



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, May 16, 2018

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the 'Association of Kern County Nurse Leaders - 2018 RN of the Year' awardees and nominees from Kern Medical – **MAKE PRESENTATION**

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on April 18, 2017 – **APPROVE**

CA

- 5) Proposed Change Order No. 4 to Agreement 34517 with Black/Hall Construction, Inc., an independent contractor, for construction services related to the radiology room equipment upgrades, increasing the maximum payable by \$25,290, from \$249,544 to \$274,834, to cover the cost of additional services – **MAKE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE ANY FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF THE ORIGINAL CONTRACT PRICE, FOR A TOTAL CONTRACT PRICE NOT TO EXCEED \$295,871**

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 06018 with Clarity Technology Partners, LLC, an independent contractor, for technology-related temporary staffing and contingent search services, increasing the maximum payable by \$300,000, from \$250,000 to \$550,000, to cover the term, effective March 26, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Contract Supplement to Agreement 276-99 with Change Healthcare Technologies, LLC, an independent contractor, for purchase of Horizon Practice Plus software and professional services, in an amount not to exceed \$650,000, effective May 16, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed Amendment No. 5 to Agreement 485-2015 with Mohammed A.S. Molla, M.D., a contract employee, for professional medical services in the Department of Psychiatry for the period July 14, 2015 through July 13, 2020, increasing the hourly rate for after-hours clinic coverage from \$125 to \$150 per hour, adding short-term residential therapeutic program call coverage, and increasing the maximum payable by \$86,500, from \$2,141,284 to \$2,227,784, effective June 9, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Proposed Amendment No. 2 to Agreement 29917 with Abdul-Wahab H. Shararah, M.D., a contract employee, for professional medical services in the Department of Surgery for the period September 16, 2017 through September 15, 2020, adding services as Medical Director of the Laser and Aesthetics Center, and increasing the maximum payable by \$48,000, from \$1,490,000 to \$1,538,000, to cover the cost of additional services, effective June 1, 2018 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Agreement with Osman M. Tahir, D.O., a contract employee, for professional medical services in the Department of Radiology from June 18, 2018 through June 17, 2020, in an amount not to exceed \$1,488,000 –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

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

- 12) Proposed Kern County Hospital Authority operating and capital budget for Fiscal Year 2018-2019 –
APPROVE; REFER TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL

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

CA

- 14) Claims and Lawsuits Filed as of April 30, 2018 –
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 15) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 16) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –
- 17) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) –
- 18) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(2).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs –
- 19) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JUNE 20, 2018, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

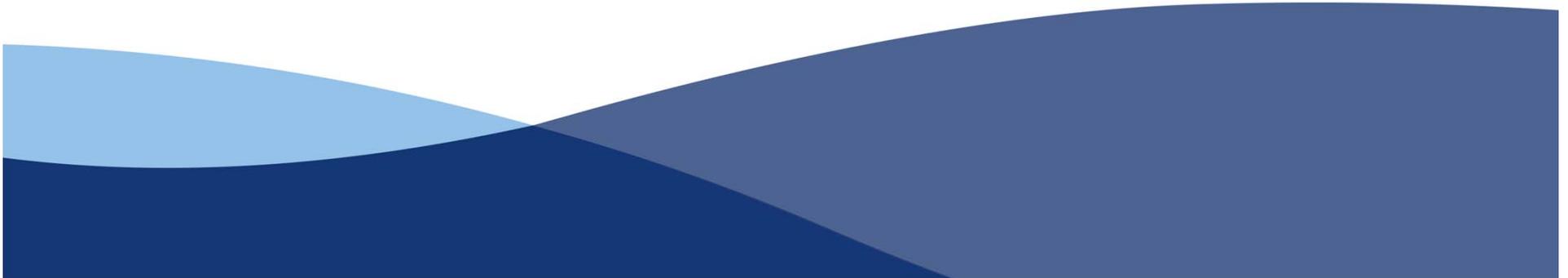
The Kern Medical Center Conference Room is accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Kern County Hospital Authority Board of Governors may request assistance at Kern Medical Center in the Administration Department,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

14) CLAIMS AND LAWSUITS FILED AS OF APRIL 30, 2018 –
RECEIVE AND FILE

- A) Claim in the matter of William A. Dorr
- B) Claim in the matter of Glen Jensen
- C) Claim in the matter of Isai Lopez
- D) Claim in the matter of Anna M. Arizaga
- E) Claim in the matter of Vickie Cook
- F) Claim in the matter of Jennifer Granado
- G) Third Amended Complaint in the matter Raul Jason Gomez v. Kern Medical Center,
Kern County Superior Court, Case No. BCV-16-102903



**ACNL - 2018 RN of the Year
Kern County Chapter
Nominees and Winners**



Winners

Laura “BreAnn” Harrington – Labor & Delivery
Clinical Practice – Inpatient

Jeffry Hill – NICU
Humanitarian

Kyisha Clay-Roby – Perinatal
Leadership - Emerging Nurse Leader

Kristi Brownfield – Infection Control
2018 Nightingale Scholarship Recipient

Nominees

Monette Hoburn – Labor & Delivery
Education, Direct Patient/Staff

Veronica Lomely – Vascular Access
Innovation in Professional Nursing

Jina Pappas – Cath Lab
Lifetime Achievement



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, April 18, 2018

11:30 A.M.

BOARD RECONVENED

Directors present: Berjis, Bigler, Lawson, McGauley, McLaughlin, Pelz, Sistrunk

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

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 WITHDRAWAL OF THE SURGERY RESIDENCY PROGRAM ACCREDITATION BY THE ACGME AND THE PLAN TO REAPPLY IN THE NEAR FUTURE; DIRECTOR BERJIS INVITED BOARD MEMBERS TO ATTEND THE ANNUAL RESEARCH FORUM AT BAKERSFIELD COUNTRY CLUB ON WEDNESDAY, MAY 2 AT 5:00 PM; DIRECTOR BERJIS ANNOUNCED THAT THE RESIDENT GRADUATION WILL BE HELD AT BAKERSFIELD MUSIC HALL OF FAME ON THURSDAY, MAY 31

RECOGNITION

- 3) Presentation of service awards by the Chief Executive Officer to nine Kern Medical employees with 25, 30, and 35 years of service –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on March 21, 2017 –
APPROVED
Lawson-Pelz: All Ayes

CA

- 5) Proposed retroactive Amendment No. 1 to Agreement 002-2018 with Desert Hand and Plastic Surgery PC, an independent contractor, for professional medical services in the Department of Surgery for the period April 9, 2018 through April 8, 2021, revising the compensation methodology, and decreasing the maximum payable by \$1,100,000, from \$2,700,000 to \$1,600,000, effective April 9, 2018 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 015-2018
Lawson-Pelz: All Ayes

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 001-2018 with Matthew M. Malerich, M.D., Incorporated, an independent contractor, for professional medical services in the Department of Surgery for the period April 9, 2018 through April 8, 2021, revising the compensation methodology, and decreasing the maximum payable by \$1,100,000, from \$2,700,000 to \$1,600,000, effective April 9, 2018 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 016-2018
Lawson-Pelz: All Ayes

CA

- 7) Proposed purchase of real property located at 1941 Flower Street, APN 138-032-04, from Rajvir Gill, for a purchase price of \$100,000 plus estimated escrow fees of \$5,000; 1951 Flower Street, APN 138-032-05 and 138-032-06, from Alsufyani Abdul, for a purchase price of \$150,000 plus estimate closing costs of \$15,000; and 1955 Flower Street, APN 138-032-07, from Shaik Saheb, M.D., Inc. Pension Plan, for a purchase price of \$95,000 plus estimated escrow fees of \$5,000 –
MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302, 15303, 15304, 15305, 15306, AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED; ADOPTED RESOLUTIONS 2018-005, 2018-006, AND 2018-007; AUTHORIZED CHIEF EXECUTIVE OFFICER TO ACCEPT GRANT DEEDS ON BEHALF OF KERN COUNTY HOSPITAL AUTHORITY AND SIGN ALL ESCROW DOCUMENTS INCLUDING AGREEMENTS 017-2018, 018-2018, AND 019-2018; DIRECTED STAFF TO ISSUE THREE SEPARATE WARRANTS PAYABLE TO CHICAGO TITLE COMPANY IN AMOUNTS NOT TO EXCEED \$105,000, \$165,000, AND \$100,000

Lawson-Pelz: All Ayes

CA

- 8) Proposed retroactive Amendment No. 4 to Agreement 09014 with himagine solutions, Inc., an independent contractor, for health information management staffing support for the period November 14, 2014 through October 31, 2017, extending the term from November 1, 2017 through March 31, 2020, and increasing the maximum payable by \$785,000, from \$600,000 to \$1,385,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 020-2018

Lawson-Pelz: All Ayes

CA

- 9) Proposed retroactive Agreement with Nova Biomedical Corporation, an independent contractor, containing nonstandard terms and conditions, for the purchase of glucose meters and test strips from April 11, 2018 through April 10, 2023, in an amount not to exceed \$400,000 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 021-2018

Lawson-Pelz: All Ayes

CA

- 10) Proposed Agreement with Stericycle, Inc., an independent contractor, containing nonstandard terms and conditions, for regulated medical waste disposal services for a term of 36 months effective April 18, 2018, in an amount not to exceed \$525,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 022-2018

Lawson-Pelz: All Ayes

CA

- 11) Proposed retroactive request of the state Public Works Board of the state of California to sign “Certificate of Kern County Hospital Authority” related to the Kern County Jail Complex, certifying matters associated with usage of the portion of the jail complex, recordkeeping responsibilities, and covenants concerning governance structure, effective April 17, 2018 –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 023-2018

Lawson-Pelz: All Ayes

CA

- 12) Proposed retroactive Agreement with Randolph Fok, M.D., an independent contractor, for professional medical services in the Department of Obstetrics and Gynecology from April 1, 2018 through March 31, 2020, in an amount not to exceed \$670,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 024-2018

Lawson-Pelz: All Ayes

CA

- 13) Proposed Agreement with Charter Communications Operating, LLC on behalf of its operating subsidiary Spectrum, an independent contractor, containing nonstandard terms and conditions, for the purchase of hosted voice and internet services at the Refine Clinic located 1902 B Street, Suite A, from April 18, 2018 through April 17, 2020, in an amount not to exceed \$25,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 025-2018

Lawson-Pelz: All Ayes

CA

- 14) Proposed retroactive Agreement with HR Knowledge, Inc., an independent contractor, containing nonstandard terms and conditions, for the purchase of cloud-based software for position control management from April 2, 2018 through April 1, 2020, in an amount not to exceed \$46,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 026-2018

Lawson-Pelz: All Ayes

- 15) Proposed discussion and recommendation to the Kern County Board of Supervisors to appoint a qualified candidate to the Kern County Hospital Authority Board of Governors to fill the Community Member at Large vacancy created by the resignation of Colleen McGauley, effective July 1, 2018, term to expire June 30, 2021 –
DISCUSSED; MADE RECOMMENDATION TO APPOINT RAJI K. BRAR TO FILL COMMUNITY MEMBER AT LARGE VACANCY, EFFECTIVE JULY 1, 2018, TERM TO EXPIRE JUNE 30, 2021; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS TO MAKE APPOINTMENT

Pelz-Berjis: All Ayes

- 16) Kern County Hospital Authority Chief Financial Officer report –
RECEIVED AND FILED
McGauley-McLaughlin: All Ayes
- 17) Kern County Hospital Authority Chief Executive Officer report –
RECEIVED AND FILED
Sistrunk-McLaughlin: All Ayes
- CA
- 18) Claims and Lawsuits Filed as of March 31, 2018 –
RECEIVED AND FILED
Lawson-Pelz: All Ayes

ADJOURNED TO CLOSED SESSION
Pelz-Lawson

CLOSED SESSION

- 19) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 20) 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
- 21) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – SEE RESULTS BELOW
- 22) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Shavonda Mosley, et al. v. County of Kern, et al., Kern County Superior Court Case No. BCV-15-100175 SDS – SEE RESULTS BELOW
- 23) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION
McGauley-Sistrunk

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 19 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE (MOTION BY DIRECTOR LAWSON, SECOND BY DIRECTOR MCGAULEY), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, REVIEW AND RELEASE OF PROCTORING, CHANGE IN STAFF STATUS, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 20 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 21 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 22 concerning CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Shavonda Mosley, et al. v. County of Kern, et al., Kern County Superior Court Case No. BCV-15-100175 SDS – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 23 concerning a Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, MAY 16, 2018, AT 11:30 A.M.

Sistrunk

/s/ Mona A. Allen
Authority Board Coordinator

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



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

May 16, 2018

Subject: Proposed Change Order No. 4 with Black Hall Construction, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests your Board approve the proposed change order no. four (4) to the construction contract with Black Hall Construction, Inc. for the radiography Room Equipment Upgrades.

Kern Medical entered into an agreement with Black Hall Construction, Inc. on August 25, 2017 (KCHA Agt. #34517) to complete the installation of a new x-ray machine in Radiology. Changes to the fire code were not known at the time of the initial construction contract. This change order will allow the contractor to install fire horns and strobes and to paint the unistrut and equipment track system to comply with the code. The proposed change order no. four (4) totals \$25,290 for a new contract amount of \$274,834.

To mitigate potential delays with contract changes, we are now requesting your Board's approval for Kern Medical Center's Chief Executive Officer, to approve all future change orders in an amount not to exceed 10% of the original contract amount, for a total potential contract amount of \$295,871.

CHANGE ORDER

PROJECT:

Radiography Room Equipment Upgrades
1700 Mt. Vernon Avenue
Bakersfield, CA 93306

PROJECT NO.: 1250.10947
CONTRACT NO.: HA 34517

CONTRACTOR:

Black Hall Construction, Inc.
P.O. Box 445
Taft, CA 93628

CHANGE ORDER NO.: Four (4)

DATE:

DESCRIPTION OF CHANGE	ADD	DEDUCT
1. Provide all labor, material and equipment to install fire horns and strobes in Radiology.	\$23,921.92	
2. Provide all labor, material and equipment to paint Unistrut and Track System in the Radiology Room.	\$1,368.00	
CHANGE ORDER NO. 4 TOTAL (ADD)	\$25,289.92	
CHANGE ORDER NO. 3 TOTAL (ADD)	\$1,328.16	
CHANGE ORDER NO. 2 TOTAL (ADD)	\$24,759.76	
CHANGE ORDER NO. 1 TOTAL (ADD)	\$13,085.57	
ORIGINAL CONTRACT PRICE	\$210,370.40	
NEW CONTRACT AMOUNT	\$274,833.81	

REASON FOR CHANGE

1. In an effort to show OSHPD, Fire Lift Safety Officer (FLSO) that the hospital is working proactively to address code issues, we elected to install fire horns and strobes in the Radiology corridor, control booth and both new dressing rooms and restroom. This issue would have been flagged upon OSHPD final inspection, and the completion would have been delayed further, had we not added this scope to the project.
2. For aesthetic purposes, we decided to paint the unistrut and track system for the X Ray Equipment.

Funds are available in the contract budget to cover this increase in cost.

CONFORMANCE WITH SPECIFICATIONS:

All work shall be done in conformance with the specifications as applied to work of a similar nature.

If the contractor refuses to sign this document, the work listed herein shall be performed on a force account basis.

SUBMITTED BY:

Black Hall Construction, Inc.

BY:

Glenn Black, President

APPROVED AS TO CONTENT:

BY:

Jared Leavitt, Chief Operating Officer

**APPROVED AS TO FORM:
Legal Services Department**

BY:

Shannon Hochstein
Hospital Counsel

BY:

Thad Bulkeley, Facility Director

Russell Judd, Chief Executive Officer

KERN COUNTY HOSPITAL AUTHORITY

BY:

Board of Governors, Chairman
"KCHA"



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

May 16, 2018

Subject: Proposed Amendment No. 1 to Agreement 06018 with Clarity Technology Partners, LLC.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical entered in to an agreement with Clarity Technology Partners, LLC for technology related temporary staffing and contingent search services. The proposed amendment increases the maximum payable by \$300,000 to \$550,000 per year of this agreement.

The increase is due to the additional staffing of a second EHR Consultant, a Senior Project Manager, to manage the day-to-day operational aspect of projects and scope relating to the implementation of the EHR system (Cerner Millennium project).



innovation.
creativity.
results.

**Amendment No. 1 to the
Clarity Technology Partners, LLC's Master Services Agreement**

This AMENDMENT NO. 1 made on this ____ day of _____, 2018, as part of the SERVICES AGREEMENT ("Agreement") made by and between, Clarity Technology Partners and Kern County Hospital Authority ("Client").

The Parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

The Agreement is amended effective March 26, 2018:

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

1. The following section will be added to the Agreement and incorporated herein by this reference.

"Screenings. Client has requested to perform applicant background screenings and drug screening on temporary employee applicants seeking assignments with Client and agrees to solely and exclusively make the decision as to whether applicants are eligible for assignment at Client based on its internal hiring criteria.

Client agrees to maintain the confidentiality of the reports it will review, and to fully comply with all applicable state and federal laws, including but not limited to the Fair Credit Reporting Act ("FCRA") and EEOC guidance, when acting pursuant to this Addendum. Compliance with the FCRA and some state laws includes, but is not limited to, obtaining written authorization prior to performing the background check, SAT and drug test, providing an applicant all required disclosures, and administering the pre and final adverse action process should adverse action be taken against any temporary employee applicant as a result of the completed background check, SAT or drug screen."

2. The additional language below will be added and incorporated herein by this reference to the Agreement section **Indemnification and Hold Harmless:**

"In addition, Client agrees to be solely responsible for decisions it makes pertaining to the Screening section and to defend, indemnify, and hold harmless Clarity Technology Partners, its officers, members, employees, and agents, from any losses, costs, claims, causes of action, damages, liabilities, and expenses, including reasonable attorneys' fees, all expenses of litigation and/or settlement, and court costs, arising out of or related to Client's acts or omissions pursuant to the Screening section.

3. Section **Contract Staffing** subsection (E) be deleted in its entirety and superseded by the following:

"E. The maximum payable under this Agreement will not exceed \$550,000 per year of the Agreement."

Clarity Technology Partners, LLC | 23456 Madero, Suite 165 | Mission Viejo, CA | 92691

Clarity Technology Partners is a Woman Owned Business. Clarity is certified by The Women President's Educational Organization and The Women's Business Enterprise National Council as a Woman Business Enterprise.

4. Exhibit A

Exhibit A, Rate and Confirmation Letter, to Amendment No. 1 is added to the Agreement and incorporated herein by this reference.

5. Except as otherwise defined herein, all capitalized terms used in this Amendment No. 1 have the meaning set forth in the Agreement.

6. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the state of California.

7. This Amendment No. 1 may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

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

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

Kern County Hospital Authority

Clarity Technology Partners

Signature _____

Signature _____

Printed Name Russell Bigler

Printed Name _____

Title Chairman, Board of Governors

Title _____

Date _____

Date _____



Exhibit A

Rate and Confirmation Letter

Pursuant to the Master Services Agreement between Clarity Technology Partners and Kern County Hospital Authority, dated March 2, 2018.

Candidate Information

Name: Khaled Eldemerdash

Title: Sr. Clinical Analyst

Responsibilities: Liaison among the customer stakeholders, understanding the business requirements that drive the analysis and design of quality technical solutions. Analyze, design, communicate and validate requirements for changes to business processes, policies, and information systems. Map current to future state including development of Gap analysis and remediation plan while insuring the Cerner applications are implemented and maintained in line with the agreed strategy to ensure sound healthcare pharmacy, clinical and financial practices.

Start Date: March 27, 2018

Standard Billing Rate: \$130.00/hour Overtime Billing Rate: \$130.00/hour

Name: Vic Moosissian

Title: Sr. Project Manager

Responsibilities: Manage day-to-day operational aspects of projects and scope. Reviews project deliverables, prepared by team leaders. Effectively applies our methodology and enforces project standards. Prepares for and provides regular project reviews and status updates. Is available as required and agreed for the term of the project

Start Date: May 2, 2018

Standard Billing Rate: \$120.00/hour Overtime Billing Rate: \$120.00/hour

Clarity will bill Kern Medical Center on a weekly basis for all hours worked and approved via electronic timesheets per the MSA.

Agreed to by:

Russell Bigler

Name/Signature

Chairman, Board of Governors

Title

Date



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

May 16, 2018

Subject: Proposed Contract Supplement to Agreement 276-99 with Change Healthcare Technologies, LLC, for purchase of Horizon Practice Plus software and professional services

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests our Board approve the proposed Contract Supplement to Agreement 276-99 with Change Healthcare Technologies, LLC, for purchase of Horizon Practice Plus (HPP) software that provides registration, scheduling, and provider billing for revenue cycle operations today.

The software purchase will allow Kern Medical to continue the current workflow through the CERNER go-live date of July 1, 2019. Change Healthcare is retiring the HPP software platform on December 31, 2018, and the purchase prevents an interim loss of services, or the need to implement a costly interim solution. There is also no ability to segment the CERNER Millennium implementation without a significant cost increase, which exceeds the buyout price.

The proposed purchase includes the items set forth below. The total purchase price, which includes professional services to complete the upgrades and implementation, is \$650,000.

Item	Costs
HPP Software / Practice Management	\$579,224
HPP Consulting - Migrating Plus to Kern Server/Network	\$34,000
HPP Consulting – Script Scheduler Implementation	\$6,500
HPP Support thru 12/31/2018 (\$174/hr.; 150 hours purchased)	\$26,100
HPP Consulting – Business Objects Upgrades	\$4,176
One-time Professional Services Fee	\$40,500
Professional Services - Estimated T&M Fees	\$30,276
Grand Total	\$650,000

The HPP team, Kern Medical Finance, and Information Systems Department have targeted September 1, 2018 as the transition.

Therefore, it is recommended that your Board approve the Contract Supplement with Change Healthcare Technologies, LLC, for purchase of Horizon Practice Plus software and professional services, in an amount not to exceed \$650,000, effective May 16, 2018, and authorize the Chairman to sign.

CONTRACT SUPPLEMENT

Contract Supplement to Information System Agreement No. C9801004 dated May 18, 1999.

THIS CONTRACT SUPPLEMENT, including all Exhibits, Schedules, and Attachments hereto and incorporated herein (this “**Contract Supplement**”) amends the agreement identified above including all Exhibits, Schedules, and Attachments thereto, and as amended (the “**Agreement**”), and is made effective as of the latest date in the signature block below (the “**CS Effective Date**”). Unless otherwise expressly set forth in this Contract Supplement, the terms and conditions set forth in this Contract Supplement apply only to the Facilities, Software, and/or Services listed herein. To the extent that this Contract Supplement conflicts with the Agreement, the terms and conditions of this Contract Supplement shall control. Where not in conflict, all applicable terms and conditions set forth in the Agreement are incorporated herein.

EXHIBITS	
A	Facilities, Fees Summary, Payment Schedule and Administration
A-1	Products and Pricing
A-2	Additional Terms
B	Professional Services Terms
C	Contract Assumptions Related to Move of HPP Server/Software to Kern County Hospital Authority (“Customer”) – RMS157721

The pricing in this Contract Supplement and Change Healthcare’s corresponding offer to Customer expires unless Change Healthcare receives this Contract Supplement signed by Customer on or before **June 30, 2018.**

Change Healthcare will include Customer’s purchase order (“**PO**”) number on Customer invoices if provided by Customer on or before the CS Effective Date. If this Contract Supplement includes an amount equal to or greater than \$10,000, a copy of Customer’s PO must be attached. Failure to provide Change Healthcare with a PO number or copy does not suspend or negate any Customer duty, including payment, under this Contract Supplement. Pre-printed terms and conditions on or attached to Customer’s PO shall be of no force or effect.

By signing this Contract Supplement, Customer acknowledges and agrees that (a) Change Healthcare has made no warranty or commitment with regard to any functionality not Generally Available as of the CS Effective Date, whether or not included as part of Software Maintenance Services, for any of the Software licensed in this Contract Supplement and (b) Customer has not relied on the availability of any future version of the purchased Product or any other future Product in executing this Contract Supplement and (c) the decision by Customer to execute this Contract Supplement was not influenced by any discussions regarding future functionality of any Software or Services not Generally Available.

{SIGNATURES ON THE FOLLOWING PAGE}

Each signatory hereto represents and warrants that it is duly authorized to sign, execute, and deliver this Contract Supplement on behalf of the party it represents.

Kern County Hospital Authority

Signature: _____

Printed Name: Russell E. Bigler

Title/Position: Chairman, Board of Governors

Customer PO#: _____

Approved as to Form:

Legal Service Department

Signature: _____

Printed Name: _____

Title/Position: _____

Customer PO#: _____

Date: _____

Change Healthcare Technologies, LLC

Signature: Christine Rice

Printed Name: CHRISTINE RICE

Title/Position: SVP CFO TCS

Date: 5/9/18

Kern County Hospital Authority
1700 Mt Vernon Avenue
Bakersfield, California 93306-4197
Attention: Chief Financial Officer

Change Healthcare Technologies, LLC
5995 Windward Parkway
Alpharetta, Georgia 30005
Attention: President

With a copy to the General Counsel at the same address

**Thank You for Your Business
(Please Attach Customer's Purchase Order)**

**EXHIBIT A
FACILITIES, FEES SUMMARY, PAYMENT SCHEDULE AND ADMINISTRATION**

FACILITIES:

Customer No.	Facility	Full Address
1009312	Kern County Hospital Authority	1700 Mt Vernon Avenue, Bakersfield, California 93306-4197
(NOTE: It is not necessary to list offices of physicians or other caregivers with privileges at a Facility.)		
*Location of Customer's data center		

FEES SUMMARY:

Products and Services	Software Fees	One-Time Fees	Estimated T&M Fees
Software	\$579,224	N/A	N/A
Professional Services:	N/A	\$40,500	\$30,276
GRAND TOTALS:	\$579,224	\$40,500	\$30,276

PAYMENT SCHEDULE:

Software Fees: 75% is due upon the CS Effective Date and the remaining 25% will be due July 1, 2018.

Professional Services – One Time Fees: 100% due upon the CS Effective Date.

Professional Services – Estimated T&M Fees: 100% is due monthly as incurred, billed in arrears.

The transaction covered by this Contract Supplement may involve a discount, rebate or other price reduction on the items covered by this Contract Supplement. Customer may have an obligation to report such price reduction or the net cost in its cost reports or in another appropriate manner in order to meet the requirements of applicable federal and state anti-kickback laws, including 42 U.S.C. Sec. 1320a-7b(b)(3)(A) and the regulations found at 42 C.F.R. Sec. 1001.952(g) and (h). Customer will be responsible for reporting, disclosing, and maintaining appropriate records with respect to such price reduction or net cost and making those records available under Medicare, Medicaid, or other applicable government health care programs.

Unless Customer provides Change Healthcare prior to the CS Effective Date satisfactory evidence of exemption (including evidence of renewal if applicable) from applicable sales, use, value-added, or other similar taxes or duties, Change Healthcare will invoice Customer for all such taxes applicable to the transactions under this Contract Supplement.

ADMINISTRATION:

Sold To:	Ship To: Software licensed under this Contract Supplement will be delivered via electronic delivery or physical media.
Kern County Hospital Authority	Kern County Hospital Authority
1700 Mt Vernon Avenue	1700 Mt Vernon Avenue
Bakersfield, California 93306-4197	Bakersfield, California 93306-4197
	Attention: Rey Lopez
	Telephone: 661-326-5480
	E-mail: Rey.Lopez@kernmedical.com
Bill To:	Paid By:
Kern County Hospital Authority	Kern County Hospital Authority
1700 Mt Vernon Avenue	1700 Mt Vernon Avenue
Bakersfield, California 93306-4197	Bakersfield, California 93306-4197
Attention: Rey Lopez	Attention: Han Nguyen
Telephone: 661-326-5480	Telephone: 661-862-4133
E-mail: Rey.Lopez@kernmedical.com	E-mail: han.nguyen@kernmedical.com

**EXHIBIT A-1
 PRODUCTS AND PRICING**

SOFTWARE PRICING

<u>Software Product No.</u>	<u>Module / Description</u>	<u>Product Family</u>	<u>List Price</u>	<u>QTY</u>	<u>Net Price</u>
71002191	Horizon Practice Plus ("HPP") Software	Practice Management	\$579,224	1	\$579,224
Software Total:					\$ 579,224

PROFESSIONAL SERVICES PRICING

<u>Professional Services Product No.</u>	<u>Module / Description</u>	<u>Product Family</u>	<u>List Price</u>	<u>QTY</u>	<u>Net Price</u>	<u>Estimated T&M Fees</u>
74036247	HPP Consulting	Practice Management	\$34,000	1	\$34,000	N/A
<i>Migrating Plus to Kern Server/Network</i>						
74036247	HPP Consulting	Practice Management	\$6,500		\$6,500	N/A
<i>Implementation of Script Scheduler</i>						
74036247	HPP Expired Support	Practice Management	\$174/hr	150/hrs	\$174/hr	\$26,100
<i>Support through 12/31/18</i>						
74036247	HPP Consulting	Practice Management	174/hr	24/hrs	\$174/hr	\$4,176
<i>Business Objects Upgrade to Release 3.1sp7</i>						
Professional Services – One-Time Fees Total:					\$40,500	
Professional Services – Estimated T&M Fees Total:					-----\$30,276	

**EXHIBIT A-2
ADDITIONAL TERMS**

SECTION1: LIMITATIONS OF LIABILITY

1.1 Total Damages. CHANGE HEALTHCARE'S TOTAL CUMULATIVE LIABILITY UNDER, IN CONNECTION WITH, OR RELATED TO THIS CONTRACT SUPPLEMENT WILL BE LIMITED TO (A) WITH RESPECT TO ANY PRODUCT, THE TOTAL FEES PAID (LESS ANY REFUNDS OR CREDITS) BY CUSTOMER TO CHANGE HEALTHCARE HEREUNDER FOR THE PRODUCT GIVING RISE TO THE CLAIM, OR (B) WITH RESPECT TO ANY SERVICE, THE TOTAL FEES PAID (LESS ANY REFUNDS OR CREDITS) BY CUSTOMER TO CHANGE HEALTHCARE HEREUNDER FOR THE SERVICE GIVING RISE TO THE CLAIM DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF THE CLAIM, AS APPLICABLE, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY, TORT, PRODUCT LIABILITY, OR OTHERWISE.

1.2 Exclusion of Damages. IN NO EVENT WILL CHANGE HEALTHCARE BE LIABLE TO CUSTOMER UNDER, IN CONNECTION WITH, OR RELATED TO THIS CONTRACT SUPPLEMENT FOR ANY SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF GOODWILL, WHETHER BASED ON BREACH OF CONTRACT, WARRANTY, TORT, PRODUCT LIABILITY, OR OTHERWISE, AND WHETHER OR NOT CHANGE HEALTHCARE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

1.3 Material Consideration. THE PARTIES ACKNOWLEDGE THAT THE FOREGOING LIMITATIONS ARE A MATERIAL CONDITION FOR THEIR ENTRY INTO THIS CONTRACT SUPPLEMENT.

SECTION2: INTERNET DISCLAIMER

2.1 CERTAIN PRODUCTS AND SERVICES PROVIDED BY CHANGE HEALTHCARE UTILIZE THE INTERNET. CHANGE HEALTHCARE DOES NOT WARRANT THAT SUCH SERVICES WILL BE UNINTERRUPTED, ERROR-FREE, OR COMPLETELY SECURE. CHANGE HEALTHCARE DOES NOT AND CANNOT CONTROL THE FLOW OF DATA TO OR FROM CHANGE HEALTHCARE'S OR CUSTOMER'S NETWORK AND OTHER PORTIONS OF THE INTERNET. SUCH FLOW DEPENDS IN LARGE PART ON THE INTERNET SERVICES PROVIDED OR CONTROLLED BY THIRD PARTIES. ACTIONS OR INACTIONS OF SUCH THIRD PARTIES CAN IMPAIR OR DISRUPT CUSTOMER'S CONNECTIONS TO THE INTERNET (OR PORTIONS THEREOF). ACCORDINGLY, CHANGE HEALTHCARE DISCLAIMS ANY AND ALL LIABILITY RESULTING FROM OR RELATED TO THE ABOVE EVENTS.

SECTION3: PRICING

3.1 Change Healthcare may increase its fees for future services related to the HPP Software at the then Prevailing Rate.

SECTION4: SERVICES WARRANTY

4.1 Change Healthcare warrants that all Services will be performed in a professional manner consistent with industry standards by trained and skilled personnel. Change Healthcare may subcontract its obligations under this Contract Supplement.

SECTION5: DISCLAIMER; EXCLUSIVE REMEDY

5.1 THE WARRANTIES IN THIS CONTRACT SUPPLEMENT ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED

WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHICH WARRANTIES ARE HEREBY SPECIFICALLY DISCLAIMED. CHANGE HEALTHCARE DOES NOT WARRANT THAT THE PRODUCTS OR SERVICES WILL YIELD ANY PARTICULAR BUSINESS OR FINANCIAL RESULT OR THAT THE SERVICES WILL BE PERFORMED WITHOUT ERROR OR INTERRUPTION. CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR CHANGE HEALTHCARE'S BREACH OF ANY WARRANTY WILL BE THE REPAIR, REPLACEMENT, OR RE-PERFORMANCE BY CHANGE HEALTHCARE OF THE NONCONFORMING PRODUCT OR SERVICE. IF CHANGE HEALTHCARE FAILS TO DELIVER THIS REMEDY, THEN CUSTOMER MAY PURSUE ANY OTHER REMEDY THAT IS OTHERWISE PERMITTED UNDER THIS CONTRACT SUPPLEMENT.

SECTION 6: DEFINITIONS

For purposes of this Contract Supplement, the following terms, as such terms are used herein or in the Agreement shall have the following meanings:

- 6.1 **"Enhancements"** means enhancements or new releases of the Software, Documentation or Services providing new or different functionality that are separately priced and marketed by Change Healthcare.
- 6.2 **"Generally Available"** means available as a non-development product, licensed by Change Healthcare in the general commercial marketplace.
- 6.3 **"Maintenance Services"** means Software Maintenance Services. Maintenance Services do not include services required as a result of (a) improper use, abuse, accident or neglect, including Customer's failure to maintain appropriate environmental conditions for the Products, or (b) modifications or additions to the Products.
- 6.4 **"Prevailing Rate"** means the Change Healthcare standard fee(s) in effect for the applicable Products, Third Party Software and Services on the date that the Service is to be provided.
- 6.5 **"Products"** means Software and any other products that Change Healthcare provides to Customer pursuant to this Contract Supplement.
- 6.6 **"Professional Services" and/or "Services"** means any implementation, consulting, maintenance, processing programming, technology or other professional services that Change Healthcare provides to Customer pursuant to this Contract Supplement.
- 6.7 **"Software"** means and shall include software in object code form only (and related Documentation) identified in a Contract Supplement or otherwise provided by Change Healthcare to Customer, including any upgrades that Change Healthcare provides to Customer.
- 6.8 **"Technology Services"** means the Infrastructure Management Services and any other services provided by Change Healthcare's Technology Services group.
- 6.9 **"Upgrades"** means corrections, modifications, improvements, updates or releases of the Software, Documentation, or Services designated by Change Healthcare as **"Upgrades,"** which are Generally Available and generally provided to customers as part of Software Maintenance Services. Upgrades do not include Enhancements.

EXHIBIT B
SOFTWARE AND PROFESSIONAL SERVICES TERMS

SECTION1: PROFESSIONAL SERVICES

The Professional Services to be provided by Change Healthcare will be described on one or more proposal letters, work orders and/or statements of work attached to this Contract Supplement:

1.1 **Performance.** Change Healthcare will perform the Professional Services on the premises of Customer, during Customer's normal business hours, and/or at Change Healthcare's location, except when the nature of the work may, by mutual agreement between Change Healthcare and Customer, be performed elsewhere. Change Healthcare will use employees, consultants, experts and subcontractors to perform the Professional Services. Change Healthcare agrees to make available to Customer the qualified personnel time necessary to provide the Professional Services in the agreed upon time period.

1.2 **Support.** Customer shall provide Change Healthcare, at Customer's sole expense, reasonable workspace, computing resources, and other services and support materials as reasonably required by Change Healthcare in order for Change Healthcare to perform the Professional Services.

1.3 **Information.** Customer shall cooperate and provide information reasonably necessary for the timely completion of the Professional Services. Customer shall be responsible for providing Change Healthcare with data and information and support materials as reasonably required by Change Healthcare to perform its duties hereunder.

1.4 **Independent Principals.** The relationship of Customer and Change Healthcare herein shall be that of two independent contractors. Customer shall have no authority to direct the day-to-day activities of Change Healthcare, and Change Healthcare shall be responsible to discipline and supervise its employees and subcontractors. Neither Change Healthcare nor any of its employees or subcontractors shall be considered as employees or agents of Customer or be entitled to any benefits accruing to employees or agents of Customer.

SECTION2: TERM AND TERMINATION

2.1 **Term.** This Contract Supplement includes a one-time service and T & M services. **THE PARTIES ACKNOWLEDGE AND AGREE THE HPP SOFTWARE AND SERVICES PROVIDED BY CHANGE HEALTHCARE UNDER THIS CONTRACT SUPPLEMENT SHALL CEASE ON DECEMBER 31, 2018 AND CHANGE HEALTHCARE WILL NO LONGER PROVIDE ANY MAINTENANCE AND/OR SUPPORT FOR THE HPP SOFTWARE AND THIRD PARTY SOFTWARE INCLUDED IN THE HPP PRODUCT AFTER DECEMBER 31, 2018.**

2.2 In the event Customer terminates this Contract Supplement prior to completion of any proposal letter, work order and/or statement of work, Customer shall pay Change Healthcare on the date of termination for all of Change Healthcare's actual time spent on providing the Professional Services as of such date. In no event shall the ownership and/or proprietary rights in and to any deliverable under a statement of work transfer to Customer until the total Professional Services fees due to Change Healthcare under the applicable proposal letter, work order and/or statement of work have been paid in full to Change Healthcare.

2.3 In the event that Customer fails to complete the Professional Services listed in this Contract Supplement by December 31, 2018, Change Healthcare shall be relieved and released of its obligation to perform the unfulfilled Professional Services set forth in this Contract Supplement and Customer will not be entitled to any refunds or credits for the unperformed Professional Services.

2.4 **Post-Termination.** Upon termination of this Contract Supplement for any reason, Change Healthcare will return to Customer all proprietary information it may have in its possession within ten days

of the date of termination, provided that it may retain a confidential work paper record of its services for archival purposes.

SECTION3: OWNERSHIP

3.1 Title to all written material, originated and prepared for Customer under this Contract Supplement, shall belong to Customer. However, Change Healthcare's working papers and Change Healthcare confidential information belong exclusively to Change Healthcare. The ideas, concepts, know-how, techniques, inventions, discoveries, improvements and other information relating to information processing, telecommunications or business process re-engineering or design, developed during the course of provision of Professional Services by Change Healthcare and/or Customer personnel, may be used by either party, without an obligation to account, in any way it deems appropriate, including without limitation by or for its Customers or customers, notwithstanding any provision in this Contract Supplement to the contrary. Change Healthcare is in the business of providing Professional Services and developing computer software for a wide variety of Customers and Customer understands that Change Healthcare will continue these activities. Accordingly, nothing in this Contract Supplement shall preclude or limit Change Healthcare from providing Professional Services and/or developing software or materials for itself or other Customers, irrespective of the possible similarity of screen formats, structure, organization and sequence to materials which might be delivered to Customer.

SECTION4: APPROVALS AND SIMILAR ACTIONS

4.1 Where agreement, approval, consent or similar action by Customer or Change Healthcare is required under this Contract Supplement, such action shall not be unreasonably delayed or withheld.

SECTION5: DELIVERABLES

5.1 HPP Software. HPP SOFTWARE IS SOLD AS-IS AND CUSTOMER ACKNOWLEDGES SUPPORT AND MAINTENANCE BY CHANGE HEALTHCARE SHALL CEASE ON DECEMBER 31, 2018. FOR THE AVOIDANCE OF DOUBT, CUSTOMER FURTHER ACKNOWLEDGES CHANGE HEALTHCARE HAS NO OBLIGATION TO, AND SHALL NOT, PROVIDE ANY SOFTWARE PATCHES, BUG FIXES, SERVICE PACKS, PRODUCT ENHANCEMENTS, IMPROVEMENTS TO EXISTING FEATURES AND FUNCTIONALITY, AND THE LIKE. IT SHALL BE CUSTOMER'S RESPONSIBILITY TO MAINTAIN AND SUPPORT THE HPP SOFTWARE AFTER DECEMBER 31, 2018. ANY SUPPORT REQUESTED BY THE CUSTOMER PRIOR TO DECEMBER 31, 2018 WILL BE PROVIDED ON A TIME AND MATERIALS BASIS AND AT THE RATE LISTED IN EXHIBIT A-1.

5.2 Professional Services. The following parameters apply to the Professional Services set forth in this Contract Supplement:

- 5.2.1 HPP Software release 13.0 support shall only be available during normal business hours (Monday through Friday - 7:00AM to 4:00PM Central Standard Time).
- 5.2.2 Notwithstanding the services described in Exhibit C, attached hereto, the Professional Services will not include: (a) education, (b) support table maintenance; (c) script modifications; (d) hardware (e) after-hours assistance (f) test/QA (non-production) environments (g) Report Server/Business Objects; or (h) additional custom programming services (unless licensed under separate agreement).

EXHIBIT C
CONTRACT ASSUMPTIONS RELATED TO MOVE OF HPP SERVER/SOFTWARE
TO KERN COUNTY HOSPITAL AUTHORITY ("CUSTOMER")- RMS157721

Change Healthcare Responsibilities:
Provide and stage server with HPP Software and disk drives, which will include Customer's database & files and script scheduler. The server will not be delivered before August 1, 2018, pending completion of Customers data center.
Ship server to Customer facility listed in Exhibit A**
Assist with new HPUX server configuration on existing customer network
Change IP addresses for configuration of existing Customer interfaces for the HPP Software
20 hours of HPP Software education to include: <ul style="list-style-type: none">• Support Tables / File Maintenance• Payment Posting• Overview of AR, Claims Resubmission, Bad Debt, Customer Service• Claims Manager Worklist
Customer Responsibilities:
Printer and printer set up
All data related updates to the HPP Software
Management of all accounts receivable service functions
Monitoring of HPUX hardware and operations
Monitoring of HPP Software batch processing
Maintain/monitor all existing Customer interfaces
Customer is responsible for contracting for all clearinghouse services, said contract will be separate and distinct from the HPP contract. If Customer chooses to use a clearinghouse other than RelayHealth, it will be Customer's responsibility to set up configurations with Customer's chosen clearinghouse.
Hardware Required by Customer:
Report server for Business Objects
Back-up solution for production environment

{EXHIBIT C IS CONTINUED ON THE FOLLOWING PAGE}

HPP Software includes the following Third Party Software (for support Customer will be required to contact the third party software vendor directly):
BUSINESS OBJECTS SOFTWARE LTD (Release 3.1sp7)
Annual ICD-10 & CPT/HCPCS Code Set
Microsoft SQL Server version 2008 R2 (base SE or higher), with the capability to support 5 users
Oracle (Tuxedo 9.1 on Unix side and PC side)
Oracle (DB -- 10G used with RISC servers - 11g for Integrity servers)
Orion Health Symphonia 3.8.6.52235

***Any additional products or services requested by Customer shall require a separate agreement and shall be at an additional fee.**

****Customer acknowledges it shall be responsible for the following related to shipment of the server to Customer facility listed in Exhibit A: (1) choosing the shipping company; (2) scheduling the shipment; and (3) all costs associated with shipment.**



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

May 16, 2018

Subject: Proposed Amendment No. 5 to Agreement 485-2015 with Mohammed A.S. Molla, M.D., a contract employee, for professional medical services in the Department of Psychiatry

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical recommends your Board approve the proposed amendment No. 5 with Mohammed A.S. Molla, M.D., a contract employee, for professional medical services in the Department of Psychiatry. Dr. Molla provides professional medical and administrative services to KMC in the Department of Psychiatry and Kern Behavioral Health and Recovery Services (f/k/a Kern County Mental Health System of Care).

The proposed agreement is for after-hours clinic coverage and short-term residential therapeutic program call coverage effective June 9, 2018 and increasing the maximum payable by \$86,500, not to exceed \$2,227,784 over the five-year Initial Term of this Agreement.

Therefore, it is recommended that your Board approve the agreement with Mohammed A.S. Molla, M.D.

**AMENDMENT NO. 5
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Mohammed A.S. Molla, M.D.)**

This Amendment No. 5 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Mohammed A.S. Molla, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Kern County Agt. #485-2015, dated July 13, 2015), Assignment of Agreement (Kern County Agt. #296-2016, dated March 1, 2016), Amendment No. 1 (Agt. #10616, dated August 6, 2016), Amendment No. 2 (Agt. #2017-027, dated April 19, 2017), Amendment No. 3 (Agt. #38617, dated November 8, 2017), and Amendment No. 4 (Agt. #05018, dated March 3, 2018) (collectively, the “Agreement”), for the period July 14, 2015 through July 13, 2020, whereby Physician provides professional medical and administrative services to KMC in the Department of Psychiatry and Kern Behavioral Health and Recovery Services (f/k/a Kern County Mental Health System of Care); and

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

(c) The Agreement is amended effective June 9, 2018;

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

1. Section 5, Compensation Package, paragraph 5.7, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“5.7 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,227,784 over the five-year Initial Term of this Agreement.”

2. Section 5, Compensation Package, paragraph 5.8, After-hours Clinic Coverage, shall be deleted in its entirety and replaced with the following:

“5.8 After-hours Clinic Coverage. Authority shall pay Physician an hourly rate of \$150 per hour for after-hours clinic coverage (defined as scheduled appointments in the KMC or Kern Behavioral Health and Recovery Services outpatient clinics on weekends or after 5:00 p.m. on weekdays).”

3. Section 5, Compensation Package, paragraph 5.9, STRTP Call Coverage, shall be made part of the Agreement as follows:

“5.9 ST RTP Call Coverage. Authority shall pay Physician for short-term residential therapeutic program (“STRTP”) call coverage as follows: (i) Physician shall be paid \$250 for every weekday night of STRTP telephonic call coverage assigned (Monday through Thursday from 5:00 p.m. to 8:00 a.m.); (ii) Physician shall be paid \$1,000 for weekend STRTP telephonic call coverage assigned (Friday at 5:00 p.m. to Monday at 8:00 a.m.); and (iii) Physician shall be paid \$500 for in-person consultations.”

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

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

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

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 5 as of the day and year first written above.

PHYSICIAN

By 
Mohammed A.S. Molla, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend5.Molla.050318



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

May 16, 2018

Subject: Proposed Amendment No. 2 to Agreement 29917 with Abdul-Wahab H. Shararah, M.D., a contract employee, for professional medical services in the Department of Surgery

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical recommends your Board approve the proposed Amendment No. 2 with Abdul-Wahab H. Shararah, M.D., a contract employee, for professional medical services in the Department of Surgery for the period September 16, 2017 through September 15, 2020, adding services as Medical Director of the Laser and Aesthetics Center, and increasing the maximum payable by \$48,000, from \$1,490,000 to \$1,538,000, to cover the cost of additional services, effective June 1, 2018.

Therefore, it is recommended that your Board approve the amendment with Abdul-Wahab H. Shararah, M.D.

**AMENDMENT NO. 2
TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Abdul-Wahab H. Shararah, M.D.)**

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Abdul-Wahab H. Shararah, M.D. (“Physician”).

RECITALS

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #29917, dated August 31, 2017) and Amendment No. 1 (Agt. #34217, dated September 16, 2017), for the period September 16, 2017 through September 15, 2020, whereby Physician provides professional medical services in the Department of Surgery and teaching services to resident physicians employed by Authority; and

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

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

(d) The Agreement is amended effective June 1, 2018;

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

1. Section 5, Compensation Package, paragraph 5.7, Medical Director Stipend, shall be made part of the Agreement as follows:

“5.7 Medical Director Stipend. Authority shall pay Physician a stipend of \$1,846.15 biweekly not to exceed \$48,000 annually for services as Medical Director of the Laser and Aesthetics Center. If the conditions for Physician to receive the stipend are met, the stipend would become payable to Physician commencing June 1, 2018, and each biweekly pay period thereafter through May 31, 2019. Physician understands and agrees that he must remain in the position of Medical Director of the Laser and Aesthetics Center as of each biweekly payout date in order to earn and receive the stipend payment. All stipend payments made by Authority to Physician shall be subject to all applicable federal and state taxes and withholding requirements.”

2. Section 5, Compensation Package, paragraph 5.6, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“5.6 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,538,000 over the three-year Initial Term of this Agreement.”

3. Exhibit “A,” Job Description, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit “A,” Job Description, attached hereto and incorporated herein by this reference.

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

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

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

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

[Signatures follow on next page]

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

PHYSICIAN

By _____
Abdul-Wahab H. Shararah, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend2.Shararah.050118

AMENDMENT NO. 1
TO
EXHIBIT “A”
Job Description
Abdul-Wahab H. Shararah, M.D.

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

Essential Functions:

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

2. Administrative Responsibilities:
 - Assist in clinical and administrative integration efforts across KMC as appropriate for plastic and hand surgery assisting with proper program planning, surgeon recruitment and faculty development, resource allocation, analysis, communication and assessment
 - Gather data through best practices and collaborate with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
 - Support the Department chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes for plastic and hand surgery services
 - Attend and actively participate in assigned Medical Staff and hospital committees
 - Participate in clinical and administrative integration efforts across the hospital as appropriate for the Department ensuring proper program planning, resource allocation, analysis, communication, and assessment
 - Participate in the preparation, monitoring, review, and performance of clinical activity in the Department

- Participate in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department
 - Provide didactic teaching and resident physician and medical student education as assigned and participate in setting goals and expectations for the surgery resident and medical student rotations
 - Complete medical records in a timely fashion and work to improve the quality, accuracy, and completeness of documentation
 - Work collaboratively with other clinical departments to develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services
 - Follow and comply with the Medical Staff bylaws, rules, regulations, and policies and Authority and KMC policies and procedures
3. Teaching Responsibilities:
- Assist with didactic curriculum and teaching conference activity for plastic and hand surgery
 - Assist in resident research and scholarly activity
4. Medical Director Responsibilities for Laser and Aesthetics Center (“Center”):
- Work collaboratively with hospital administration, Center management, and other medical and clinical staff at the Center to provide medical supervision
 - Provide clinical oversight of the Center
 - Oversee and support education and training of medical and clinical staff at the Center
 - Support and oversee the development of written policies, procedures, and protocols as relates to patient care and obtain approval of such protocols as needed through appropriate hospital and medical staff committees
 - Provide oversight to coordinate performance improvement activities
 - Work to ensure excellent care through chart review, direct observation, and data analysis

Employment Standards:

One (1) year of post-residency fellowship experience in hand and/or microvascular surgery

AND

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

AND

Certification by the American Board of Plastic Surgery in plastic surgery-general

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

[Intentionally left blank]



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

May 16, 2018

Subject: Proposed Agreement with Osman M. Tahir, D.O., a contract employee, for professional medical services in the Department of Radiology

Recommended Action: Approve; Authorize Chief Executive Officer to sign

Summary:

Kern Medical recommends your Board approve the proposed the agreement with Osman M. Tahir D.O., a contract employee, for professional medical services in the Division of Vascular and Interventional Radiology from June 18, 2018 through June 17, 2020, in an amount not to exceed \$1,488,000. Dr. Tahir will provide weekday, weekday nights, weekends and 24-hour call coverage as assigned. Dr. Tahir will support the Department Chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes as well as performance of clinical activity in the Department.

Therefore, it is recommended that your Board approve the amendment with Osman M. Tahir, D.O.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – Osman M. Tahir, D.O.)**

This Agreement is made and entered into this ____ day of _____, 2018, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Osman M. Tahir, D.O. (“Physician”).

**I.
RECITALS**

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

(b) Authority requires the assistance of Physician to provide professional medical services in the Department of 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

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

**II.
TERMS AND CONDITIONS**

1. **Term.** The initial term of this Agreement (“Initial Term”) shall be for a period of two (2) years, commencing as of June 18, 2018 (the “Commencement Date”). At the end of the Initial Term and each Renewal Term (as hereinafter defined), if any, this Agreement may be renewed for two (2) additional terms of two (2) years each (“Renewal Term”), but only upon mutual written agreement of the parties. As used herein, the “Term” of this Agreement shall mean the Initial Term and all Renewal Terms. As used herein, an “Employment Year” shall mean the annual period beginning on the Commencement Date and each annual period thereafter.

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

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

4. **Obligations of Physician.**

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

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

4.3 **Qualifications.**

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

4.3.2 **Board Certification.** Physician shall be board certified by the American Board of Radiology in diagnostic radiology-general and obtain subspecialty certification in vascular and interventional radiology within 24 months of the Commencement Date, and maintain such certifications at all times during the Term of this Agreement.

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

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

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

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

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

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

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

4.8 Medical Records. Physician shall cause a complete medical record to be timely prepared and maintained for each patient seen by Physician. This record shall be prepared in

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

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

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 of \$19,230.76 biweekly not to exceed \$500,000 annually. The Annual Salary shall be comprised of (i) a base salary for teaching and administrative services and (ii) payment for care of KMC patients. 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.

5.2 **Excess Call Coverage.** Authority shall pay Physician for excess call coverage (vascular/interventional radiology call 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.

5.3 **Starting Bonus.**

5.3.1 **Bonus.** Physician shall receive a starting bonus in the amount of \$20,000, less all applicable federal and state taxes and withholdings, payable within 10 business days of the Commencement Date. Physician shall forfeit the starting bonus if he fails to report to work on the Commencement Date.

5.3.2 **Repayment.** In the event that Physician voluntarily terminates his employment with Authority for any reason whatsoever before the first anniversary of this Agreement, Physician will repay to Authority an amount equal to \$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.

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

5.4 Professional Fee Billing.

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

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

5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,488,000 over the two-year Initial Term of this Agreement.

6. Benefits Package.

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

6.3 Holidays. Physician shall be entitled to all paid holidays authorized as official holidays for Authority employees. A holiday occurring on a Sunday shall be observed on the following Monday and a holiday occurring on a Saturday shall be observed on the preceding Friday. In the event Physician is scheduled for and works on a holiday, he shall be entitled to an equivalent period of time off at a later date. Physician will not be paid for banked holidays upon termination of employment.

6.4 Vacation. Physician shall be credited with vacation leave of 6.15 hours for each pay period of service, for a maximum accrual of 160 hours per year. Vacation leave will accrue from the Commencement Date and may be taken at any time thereafter. Total unused vacation leave accumulated will not exceed a maximum of 320 hours. No further vacation leave will accrue as long as Physician has the maximum number of hours credited. The Department chair must approve all vacation leave in advance. Physician shall be paid for accrued and unused vacation leave, if any, upon termination or expiration of this Agreement calculated at Physician's current hourly rate (i.e., current Annual Salary divided by 2080 hours = hourly rate). All payments made by Authority to Physician under this paragraph will be subject to all applicable federal and state taxes and withholding requirements.

6.5 Sick Leave. Physician shall accrue sick leave in accordance with Authority policy, as amended from time to time. Physician will not be paid for accrued and unused sick leave upon termination of employment.

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

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

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

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

approved professional duties shall be fully compensated service time and will not be considered vacation or education leave.

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

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

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

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

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

6.15 Relocation Reimbursement. Authority shall reimburse Physician for actual relocation expenses (defined as the packing, moving and unpacking of household goods and vehicles) and travel expenses (defined as lodging, meals, mileage and incidental expenses) associated in moving to Bakersfield, California, in an amount not to exceed \$7,500, payable in arrears, in accordance with Authority policy. Reimbursement of travel expenses will include per mile reimbursement for one (1) personal vehicle at the current privately owned vehicle (POV) mileage reimbursement rate established by the U.S. General Services Administration, meals and incidental expenses for Physician only at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes established by Authority. Physician shall be deemed vested in reimbursement of relocation expenses in the amount of \$208.34 per month beginning on the last day of the month in which the relocation expenses are reimbursed to Physician. In the event Physician's employment is terminated by either party, with or without cause, then, on the effective date of such termination, Physician shall repay to Authority all amounts received in which Physician has not yet become vested.¹

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

7. Assignment. Physician shall not assign or transfer this Agreement or 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.

¹ By way of example only, in the event Physician terminates his employment after 12-months then Physician will be vested to the extent of \$2,500 in the relocation expenses described herein and will be obligated to repay Authority the amount of \$5,000. **In the event Physician fails to pay such amount to Authority, Physician expressly grants to Authority the right to offset any amounts owed to Authority against any payments made to Physician by Authority.**

8. **Assistance in Litigation.** Upon request, Physician shall support and assist Authority as a consultant or expert witness in litigation to which Authority is a party.
9. **Authority to Bind Authority.** It is understood that Physician, in his performance of any and all duties under this Agreement, has no authority to bind Authority or KMC to any agreements or undertakings.
10. **Captions and Interpretation.** Paragraph headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties.
11. **Choice of Law/Venue.** This Agreement shall be construed and enforced under and in accordance with the laws of the state of California, with venue of any action relating to this Agreement in the County of Kern, state of California.
12. **Compliance with Law.** Physician shall observe and comply with all applicable Authority, local, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which is hereby made a part hereof and incorporated herein by reference.
13. **Confidentiality.** Physician shall maintain confidentiality with respect to information that he receives in the course of his employment and not use or permit the use of or disclose any such information in connection with any activity or business to any person, firm or corporation whatsoever, unless such disclosure is required in response to a validly issued subpoena or other process of law or as required by Government Code section 6250 et seq. Upon completion of the Agreement, the provisions of this paragraph shall continue to survive.
14. **Conflict of Interest.** Physician covenants that he has no interest and that he will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law (Gov. Code, § 81000 et seq.) or that would otherwise conflict in any manner or degree with the performance of his services hereunder. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.
15. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
16. **Dispute Resolution.** In the event of any dispute involving the enforcement or interpretation of this Agreement or any of the rights or obligations arising hereunder, the parties shall first attempt to resolve their differences by mediation before a mediator of their mutual selection. If the parties are, after mutual good faith efforts, unable to resolve their differences by mediation, the dispute shall be submitted for trial before a privately compensated temporary judge appointed by the Kern County Superior Court pursuant to Article VI, section 21 of the

California Constitution and Rules 3.810 through 3.830 of the California Rules of Court. All costs of any dispute resolution procedure shall be borne equally by the parties.

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

18. **Indemnification.** Authority shall assume liability for and indemnify and hold Physician harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Physician or for which Physician becomes liable, arising out of or related to services rendered or which a third party alleges should have been rendered by Physician pursuant to this Agreement. Authority's obligation under this paragraph shall extend from Physician's first date of service to Authority and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of services Physician rendered on behalf of Authority; provided, however, that the provisions of this paragraph shall not apply to any services rendered at any location other than designated KMC Practice Sites without approval by the Kern County Hospital Authority Board of Governors, including, without limitation, outside activities beyond the scope of this Agreement and any services provided by Physician outside the Geographic Area, 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:

Osman M. Tahir, D.O.
131 Embarcadero West, Apt. 3206
Oakland, California 94607

Notice to Authority:

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

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

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

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

28. **Termination.**

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

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

29. Effect of Termination.

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

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

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

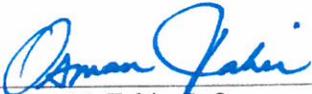
29.4 No Hearing Rights. Termination of this Agreement by Authority or KMC for any reason shall not provide Physician the right to a fair hearing or the other rights more particularly set forth in the KMC medical staff bylaws.

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

[Signatures follow on next page]

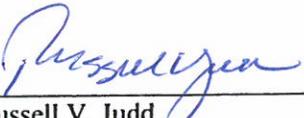
IN WITNESS TO THE FOREGOING, the parties have executed this Agreement as of the day and year first written above.

PHYSICIAN

By 
Osman M. Tahir, D.O.

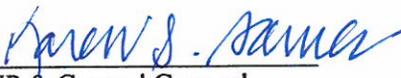
Date 4.16.18

KERN COUNTY HOSPITAL AUTHORITY

By  
Russell V. Judd
Chief Executive Officer

Date 4/16/18

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

By 
VP & General Counsel
Kern County Hospital Authority

Date 04/16/2018

Agreement.Tahir.040618

EXHIBIT “A”
Job Description
Osman M. Tahir, D.O.

The Department of Radiology (“Department”) provides professional diagnostic and interventional radiology services to Kern Medical Center and oversees the administration and operation of the diagnostic and interventional radiology, ultrasound, nuclear medicine, and Department administrative services. Key duties center upon providing high quality, timely, and cost effective patient care, offering professional, comprehensive and safe clinical coverage for day-to-day operations, and working collaboratively with staff and hospital administration to ensure efficient workflow, adequacy of support equipment, and a superior patient experience. Physician work effort will be at a minimum 2,500 hours annually in teaching, administrative, and clinical activity.

Position Description: Reports to Chair, Department of Radiology; serves in the Division of Vascular and Interventional Radiology; works collaboratively with the chief technologist in vascular radiology to ensure efficient workflow and adequacy of support equipment.

Essential Functions:

1. Clinical Responsibilities. Physician shall:
 - Provide radiology services on-site at KMC 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 weekday shift coverage, as assigned by the Department chair
 - Provide weekend shift coverage, as assigned by the Department chair
 - Provide call coverage weekday nights, as assigned by the Department chair
 - Provide 24-hour weekend call coverage, as assigned by the Department chair
 - Provide first call and backup call for vascular and interventional radiology, as assigned by the Department chair
 - Carry a pager when on call and respond to call within 10 minutes

2. Administrative Responsibilities. Physician shall:
 - Assist in clinical and administrative integration efforts across KMC as appropriate for the department, assisting with proper program planning, physician recruitment, faculty development, resource allocation, analysis, communication and assessment
 - Gather data through best practices and collaborate with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
 - Support the Department Chair to develop monitoring tools to measure financial, access, quality and satisfaction outcomes
 - Participate in the preparation, monitoring, review, and performance of clinical activity in the Department

- Participate in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department
- Complete medical records in a timely fashion and work to improve the quality, accuracy, and completeness of documentation
- Work collaboratively with other clinical departments to further develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for inpatient and outpatient services
- Follow and comply with the medical staff bylaws, rules, regulations, and policies, Department rules, policies, and procedures, and Authority and KMC policies and procedures
- Attend department staff meetings and the annual medical staff meeting
- Attend and actively participate in medical staff and hospital committees, as assigned
- Participate in other clinical, academic, and administrative activities, as assigned by the Department chair
- Participate in the training of residents and medical students, including the review of active and past case material as required for patient care
- Participate in proficiency testing and performance improvement programs as required
- Pursue optimized interventional radiology services, development of a comprehensive interventional radiology program, and work cooperatively with other physician specialties that may access the Cath lab
- Participate in additional administrative responsibilities as required

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 Board of Radiology in diagnostic radiology-general with subspecialty certification in vascular and 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

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

4.16.18

Date



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

May 16, 2018

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

Recommended Action: Receive and File

Summary:

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

Indigent Funding:

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

Other Revenue:

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

Registry Nurses:

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

Medical Fees:

Medical fees have an unfavorable budget variance for the month of March mainly because of an under accrual for Locum Tenens contracted physician services in prior months and an increase in the use of Locum Tenens physician services to provide trauma coverage.

Other Professional Fees:

Other professional fees have a favorable budget variance for the month of March mainly because of a reversed year-to-date accrual for Clinica Sierra Vista. The accrual was reversed because Kern Medical currently does not have a contract in place with Clinica.

Supplies Expense:

Supplies expense has an unfavorable budget variance for the month of March mainly due to higher than average pharmaceutical expenses; however, the March pharmaceutical expenses are comparable to the year-to-date trend. Surgical supplies expenses were also higher than average for the month, contributing to the unfavorable budget variance.

Purchased Services:

Purchased services have an unfavorable budget variance for March because of being under accrued for Health Advocates expenses in prior months while contract terms with the vendor were being negotiated. Health Advocates are engaged to assist the Admitting staff with checking Medi-Cal eligibility of patients and helping patients qualify for Medi-Cal. They have been very successful and their efforts have resulted in a large increase of Kern Medical patients qualifying for Medi-Cal.

Other Expenses:

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



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

MAY 2018

3-Month Trend Analysis: Revenue & Expense

March 31, 2018

	JANUARY	FEBRUARY	MARCH	BUDGET MARCH	VARIANCE POS (NEG)	PY MARCH
Gross Patient Revenue	\$ 69,489,102	\$ 66,665,924	\$ 71,374,336	\$ 72,778,646	(2%)	\$ 72,264,078
Contractual Deductions	(49,557,631)	(47,450,661)	(52,568,656)	(54,388,040)	(3%)	(49,985,313)
Net Revenue	19,931,471	19,215,263	18,805,681	18,390,606	2%	22,278,765
Indigent Funding	9,759,609	8,099,626	8,967,443	9,650,779	(7%)	7,752,166
Correctional Medicine	1,613,842	1,976,127	1,976,127	2,002,051	(1%)	1,976,045
County Contribution	285,211	285,211	285,211	297,260	(4%)	285,211
Incentive Funding	0	0	0	0	0%	0
Net Patient Revenue	31,590,132	29,576,227	30,034,462	30,340,696	(1%)	32,292,187
Other Operating Revenue	901,952	678,646	682,047	1,066,889	(36%)	880,557
Other Non-Operating Revenue	99,900	76,352	105,302	34,458	206%	113,858
Total Operating Revenue	32,591,984	30,331,226	30,821,811	31,442,044	(2.0%)	33,286,602
Expenses						
Salaries	12,670,987	11,419,506	12,746,803	13,048,900	(2%)	11,670,945
Employee Benefits	5,975,264	5,673,757	5,776,504	6,252,655	(8%)	6,068,442
Contract Labor	1,090,377	1,214,313	1,357,755	916,154	48%	893,481
Medical Fees	1,421,410	1,649,990	1,694,457	1,436,625	18%	1,466,418
Other Professional Fees	990,253	1,576,529	(94,873)	1,778,830	(105%)	2,068,825
Supplies	5,152,027	4,225,180	5,036,748	4,249,412	18%	4,862,810
Purchased Services	2,966,046	2,445,408	1,941,242	1,569,779	24%	2,075,646
Other Expenses	1,357,142	1,185,564	1,426,456	1,303,405	9%	1,353,410
Operating Expenses	31,623,504	29,390,248	29,885,093	30,555,758	(2%)	30,459,978
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	968,480	940,978	936,719	886,285	6%	2,826,624
EBIDA Margin	3%	3%	3%	3%	8%	8%
Interest	10,827	52,869	33,539	43,132	(22%)	21,553
Depreciation	440,285	459,696	513,869	482,712	6%	501,432
Amortization	38,790	39,450	49,343	25,327	95%	5,188
Total Expenses	32,113,407	29,942,263	30,481,843	31,106,930	(2%)	30,988,150
Operating Gain (Loss)	478,578	388,963	339,968	335,114	2%	2,298,451
Operating Margin	1.5%	1.3%	1.1%	1.1%	3%	7%

Year-to-Date: Revenue & Expense

March 31, 2018

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 640,941,788	\$ 641,823,663	(0.1%)	\$ 599,447,183	7%
Contractual Deductions	(473,034,197)	(483,847,566)	(2%)	(451,685,331)	5%
Net Revenue	167,907,591	157,976,096	6%	147,761,853	
Indigent Funding	81,088,127	85,300,436	(5%)	88,480,987	(8%)
Correctional Medicine	17,422,858	17,695,548	(2%)	17,773,463	(2%)
County Contribution	2,566,899	2,627,397	(2%)	2,577,838	(0.4%)
Incentive Funding	0	0	0%	1,698,630	(100%)
Net Patient Revenue	268,985,475	263,599,477	2%	258,292,771	4%
Other Operating Revenue	8,882,790	9,430,161	(6%)	8,842,048	0.5%
Other Non-Operating Revenue	454,626	304,563	49%	377,881	20%
Total Operating Revenue	278,322,891	273,334,202	2%	267,512,700	4%
Expenses					
Salaries	110,764,381	111,427,768	(1%)	100,181,466	11%
Employee Benefits	49,183,050	54,766,041	(10%)	49,229,822	(0.1%)
Contract Labor	10,883,993	8,079,301	35%	7,819,887	39%
Medical Fees	12,588,371	12,670,121	(1%)	12,600,268	(0.1%)
Other Professional Fees	11,261,041	15,722,558	(28%)	15,256,250	(26%)
Supplies	40,045,358	37,508,813	7%	37,061,469	8%
Purchased Services	17,936,128	13,874,823	29%	13,296,848	35%
Other Expenses	12,752,390	11,523,246	11%	11,589,722	10%
Operating Expenses	265,414,712	265,572,670	(0%)	247,035,731	7%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	12,908,179	7,761,532	66%	20,476,969	(37%)
EBIDA Margin	5%	3%	63%	8%	-39%
Interest	197,471	381,232	(48%)	203,445	(3%)
Depreciation	4,660,418	4,266,555	9%	4,252,950	10%
Amortization	301,830	223,858	35%	202,023	49%
Total Expenses	270,574,431	270,444,315	0%	251,694,148	8%
Operating Gain (Loss)	7,748,459	2,889,887	168%	15,818,552	(51%)
Operating Margin	2.8%	1.1%	163%	6%	(53%)

Year-to-Date: Revenue & Expense
3-Month Trend Analysis: Cash Indicators

March 31, 2018

		JANUARY	FEBRUARY	MARCH	GOALS MARCH	PY MARCH
Cash						
	Total Cash	56,860,816	44,899,756	24,910,780	51,245,587	54,966,890
	Days Cash On Hand	56	43	23	47	51
	Days In A/R - Gross	91.09	91.08	82.49	76.00	88.2
	Patient Cash Collections	\$ 19,544,737	\$ 15,579,288	\$ 20,517,781	\$ 19,734,335	\$ 22,656,142
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	\$ (23,770,144)
	FY 2016 Waiver Payable (Kern Medical Responsibility)	\$ (2,819,361)	\$ (2,819,361)	\$ (2,819,361)	N/A	\$ (2,819,361)
	Managed Care SPD IGT (Kern Medical Responsibility)	\$ (1,438,996)	\$ (1,438,996)	\$ (1,438,996)	N/A	0
	FY 2014 DSH Payable (Kern Medical Responsibility)	\$ (24,746,355)	\$ (24,746,355)	\$ (24,746,355)	N/A	\$ (24,746,355)
	Total Kern Medical Responsibility	\$ (40,228,504)	\$ (40,228,504)	\$ (40,228,504)		\$ (51,335,860)
	Total Indigent Funding Liabilites Due to the State	\$ (60,021,206)	\$ (60,021,206)	\$ (60,021,206)	N/A	
	Indigent Funding Payable (General Reserves on Third-Party Revenue Streams withheld from revenue each month for conservatism)	\$ (16,596,504)	\$ (16,596,504)	\$ (16,596,504)	N/A	\$ (5,243,954)

3-Month Trend Analysis: Operating Metrics

March 31, 2018

		JANUARY	FEBRUARY	MARCH	BUDGET MARCH	VARIANCE POS (NEG)	PY MARCH
Operating Metrics							
	Total Expense per Adjusted Admission	19,203	21,044	20,672	19,646	5%	19,579
	Total Expense per Adjusted Patient Day	4,084	4,034	3,924	3,891	0.8%	3,953
	Supply Expense per Adjusted Admission	3,081	2,969	3,416	2,684	27.3%	3,072
	Supply Expense per Surgery	2,047	1,359	2,207	1,579	40%	1,202
	Supplies as % of Net Patient Revenue	16%	14%	17%	14%	20%	15%
	Pharmaceutical Cost per Adjusted Admission	1,463	1,436	1,469	1,096	34%	1,233
	Net Revenue Per Adjusted Admission	\$ 11,918	\$ 13,505	\$ 12,754	\$ 11,615	10%	\$ 14,076

Year-to-Date: Operating Metrics

March 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics						
	Total Expense per Adjusted Admission	19,599	19,370	1%	18,696	5%
	Total Expense per Adjusted Patient Day	3,923	3,836	2%	3,719	5%
	Supply Expense per Adjusted Admission	2,901	2,686	8.0%	2,753	5%
	Supply Expense per Surgery	1,544	1,731	(11%)	1,735	(11%)
	Supplies as % of Net Patient Revenue	15%	14%	4.6%	14%	3.8%
	Pharmaceutical Cost per Adjusted Admission	1,252	1,097	14%	1,083	16%
	Net Revenue Per Adjusted Admission	\$ 12,162	\$ 11,315	7%	\$ 10,976	11%

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH MARCH 31 , 2018

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
121,027	127,397	(6,370)	-5.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	1,069,726	1,126,027	(56,301)	-5.0%
2,084,500	2,194,210	(109,711)	-5.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	18,424,290	19,393,989	(969,699)	-5.0%
0	196,257	(196,257)	-100.0%	COUNTY REALIGNMENT FUNDS	0	1,734,661	(1,734,661)	-100.0%
1,192,661	1,255,432	(62,772)	-5.0%	MEDI-CAL SUPPLEMENTAL FUNDING	10,541,582	11,096,402	(554,820)	-5.0%
2,178,493	2,293,151	(114,658)	-5.0%	PRIME - NEW WAIVER	19,255,069	20,268,493	(1,013,425)	-5.0%
2,121,207	2,232,849	(111,642)	-5.0%	GPP - NEW WAIVER	18,748,732	19,735,507	(986,775)	-5.0%
1,269,555	1,336,374	(66,819)	-5.0%	WHOLE PERSON CARE	11,221,230	11,811,821	(590,591)	-5.0%
0	15,108	(15,108)	-100.0%	MEANINGFUL USE	1,827,500	133,535	1,693,965	1268.6%
8,967,443	9,650,779	(683,336)	-7.1%	SUB-TOTAL - GOVERNMENTAL REVENUE	81,088,127	85,300,436	(4,212,308)	-4.9%
1,976,127	2,002,051	(25,924)	-1.3%	CORRECTIONAL MEDICINE	17,422,858	17,695,548	(272,691)	-1.5%
285,211	297,260	(12,049)	-4.1%	COUNTY CONTRIBUTION	2,566,899	2,627,397	(60,498)	-2.3%
11,228,781	11,950,091	(721,309)	-6.0%	TOTAL INDIGENT CARE & COUNTY FUNDING	101,077,884	105,623,381	(4,545,497)	-4.3%

OTHER REVENUE

FOR THE MONTH MARCH 31, 2018

OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
MEDICAL POSTGRAD EDUC TUITION	106,794	369,527	(262,733)	2,326,701	3,266,140	(939,439)
STAFF DEVELOPMENT EDUC FEES	0	724	(724)	9,347	6,403	2,944
TRAUMA EDUCATION REG FEES	0	91	(91)	350	804	(454)
CAFETERIA REVENUE	78,502	88,399	(9,897)	683,493	781,331	(97,838)
FINANCE CHARGES-PATIENT AR	43,234	21,231	22,003	199,497	187,888	11,609
SALE OF SCRAP AND WASTE	0	104	(104)	(23)	918	(940)
REBATES AND REFUNDS	56,476	78,381	(21,904)	714,698	692,785	21,913
DRUG CO. CASH BACK	6,990	0	6,990	17,886	0	17,886
PHOTOCOPY FEES	1,935	1,799	136	17,195	15,900	1,295
JURY WITNESS FEES	0	326	(326)	456	2,881	(2,425)
MEDICAL RECORDS FEES	1,860	2,984	(1,124)	37,522	26,378	11,144
PHYSICIAN PRO FEE-ER LOCKBOX	10,092	46,882	(36,790)	164,288	414,378	(250,090)
OTHER REVENUE	3,331	32,835	(29,504)	104,088	290,219	(186,131)
CANCELLED OUTLAWED WARRANTS	0	(62)	62	43,233	(550)	43,783
GRANTS - KHS	61,849	127,397	(65,548)	2,018,082	1,126,027	892,055
GRANT-SONG BROWN	0	82	(82)	0	726	(726)
MADDY FUNDS-EMERG MEDICAL SVCS	92,870	46,046	46,823	296,719	406,991	(110,271)
PRIMARY CARE INCENTIVE PAYMENT	100	0	100	16,229	0	16,229
VETERANS ADMIN REVENUE	(775)	7,901	(8,677)	23,256	69,837	(46,581)
JAMISON CENTER MOU	22,727	29,510	(6,783)	204,539	260,830	(56,292)
PATERNITY DECLARATION REV	0	1,212	(1,212)	8,490	10,710	(2,220)
PEDIATRIC FORENSIC EXAMS	0	10,261	(10,261)	65,000	90,697	(25,697)
FOUNDATION CONTRIBUTIONS	0	0	0	27,745	0	27,745
DONATED EQUIPMENT	124	0	124	71,519	0	71,519
PAY FOR PERFORMANCE	0	0	0	85,237	0	85,237
WORKERS COMPENSATION REFUNDS	0	13,649	(13,649)	111	120,638	(120,527)
TOTAL OTHER OPERATING REVENUE	682,047	1,066,889	(384,842)	8,882,790	9,430,161	(547,371)
OTHER NON-OPERATING REVENUE						
OTHER MISCELLANEOUS REVENUE	259	900	(641)	2,046	7,958	(5,912)
INTEREST ON FUND BALANCE	105,043	33,558	71,486	452,580	296,606	155,974
TOTAL OTHER NON-OPER REVENUE	105,302	34,458	70,844	454,626	304,563	150,063

**KERN MEDICAL
BALANCE SHEET**

	March 2018	March 2017
CURRENT ASSETS:		
CASH	\$32,236,003	\$54,966,890
CURRENT ACCOUNTS RECEIVABLE (incl. CLINIC CHARGES RECEIVABLE)	190,222,022	200,639,575
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(147,153,917)	(161,145,415)
-NET OF CONT ALLOWANCES	43,068,106	39,494,160
MD SPA	5,453,324	3,552,662
HOSPITAL FEE RECEIVABLE	234,842	3,592,602
CPE - O/P DSH RECEIVABLE	5,359,296	7,461,141
BEHAVIORAL HEALTH MOU	677,232	182,708
MANAGED CARE IGT (RATE RANGE)	11,710,388	13,395,046
RECEIVABLE FROM LIHP	(6,547,536)	(5,722,111)
OTHER RECEIVABLES	3,050,711	3,313,311
PRIME RECEIVABLE	17,888,874	21,426,747
AB85/75% DEFAULT PCP RECEIVABLE	9,712,402	1,381,485
GPP (Global Payment Program)	8,895,686	10,277,110
WPC (Whole Person Care)	11,128,910	(10,899,192)
INTEREST ON FUND BALANCE RECEIVABLE	185,013	169,551
MANAGED CARE IGT (SPD)	(1,438,996)	68,546
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)	(23,770,144)
WAIVER RECEIVABLE FY16	(2,819,361)	(2,819,361)
PREPAID EXPENSES	4,502,601	3,058,891
PREPAID MORRISON DEPOSIT	813,320	794,256
INVENTORY AT COST	4,340,607	3,474,772
TOTAL CURRENT ASSETS	118,693,932	104,865,372
PROPERTY, PLANT & EQUIPMENT:		
LAND	170,401	170,615
EQUIPMENT	49,293,389	45,138,061
BUILDINGS	82,462,625	82,462,622
CONSTRUCTION IN PROGRESS	14,555,345	3,282,181
LESS: ACCUMULATED DEPRECIATION	(88,272,357)	(82,297,892)
NET PROPERTY, PLANT & EQUIPMENT	58,209,403	48,755,587
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	13,903,109	11,430,323
ACCUMULATED AMORTIZATION INTANGIBLES	(10,852,199)	(10,430,779)
NET INTANGIBLE ASSETS	3,050,910	999,544
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	72,002,645	49,355,076
CASH HELD BY COP IV TRUSTEE	912,973	906,469
TOTAL LONG-TERM ASSETS	72,915,618	50,261,545
TOTAL ASSETS	\$252,869,862	\$204,882,048

**KERN MEDICAL
BALANCE SHEET**

	March 2018	March 2017
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$20,018,026	\$17,108,373
ACCRUED SALARIES & EMPLOYEE BENEFITS	23,560,428	7,657,300
INTEREST PAYABLE	250,803	72,043
OTHER ACCRUALS	4,909,358	5,181,357
ACCRUED CWCAP LIABILITY	0	302,524
CURRENT PORTION - CAPITALIZED LEASES	479,920	67,093
CURR LIAB - COP 2011 PAYABLE	1,085,718	1,032,670
CURR LIAB - P.O.B.	668,708	620,442
MEDICARE COST REPORT LIAB PAYABLE	699,619	3,269,715
MEDI-CAL COST REPORT LIABILITY	948,437	738,571
INDIGENT FUNDING PAYABLE	16,596,504	5,243,954
DSH PAYABLE FY14	24,746,355	24,746,355
CREDIT BALANCES PAYABLES	5,536,057	4,607,837
DEFERRED REVENUE - COUNTY CONTRIBUTION	2,739,701	2,090,345
TOTAL CURRENT LIABILITIES	102,239,633	72,738,579
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	1,131,693	2,217,410
NET UNAMORTIZED DISCOUNT COP	59,978	79,971
LONG-TERM LIABILITY - CAPITAL LEASES	5,321,944	1,924,541
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	4,201,203	5,354,890
NET PENSION LIABILITY	329,935,445	345,262,534
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	14,722,232	17,201,707
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	3,917,723	3,528,303
L.T. P.O.B. PAYABLE 03	16,695,541	18,326,891
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
ACCRUED PROFESSIONAL LIABILITY	3,474,640	4,149,059
ACCRUED WORKERS' COMPENSATION PAYABLE	6,773,000	0
DEFERRED INFLOWS - PENSIONS	22,238,926	15,299,688
PENSION OBLIGATION BOND PAYABLE	3,678,145	4,721,626
ACCRUED COMPENSATED ABSENCES	3,830,085	8,984,335
TOTAL LONG-TERM LIABILITIES	421,373,447	432,443,848
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	39,814,215	55,632,767
RETAINED EARNINGS - PRIOR YEAR	(310,557,433)	(355,933,146)
TOTAL NET POSITION	(270,743,218)	(300,300,379)
TOTAL LIABILITIES & NET POSITION	\$252,869,862	\$204,882,048



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

May 16, 2018

Subject: Proposed Kern County Hospital Authority Operating and Capital Budget for Fiscal Year 2018-2019

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

Summary of FY 2018-19 Recommended Budget

Kern Medical budgeted \$386.3 million total net revenues from all sources and \$384.7 million in expenses with EBIDA of \$8.9 million and net income of \$1.6 million. Kern Medical is also planning on \$17 million in capital expenditures with \$10 million expected to come from outside financing and \$7 million from operations.

Net Revenues

Kern Medical budgeted \$385.8 million for total operating revenue for FY 2018-19. Budgeted operating revenue includes \$222.3 million from patient revenue net of contractual adjustments and bad debt from services to Medi-Cal, Medicare, private pay patients and insurance. This budget increase over prior year is due to continued improvements in the hospital's revenue cycle management, as well as the expansion of services. Total operating revenue also includes \$114.9 million in net State and federal funding and \$3.4 million in County funding to reimburse Kern Medical for providing services to indigent patients. Other operating revenue includes cafeteria sales, reimbursement from medical education and services provided to other County departments. The budget also includes reimbursement of \$29 million from the County for Kern Medical to provide inpatient and outpatient services to adult inmates and juvenile detainees.

State and Federal Funding Program Changes

Changes in the health care landscape due to the Affordance Care Act (ACA), Medicaid waiver programs, and changes in state health care policy are creating a much more challenging environment in which Kern Medical must operate as a public safety net hospital. Kern Medical's transition to a Hospital Authority was considered a crucial step in preparing the hospital to meet the demands of the post-ACA healthcare environment and become a provider of choice for local patients.

Effective July 1, 2016 Kern Medical completed its transition into a separate Hospital Authority. On September 26, 2014, Governor Brown approved Assembly Bill 2546-Salas (AB 2546) which gave the Board of Supervisors the authority to establish, by ordinance, the Kern County Hospital Authority to manage, administer, and control Kern Medical. An enabling ordinance was adopted and the Board of Supervisors transferred control of Kern Medical to the Hospital Authority. As of July 1, 2016 Kern Medical ceased being a County owned and operated hospital. However, several agreements that third parties had previously entered into with the County remain in effect until July 1, 2018 and will be subject to renegotiation and renewal in FY 2018-19. The financial impact of any anticipated changes has been included in the budget.

Starting in FY 2018-19, Kern Medical will participate in two new governmental programs, the Quality Incentive Program (QIP) and Enhanced Payment Program (EPP). The QIP program is expected to be a quality program that ties payments to designated performance metrics in primary care, specialty care, inpatient care and resource utilization. The EPP program is based upon overall utilization of contracted services with Medi-Cal managed

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

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

care plans. These two programs will replace two existing governmental funding streams: the SPD-IGT and MCE to Cost programs, which allows Kern Medical to draw down additional revenue related to its care of specific patient classes within our managed Medi-Cal population. The preliminary impact of this change is a potential net increase in funding to Kern Medical of approximately \$20 million. However, as of the time of this writing, details have not been finalized and the amounts may change and are at risk due to Kern Medical's ability to reach the relevant metrics necessary to draw down all available funding.

Kern Medical will continue participating in the GPP, PRIME, and WPC waiver programs. Net revenue for PRIME in FY 2018-19 is estimated at \$28.5 million. Net GPP allocations for FY 2018-19 are budgeted at \$30.7 million. WPC is a five-year program with \$300 million of federal funds available to its participants on an annual basis. Kern Medical is expected to receive a net of \$15.7 million of these funds this budget year. All funding sources associated with the pending 1115 Waiver renewal are best estimates pending revisions from the State. Due to potential changes in healthcare funding at the federal level, funding could potentially be shifted away from the Section 1115 Medicaid Waiver programs. Kern Medical is continuing to explore strategies and opportunities to that maximize patient revenue and minimize any potential changes to government subsidies.

The FY 2018-19 budget includes approximately \$63 million in Intergovernmental Transfers (IGTs) to the State that will be used to draw down federal funding. The IGT amounts represent the non-federal share of programs. Matching contributions to the State, as well as the return of the initial IGT investments are reported in the budget under other charges and intergovernmental revenue, respectively.

Kern Medical is also funded by an allocation of Health Program Realignment revenue from the State to help cover the costs of services provided to adult indigent patients. The State implemented optional Medi-Cal expansion to those individuals with incomes up to 138% of the Federal Poverty Level via the ACA beginning January 2014. Some individuals previously covered by the County as indigent residents have since gained health care coverage under Medi-Cal expansion, resulting in some savings for the County. Since January 2014, California has begun to reduce its Realignment allocations to counties. The Brown Administration assumes counties will eventually achieve enough savings from expanded Medi-Cal eligibility to offset the State's reductions in Realignment funding. Due to the hospital's improved reimbursement from Medi-Cal, the hospital is not expecting any realignment funds in FY 2018-19.

As part of Kern Medical's strategic goals to both develop an integrated delivery system and meet certain regulatory requirements in primary care as a public hospital, Kern Medical has entered into a capitation agreement with Kern Health Systems for certain services related to primary care. It is estimated that the net impact of this agreement will be an additional \$3 million.

Operating and Other Expenses

Budgeted operating expenses total \$384.7 million. Staffing costs account for \$233.1 million, which are Kern Medical's largest expense. The remaining \$151 million in operating expenses are comprised primarily of medical supplies, contracted physician fees, purchased medical services, external provider care services, insurance, utilities, and equipment rental and maintenance. Other expenses also include recruiting, advertising, and legal expenses.

Staffing and Authorized Positions

The proposed budget provides funding for all authorized positions. Although all recommended positions are funded in FY 2018-19, it is important to note that Kern Medical budgets for staffing based on patient census and full time equivalents (FTEs), not authorized positions. Mandated staff-to-patient ratios and the correct allocation of FTEs drive the hospital's staffing costs, as is customary in virtually all hospital settings.

The hospital has 1,875 authorized positions for FY 2018-19. As of the creation of our budget 1,662 of these positions have been filled with 213 being vacant. We anticipate a 10% vacancy rate due to staff turnover and recruiting issues.

Planned Capital Expenditures

Kern Medical is budgeting \$17 million in capital expenditures for FY 2018-19 funded by \$7 million in operations and \$10 million in debt. Of the \$17 million, \$2 million is for the replacement or upgrade of existing operating equipment. The hospital remains committed to significant capital investment to address deficiencies to the buildings and patient care areas with \$2 million budgeted for capital building and construction projects to address areas of immediate concern. Approximately \$2 million has been budgeted for IT capital projects that are needed for the hospital to update its IT infrastructure. Last year, Kern Medical entered into an agreement with Cerner to upgrade and replace the existing electronic health record (EHR). Kern Medical has budgeted \$11 million in capital to facilitate the continuation and completion of this effort.

Summary of Changes in Net Position

The Kern Medical is projected to have a net position of negative \$270.7 million as of June 30, 2018. This negative amount is due to the long term liabilities primarily related to pension obligations and some capital leases incurred prior to the formation of the Kern County Hospital Authority. These liabilities reduce the net position by \$421.3 million. Adjusting for the effect of these liabilities leaves a budgetary net position of \$150.6 million. With the budgeted \$386.3 million in revenues from all sources and total expenses of \$384.7 million along with \$17 million in capital expenditures (\$10 million from debt and \$7 million from operations) the planned change in net position is a decrease of \$4.4 million with an estimated budgetary balance of \$146.2 million.

New Services Offered

Kern Medical has continued to expand its services and access to care this past year, particularly in the outpatient areas. This expansion is due to both improvements in operational efficiencies, as well as the establishment of new services. The following summarizes a selection of new services and improvements:

- The establishment of an Epilepsy Program including an inpatient Epilepsy Monitoring Unit, the first and only of its kind in the Central Valley
- The remodel of a new material-child center to enhance the labor and delivery environment
- The expansion of interventional and non-interventional cardiology
- The addition of several new specialists including a new pediatrician, nephrologist, and two hand surgeons
- Additional psychiatry specialists have been recruited to support outpatient clinics at the department of Behavioral Health and Recovery Services, formerly known as Kern County Mental Health
- The opening of a new infusion clinic
- Participation in the VA Choice program for veterans to access care closer to their home
- The introduction of a hospitalist program to enhance inpatient care management and further support the internal medicine physician residency training program

In addition to these expanded physician specialties and services, Kern Medical has continued its operation of patient centered medical homes, which focus on medically fragile patients and patients with a behavioral health component to their care.

The organization continues to increase outreach and community education, particularly in the areas of secondary education for concussion prevention and treatment and physicals. Kern Medical has also renewed our partnership with the Kern County Fair and will continue to maintain a visible presence there to educate and outreach to the community.

The organization continues to renovate and upgrade its facilities in order to better utilize capacity and improve the patient experience. It is anticipated that an ambulatory surgery center will open in the fall, which should allow the organization to better serve our patients and increase overall revenue.

It is vitally important for Kern Medical fulfill its mission and make use of its relative strengths such as capitalizing on its position in the local market as the only trauma center, teaching hospital, and safety net hospital, while continuing to expand and strengthen relationships with local plans and community partners. Through these efforts, Kern Medical seeks to demonstrate its value, experience, and outcomes to the community.



**KERN COUNTY HOSPITAL AUTHORITY
Operating and Capital Budget
Fiscal Year 2018-2019**



KERN MEDICAL

Hospital Operations Indicator Report - Including Purchase of Cerner

Revenue

Volume	Actual 2016	Actual 2017	Project 2018	Budget 2019	Financial Overview	Actual 2016	Actual 2017	Project 2018	Budget 2019
Admits - Acute	9,172	9,659	10,045	10,205	EBIDA	39,854	25,947	15,040	8,877
Patient Days - Acute	48,529	48,841	49,984	51,351					
LOS - Acute	5.3	5.1	5.0	5.0	Operating Margin %	5.1%	2.1%	1.0%	0.2%
Adjusted Admissions	16,963	18,127	18,614	18,694					
		<i>Change in Adj. Admissions:</i>		<i>0.4%</i>	Gross Revenue per APD	8,312	8,837	9,224	9,439
Births	2,556	2,604	2,535	2,655	Outpatient Revenue %	45.9%	46.7%	46.0%	45.4%
Surgeries - Inpatient	2,628	2,935	2,819	2,931					
Surgeries - Outpatient	3,168	3,083	2,887	3,002					
ER Visits	43,741	44,707	49,124	48,180					
Outpatient Visits	120,178	129,696	140,349	147,563					
Reimbursement	Actual 2016	Actual 2017	Project 2018	Budget 2019	Payor Mix	Actual 2016	Actual 2017	Project 2018	Budget 2019
Net Patient Rev	181,857	199,852	220,960	222,276	3RD PARTY	5.5%	3.6%	4.9%	4.9%
Indigent Funding	70,031	121,917	108,329	114,935	3RD PARTY MANAGED CARE	5.4%	5.5%	6.0%	6.0%
County Contribution	7,601	3,433	3,427	3,427	MEDI-CAL	29.7%	28.3%	30.0%	30.0%
Correctional Medicine	23,244	23,702	23,202	29,031	MEDI-CAL MANAGED CARE	37.3%	40.7%	40.9%	40.9%
Capitation Revenue	52,977	0	0	3,000	MEDICARE	9.1%	11.1%	10.1%	10.1%
Ambulatory Surgery Center	0	0	0	300	MEDICARE MANAGED CARE	2.1%	1.3%	2.1%	2.1%
Other Operating Revenue	12,895	11,364	12,318	12,811	COUNTY RESPONSIBILITY	2.1%	0.8%	0.8%	0.8%
Net Rev	348,605	360,268	368,236	385,780	COUNTY RESP/CORRECTIONAL MED	1.6%	2.1%	0.6%	0.6%
					SELF-PAY/INDIGENT	7.3%	6.6%	4.6%	4.6%
Net Patient Rev Yield	24.4%	24.7%	25.9%	25.0%					
Net Patient Rev Per AA	10,721	11,025	11,871	11,890					
		<i>Change In Net Revenue per AA:</i>		<i>0.2%</i>					

KERN MEDICAL

Hospital Operations Indicator Report - Including Purchase of Cerner

Expenses

Labor*	Actual 2016	Actual 2017	Project 2018	Budget 2019	Supplies	Actual 2016	Actual 2017	Project 2018	Budget 2019
Labor Costs including Benefits	182,218	204,455	212,136	233,113	Supply Costs	49,930	50,608	52,514	53,878
Productive FTE's (Excl. Contract Labor)	1,279.2	1,343.4	1,438.4	1,557.3	Supplies as a % of Net Pt Rev	14.3%	14.0%	14.3%	14.0%
Non-Productive FTE's	212.8	234.4	234.1	232.7	Supplies per AA	2,944	2,792	2,821	2,882
Contract Labor % of Total Prod	3.6%	5.1%	6.0%	5.1%	<i>Change in Supply Cost per AA:</i>				<i>2.2%</i>
Overtime % of Prod HRs (Excl CL)	6.1%	5.0%	5.2%	4.9%	Pharmaceutical Cost per AA	1,379	1,076	1,218	1,342
Total FTE's per AOB	6.07	6.30	6.61	6.96					
Labor Cost per FTE (Inc Benefits)	122,133	129,582	126,840	130,231					
				<i>Change in Labor Cost per FTE:</i>					<i>2.7%</i>
Lbr Cost (Inc Ben) % of Total Exp	60.1%	60.0%	60.0%	61.8%					
Benefits % of Labor Costs, Excl Contract	32.7%	34.6%	30.7%	30.6%					
<i>*note: All labor metrics include medical staff</i>									
Pur Ser & Other Expenses	Actual 2016	Actual 2017	Project 2018	Budget 2019	Other Key Statistics	Actual 2016	Actual 2017	Project 2018	Budget 2019
Medical Fees	15,350	16,846	16,328	19,000	Adjusted patient Days	89,749	91,660	92,622	94,067
Other Professional Fees	18,194	21,251	17,057	19,306	Adjusted Occupied Beds	245.9	250.4	253.1	257
Purchased Services	14,774	18,486	24,025	22,660	Gross Days in AR, Excl Cap	72	88	80	65
Other Expenses	15,765	18,704	16,989	16,448					
Depreciation and Interest	5,754	5,995	6,603	6,661					
Capital Expenses	Budget 2019								
Funded through operations									
Equipment	2,000								
IS Equipment	2,000								
Facility Construction	2,000								
One Time Cerner Costs	0								
Funded through cash reserves									
One Time Cerner Costs	1,000								
Funded through debt									
One Time Cerner Costs	10,000								

Kern County Hospital Authority
Budget for Fiscal Year 2019
Exhibit A - Projected Income Statement

	<u>ACTUAL</u> <u>FY18 JUL - FEB</u>	<u>PROJECTED</u> <u>YEAR END FY18</u>	<u>BUDGET</u> <u>FY19</u>
Total Gross Charges	\$ 569,567,451	\$ 855,523,126	\$ 887,888,176
Total Patient Revenue Deductions	(420,465,541)	(631,563,468)	(665,611,856)
Net Patient Revenue	149,101,910	220,959,659	222,276,321
Indigent Funding			
Correctional Medicine	15,446,731	23,201,879	29,030,096
County Indigent Funding	2,281,688	3,427,227	3,427,227
State and Federal Indigent Funding	72,120,684	108,329,423	114,935,237
Total Indigent Funding	89,849,103	134,958,529	147,392,560
Capitation Premium Revenue	-	0	3,000,000
Surgery Center	0	0	300,000
Other Operating Revenue	8,200,743	12,317,989	12,810,708
Total Operating Revenue	247,151,756	368,236,176	385,779,589
Expenses			
Salaries	98,017,578	147,228,049.39	160,701,921
Benefits	43,406,545	65,199,132.07	72,411,288.73
Registry Nurses	9,526,238	14,308,958.51	13,025,139
Medical Fees	10,870,765	16,328,516.04	19,000,279
Other Professional Fees	11,355,914	17,057,236.48	19,306,040
Supplies	35,008,548	52,584,855.61	53,878,063
Purchased Services	15,994,886	24,025,240.51	22,660,411
Other Expenses	11,310,632	16,989,220.42	16,448,179
Depreciation and Amortization	4,396,422	6,603,679.35	6,660,580
Operating Expenses	239,887,528	360,324,888	384,091,902
Gain/(Loss) From Operations	7,264,227	7,911,288	1,687,687
Interest Expense	(163,933)	(246,236)	(606,047)
Non-Operating Revenue	349,324	524,704	529,225
Total Non-Operating Revenue/(Expense)	185,391	278,468	(76,821)
Earnings Before Interest Depreciation and Amortization	<u>\$ 12,009,973</u>	<u>\$ 15,039,672</u>	<u>\$ 8,877,492</u>
Net Income/(Loss)	<u>\$ 7,449,618</u>	<u>\$ 8,189,756</u>	<u>\$ 1,610,865</u>

Kern County Hospital Authority
 Budget for Fiscal Year 2019
 Exhibit B - Projected Change in Net Position

<u>Projected Year end Retained Earnings for FY18-19</u>		
Estimated Ending Fund Balance Available as of June 30		\$ (270,743,217)
Long Term Accounts		
22400274	LONG TERM DEBT-CAP LEASES	5,321,944
22500270	LONG TERM L-COP 2011	1,131,693
22500271	LONG TERM L-POB 2003	16,695,541
22500272	LONG TERM L-POB 1995	3,678,145
22500273	LONG TERM L-POB 2008	5,392,893
22700000	NET PENSION L	329,935,445
22701000	DEFERRED INFLOW-PENSIONS	22,238,926
22702000	NET UNAMORTIZED DISCOUNT COP	59,978
22750271	LT INTEREST L-POB 2003	3,917,723
22750272	LT INTEREST L-POB 1995	14,722,232
22760000	OTHER POST EMPLOYMENT BENEFITS	4,201,203
22761000	ACCRUED COMP ABSENCES LT	3,830,085
22762000	WORKERS COMP PAYABLE LT	6,773,000
22763000	PROFESSIONAL LIABILITY LT	3,474,640
		<hr/>
Budgetary Retained Earnings		\$ 150,630,230
 <u>BUDGET FY 18-19</u>		
Estimated Budgetary Retained Earnings Balance		150,630,230
<u>Sources and uses</u>		
Total FY 17-18 Estimated Revenues		386,308,815
Total FY 17-18 Outside Financing for Capital		10,000,000
Total FY 17-18 Estimated Expenses		(384,697,949)
Total FY 17-18 Estimated Capital Expenditures		<hr/> (16,000,000)
Total Estimated Change in Net Position		(4,389,135)
Estimated Ending Balance		\$ 146,241,096



Kern County Hospital Authority Budget for Fiscal Year 2019

Exhibit C - Summary of Capital Expenditures

Uses of Capital				
Operating Equipment	IT Capital Projects	Cerner	Capital Building and Construction	Total
\$ 2,000,000	\$ 2,000,000	\$ 11,000,000	\$ 2,000,000	\$ 17,000,000
Sources of Capital				
Budget EBIDA	Debt	Total		
\$ 7,000,000	\$ 10,000,000	\$ 17,000,000		



Kern County Hospital Authority Budget for Fiscal Year 2019 Exhibit D - Position Summary

Division	Authorized	Filled	Vacant	Total
Kern Medical Center	1,811	1,496	315	1,811
Total	1,811	1,496	315	1,811



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

May 16, 2018

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

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



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

MAY 2018

3-Month Trend Analysis: Volume and Strategic Indicators

March 31, 2018

					BUDGET	VARIANCE	PY
		JANUARY	FEBRUARY	MARCH	MARCH	POS (NEG)	MARCH
VOLUME							
	Adjusted Admissions (AA)	1,672	1,423	1,475	1,583	(7%)	1,583
	Adjusted Patient Days	7,863	7,423	7,768	7,995	(3%)	7,839
	Admissions	855	761	757	825	(8.2%)	830
	Average Daily Census	130	142	129	134	(4%)	133
	Patient Days	4,020	3,970	3,988	4,164	(4%)	4,111
	Available Occupancy %	60.6%	66.3%	60.1%	62.8%	(4%)	62.0%
	Average LOS	4.7	5.2	5.3	5.0	4%	5.0
	Surgeries						
	Inpatient Surgeries (Main Campus)	236	220	243	266	(9%)	263
	Outpatient Surgeries (Main Campus)	208	218	252	297	(15%)	294
	Total Surgeries	444	438	495	563	(12%)	557
	Births	213	188	163	232	(29.7%)	209
	ER Visits						
	Admissions	467	395	417	433	(3.7%)	457
	Treated & Released	3,928	3,447	3,670	3,880	(5%)	3,138
	Total ER Visits	4,395	3,842	4,087	4,313	(5%)	3,595
	Trauma Activations	198	198	254	N/A	N/A	234
	Outpatient Clinic Visits						
	Total Clinic Visits	12,582	11,079	12,754	11,239	13%	12,495
	Unique Patient Clinic Visits	9,897	8,847	9,333	N/A	N/A	N/A
	New Unique Patient Clinic Visits	2,215	1,723	1,781	N/A	N/A	N/A

Year-to-Date: Volume and Strategic Indicators

March 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME						
	Adjusted Admissions (AA)	13,806	13,962	(1.12%)	13,462	3%
	Adjusted Patient Days	68,977	70,496	(2.2%)	67,684	2%
	Admissions	7,410	7,272	2%	7,204	2.9%
	Average Daily Census	135	134	1%	132	2%
	Patient Days	37,022	36,715	1%	36,262	2.1%
	Available Occupancy %	63.1%	62.6%	1%	61.8%	2.1%
	Average LOS	5.0	5.0	(1.0%)	5.0	(1%)
	Surgeries					
	Inpatient Surgeries (Main Campus)	2,114	2,170	(2.6%)	2,149	(1.6%)
	Outpatient Surgeries (Main Campus)	2,165	2,355	(8%)	2,332	(7%)
	Total Surgeries	4,279	4,526	(5.5%)	4,481	(5%)
	Births	1,901	2,048	(7%)	1,979	(4%)
	ER Visits					
	Admissions	3,856	3,817	1%	3,661	5%
	Treated & Released	33,392	34,219	(2%)	29,782	12%
	Total ER Visits	37,248	38,036	(2%)	33,443	11%
	Trauma Activations	2,211	N/A	N/A	2,065	N/A
	Outpatient Clinic Visits					
	Total Clinic Visits	105,334	99,104	6%	95,735	10%
	Unique Patient Clinic Visits	34,076	N/A	N/A	N/A	N/A
	New Unique Patient Clinic Visits	N/A	N/A	N/A	N/A	N/A

3-Month Trend Analysis: Payor Mix

March 31, 2018

					BUDGET	VARIANCE	PY
		JANUARY	FEBRUARY	MARCH	MARCH	POS (NEG)	MARCH
PAYOR MIX - Charges							
	Commercial FFS	5.4%	3.5%	3.3%	6.6%	(50%)	4.3%
	Commercial HMO/PPO	4.6%	5.8%	7.8%	7.7%	2%	6.1%
	Medi-Cal	31.1%	30.4%	30.7%	28.8%	6%	24.1%
	Medi-Cal HMO - Kern Health Systems	31.8%	31.2%	31.5%	29.9%	5%	31.8%
	Medi-Cal HMO - Health Net	9.4%	9.2%	9.2%	8.7%	6%	9.7%
	Medi-Cal HMO - Other	1.1%	1.1%	1.1%	1.0%	9%	1.3%
	Medicare	10.8%	10.8%	9.6%	10.3%	(6%)	9.5%
	Medicare - HMO	1.8%	2.7%	1.7%	2.7%	(36%)	2.3%
	County Programs	0.3%	0.4%	1.5%	0.2%	547%	2.0%
	Workers' Compensation	0.5%	0.3%	0.02%	0.4%	(96%)	0.7%
	Self Pay	3.1%	4.7%	3.5%	3.7%	(5%)	8.2%
	Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

March 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges						
	Commercial FFS	4.9%	4.2%	15%	4.2%	15%
	Commercial HMO/PPO	6.0%	5.9%	2%	5.9%	2%
	Medi-Cal	30.0%	27.3%	10%	27.3%	10%
	Medi-Cal HMO - Kern Health Systems	30.8%	29.4%	5%	29.4%	5%
	Medi-Cal HMO - Health Net	9.0%	10.7%	(15%)	10.7%	(15%)
	Medi-Cal HMO - Other	1.1%	1.1%	(7%)	1.1%	(7%)
	Medicare	10.1%	8.7%	16%	8.7%	16%
	Medicare - HMO	2.1%	2.0%	7%	2.0%	7%
	County Programs	0.6%	2.4%	(76%)	2.4%	(76%)
	Workers' Compensation	0.8%	0.6%	36%	0.6%	36%
	Self Pay	4.6%	7.6%	(39%)	7.6%	(39%)
	Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

March 31, 2018

					BUDGET	VARIANCE	PY
		JANUARY	FEBRUARY	MARCH	MARCH	POS (NEG)	MARCH
Labor Metrics							
	Productive FTEs	1,343.23	1,394.82	1,395.58	1,380.30	1.1%	1,289.12
	Non-Productive FTEs	230.75	202.61	201.57	211.26	(5%)	168.27
	Contract Labor FTEs	77.62	89.22	89.34	64.79	38%	68.49
	Total FTEs	1,573.98	1,597.43	1,597.15	1,591.56	0.35%	1,457.39
	FTE's Per AOB Paid	6.21	6.03	6.37	6.17	3%	5.76
	FTE's Per AOB Worked	5.30	5.26	5.57	5.35	4%	5.10
	Labor Cost/FTE (Annualized)	134,845.27	123,585.03	134,317.13	134,358.51	(0.03%)	137,267.97
	Benefits Expense as a % of Benefitted Labor Expense	61%	68%	60%	65%	(9%)	70%
	Salaries & Benefits as % of Net Patient Revenue	62%	62%	66%	67%	(1%)	58%

Year-to-Date: Labor and Productivity Metrics

March 31, 2018

		ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
		FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics						
	Productive FTEs	1,363.96	1,351.68	1%	1,238.07	10%
	Non-Productive FTEs	213.70	206.96	3%	221.06	(3%)
	Contract Labor FTEs	87.17	64.65	35%	64.87	34%
	Total FTEs	1,577.66	1,558.64	1%	1,459.13	8%
	FTE's Per AOB Paid	6.19	6.06	2%	5.87	5%
	FTE's Per AOB Worked	5.35	5.25	2%	4.98	7%
	Labor Cost/FTE (Annualized)	129,324.43	131,600.37	(2%)	128,065.27	1.0%
	Benefits Expense as a % of Benefitted Labor Expense	59%	66%	(10%)	66%	(9%)
	Salaries & Benefits as % of Net Patient Revenue	64%	66%	(4%)	61%	4.3%

**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 May 16, 2018, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on May 16, 2018, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on May 16, 2018, to consider:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on May 16, 2018, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on May 16, 2018, to consider:

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