medical Record. The Services do not constitute a medical record. Client and its Users are responsible for ensuring that the information sent through the Services is incorporated into the applicable patient's medical record as necessary. Client acknowledges that the health information exchanged by Users may not include the individual's full and complete medical record or history. Cerner may leverage a public cloud infrastructure to provide the Services.

Access to Data. Cerner may use and disclose the Data as necessary to perform, analyze and improve the Services, to the extent permitted by law. Cerner may use and disclose performance and usage data for any purpose permitted by law so long as the data does not contain protected health information as defined under HIPAA or Client-specific identifiable information. Data means data that is collected, stored, processed or generated through Client's use of the Services.

Right to Aggregate. Cerner may use or disclose protected health information, as defined by 45 C.F.R. 160.103, to provide data aggregation services as permitted by 45 C.F.R. 164.504(e)(2)(i)(B), including use for statistical compilations, reports and all other purposes allowed under applicable law.

De-identify and Use Rights. Cerner may de-identify protected health information in accordance with the standards set forth in 45 C.F.R. 164.514(b) and may use or disclose such data unless prohibited by applicable law.

Information Management Tools. Client acknowledges and agrees that the Services are information management tools, many of which contemplate and require the involvement of professional medical personnel, and because medical information changes rapidly, some of the medical information and formulas may be out of date. Information provided is not intended to be a substitute for the advice and professional judgment of a physician or other professional medical personnel. Client acknowledges and agrees that physicians and other medical personnel should never delay treatment or make a treatment decision based solely upon information provided through the Services. Client further acknowledges and agrees that the Services are not intended to diagnose disease, prescribe treatment, or perform any other tasks that constitute or may constitute the practice of medicine or of other professional or academic disciplines.

Third Party Services. Certain Services have been developed by Cerner's third party suppliers (the "Third Party Services"). The Third Party Services may be provided under the required terms of the applicable supplier, which will be available on Cerner's website. Cerner is not liable under this Cerner Sales Order for any damages of any kind or nature related to or arising out of Third Party Services. Cerner does not warrant or provide any indemnities on Third Party Services. To the extent that any third party pass-through provisions contain liability limitations with respect to the Third Party Services, such limitations state the total maximum liability of Cerner (and then only to the extent that Cerner can collect from the supplier for Client's benefit) and each supplier with respect to the Third Party Services.



CERNER SALES ORDER
EXHIBIT A
QUOTE ASSUMPTIONS

SOLUTION-SPECIFIC ASSUMPTIONS

The following are assumptions regarding specific solutions set forth in this Cerner Sales Order.

MPI DUPLICATE RECONCILIATION

QUOTE ASSUMPTIONS

- Service Population: 650000
- Number of Members: 1



CERNER SALES ORDER

EXHIBIT B

SCOPE OF SERVICES

This section defines the Service deliverables ("Scope") for the Services set forth in this Cerner Sales Order.

SOLUTION DETAIL SCOPE

SHARED COMPUTING SERVICES

MPI DUPLICATE RECONCILIATION ONE-TIME CLEANUP BASE CHARGE

TASKS/ACTIVITIES

Cerner Responsibilities.

- Perform matching of person records within the *HealthIntent* platform via *Master Person Management*
- Extract and expose the duplicate persons found within the *Cerner Millennium* data source identified by *Master Person Management*
- Configure and execute the duplicate reconciliation
 - Retrieve list of duplicate persons from *HealthIntent* (retrieved via file or application program interface request)
 - Consult with Client to determine threshold level for auto-combine duplicate pairs versus duplicate pairs that require human review
 - Consult with Client on merge direction rules (merge person A into B versus B into A)
 - Set similarity score threshold level
 - Execute rules to determine merge/combine direction
 - Set up and configure BatchCombine within *Cerner Millennium* to run during off-peak hours
 - Submit merge pairs to BatchCombine which will complete the merge in *Cerner Millennium*
 - Provide statistics showing the number of combines performed

Client Responsibilities.

- Provide a point of contact for design, testing, and validation; contact should be familiar with *Cerner Millennium* Master Patient Index
- Participate in the merge direction rules design
- Participate in deciding threshold level; duplicate pair scores above threshold level will automatically be submitted to BatchCombine and those with scores below threshold level will be reviewed by a human
- Review duplicate pairs that fall below the threshold level and decide whether to send to BatchCombine or not; if Client does not choose to review the duplicate pairs, Client can choose to lower the threshold level or just not combine these

DELIVERABLES

- Data integrity assessment
- Merge direction session
- Duplicate cleanup setup/process overview session
- The number of duplicate persons found after *HealthIntent Master Person Management* linking is completed
- Analysis of the duplicate file, including, evaluation of the file, sorting, and configuring threshold levels required for automatic combines versus those needing human review prior to combine

PROJECT ASSUMPTIONS

- The following prerequisites must be met:
 - *HealthIntent* platform with *Cerner Millennium* data has been set up
 - *HealthIntent Master Person Management* implemented and person linking completed on *Cerner Millennium* data
 - Person Management: Directional Combine *HealthIntent* 2015.01.11
 - Person Management: Batch and Directional Combines 2015.01.11
 - Person Management: Batch and Directional Combines 2015.01.16
 - Person Management: Batch Combines 2015.01.16
- *Cerner Millennium* electronic medical record requirements:
 - All content from *Cerner Millennium* person and person alias tables will be extracted by the *HealthIntent* crawl and moved into *HealthIntent*
 - All demographic fields with coded values (such as, gender, ethnicity, and race) will be coded to standardized values within *HealthIntent*
 - Social Security Number (SSN) should be configured in System Interface Manager in *Cerner Millennium* with an Object Identifier (OID 2.16.840.1.113883.4.1) so the SSN values will be extracted from *Cerner Millennium* by the *HealthIntent* crawl and moved over to *HealthIntent*
- Client has contracted for and implemented *Cerner Master Person Management* and all person linking (automatic and human reviewed) will be completed prior to starting project





CERNER SALES ORDER EXHIBIT B SCOPE OF SERVICES

- This engagement includes only the items set forth in this Scope; a new Cerner Sales Order must be executed between Client and Cerner if Client requests additional tasks beyond those set forth herein
 - If human review linking is required (an estimate of that effort and timeline for completion will be provided)
- The process of matching patients using the Services is not an exact science and mismatches can occur; Cerner does not warrant that the Services will be error-free and Cerner cannot be responsible for the occasional mismatch of patients

MPI DUPLICATE RECONCILIATION ONE-TIME CLEANUP PER DUPLICATE

TASKS/ACTIVITIES

Cerner Responsibilities.

- Perform matching of person records within the *HealthIntent* platform via *Master Person Management*
- Extract the duplicate pairs found and provide the number of duplicates found

DELIVERABLES

- Provide number of duplicate pairs identified

PROJECT ASSUMPTIONS

- Duplicate Person Reconciliation One-Time/Historical must have been contracted for and completely implemented
- All tasks/steps performed during the One-Time/Historical Cleanup are required for determining duplicate counts
- The process of matching patients using the Services is not an exact science and mismatches can occur; Cerner does not warrant that the Services will be error-free and Cerner cannot be responsible for the occasional mismatch of patients





EXECUTION INVOICE

Client: Kern County Hospital Authority
1700 Mount Vernon Ave
Bakersfield, CA 93306-4018, USA

Invoice No: 1-6UQOXCN_CPQ-36051
Invoice Date: December 02, 2019
Due Date: Effective Date

Remit: **Via FedEx:**
Cerner Corporation
Attn: Accounts Receivable, 5th Floor
2800 Rockcreek Parkway
Kansas City, MO 64117, USA

OR

Via Wire Transfer:
ABA Routing Number: 101000187
Bank: US Bank
For Further Deposit to Bank Account: 5290000743

TOTAL AMOUNT DUE: \$56,112

Sales tax, if applicable, will be invoiced separately.

Description	Total Amount	Percent Payable	Net Amount
Shared Computing Services Monthly Fees - Year 1	\$56,112	100%	\$56,112
Shared Computing Services One-Time Fees	\$0	100%	\$0
	Grand Total:		\$56,112



Kern County Hospital Authority
1-6UQOXCN_CPQ-36051-R2
December 02, 2019



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

December 11, 2019

Subject: Comments Regarding Budget Variances – October 2019

Recommended Action: Receive and File

Summary:

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

Indigent Funding:

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

Other Operating Revenue:

Other operating revenue has a favorable budget variance for the month due to the receipt of Proposition 56 funding. Proposition 56 state revenue is generated by taxing the sale of cigarettes. The tax revenue is allocated to healthcare providers through managed Medi-Cal administrators such as Kern Health Systems. On a year-to-date basis other operating revenue is under budget due to the fact that for some items within this section of the income statement Kern Medical only receives funding on a quarterly basis. Kern Medical receives KHS Grant funds, Emergency Medical Services funds, and Managed Medi-Cal Pay for Performance funds on a quarterly basis; however, the budget for these items is spread over the entire 12 months of the year. In addition, some items within this section, such as contributions, receive funding inconsistently throughout the year.

Salaries Expense:

Salaries expense has an unfavorable budget variance for October due to an increase in regular shifts and overtime worked by the nursing units to train and prepare for the transition to the new Cerner EHR on November 1st. In addition, year-to-date true-up payments were made to physicians in October for relative value units (RVUs) due to physicians.

Registry Nurses:

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

Other Professional Fees:

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

Supplies Expense:

Supplies expenses are over budget for the month because of higher than average costs for pharmaceuticals and general surgical supplies. These items are also the primary reason for the unfavorable year-to-date budget variance for supplies expenses.

Purchased Services:

Purchased services actual expenses for October were even with the budgeted amount. On a year-to-date basis, purchased services expenses have an unfavorable budget variance for due to higher than average expenses for Signature Performance, Health Advocates, and ambulance fees.

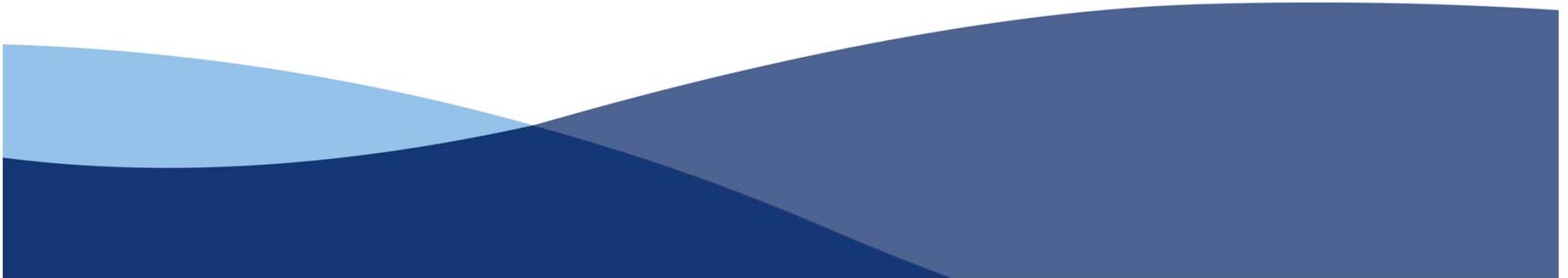
Other Expenses:

Other expenses have a favorable variance for the month primarily because of lower than average electricity bills due to mild weather. In addition, repairs and maintenance expenses were lower than average for the month of October. Other expenses are trending as projected on a year-to-date basis.



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

DECEMBER 2019



3-Month Trend Analysis: Revenue & Expense

October 31, 2019

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Gross Patient Revenue	\$ 75,380,061	\$ 76,169,515	\$ 83,717,416	\$ 75,308,366	11%	\$ 72,789,112
Contractual Deductions	(55,627,891)	(57,100,326)	(62,813,935)	(56,778,110)	11%	(55,643,261)
Net Revenue	19,752,170	19,069,189	20,903,481	18,530,256	13%	17,145,851
Indigent Funding	12,225,222	11,700,725	12,465,202	12,749,481	(2%)	12,709,470
Correctional Medicine	2,277,068	2,777,068	2,443,735	2,777,068	(12%)	2,552,068
County Contribution	284,951	285,471	284,951	284,951	0%	285,211
Incentive Funding	333,333	333,333	333,333	333,333	0%	3,314,060
Net Patient Revenue	34,872,744	34,165,786	36,430,702	34,675,089	5%	36,006,661
Gain/(Loss) on Health-Related Entity	53,077	(118,684)	(105,072)	0	0%	0
Other Operating Revenue	1,093,613	1,314,736	1,518,370	1,309,701	16%	824,957
Other Non-Operating Revenue	19,735	500	(34)	4,639	(101%)	146,760
Total Revenue	36,039,170	35,362,338	37,843,966	35,989,429	5%	36,978,378
Expenses						
Salaries	14,189,261	13,632,163	15,555,187	13,923,315	12%	13,503,590
Employee Benefits	6,392,478	6,200,833	6,760,144	6,421,683	5%	6,220,842
Contract Labor	1,585,501	1,583,934	1,934,128	1,416,526	37%	1,527,270
Medical Fees	1,570,220	1,784,320	1,783,119	1,791,182	(0.5%)	1,096,315
Other Professional Fees	1,589,024	1,520,692	1,165,662	2,355,015	(51%)	1,923,942
Supplies	5,645,386	5,357,817	5,966,461	5,405,698	10%	5,240,560
Purchased Services	2,221,205	2,409,922	2,005,479	1,917,475	5%	1,765,979
Other Expenses	1,673,308	1,682,181	1,463,117	1,582,032	(8%)	2,004,905
Operating Expenses	34,866,382	34,171,863	36,633,296	34,812,926	5%	33,283,404
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,172,788	1,190,475	1,210,670	1,176,503	3%	3,694,974
EBIDA Margin	3%	3%	3%	3%	(2%)	10%
Interest	220,570	260,529	226,813	342,117	(34%)	1,669,381
Depreciation	513,738	513,081	487,004	683,830	(29%)	523,585
Amortization	76,688	76,688	76,688	57,678	33%	59,792
Total Expenses	35,677,378	35,022,161	37,423,801	35,896,551	4.3%	35,536,161
Operating Gain (Loss)	361,792	340,177	420,166	92,878	352%	1,442,217
Operating Margin	1.0%	1.0%	1.1%	0.26%	330%	4%

Year-to-Date: Revenue & Expense						
October 31, 2019						
	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE	
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)	
Gross Patient Revenue	\$ 308,280,845	297,489,553	4%	\$ 291,959,061	6%	
Contractual Deductions	(229,057,372)	(223,710,093)	2%	(222,950,706)	3%	
Net Revenue	79,223,472	73,779,460	7%	69,008,356		
Indigent Funding	48,976,898	49,702,780	(1%)	52,010,440	(6%)	
Correctional Medicine	10,274,939	11,108,272	(8%)	10,208,272	1%	
County Contribution	1,140,323	1,139,803	0.05%	1,140,844	(0.05%)	
Incentive Funding	1,333,333	1,333,333	0%	4,064,060	0%	
Net Patient Revenue	140,948,966	137,063,649	3%	136,431,971	3%	
Gain/(Loss) on Health-Related Entity	(302,003)	0	0%	0	0%	
Other Operating Revenue	4,916,906	5,177,791	(5%)	4,208,657	17%	
Other Non-Operating Revenue	21,034	37,170	(43%)	205,571	(90%)	
Total Revenue	145,584,903	142,278,609	2%	140,846,200	3%	
Expenses						
Salaries	56,865,940	55,681,133	2%	53,087,691	7%	
Employee Benefits	26,331,110	25,663,252	3%	24,022,407	10%	
Contract Labor	6,807,741	5,603,290	21%	6,069,921	12%	
Medical Fees	6,896,352	7,128,011	(3%)	7,596,326	(9%)	
Other Professional Fees	6,020,629	8,277,463	(27%)	6,950,286	(13%)	
Supplies	23,070,534	21,427,125	8%	20,372,979	13%	
Purchased Services	8,556,875	7,608,047	12%	7,925,478	8%	
Other Expenses	6,282,982	6,277,296	0%	6,638,860	(5%)	
Operating Expenses	140,832,163	137,665,618	2%	132,663,947	6%	
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	4,752,740	4,612,992	3%	8,182,253	(42%)	
EBIDA Margin	3%	3%	1%	6%	(44%)	
Interest	953,617	1,368,466	(30%)	2,199,333	(57%)	
Depreciation	2,025,978	2,689,737	(25%)	2,061,767	(2%)	
Amortization	306,751	230,712	33%	221,538	38%	
Total Expenses	144,118,509	141,954,534	2%	137,146,585	5%	
Operating Gain (Loss)	1,466,394	324,076	352%	3,699,615	(60%)	
Operating Margin	1%	0.2%	342%	3%	(62%)	

3-Month Trend Analysis: Cash Indicators

October 31, 2019

		AUGUST	SEPTEMBER	OCTOBER	GOALS OCTOBER	PY OCTOBER
Cash						
	Total Cash	12,603,895	30,316,692	18,077,243	13,654,505	63,772,426
	Days Cash On Hand	11	27	15	12	59
	Days In A/R - Gross	93.78	87.75	84.01	70.00	74.64
	Patient Cash Collections	\$ 17,563,408	\$ 18,168,052	\$ 20,290,788	\$ 19,498,633	\$ 18,420,777
Indigent Funding Liabilites Due to the State						
	FY 2007 Waiver Payable (County Responsibility)	\$ (745,824)	\$ (745,824)	\$ (745,824)	N/A	\$ (745,824)
	FY 2008 Waiver Payable (County Responsibility)	\$ (6,169,000)	\$ (6,169,000)	\$ (6,169,000)	N/A	\$ (6,169,000)
	FY 2009 Waiver Payable (County Responsibility)	\$ (2,384,000)	\$ (2,384,000)	\$ (2,384,000)	N/A	\$ (2,384,000)
	FY 2011 Waiver Payable (County Responsibility)	\$ (10,493,878)	\$ (10,493,878)	\$ (10,493,878)	N/A	\$ (10,493,878)
	Total County Responsibility	\$ (19,792,702)	\$ (19,792,702)	\$ (19,792,702)		\$ (19,792,702)
	FY 2015 Waiver Payable (Kern Medical Responsibility)	\$ (11,223,792)	\$ (11,223,792)	\$ (11,223,792)	N/A	\$ (11,223,792)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	DSH Payable (Kern Medical Responsibility)	\$ (42,388,763)	\$ (42,388,763)	\$ (42,388,763)	N/A	\$ (26,851,210)
	Total Kern Medical Responsibility	\$ (56,431,916)	\$ (56,431,916)	\$ (56,431,916)		\$ (40,894,363)
	Total Indigent Funding Liabilites Due to the State	\$ (76,224,618)	\$ (76,224,618)	\$ (76,224,618)	N/A	\$ (60,687,065)

3-Month Trend Analysis: Operating Metrics

October 31, 2019

					BUDGET	VARIANCE	PY
		AUGUST	SEPTEMBER	OCTOBER	OCTOBER	POS (NEG)	OCTOBER
Operating Metrics							
Total Expense per Adjusted Admission		19,211	22,825	23,224	21,763	7%	22,793
Total Expense per Adjusted Patient Day		3,612	4,253	4,287	4,404	(3%)	4,358
Supply Expense per Adjusted Admission		3,040	3,492	3,703	3,277	13%	3,361
Supply Expense per Surgery		1,475	1,638	2,350	1,869	26%	1,659
Supplies as % of Net Patient Revenue		16%	16%	16%	16%	5%	15%
Pharmaceutical Cost per Adjusted Admission		1,558	1,536	1,762	1,594	10%	1,511
Net Revenue Per Adjusted Admission	\$	10,636	\$ 12,428	\$ 12,972	\$ 11,234	15%	\$ 10,998

Year-to-Date: Operating Metrics

October 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	22,149	21,813	1.54%	21,306	4%
	Total Expense per Adjusted Patient Day	4,212	4,414	(5%)	4,208	0.1%
	Supply Expense per Adjusted Admission	3,546	3,293	8%	3,165	12%
	Supply Expense per Surgery	1,860	1,869	(0.5%)	1,996	(7%)
	Supplies as % of Net Patient Revenue	16%	16%	5%	15%	10%
	Pharmaceutical Cost per Adjusted Admission	1,709	1,601	7%	1,375	24%
	Net Revenue Per Adjusted Admission	\$ 12,175	11,337	7%	\$ 10,720	14%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH OF OCTOBER 31, 2019

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
402,322	423,497	(21,175)	-5%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	1,596,312	1,680,328	(84,016)	-5%
2,253,805	2,372,426	(118,621)	-5%	MEDI-CAL RATE-RANGE REVENUE	8,473,644	8,919,625	(445,981)	-5%
92,644	97,520	(4,876)	-5%	PHYSICIAN SPA REVENUE	367,586	386,932	(19,347)	-5%
457,139	481,199	(24,060)	-5%	AB 915 OUTPATIENT SUPPLEMENTAL PROGRAM	1,813,811	1,909,275	(95,464)	-5%
(34,473)	0	(34,473)	0%	MEDI-CAL MANAGED CARE - SPD	0	0	0	0%
2,154,809	2,154,809	0	0.0%	PRIME - NEW WAIVER	8,452,951	8,452,951	0	0.0%
2,412,562	2,412,562	0	0.0%	GPP - NEW WAIVER	9,278,873	9,278,873	0	0.0%
1,270,492	1,270,492	0	0.0%	WHOLE PERSON CARE	5,040,984	5,040,984	0	0.0%
(81,074)	0	(81,074)	0%	EPP REVENUE	(81,074)	0	(81,074)	0%
1,791,542	1,791,542	0	0%	EPP REVENUE	7,108,375	7,108,375	0	0%
1,745,435	1,745,435	0	0%	QIP REVENUE	6,925,437	6,925,437	0	0%
12,465,202	12,749,481	(284,279)	-2%	SUB-TOTAL - GOVERNMENTAL REVENUE	48,976,898	49,702,780	(725,882)	-1%
2,443,735	2,777,068	(333,333)	-12.0%	CORRECTIONAL MEDICINE	10,274,939	11,108,272	(833,333)	-7.5%
284,951	284,951	0	0.0%	COUNTY CONTRIBUTION	1,140,323	1,139,803	520	0.0%
15,193,887	15,811,500	(617,613)	-4%	TOTAL INDIGENT CARE & COUNTY FUNDING	60,392,160	61,950,855	(1,558,695)	-3%

OTHER REVENUE

FOR THE MONTH OCTOBER 31, 2019

OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
MEDICAL POSTGRAD EDUCATION TUITION	248,365	260,010	(11,645)	987,060	1,031,654	(44,594)
STAFF DEVELOPMENT EDUCATION FEES	(60)	432	(492)	190	1,712	(1,522)
CAFETERIA REVENUE	104,067	80,080	23,988	362,287	317,736	44,552
FINANCE CHARGES-PATIENT AR	11,203	12,447	(1,244)	78,533	49,387	29,146
REBATES AND REFUNDS	29,761	71,494	(41,733)	97,297	283,669	(186,372)
DRUG CO. CASH BACK	0	3,386	(3,386)	4,054	13,435	(9,382)
PHOTOCOPY FEES	3,720	4,700	(980)	17,032	18,647	(1,615)
ADMINISTRATIVE FEES-PAYROLL	71	78	(6)	158	309	(151)
PHYSICIAN PRO FEE-ER LOCKBOX	7,439	5,724	1,714	14,105	22,713	(8,608)
OTHER REVENUE	(3,107)	126,798	(129,906)	107,144	484,339	(377,195)
LASER CENTER REVENUE	21,269	18,717	2,552	90,198	74,265	15,933
GRANTS - KHS	121,814	248,493	(126,679)	325,606	985,954	(660,348)
MADDY FUNDS-EMERGENCY MEDICAL SERVICES	106,063	23,288	82,774	215,005	92,403	122,603
PRIMARY CARE & OTHER INCENTIVE	193	10,216	(10,024)	73,865	40,535	33,330
VETERANS ADMINISTRATION REVENUE	(11)	3,178	(3,189)	7,438	12,609	(5,170)
JAMISON CENTER MOU	30,869	26,710	4,158	87,608	105,980	(18,372)
BEHAVIORAL HEALTH MOU	320,515	298,438	22,077	1,194,978	1,184,126	10,853
PATERNITY DECLARATION REVENUE	1,010	1,073	(63)	3,980	4,257	(277)
PEDIATRIC FORENSIC EXAMS	0	5,337	(5,337)	0	21,175	(21,175)
FOUNDATION CONTRIBUTIONS	500	3,048	(2,548)	7,864	12,093	(4,228)
DONATED EQUIPMENT	0	18,974	(18,974)	0	75,285	(75,285)
PAY FOR PERFORMANCE	0	24,709	(24,709)	76,518	98,037	(21,519)
PROPOSITION 56 DIRECTED PAYMENTS	514,690	62,371	452,319	1,165,986	247,472	918,514
TOTAL OTHER OPERATING REVENUE	1,518,370	1,309,701	208,670	4,916,906	5,177,791	(260,884)

OTHER NON-OPERATING REVENUE

GAIN/LOSS ON DISPOSAL OF PROPERTY	0	3,842	(3,842)	0	15,244	(15,244)
INTEREST ON FUND BALANCE	0	0	0	18,764	18,764	0
PARKING LOT RENT REVENUE	0	797	(797)	2,094	3,162	(1,068)
MISCELLANEOUS	(34)	0	(34)	176	0	176
TOTAL OTHER NON-OPERATING REVENUE	(34)	4,639	(4,673)	21,034	37,170	(16,136)

KERN MEDICAL		
BALANCE SHEET		
	October 2019	October 2018
CURRENT ASSETS:		
CASH	\$18,077,243	\$63,772,426
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	214,825,340	177,871,824
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(164,549,109)	(137,694,276)
-NET OF CONTRACTUAL ALLOWANCES	50,276,231	40,177,548
CORRECTIONAL MEDICINE RECEIVABLE	2,866,764	1,903,084
MD SPA	1,538,292	5,794,339
HOSPITAL FEE RECEIVABLE	3,262,269	(1,078,511)
CPE - O/P DSH RECEIVABLE	5,424,275	2,808,388
BEHAVIORAL HEALTH MOU	1,211,315	2,514,784
MANAGED CARE IGT (RATE RANGE)	35,427,345	14,332,591
RECEIVABLE FROM LIHP	-	(6,547,536)
OTHER RECEIVABLES	6,210,052	2,648,286
PRIME RECEIVABLE	37,234,462	18,092,695
AB85/75% DEFAULT PCP RECEIVABLE	-	(9,146,436)
GPP (Global Payment Program)	2,578,353	(8,023,721)
WPC (Whole Person Care)	12,062,570	5,480,168
EPP (Enhanced Payment Program)	37,287,976	8,516,667
QIP (Quality Incentive Program)	22,471,464	4,986,667
INTEREST ON FUND BALANCE RECEIVABLE	10,496	195,984
MANAGED CARE IGT (SPD)	0	(1,907,399)
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY15	(11,223,792)	(11,223,792)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	3,888,371	3,684,196
PREPAID MORRISON DEPOSIT	813,320	813,320
INVENTORY AT COST	5,552,885	5,373,934
TOTAL CURRENT ASSETS	213,616,835	121,814,625
PROPERTY, PLANT & EQUIPMENT:		
LAND	1,683,786	542,961
EQUIPMENT	53,036,096	51,372,161
BUILDINGS	90,614,739	86,654,618
CONSTRUCTION IN PROGRESS	38,638,119	16,937,325
LESS: ACCUMULATED DEPRECIATION	(97,536,398)	(91,376,502)
NET PROPERTY, PLANT & EQUIPMENT	86,436,341	64,130,563
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	14,743,166	14,687,166
ACCUMULATED AMORTIZATION INTANGIBLES	(12,211,529)	(11,228,774)
NET INTANGIBLE ASSETS	2,531,637	3,458,392
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	70,895,681	71,752,645
INVESTMENT IN SURGERY CENTER	3,589,767	2,643,659
CASH HELD BY COP IV TRUSTEE	931,830	922,330
TOTAL LONG-TERM ASSETS	75,417,278	75,318,634
TOTAL ASSETS	\$378,002,090	\$264,722,215

KERN MEDICAL BALANCE SHEET		
	October 2019	October 2018
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$40,300,089	\$18,174,966
ACCRUED SALARIES & EMPLOYEE BENEFITS	27,829,438	27,244,415
INTEREST PAYABLE	4,243,094	5,258,452
OTHER ACCRUALS	5,428,030	3,324,757
CREDIT LINE PAYABLE - PNC BANK	7,500,000	0
CURRENT PORTION - CAPITALIZED LEASES	2,467,113	2,375,118
CURR LIAB - COP 2011 PAYABLE	1,131,693	1,131,693
CURR LIAB - P.O.B.	2,085,966	1,925,651
MEDICARE COST REPORT LIABILITY PAYABLE	0	3,094,510
MEDI-CAL COST REPORT LIABILITY	389,631	1,070,179
INDIGENT FUNDING PAYABLE	9,258,252	15,272,923
DSH PAYABLE	42,388,763	26,851,210
CREDIT BALANCES PAYABLES	3,790,461	3,207,212
DEFERRED REVENUE - COUNTY CONTRIBUTION	5,120,426	7,204,804
TOTAL CURRENT LIABILITIES	151,932,956.78	116,135,890
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	0	0
NET UNAMORTIZED DISCOUNT COP	19,993	39,985
LONG-TERM LIABILITY - CAPITAL LEASES	2,405,930	6,267,636
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,306,044	4,201,203
NET PENSION LIABILITY	293,255,458	329,935,445
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	12,745,786	14,842,004
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	4,763,410	4,329,041
L.T. P.O.B. PAYABLE 95	7,535,194	11,590,866
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	6,563,144	5,077,041
ACCRUED WORKERS' COMPENSATION PAYABLE	8,511,000	6,773,000
DEFERRED INFLOWS - PENSIONS	69,247,058	22,238,926
PENSION OBLIGATION BOND PAYABLE	1,610,473	2,643,205
ACCRUED COMPENSATED ABSENCES	3,830,085	3,830,085
TOTAL LONG-TERM LIABILITIES	420,186,469	417,161,331
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	36,714,021	39,814,215
RETAINED EARNINGS - PRIOR YEAR	(230,831,356)	(308,389,221)
TOTAL NET POSITION	(194,117,335)	(268,575,006)
TOTAL LIABILITIES & NET POSITION	\$378,002,090	\$264,722,215



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

December 11, 2019

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

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



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

DECEMBER 2019



3-Month Trend Analysis: Volume and Strategic Indicators

October 31, 2019

		AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
VOLUME							
	Adjusted Admissions (AA)	1,857	1,534	1,611	1,649	(2%)	1,559
	Adjusted Patient Days	9,876	8,236	8,729	8,151	7.1%	8,154
	Admissions	802	784	763	837	(9%)	770
	Average Daily Census	138	140	133	133	(0.1%)	130
	Patient Days	4,265	4,208	4,133	4,136	(0.1%)	4,027
	Available Occupancy %	62.0%	63.2%	60.1%	60.1%	(0.1%)	58.5%
	Average LOS	5.3	5.4	5.4	4.9	10%	5.2
	Surgeries						
	Inpatient Surgeries (Main Campus)	208	186	172	199	(14%)	219
	Outpatient Surgeries (Main Campus)	317	272	275	259	6%	286
	Total Surgeries (Main Campus)	525	458	447	458	(2%)	505
	Outpatient Surgeries (Ambulatory Surgery Center)	63	50	*	*	0%	0
	Births	217	211	186	222	(16%)	225
	ER Visits						
	Admissions	434	442	555	430	29%	384
	Treated & Released	4,139	4,021	5,261	3,873	36%	3,756
	Total ER Visits	4,573	4,463	5,816	4,303	35%	4,140
	Trauma Activations	266	272	258	226	14%	223
	Outpatient Clinic Visits						
	Total Clinic Visits	14,078	13,011	14,493	13,436	7.9%	14,258
	Total Unique Patient Clinic Visits	10,436	9,615	10,437	10,036	4%	10,650
	New Unique Patient Clinic Visits	1,800	1,760	1,804	2,048	(12%)	2,173

Year-to-Date: Volume and Strategic Indicators

October 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	6,507	6,508	(0.01%)	6,437	1%
	Adjusted Patient Days	34,219	32,163	6%	32,590	5%
	Admissions	3,171	3,309	(4%)	3,249	(2%)
	Average Daily Census	136	133	2%	134	1%
	Patient Days	16,676	16,354	2%	16,449	1%
	Available Occupancy %	61.1%	59.9%	2%	60.2%	1%
	Average LOS	5.3	4.9	6%	5.1	4%
	Surgeries					
	Inpatient Surgeries (Main Campus)	766	786	(3%)	889	(14%)
	Outpatient Surgeries (Main Campus)	1,115	1,026	9%	1,007	11%
	Total Surgeries (Main Campus)	1,881	1,812	4%	1,896	(1%)
	Outpatient Surgeries (Ambulatory Surgery Center)	206	247	(27%)	0	0%
	Births	834	877	(5%)	953	(12%)
	ER Visits					
	Admissions	1,847	1,702	9%	1,631	13%
	Treated & Released	17,369	15,332	13%	15,256	14%
	Total ER Visits	19,216	17,034	13%	16,887	14%
	Trauma Activations	1,097	895	23%	931	18%
	Outpatient Clinic Visits					
	Total Clinic Visits	55,227	53,192	4%	51,556	7%
	Total Unique Patient Clinic Visits	40,481	39,834	2%	38,574	5%
	New Unique Patient Clinic Visits	7,124	7,919	(10%)	7,683	(7%)

3-Month Trend Analysis: Payor Mix

October 31, 2019

		AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
PAYOR MIX - Charges							
	Commercial FFS/HMO/PPO	12.0%	9.8%	11.4%	8.9%	29%	8.3%
	Medi-Cal	25.6%	27.4%	27.9%	30.1%	(7%)	31.2%
	Medi-Cal HMO - Kern Health Systems	26.3%	28.1%	28.7%	31.0%	(7%)	32.0%
	Medi-Cal HMO - Health Net	7.7%	8.3%	8.4%	9.1%	(7%)	9.4%
	Medi-Cal HMO - Other	0.9%	1.0%	1.0%	1.1%	(7%)	1.1%
	Medicare	12.3%	11.1%	10.2%	10.1%	1%	9.5%
	Medicare - HMO	3.2%	3.1%	3.9%	3.3%	19%	2.7%
	Self Pay	11.9%	11.2%	8.5%	6.5%	31%	5.8%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

October 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS/HMO/PPO	10.9%	8.9%	22%	9.2%	18%
	Medi-Cal	27.7%	30.1%	(8%)	30.1%	(8%)
	Medi-Cal HMO - Kern Health Systems	28.4%	30.9%	(8%)	30.9%	(8%)
	Medi-Cal HMO - Health Net	8.3%	9.1%	(8%)	9.1%	(8%)
	Medi-Cal HMO - Other	1.0%	1.1%	(8%)	1.1%	(8%)
	Medicare	10.7%	10.1%	5%	9.5%	12%
	Medicare - HMO	3.3%	3.3%	1%	2.7%	23%
	Self Pay	9.8%	6.6%	48%	7.5%	30%
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

October 31, 2019

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Labor Metrics						
Productive FTEs	1,460.71	1,487.74	1,505.32	1,422.86	6%	1,429.00
Non-Productive FTEs	199.37	210.23	205.20	220.32	(7%)	222.17
Contract Labor FTEs	131.61	119.00	133.83	95.88	40%	97.03
Total FTEs	1,660.08	1,697.97	1,710.52	1,643.18	4%	1,651.17
FTEs Per AOB Paid	6.12	5.92	6.75	6.07	11%	6.40
FTEs Per AOB Worked	5.38	5.19	5.94	5.25	13%	5.54
Labor Cost/FTE (Annualized)	141,308.11	134,322.44	151,897.72	140,133.99	8%	135,786.42
Benefits Expense as a % of Benefitted Labor Expense	60%	59%	58%	61%	(6%)	64%
Salaries & Benefits as % of Net Patient Revenue	64%	63%	67%	63%	6%	59%

Year-to-Date: Labor and Productivity Metrics

October 31, 2019

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,487.69	1,392.02	7%	1,074.18	38%
	Non-Productive FTEs	197.00	215.19	(8%)	167.84	17%
	Contract Labor FTEs	126.53	91.80	38%	73.93	71%
	Total FTEs	1,684.69	1,607.21	5%	1,242.03	36%
	FTEs Per AOB Paid	6.37	5.94	7%	4.60	38%
	FTEs Per AOB Worked	5.63	5.15	9%	3.98	41%
	Labor Cost/FTE (Annualized)	143,678.16	137,998	4%	135,659.41	6%
	Benefits Expense as a % of Benefitted Labor Expense	61%	61%	(1%)	62%	(2%)
	Salaries & Benefits as % of Net Patient Revenue	64%	63%	1%	61%	5%

SURGICAL CASES BY SPECIALTY**HOSPITAL DATA ARE FOR CALENDAR YEAR 2018 AND CALENDAR YTD 2019****SURGERY CENTER DATA ARE FOR JULY THROUGH OCTOBER 2019**

SPECIALTY	HOSPITAL INPATIENT	HOSPITAL OUTPATIENT	SURGERY CENTER
EAR, NOSE, THROAT	3.7%	13.3%	6.5%
GENERAL SURGERY	31.9%	12.2%	3.6%
NEUROSURGERY	6.8%	2.7%	
OB/GYN	9.1%	16.1%	1.1%
OPHTHALMOLOGY	0.1%	0.2%	
ORTHOPEDICS (INCLUDES HAND)	34.0%	25.6%	72.4%
PAIN			15.6%
PLASTIC SURGERY (INCLUDES HEAD & NECK AND HAND)	4.5%	10.8%	
PODIATRY	2.2%	2.7%	
THORACIC SURGERY	0.5%	0.02%	
UROLOGY	4.7%	14.7%	0.7%
VASCULAR	0.7%		
OTHER	1.9%	1.8%	
TOTAL	100.0%	100.0%	100.0%

**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 December 11, 2019, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

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 December 11, 2019, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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