



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, December 14, 2016

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for Kern County Hospital Authority Board of Governors regular meeting on November 16, 2016 –
APPROVE

CA

- 4) Proposed Amendment No. 7 to Agreement 336-2012 with Ruby A. Skinner, M.D., APC, an independent contractor, for professional medical services in the Department of Surgery, extending the term for six months through June 30, 2017, and increasing the maximum payable by \$250,000, to cover the extended term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 5) Proposed retroactive Amendment No. 3 to Agreement 166-2012 with Press Ganey Associates, Inc., an independent contractor, for patient experience survey products, adding services, and increasing the maximum payable by \$585,678, to cover the cost of additional services –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 6) Proposed Amendment No. 1 to Agreement 07916 with Teter, LLP, an independent contractor, for engineering and architectural services, increasing the maximum payable by \$200,000, to cover the cost of services –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Amendment No. 1 to Agreement 10416 with Crei Corporation, an independent contractor, for lease of suites 111 and 113 at the Heritage Professional Building located at 2201 Mount Vernon Avenue, Bakersfield, California, increasing the amount of leased space to include suites 209 and 213, and increasing the total rental consideration in an amount not to exceed \$8,300 per month –
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 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

CA

- 8) Proposed Amendment No. 1 to Agreement 2016-047 with the County of Kern, as represented by the Office of County Counsel, for the provision of legal services to the Kern County Hospital Authority, reflecting recent changes to the enabling ordinance, and adding a provision that provides for termination with six months' notice –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN; REFER TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL

CA

- 9) Proposed retroactive Amendment No. 7 to Agreement 911-2013 with Meridian Healthcare Partners, Inc., an independent contractor, for Chief Executive Officer and healthcare management services, revising the compensation methodology for the period July 1, 2016 through December 31, 2016 –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Resolution revising the delegation of authority of the Kern County Hospital Authority Chief Executive Officer to enter into contacts and to secure and pay for certain professional and special services, adding lease agreements –
APPROVE; ADOPT RESOLUTION

CA

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

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 13) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 14) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 15) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Deputy County Counsel Karen S. Barnes and designated staff - Unrepresented Employee: Kern County Hospital Authority Chief Executive Officer (Government Code Section 54957.6) –
- 16) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) –
- 17) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: County of Kern v. Don Howard Wasserman, M.D., Kern County Superior Court Case No. BCV-15-101536 SPC –
- 18) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), (e)(1).) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JANUARY 18, 2016, AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

**AMERICANS WITH DISABILITIES ACT
(Government Code Section 54953.2)**

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



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, November 16, 2016

11:30 A.M.

BOARD RECONVENED

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

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

NON-AGENDA ITEM

MOTION TO CONSIDER NON-AGENDA ITEM NO. 24: MADE FINDING THAT THE NEED TO TAKE ACTION ON A NON-AGENDA MATTER OCCURRED AFTER THE AGENDA WAS POSTED ON NOVEMBER 11, 2016. THE AUTHORITY RECEIVED A WRITTEN COMMUNICATION FROM A POTENTIAL PLAINTIFF THREATENING LITIGATION AFTER THE AGENDA WAS POSTED. THE DEADLINE TO RESPOND IS PRIOR TO THE DATE OF THE NEXT BOARD OF GOVERNORS MEETING ON DECEMBER 14, 2016. ACCORDINGLY, NOVEMBER 16, 2016 IS THE LAST DAY FOR THE BOARD TO BE UPDATED IN CLOSED SESSION PRIOR TO THE NEXT MEETING –

Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

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

NOTE: CHIEF FINANCIAL OFFICER ANDREW CANTU ARRIVED AT 11:38 A.M., AFTER THE VOTE ON THE CONSENT AGENDA

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 NILON EXPRESSED HIS GRATITUDE FOR THE CARE HIS FAMILY EXPERIENCED DURING A RECENT HOSPITAL STAY AT KERN MEDICAL AND ENCOURAGED STAFF TO CONTINUE DOING GREAT WORK

ITEMS FOR CONSIDERATION

- 3) Presentation by Kern County Hospital Authority Chief Executive Officer Russell V. Judd recognizing Kern Medical SHOUT OUT! employees for the period July 1, 2016, 2016 through October 31, 2016 –
MADE PRESENTATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on October 19, 2016 –
APPROVED
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 5) Proposed Amendment No. 9 to Agreement 1038-2009 with Medsphere Systems Corporation, an independent contractor, for implementation and maintenance of the OpenVista® electronic medical record and related applications, extending the term for three years from November 16, 2016 through November 15, 2019, and increasing the maximum payable by \$2,399,232, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-077
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 6) Proposed retroactive Amendment No. 1 to Agreement 358-2015 with Mercer (US) Inc., an independent contractor, for human resources consulting services, extending the term for one year from June 9, 2017 through June 8, 2018, adding statement of work for benchmarking of management positions and rewards programs for the development of compensation strategies, and increasing the maximum payable by \$320,000, from \$200,000 to \$520,000, to cover the additional services –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN STATEMENT OF WORK; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-078 SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 7) Proposed retroactive Amendment No. 1 to Agreement 662-2016 with the County of Kern, as represented by the Kern County Public Health Services Department-Emergency Medical Services Division, for designation of Kern Medical Center as a Level II trauma center from July 1, 2016 through June 30, 2019, in an amount not to exceed \$420,339 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-079
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 8) Proposed Amendment No. 1 to Agreement 03116 with the County of Kern for lease of a portion of the Public Services Building at 2700 “M” Street, Bakersfield, California 93301, clarifying the terms of the monthly operations fee –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-080
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 9) Proposed Amendment No. 8 to Agreement 042-2015 with Cantu Management Group, Inc., an independent contractor, for Chief Financial Officer and healthcare financial management services, adding certain terms to provide for the hiring of additional staff at cost plus benefits, and increasing the maximum payable by \$4,236,774, from \$12,643,914 to \$16,880,688, to cover the additional expenses –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-081
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 10) Proposed Amendment No. 1 to Agreement 07616 with KSA Group Architects, an independent contractor, for engineering and architectural services, increasing the maximum payable by \$200,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-082
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 11) Proposed Amendment No. 1 to Agreement 487-2012 with Martin L. Goldman, M.D., a contract employee, for professional medical and administrative services in the Department of Radiology, increasing the annual salary by \$25,000, from \$425,000 to \$450,000, adding payment for excess call coverage, and increasing the maximum payable by \$250,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-083
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 12) Proposed Amendment No. 3 to Agreement 1048-2010 with Total Renal Care, Inc., an independent contractor, for dialysis services, extending the term for three years from December 1, 2016 through November 30, 2019, and increasing the maximum payable by \$1,200,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-084
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 13) Proposed Amendment No. 7 to Agreement 1324502 with Vantage Technology Consulting Group, an independent contractor, for construction management services related to completion of the B wing emergency power project and IDF closet upgrades, increasing the maximum payable by \$48,250, to cover the additional services –
MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED;
AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-085
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 14) Proposed retroactive Agreement with Black Hall Construction, Inc., an independent contractor, for construction services related to the D wing decommission project, effective October 27, 2016, in an amount not to exceed \$311,039 –
MADE FINDING PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVED;
AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2016-086
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 15) Report on quarterly expenditures authorized by Kern County Hospital Authority Chief Executive Officer –
RECEIVED AND FILED
Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

CA

- 16) Kern County Hospital Authority Chief Executive Officer report -
RECEIVED AND FILED

Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

- 17) Kern County Hospital Authority Chief Financial Officer report -
RECEIVED AND FILED

Pelz-McGauley: 6 Ayes; 1 Absent - Sistrunk

CA

- 18) Claims and Lawsuits Filed as of October 31, 2016 –
RECEIVED AND FILED

Nilon-McLaughlin: 6 Ayes; 1 Absent - Sistrunk

ADJOURNED TO CLOSED SESSION

McGauley-Nilon

CLOSED SESSION

- 19) Request for Closed Session regarding peer review of health facilities
(Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 20) Request for Closed Session regarding peer review of health practitioners
(Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 21) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives:
Chief Deputy County Counsel Karen S. Barnes and designated staff - Unrepresented
Employee: Kern County Hospital Authority Chief Executive Officer (Government Code
Section 54957.6) – SEE RESULTS BELOW
- 22) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer
(Government Code Section 54957) – SEE RESULTS BELOW
- 23) Request for Closed Session for the purpose of discussion or taking action on authority
trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS
BELOW
- 24) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government
Code Section 54956.9(d)(2), (e)(3).) Number of cases: Two (2) Significant exposure
to litigation in the opinion of the Board of Governors on the advice of legal counsel,
based on: The receipt of a claim pursuant to the Government Claims Act or some
other written communication from a potential plaintiff threatening litigation, which non-
exempt claim or communication is available for public inspection – SEE RESULTS
BELOW

RECONVENED FROM CLOSED SESSION

Pelz-McGauley

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 19 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

Item No. 20 concerning a Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (1 ABSENT - SISTRUNK), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, ADDITIONAL PRIVILEGES, AND VOLUNTARY RESIGNATION OF PRIVILEGES; DIRECTOR BERJIS ABSTAINED FROM VOTING ON HIMSELF; NO OTHER REPORTABLE ACTION TAKEN

Item No. 21 concerning CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Deputy County Counsel Karen S. Barnes and designated staff - Unrepresented Employee: Kern County Hospital Authority Chief Executive Officer (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 22 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 23 concerning a Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 24 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(d)(2), e(3).) Number of cases: Two (2) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, DECEMBER 14, 2016 AT 11:30 A.M.

McLaughlin

/s/ Raquel D. Fore
Authority Board Coordinator

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



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

December 14, 2016

Subject: Proposed Amendment No. 7 to Agreement 336-2012 with Ruby A. Skinner, M.D., APC

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed Amendment No. 7 to Agreement 336-2012 with Ruby A. Skinner, M.D., APC, an independent contractor, for professional medical services in the Department of Surgery, extending the term for six months through June 30, 2017, and increasing the maximum payable by \$250,000, to cover the extended term.

**AMENDMENT NO. 7
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Ruby A. Skinner, M.D., APC)**

This Amendment No. 7 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2016, between the Kern County Hospital Authority, a county hospital authority (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Ruby A. Skinner, M.D., APC, a California professional medical corporation (“Contractor”), with its principal place of business located at 5501 Via Sorrento, Bakersfield, California 93306.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #336-2012, dated June 5, 2014), Amendment No. 1 (Kern County Agt. #381-2014, dated June 9, 2014), Amendment No. 2 (Kern County Agt. #304-2015, dated June 2, 2015), Amendment No. 3 (Kern County Agt. #658-2015, dated September 14, 2015) (“Agreement”), Amendment No. 4 (Kern County Agt. #869-2015, dated December 8, 2015), Amendment No. 5 (Kern County Agt. #820-2016, dated June 28, 2016), Assignment of Agreement (Kern County Agt. #318-2016, dated March 1, 2016, effective July 1, 2016), and Amendment No. 6 (Agt. #08716, dated July 1, 2016,) (collectively, the “Agreement”), for the period June 18, 2012 through December 31, 2016, for the provision of professional medical services in the Department of Surgery and teaching services to resident physicians employed by Authority; and

(b) The Agreement expires December 31, 2016; and

(c) Authority continues to requires the services of Contractor; and

(d) 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 Contractor; and

(e) Authority and Contractor agree to amend the Agreement to (i) extend the term of the Agreement through June 30, 2017, in order for the parties to finalize the terms and approval process of a new agreement, which, upon approval and signature of the parties, will supersede and replace the Agreement, and (ii) increase the maximum payable under the Agreement by \$250,000, from \$2,285,000 to \$2,535,000, to cover the extended term; and

(f) The Agreement is amended effective January 1, 2017;

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 1, Term, shall be amended as follows:

“1. Term. Performance by Contractor and Authority shall commence on June 18, 2012 (the “Effective Date”), and shall end June 30, 2017, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Compensation, paragraph 4.3, Maximum Compensation, shall be amended as follows:

“4.3 Maximum Compensation. The maximum payable under this Agreement shall not exceed \$2,535,000 over the term of this Agreement.”

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

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

5. 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.

6. 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. 7
as of the day and year first written above.

RUBY A. SKINNER, M.D., APC

By _____
Ruby A. Skinner, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
KERN MEDICAL CENTER

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By _____
Chief Deputy

Amend7.Skinner.113016



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

December 14, 2016

Subject: Proposed retroactive Amendment No. 3 to Agreement 166-2012 with Press Ganey Associates, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed retroactive Amendment no. 3 to Agreement 166-2012 with Press Ganey Associates, Inc., an independent contractor, for patient experience survey products, adding services, and increasing the maximum payable by \$585,678, to cover the cost of additional services.

**AMENDMENT NO. 3
TO AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR**

This Amendment, by and between **Press Ganey Associates, Inc.** ("Press Ganey") and **Kern County Hospital Authority ("KCHA")**, which owns and operates **Kern Medical Center ("Client")** (together with Press Ganey, the "Parties") shall be effective as of October 1, 2016.

WHEREAS, the County of Kern and Press Ganey have entered into an Agreement for Professional Services entered into March 27, 2012, as amended December 15, 2015; and

WHEREAS, County of Kern assigned the Agreement for Professional Services, as amended, to Kern County Hospital Authority in the Assignment of Agreement entered into March 1, 2016 and entered into Amendment No. 2 on October 1, 2016, (the "Existing Agreement");

WHEREAS, the Parties desire to amend the Existing Agreement with the terms and conditions set forth herein; and

NOW THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Amendments to the Existing Agreement. As of the Effective Date, the Existing Agreement is hereby amended as follows:

a. Section II. Subsection 2. Obligations of Contractor subsection 2.1.2 Additional Services shall be added and incorporated herein by this reference:

"2. Obligations of Contractor.

2.1.2 Additional Services. Contractor shall render those services set forth in Exhibits "E-1A" and "F-1A", attached hereto and incorporated herein by this reference."

b. Section II, Subsection 4.1 Compensation for Services shall be deleted in its entirety and superseded by the following:

"4.1 Compensation for Services. KCHA shall compensate Contractor at a rate not to exceed Seven Hundred Two Thousand Three Hundred Sixty Dollars (\$702,360) for the period from April 1, 2012 to September 30, 2015 and a fixed annual fee of Two Hundred Ten Thousand Four Hundred Five Dollars (\$210,405) for the period of October 1, 2015 to September 30, 2016. KCHA agrees to pay Contractor the fees outlined in Exhibit "E-1A" for the period of December 1, 2016 to September 30, 2019 in the amount of \$585,677.71. The maximum payable for the period of December 1, 2016 to September 30, 2019 shall not exceed \$809,102.71

2. Limited Effect. Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein" or words of like import, and each



reference to the Existing Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as supplemented by this Amendment.

- 3. Conflicts.** To the extent there is a conflict between the terms of this Amendment and the Existing Agreement, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the undersigned have executed this agreement effective as of the Effective Date.

KERN COUNTY HOSPITAL AUTHORITY ON BEHALF OF KERN MEDICAL CENTER (Client #1170)	PRESS GANEY ASSOCIATES, INC.
By:	By:
Name:	Name: Amy Coughlin
Title:	Title: Senior Vice President, Operations
Date:	Date:

EXHIBIT E-1A

Medical Practice with CG-CAHPS

Beginning December 1, 2016, Client agrees to pay Press Ganey an annual contract fee of \$187,621.00 for Medical Practice with CG-CAHPS as outlined herein and the attached Exhibits (“MD Annual Fee”). This fee will be prorated and invoiced on a monthly basis.

The MD Annual Fee includes:

- i. Up to 59,400 mailed surveys through the United States Postal Service;
- ii. Unlimited email surveys;
- iii. Comment processing; and
- iv. Up to 198 Medical Practice providers.

Upon written notification to Press Ganey, additional Medical Practice providers may be added at an annual rate of \$947.44 per provider, plus any annual price increases allowed under this Agreement.

Additional mailed surveys will be invoiced monthly as incurred at a rate of \$2.67 per Wave 1 mailed survey and \$1.66 per Wave 2 mailed survey, plus any annual price increases allowed under this Agreement.

All fees for the second and third contract years will not be increased by more than four percent (4%) per year.

EXHIBIT F-1A

PATIENT EXPERIENCE STATEMENT OF WORK

Medical Practice with CG-CAHPS

This Statement of Work ("SOW") entered into on _____, 2016 ("Effective Date") by and between **Press Ganey Associates, Inc.** ("Press Ganey") and **Kern County Hospital Authority ("KCHA")**, which owns and operates **Kern Medical Center** ("Client,"), together with Press Ganey, the "Parties") covers Press Ganey's engagement to provide services to the Client. This SOW is subject to the terms and conditions in the Agreement for Professional Services entered into March 27, 2012, as amended December 15, 2015, and assigned to Kern County Hospital Authority in the Assignment of Agreement entered into March 1, 2016 and entered into Amendment No. 2 on October 1, 2016 (the "Existing Agreement").

1. SERVICE SUMMARY.

- a. Patient Experience Survey Products. Press Ganey shall:
 - Create and send multiple versions of the survey tool, as necessary and as requested by Client. Client may request one revision per survey per calendar year. Additional revisions may result in additional fees.
 - Conduct multiple wave surveying services to satisfy Client's participation requirements, pursuant to applicable initiatives set forth in the Consumer Assessment of Health Providers and Systems, sponsored by the Centers for Medicare and Medicaid Services, if applicable.
 - Provide access to survey images and recordings, if available and permitted based on CMS guidelines.
 - Offer Client the ability to monitor the number of surveys administered, returned, and completed.
 - Transcribe all patient survey comments made in English collected via mail or telephone verbatim (for example, grammar mistakes would not be corrected) and apply a comment rating to each comment.
 - Apply a comment rating to each eSurvey comment made in English using a sentiment analysis software algorithm, which yields a rating accuracy of eighty (80) percent.

- b. Patient Experience Reports. Press Ganey shall:
 - Provide a non-exclusive, limited, non-transferable, non-assignable, non-source code license to use Press Ganey's Patient Experience web-based application(s), for up to four hundred (400) users at each facility.
 - Provide reporting of patient experience results that include, but are not limited to:
 - (1) Static reports of Press Ganey CAHPS performance for standard time periods.
 - a. Static reports will be provided within thirty (30) days of the close of data collection.
 - (2) Interactive reporting, including the ability to create configurable data views

- (3) Benchmarking to allow organizational comparison with selected peer groups
 - (4) Priority indices
 - (5) Comment reports
 - Make comments available for review through the web-based application and provide the capability for Client's designated staff to review comments containing concerning content through specialized reporting, also referred to as "Hot Comments". The determination regarding the content to be flagged by the Hot Comments functionality requires Client's input. Client acknowledges that (i) Press Ganey does not guarantee that Hot Comments will identify all content that Client considers to be concerning and (ii) Press Ganey has no obligation to flag comments for any reason.
 - Provide additional reports through the web-based application on a monthly, quarterly, or annual basis upon Client's request. There may be a fee associated with these additional reports.
- c. Client Support Services. Press Ganey shall:
- Provide access to improvement content related to major service lines.
 - Provide access to Press Ganey's Online Forum – an information exchange forum that allows facilities to review industry best practices and collaborative solutions for improving patient experience.
 - Offer educational networking opportunities with other Press Ganey clients through the National Client Conference and Regional Education Symposia.
 - Provide access to online Press Ganey publications.
- d. Advisor Support. Press Ganey shall provide access to a designated Patient Experience Advisor ("Advisor") who will:
- Provide support virtually and at the client organization. There may be a fee associated with onsite visits.
 - Conduct an annual Organizational Review for prioritization of support needs.
 - Develop a customized Partnership Plan which includes:
 - Client goals
 - Improvement priorities
 - Recommended implementation strategies or tactics
 - Provide access to and guidance on using data management and/or best practice toolkit resources.
 - Provide education and training on Press Ganey tools.
- e. Account Manager Support. Press Ganey shall provide access to a designated Account Manager who will:
- Work collaboratively with client on the implementation of new survey products and continuous on-going support:
 - Cooperate with client to determine survey customization that aligns with organizational goals and initiatives. Survey customizations can be made once annually.
 - Recommend appropriate sampling strategies aimed toward obtaining actionable data. Client may request sampling adjustments quarterly, and Press Ganey will

cooperate with Client to determine whether the requested adjustment is recommended.

- Collaborate with client and Advisor to align inbound data with expected reporting outputs that drive improvement initiatives.
- Provide detailed information from audits proactively performed in connection with Client setup and otherwise throughout the term of the SOW to guide compliance with CAHPS regulations and guidelines. Client acknowledges that this is not an assurance of compliance with all federal and/or state requirements. Client understands that it has a separate and distinct non-delegable legal obligation to comply with all federal and/or state requirements and Press Ganey is not liable for Client's failure to comply with these requirements.

- f. Client Support Desk. Press Ganey shall provide access to our client support desk who will:
- Provide virtual, real time client user assistance, Monday – Friday, 8:00 am – 8:00 pm EST.

2. DATA COLLECTION METHODOLOGY.

- a. InfoTurn Surveying (Mail Methodology). Press Ganey shall use commercially reasonable efforts to:
- Provide surveys and accompanying cover letters for each contracted patient survey service;
 - Provide surveys and a return, business reply envelope with each mailing;
 - Complete mailings within three (3) business days of receipt of electronic patient data;
 - Provide access to scanned survey images within three (3) business days of their return via the PG Application; and
 - Transcribe all survey comments made in English within five (5) business days of Press Ganey's receipt, if Client has contracted for Press Ganey's "Comments Service".
- b. eSurvey Blend: (Electronic Internet Surveying). Press Ganey shall use commercially reasonable efforts to:
- Send and process mail survey prior to sending email notifications to all survey respondents who provide an email address; and
 - Enter survey results into the Press Ganey database and make them available for viewing via the PG Application within three (3) business days following submission.

3. SERVICE ASSURANCE.

- a. Press Ganey Hours of Operations: Monday – Friday, 8:00 am – 5:00 pm during Client's local time.
- b. Press Ganey Holidays. Press Ganey recognizes the following nine (9) holidays and all offices are closed on these days or their days of observance:
- New Year's Day (January 1)
 - Martin Luther King Day (third Monday in January)
 - Memorial Day (last Monday in May)
 - Independence Day (July 4)
 - Labor Day (first Monday in September)

- Thanksgiving (fourth Thursday in November)
 - Day after Thanksgiving
 - Christmas Eve (December 24)
 - Christmas (December 25)
- c. Federal Closures. Press Ganey services may be impacted by federal closures, such as federal holidays, federal shutdown, states of emergency, severe weather, or natural disaster. Every reasonable effort will be made to notify the Client and return to normal business operations once the federal closure ends. The timing for this return to normal business operations will be dependent upon the cause and duration of the closure as well as the resulting aftermath. Information on these closures may be found at www.pressganey.com/terms.
- d. Other Closures. There may be occasions where Press Ganey closes all offices, such as for a corporate meeting or a day of community service. If these instances occur, the client will be notified by Press Ganey a minimum of thirty (30) days in advance of such a closure. Information on these closures may be found at www.pressganey.com/terms.

4. CLIENT RESPONSIBILITIES. Client shall:

- Client acknowledges that it must comply with certain hardware and software requirements to receive Press Ganey's online services, as amended from time to time, which requirements may be found at www.pressganey.com/terms.
- Upon the departure of an employee from Client's facility, immediately terminate their access to PG Applications and other Press Ganey systems.
- Prior to processing data, provide Press Ganey a completed demographic profile for the contracted service(s). Profiles must be completed and returned to Client's Account Manager by the first of the month preceding the month in which the facility is to receive the first report.
- Notify Press Ganey of changes to the demographic profiles prior to the first business day of the month preceding the report month, including changes in unit configurations and specialty designations.
- Obtain any and all patient consents, authorizations, and/or approvals required by applicable laws, rules, regulations or policy to enable Press Ganey to execute its obligations under this Agreement.
- Comply with the requirements of sampling strategy and survey distribution methodology. Client recognizes that a common distribution methodology must be used in order to avoid bias, enable comparative data to be valid, and meet the highest standards of reporting. Additionally, Client acknowledges that reporting standards require that a minimum number of surveys must be returned before a statistically-valid report can be issued by Press Ganey. The minimum requirement for small hospital databases and for other services not mentioned below is thirty (30) returned surveys. The minimum requirements for the large hospital comparative databases are as follows:
 - Inpatient – one hundred and seventy-five (175)
 - Pediatric Inpatient – one hundred and forty-two (142)
 - Emergency Room – one hundred and forty-five (145)
 - Ambulatory Surgery – one hundred and six (106)
 - Medical Practice – thirty (30)

- Outpatient Services – one hundred and forty-nine (149)

5. PAYMENT TERMS. Contract fees are as indicated in **Exhibit E-1A.**

{Signature Page Follows}

KERN COUNTY HOSPITAL AUTHORITY ON BEHALF OF KERN MEDICAL CENTER (Client #1170)	PRESS GANEY ASSOCIATES, INC.
By:	By:
Name:	Name: Amy Coughlin
Title:	Title: Senior Vice President, Operations
Date:	Date:



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

December 14, 2016

Subject: Proposed Amendment No. 1 to Agreement 07916 with Teter, LLP

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed Amendment No. 1 to Agreement 07916 with Teter, LLP, an independent contractor, for engineering and architectural services, increasing the maximum payable by \$200,000, to cover the cost of services.

**AMENDMENT NO. 1
TO
ENGINEERING/ARCHITECTURAL SERVICES AGREEMENT
(Kern County Hospital Authority – Teter, LLP)**

This Amendment No. 1 to the Agreement for Engineering Services is entered into this 14th day of December, 2016 (“Effective Date”), by and between, the KERN COUNTY HOSPITAL AUTHORITY, a local unit of government, which owns and operates Kern Medical Center, ("KCHA") with its principal location at 1700 Mount Vernon Avenue, Bakersfield, CA 93306, and Teter, LLP ("Consultant"), with its principal place of business located at 7535 N. Palm Avenue, Suite 201, Fresno, CA 93309

RECITALS

A. KCHA and Consultant have entered into an Agreement for Engineering/Architectural Services (KCHA Agt.# 07916PA, dated July 1, 2016) (“Agreement”), to provide engineering and architectural services for various projects; and

B. KCHA requires more services that previously contemplated and Consultant is willing and qualified to complete these additional services; and

C. 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 Contractor; and

D. The Parties agree to increase the not-to-exceed amount from \$250,000 to \$450,000 to cover the cost of the additional services; and

E. The Agreement is amended effective December 14, 2016.

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: (check those applicable):

Term. The Agreement shall be extended from _____ until _____, unless sooner terminated as provided for in the Agreement.

Fees payable by KCHA under the Agreement shall increase from \$250,000 to \$450,000

Travel Expenses payable by KCHA under the Agreement shall increase from \$ _____ to \$ _____.

Services. See Exhibit A-1, which is attached hereto and incorporated herein, for additional Services.

Other. _____.

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

Except as expressly amended herein, all provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 to the Agreement has been executed as of the Effective Date indicated above.

KERN COUNTY HOSPITAL AUTHORITY

TETER, LLP

By _____
Chairman, Board of Governors
"KCHA"
Date: _____

By _____
Name: Scott Tunnell
Title/Position: Partner
Date: _____

APPROVED AS TO CONTENT:
Kern Medical Center

By _____
Russell Judd
Chief Executive Officer
Date: _____

By _____
Jared Leavitt
Chief Operating Officer
Date: _____

APPROVED AS TO FORM:
Office of County Counsel

By _____
Deputy
Date: _____



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

December 14, 2016

Subject: Proposed Amendment No. 1 to Agreement 10416 with Crei Corporation

Recommended Action: 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 Subject to approval as to form by Counsel.

Summary:

Proposed Amendment No. 1 to Agreement 10416 with Crei Corporation, an independent contractor, for lease of suites 111 and 113 at the Heritage Professional Building located at 2201 Mount Vernon Avenue, Bakersfield, California, increasing the amount of leased space to include suites 209 and 213, and increasing the total rental consideration in an amount not to exceed \$8,300 per month.

**AMENDMENT NO. 1 TO AGREEMENT FOR LEASE
OF SUITE #111 AND #113 AT THE HERITAGE PROFESSIONAL BUILDING
AT 2201 MT. VERNON AVENUE, BAKERSFIELD, CALIFORNIA**

(Kern County Hospital Authority – Crei Corporation)

THIS AMENDMENT NO. 1 TO AGREEMENT FOR LEASE (“**Amendment No. 1**”) is made and entered on _____, 2016 (“**Execution Date**”) by and between the **KERN COUNTY HOSPITAL AUTHORITY**, a county hospital authority (“**KCHA**”) and **CREI CORPORATION**, a California corporation (“**Lessor**”). KCHA and Lessor are referred to individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS:

A. Lessor owns real property located in what is commonly known as the Heritage Professional Building at 2201 Mount Vernon Avenue, Bakersfield, County of Kern, state of California (“**Building**”); and

B. On July 1, 2016, the Parties entered into a lease agreement for KCHA’s use of Suites #111 and #113 (KCHA Agt. #10416PA, dated July 1, 2016); and

C. The Parties now desire to amend the Agreement for the first time to revise the language regarding the Premises by increasing the amount of space leased and increase the rental consideration relative to the increase in space rented; and

D. The Agreement is amended effective February 1, 2017.

AGREEMENT:

1. Section 1. Premises of the Agreement is hereby deleted and replaced with the following:

“**1. Premises:** – For and in consideration of the terms, covenants, and conditions contained in this Agreement, Lessor leases to KCHA, and KCHA leases from Lessor, exclusive use of Suites #111, 113, 209, and 213, located in the Heritage Professional Building at 2201 Mt. Vernon Avenue, Bakersfield, CA, depicted on the drawings attached as Exhibit “A”. Suites #111, 113, 209, and 213 are depicted on the drawings attached as Exhibit “B” and “B-1” (“**Premises**”).

2. Section 6. Rental Considerations: a. Amount and Payment of the Agreement is hereby deleted and replaced with the following:

“a. **Amount and Payment** – As consideration for the lease of the Premises during the Term, KCHA agrees to pay, in lawful money of the United States, to Crei Corporation, located at 2201 Mount Vernon Avenue, Suite 110, Bakersfield, California, 93306, with a mailing address of Post Office Box 203, Bakersfield, California, 93302, as Lessor, or to such persons and at such places as may be designated from time to time by Lessor. From the Effective Date through January 31, 2017, the monthly consideration shall be \$3,248.00. From February 1, 2017 to June 30, 2017, the monthly consideration will not exceed \$4,500.00. Upon each subsequent year of this Agreement, including during the exercise of the option for extension, the monthly consideration shall increase by two percent (2%) for the second year of the agreement, by another two percent (2%) for the first year of the option for extension, and by another two percent (2%) for the second year of the option for extension. The first monthly payment shall be paid within 30 days of the Effective Date. Each month’s rental payment shall only be in consideration for the right to possess, occupy, and use the Premises for the subsequent month.

3. **Ratification of Agreement:** Except as modified by this Amendment No. 1, all terms and conditions of the Agreement as amended, shall be in full force and effect. All rights provided to KCHA in this Amendment No. 1 are in addition to those provided in the Agreement and those provided by law.

4. **Authority to Execute:** Each of the individuals executing this Amendment No. 1 on behalf of KCHA and Lessor represent and warrant that he or she is duly authorized to execute and deliver this Amendment No. 1 on behalf of KCHA or Lessor, respectively, and that this Amendment No. 1 is binding upon KCHA and Lessor, respectively, in accordance with its terms.

Remainder of page intentionally left blank.

The Parties have executed this Agreement on the Execution Date.

KERN COUNTY HOSPITAL AUTHORITY

CREI CORPORATION

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

By _____
William A. Beeghly
President
"Lessor"

APPROVED AS TO CONTENT:
Kern Medical Center

By _____
Russell V. Judd
Chief Executive Officer

APPROVED AS TO FORM:
Office of County Counsel

By _____
Deputy



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

December 14, 2016

Subject: Proposed Amendment No. 1 to Agreement 2016-047 with County of Kern, as represented by the Office of County Counsel

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

Summary:

On June 22, 2016, your Board approved an Agreement with the County of Kern whereby the Office of County Counsel provides legal services to the Authority. On December 13, 2016, the County amended the enabling ordinance. The changes to the Agreement as reflected in the Amendment bring the Agreement into alignment with the changes to the ordinance and the Authority's willingness to agree to a notice period of six months to terminate the Agreement.

Agreement 2016-047 is hereby amended as follows:

- 1.) Recital (b) of the Agreement is stricken.
- 2.) The first sentence of Section 10 of the Agreement is stricken and shall be replaced by the following sentence: "This Agreement may be terminated by either party on six months written notice served as provided in section 12 of the Agreement."
- 3.) In Section 12 of the Agreement, the name "Theresa A. Goldner" is stricken.

**AMENDMENT NO. 1
TO
LEGAL SERVICES AGREEMENT**

THIS IS AMENDMENT NO. 1 TO THE LEGAL SERVICES AGREEMENT, entered into the ____ day of December, 2016, by and between the COUNTY OF KERN, a political subdivision of the State of California (hereinafter "County"), and the KERN COUNTY HOSPITAL AUTHORITY (hereinafter "Hospital Authority")

WITNESSETH:

WHEREAS:

(a) County entered into an Agreement with Hospital Authority effective July 1, 2016, wherein Kern County Counsel was retained to perform legal services on behalf of Hospital Authority; and

(b) County and Hospital Authority desire to amend the Agreement to reflect recent changes in the ordinance governing the Hospital Authority and to provide for a six-month termination notice.

NOW, THEREFORE, IT IS MUTUALLY AGREED between County and Hospital Authority that the Agreement is hereby amended as follows:

1. Recital (b) of the Agreement is stricken.
2. The first sentence of Section 10 of the Agreement is stricken and shall be replaced by the following sentence: "This Agreement may be terminated by either party on six months written notice served as provided in section 12 of the Agreement."
3. In Section 12 of the Agreement, the name "Theresa A. Goldner" is stricken.

IN WITNESS TO WHICH, each party to this Amendment No. 1 has signed upon the date indicated, and agrees, for itself, its employees, officers, partners and successors, to be fully bound by all terms and conditions of this Amendment No. 1.

Dated: _____, 2016

KERN COUNTY BOARD OF SUPERVISORS

By _____
Mick Gleason, Chairman
"County"

Dated: _____, 2016

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman, Board of Governors
"Hospital Authority"

22Z5913



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

December 14, 2016

Subject: Proposed retroactive Amendment No. 7 to Agreement 911-2013 with Meridian Healthcare Partners, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Attached is the proposed Amendment No. 7 to the agreement with Meridian Healthcare Partners, Inc., for Chief Executive Officer and healthcare management services to the authority and Kern Medical. The proposed amendment revises the compensation methodology for the period July 1, 2016 through December 31, 2016, with no additional cost to the authority or Kern Medical.

Therefore, it is recommended that your Board approve the amendment and authorize the Chairman to sign.

**AMENDMENT NO. 7
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Meridian Healthcare Partners, Inc.)**

This Amendment No. 7 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2016, between the Kern County Hospital Authority, a county hospital authority (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Meridian Healthcare Partners, Inc., a California corporation (“Contractor”), with its principal place of business located at 2215 Mount Vernon Avenue, Suite 213, Bakersfield, California 93306.

RECITALS

(a) The parties have heretofore entered into an Agreement for Professional Services (Kern County Agt. #911-2013, dated December 3, 2013), Amendment No. 1 (Kern County Agt. #115-2014, dated March 10, 2014), Amendment No. 2 (Kern County Agt. #759-2014, dated September 30, 2014), Amendment No. 3 (Kern County Agt. #105-2015, dated February 24, 2015), Amendment No. 4 (Kern County Agt. #598-2015, dated August 18, 2015), Amendment No. 5 (Kern County Agt. #743-2015, dated September 29, 2015), Amendment No. 6 (Kern County Agt. #080-2016, dated February 9, 2016), and Assignment of Agreement (Kern County Agt. #433-2016, dated April 26, 2016) (collectively, the “Agreement”), for the period December 16, 2013 through December 15, 2020, whereby Contractor provides supervision and management of the day-to-day operations of KMC; 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 Contractor; and

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

1. Effective July 1, 2016, all references to “FY17” performance measures in Exhibit “C-4,” Performance Measures Calendar Year 2016, shall be deleted in their entirety.
2. Section 5, Payment for Services, paragraph 5.1, Management Fee, subparagraph 5.1.3, July 1, 2016 – December 31, 2016, shall be made part of the Agreement as follows:

“5.1.3 July 1, 2016 – December 31, 2016. In lieu of the Performance Fee for the period July 1, 2016 through December 31, 2016, Authority shall pay Contractor a lump sum payment of \$201,000, payable on or before January 1, 2017, as part of the Management Fee set forth in subparagraph 5.1.1.”

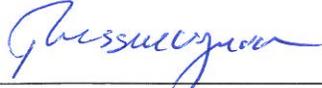
3. Except as otherwise defined herein, all capitalized terms used in this Amendment have the meaning set forth in the Agreement.
4. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
5. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
6. 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 WHEREOF, the parties have executed this Amendment No. 7 to the Agreement as of the day and year first written above.

MERIDIAN HEALTHCARE PARTNERS, INC.

By 
Russell V. Judd
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO FORM:
OFFICE OF COUNTY COUNSEL

By 
Chief Deputy



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

December 14, 2016

Subject: Proposed Resolution revising the delegation of authority of the Kern County Hospital Authority Chief Executive Officer to enter into contracts and to secure and pay for certain professional and special services

Recommended Action: Approve; Adopt Resolution

Summary:

On May 18, 2016, pursuant to the Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) and the authority Bylaws for Governance, your Board adopted Resolution No. 2016-009 delegating authority to the Chief Executive Officer to enter into contracts and to secure and pay for certain professional and special services on behalf of the Hospital Authority. Kern Medical is recommending that your Board extend the delegation of authority to the Chief Executive Officer to negotiate and execute lease agreements for real property with a not to exceed amount of \$250,000 per year, including multi-year lease agreements that do not exceed an initial term of five years.

Therefore, it is recommended that your Board approve the recommendation and adopted the attached proposed resolution.

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

In the matter of:

Resolution No. _____

**REVISED DELEGATING AUTHORITY TO THE
CHIEF EXECUTIVE OFFICER OF THE KERN
COUNTY HOSPITAL AUTHORITY TO ENTER
INTO CONTRACTS AND TO SECURE AND PAY
FOR CERTAIN PROFESSIONAL AND SPECIAL
SERVICES**

I, RAQUEL D. FORE, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 14th day of December, 2016, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

RAQUEL D. FORE
Authority Board Coordinator
Kern County Hospital Authority

Raquel D. Fore

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, § 101852 et seq.) (the "Act") states the Kern County Hospital Authority ("Hospital Authority") shall have the power "*to enter into one or more contracts or agreements, including, but not limited to, contracting with any public or private entity or person for management or other*

services and personnel, and to authorize the chief executive officer to enter into contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers granted in [the Act].” (Health & Saf. Code, § 101855(a)(9).); and

(b) The Hospital Authority Bylaws for Governance (“Bylaws”) provide that *“the Chief Executive Officer shall be the general manager of the Hospital Authority, and shall have the authority to exercise executive supervision over the general business and affairs of the Hospital Authority in accordance with the statement of duties and responsibilities adopted by the Board of Governors, including, but not limited, to the following: (h) such duties assigned by the Board of Governors and required by these Bylaws or applicable law.”* (Bylaws, section 5.02.); and

(c) On May 18, 2016, the Board of Governors adopted Resolution No. 2016-009 delegating authority to the Chief Executive Officer to enter into contracts and to secure and pay for certain professional and special services on behalf of the Hospital Authority; and

(d) Kern Medical Center is recommending that the Board of Governors extend the delegation of authority to the Chief Executive Officer to negotiate and execute lease agreements for real property with a not to exceed amount of \$250,000 per year, including multi-year lease agreements that do not exceed an initial term of five years.

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

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

2. The Chief Executive Officer is hereby appointed as the Purchasing Agent for the Kern County Hospital Authority.

3. The Chief Executive Officer is hereby appointed as the Agency Designated Representative for labor negotiations, as directed by this Board.

4. This Board hereby delegates authority to the Chief Executive Officer of the Kern County Hospital Authority to enter into the contracts and to secure and pay for those certain professional and special services set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.

5. The Office of County Counsel shall review all agreements for approval as to legal form.

6. The Chief Executive Officer shall provide periodic reports to this Board on the expenditures paid pursuant to this authorization, as set forth in Exhibit “A.”

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

County Administrative Office
Office of County Counsel
Kern Medical Center

EXHIBIT "A"

Section I. The Chief Executive Officer shall be the Purchasing Agent for the Kern County Hospital Authority ("Hospital Authority"). As provided herein, the Purchasing Agent shall have the responsibility to evaluate proposed purchases in order to bid or negotiate requisitions and contracts on behalf of the Hospital Authority. All purchases, rentals and contracts made by the Purchasing Agent shall be binding and constitute a lawful charge against the Hospital Authority. The Purchasing Agent or designee shall have the authority to:

1. Secure goods or services for the proper operation of the health facilities costing a maximum \$250,000 per year with a maximum cumulative total not to exceed \$750,000, unless otherwise specified in this Exhibit. Agreements that exceed a cumulative total greater than \$250,000 that do not contain a termination without cause provision or are subject to the Public Contract Code must be approved by the Board of Governors.
2. Secure goods for the proper operation of the pharmacies, clinical laboratory, and operating room that may exceed the amount set forth above.
3. Enter into professional and specialized medical services that may exceed the specified amount set forth above, including without limitation, the following:
 - A. Medical services that are beyond the capability of employed staff to provide.
 - B. Medical services of a very specialized nature which are not available at Kern Medical.
 - C. Medical services that require special equipment or facilities that are not available at Kern Medical.
 - D. Medical services that are infrequent in occurrence, are unpredictable in volume and costs, and therefore may not be identified specifically in the Hospital Authority budget.
 - E. Medical services that are necessary to provide patient care or services to patients in an emergent situation.
 - F. Patient-specific letters of agreement.
 - G. Letters of agreement for medical services not provided at Kern Medical.
4. Process and pay for administrative penalties (any administrative penalty that does not exceed \$50,000; County Counsel shall review any notice of administrative penalty to determine whether a hearing to dispute the penalty is warranted and approve all settlement agreements, if any, negotiated between the Hospital Authority and the relevant agency, prior to payment of the penalty).
5. Negotiate and execute routine agreements that typically do not require the expenditure of funds or are revenue agreements, including without limitation, the following:
 - A. Indemnification agreements

- B. Provider transfer agreements
 - C. Organ/tissue and blood services agreements
 - D. Accreditation contracts with The Joint Commission
 - E. Business Associate Agreements (BAA)
 - F. Provider participation agreements
 - G. Quality collaborative agreements
 - H. Affiliation agreements
 - I. Payer/provider agreements
 - J. Affiliation agreements
 - K. Peer review sharing agreements
 - L. Waivers and Inter-governmental Transfer (IGT) documents and agreements
6. Accept and execute contracts previously approved by the Kern County Board of Supervisors that are being assigned by the County of Kern to the Hospital Authority that may exceed the specified amounts set forth above.
 7. Negotiate and execute lease agreements for real property with a not to exceed amount of \$250,000 per year, including multi-year lease agreements that do not exceed an initial term of five years.
 8. The Chief Executive Officer shall provide the Board of Governors a written report quarterly on expenditures paid pursuant to paragraphs 3 and 4 above.

Section II. The Chief Executive Officer shall have the following delegated authority for the proper staffing of the health facilities and shall be the Agency Designated Representative for labor negotiations with employee organizations, as directed by the Board of Governors. The Chief Executive Officer shall have the authority to:

1. Negotiate within the established physician compensation model, and execute individual physician agreements with a not to exceed amount of \$500,000 per year, including multi-year agreements that do not exceed a term of three years, with a maximum cumulative payable of \$1,500,000.
2. Add and delete existing classifications required to provide hospital services that were not previously included in the adopted budget while not exceeding total expense appropriations.
3. Create new job classifications and establishing salary ranges for new classifications. Salary ranges for management, mid-management, confidential and unrepresented classifications must be within the Board of Governors approved salary pay bands.
4. Meet and confer with employee organizations unless it involves matters related to MOU negotiation/approval, impasse, mediation, fact finding, or implementing any best and final offer.

Section III. The Chief Executive Officer shall establish budgetary controls and be the official responsible to administer such controls. The Chief Executive Officer shall have authority to:

1. Approve budgetary transfers and revisions of appropriations within a budget unit or budget units that do not increase spending authority.
2. Spend surplus revenue subject to the limitations in the Agreement for Health Care Services, Finance and Support with the County of Kern and the amount set forth in Section I, under Purchasing Agent authority.
3. Substitute capital assets and capital or maintenance projects after the adoption of the budget that does not increase spending authority.

Section IV. The Chief Executive Officer shall be the official responsible to review pending legislation and chaptered laws to evaluate the impact on Hospital Authority operations and shall have the authority to:

1. Write advocacy letters on behalf of the Hospital Authority.
2. Accept and receive any donations or grants on behalf of Kern Medical and on behalf of its physicians.
3. Utilize Board-approved strategic initiatives that require immediate action, subject to any limitations set forth herein.



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

December 14, 2016

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 ending October 31, 2016.

3-Month Trend Analysis: Volume and Strategic Indicators

October 31, 2016

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
VOLUME						
Adjusted Admissions (AA)	1,682	1,535	1,486	1,354	10%	1,344
Adjusted Patient Days	7,512	7,450	7,477	7,987	(6%)	7,409
Admissions	852	810	798	725	10%	725
Average Daily Census	123	131	129	138	(6%)	129
Patient Days	3,805	3,930	4,014	4,275	(6%)	3,998
Available Occupancy %	57.4%	61.2%	60.5%	64.4%	(6%)	60.3%
Average LOS	4.5	4.9	5.0	5.9	(15%)	5.5
Surgeries						
Inpatient Surgeries (Main Campus)	215	242	254	230	10%	178
Outpatient Surgeries (Main Campus)	273	240	267	228	17%	297
Total Surgeries	488	482	521	458	14%	475
Births	231	256	245	238		232
ER Visits						
Admissions	409	381	381	348	9%	344
Treated & Released	3,536	3,442	3,374	3,193	6%	3,198
Total ER Visits	3,945	3,823	3,755	3,541	6%	3,542
Outpatient Clinic Visits						
Total Clinic Visits	11,576	10,255	10,495	8,106	29%	9,702



3-Month Trend Analysis: Volume and Strategic Indicators

October 31, 2016

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
VOLUME					
Adjusted Admissions (AA)	6,204	5,858	6%	5,811	7%
Adjusted Patient Days	30,386	32,558	(7%)	29,632	3%
Admissions	3,247	3,120	4%	3,120	4%
Average Daily Census	129	138	(6%)	129	0%
Patient Days	15,917	17,427	(9%)	15,940	(0.1%)
Available Occupancy %	60.5%	66.2%	(9%)	60.6%	(0.1%)
Average LOS	4.9	5.6	(12%)	5.1	(4%)
Surgeries					
Inpatient Surgeries (Main Campus)	925	959	(4%)	808	14%
Outpatient Surgeries (Main Campus)	1,029	1,066	(4%)	1,139	(10%)
Total Surgeries	1,954	2,025	(4%)	1,947	
Births	948	1,049	(10%)	891	6%
ER Visits					
Admissions	1,561	1,320	18%	1,510	3%
Treated & Released	13,926	12,103	15%	13,297	5%
Total ER Visits	15,487	13,423	15%	14,807	
Outpatient Clinic Visits					
Total Clinic Visits	41,856	35,765	17%	39,183	7%

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
PAYOR MIX - Charges						
Commercial FFS	5.1%	3.5%	3.3%	4.6%	(24%)	5.4%
Commercial HMO/PPO	5.3%	6.9%	7.0%	5.8%	20%	4.9%
Medi-Cal	29.9%	27.8%	27.2%	30.1%	(8%)	27.0%
Medi-Cal HMO - Kern Health Systems	28.6%	27.1%	24.6%	19.2%	41%	20.9%
Medi-Cal HMO - Health Net	11.6%	11.3%	14.6%	5.1%	124%	5.5%
Medi-Cal HMO - Other	0.7%	0.6%	2.1%	12.2%	(95%)	13.3%
Medicare	5.9%	9.8%	9.4%	9.8%	1%	10.1%
Medicare - HMO	1.3%	1.2%	2.8%	2.6%	(55%)	1.3%
County Programs	2.4%	2.7%	1.5%	1.3%	116%	2.6%
Workers' Compensation	0.3%	1.1%	0.4%	1.8%	(38%)	1.6%
Self Pay	8.9%	8.0%	7.1%	7.6%	5%	7.4%
Total	100.0%	100.0%	100.0%	100.0%		100.0%

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
PAYOR MIX - Charges					
Commercial FFS	4.3%	6.2%	-30.4%	5.2%	-17.7%
Commercial HMO/PPO	6.7%	5.6%	19.1%	5.3%	27.6%
Medi-Cal	28.5%	28.3%	0.8%	30.7%	-7.1%
Medi-Cal HMO - Kern Health Systems	26.7%	22.1%	4.4%	21.6%	6.8%
Medi-Cal HMO - Health Net	11.0%	8.7%	33.3%	8.5%	36.5%
Medi-Cal HMO - Other	1.0%	8.4%	-87.8%	6.3%	-83.8%
Medicare	9.7%	8.3%	17.4%	9.2%	6.0%
Medicare - HMO	2.2%	2.1%	2.8%	1.7%	33.3%
County Programs	2.3%	1.2%	89.3%	3.3%	-29.2%
Workers' Compensation	0.6%	1.3%	-55.9%	1.0%	-43.5%
Self Pay	7.0%	7.9%	-11.2%	7.5%	-6.0%
Total	100.0%	100.0%		100.0%	

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Labor Metrics						
Productive FTEs	1,216.16	1,249.60	1,269.53	1,279.62	(1%)	1,134.10
Non-Productive FTEs	179.93	204.20	142.81	225.82	(37%)	232.96
Contract Labor FTEs	64.25	65.03	70.03	44.97	56%	39.38
Total FTEs	1,396.09	1,453.80	1,427.19	1,505.44	(5%)	1,367.06
FTE's Per AOB Paid	5.77	5.85	5.92	5.84	1%	5.72
FTE's Per AOB Worked	5.03	5.03	5.26	4.97	6%	4.75
Labor Cost/FTE (Annualized)	129,136.58	127,513.59	130,107.51	117,457.72	11%	119,759.04
Benefits Expense as a % of Benefitted Labor Expense	68%	69%	72%	73%	(2%)	73%
Salaries & Benefits as % of Net Patient Revenue	61%	61%	64%	66%	(3%)	64%

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Labor Metrics					
Productive FTEs	1,231.87	1,264.72	(3%)	1,152.23	7%
Non-Productive FTEs	162.85	223.19	(27%)	169.27	(4%)
Contract Labor FTEs	65.24	50.65	29%	33.65	94%
Total FTEs	1,412.03	1,487.91	(5%)	1,338.81	5%
FTE's Per AOB Paid	5.72	5.62	2%	5.56	3%
FTE's Per AOB Worked	4.99	4.78	4%	4.78	4%
Labor Cost/FTE (Annualized)	130,334.77	125,029.09	4%	125,250.75	4%
Benefits Expense as a % of Benefitted Labor Expense	71%	73%	(3%)	72%	(2%)
Salaries & Benefits as % of Net Patient Revenue	63%	66%	(4%)	65%	(2%)



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

December 14, 2016

Subject: Kern County Hospital Authority, Chief Financial Officer Report

Recommended Action: Receive and File.

Summary:

Kern County's Hospital Authority Chief Financial Officer will provide a report on Finances ending October 31, 2016.



3-Month Trend Analysis: Revenue & Expense

October 31, 2016

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Gross Patient Revenue	\$ 67,350,655	\$ 64,820,836	\$ 67,536,402	\$ 63,048,951	7%	\$ 60,090,506
Contractual Deductions	(49,608,498)	(47,451,197)	(49,962,584)	(47,964,044)	4%	\$ (46,716,920)
Net Revenue	17,742,157	17,369,639	17,573,818	15,084,907	16%	13,373,586
Indigent Funding	6,539,937	8,523,757	7,188,107	6,876,294	5%	7,003,794
Correctional Medicine	2,085,414	1,889,312	1,976,045	1,942,469	2%	2,031,152
County Contribution	284,101	285,211	285,211	297,260	(4%)	631,414
Incentive Funding	849,315	0	0	833,333	(100%)	1,000,000
Net Patient Revenue	27,500,924	28,067,919	27,023,181	25,034,263	8%	24,039,946
Other Operating Revenue	818,462	959,735	952,306	1,301,411	(27%)	842,506
Other Non-Operating Revenue	90,438	14,149	85,437	26,893	285%	169,433
Total Operating Revenue	28,409,824	29,041,803	28,060,924	26,357,861	6%	25,051,885
Expenses						
Salaries	11,050,401	10,799,781	11,024,716	10,700,955	3%	9,914,847
Employee Benefits	4,946,937	5,582,392	5,396,241	5,266,590	2%	5,138,118
Contract Labor	847,847	875,941	946,227	607,599	56%	318,108
Medical Fees	1,492,090	1,399,356	1,365,361	1,391,773	(2%)	992,090
Other Professional Fees	1,779,175	1,865,194	1,653,636	1,546,279	7%	1,448,722
Supplies	4,477,435	3,532,280	3,728,266	3,467,409	8%	3,820,861
Purchased Services	1,125,044	1,828,897	1,094,882	1,214,073	(10%)	872,803
Other Expenses	1,361,033	1,742,171	1,270,262	1,624,138	(22%)	1,449,175
Operating Expenses	27,079,962	27,626,012	26,479,591	25,818,816	3%	23,954,724
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	1,329,862	1,415,791	1,581,332	539,045	193%	1,097,161
EBIDA Margin	5%	5%	6%	2%	176%	4%
Interest	19,529	18,550	19,168	49,973	(62%)	75,802
Depreciation	464,060	411,441	480,902	399,667	20%	392,160
Amortization	18,418	62,543	28,952	49,797	(42%)	48,259
Total Expenses	27,581,969	28,118,546	27,008,613	26,318,253	3%	24,470,945
Operating Gain (Loss)	827,855	923,257	1,052,310	39,608	2,557%	580,940
Operating Margin	3%	3%	4%	0%	2,396%	2%



3-Month Trend Analysis: Revenue & Expense

October 31, 2016

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
Gross Patient Revenue	\$ 265,694,165	\$ 278,196,346	(4%)	\$ 234,019,756	14%
Contractual Deductions	(195,985,736)	(212,130,512)	(8%)	\$ (175,767,206)	12%
Net Revenue	69,708,429	66,065,834	6%	58,252,550	
Indigent Funding	28,612,664	27,283,370	5%	27,789,243	3%
Correctional Medicine	7,893,240	7,707,215	2%	4,987,183	58%
County Contribution	1,151,783	1,179,452	(2%)	2,525,656	(54%)
Incentive Funding	1,698,630	3,333,334	(49%)	4,000,000	(58%)
Net Patient Revenue	109,064,746	105,569,205	3%	97,554,632	12%
Other Operating Revenue	3,846,317	5,163,675	(26%)	4,389,209	(12%)
Other Non-Operating Revenue	252,827	88,035	187%	202,246	25%
Total Operating Revenue	113,163,890	110,820,915	2%	102,146,087	11%
Expenses					
Salaries	44,562,370	44,682,101	(0%)	40,843,864	9%
Employee Benefits	20,974,003	22,248,090	(6%)	20,819,185	1%
Contract Labor	3,452,429	2,680,172	29%	1,461,241	136%
Medical Fees	5,455,313	5,522,204	(1%)	4,875,948	12%
Other Professional Fees	6,887,842	6,135,234	12%	5,816,782	18%
Supplies	15,186,628	15,299,437	(1%)	15,093,813	1%
Purchased Services	5,159,778	4,820,132	7%	4,483,133	15%
Other Expenses	6,051,112	6,485,970	(7%)	5,037,029	20%
Operating Expenses	107,729,475	107,873,340	(0.1%)	98,430,996	9%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	5,434,415	2,947,575	84%	3,715,092	46%
EBIDA Margin	5%	3%	81%	4%	32%
Interest	76,055	198,278	(62%)	180,474	(58%)
Depreciation	1,806,779	1,585,777	14%	1,542,919	17%
Amortization	131,039	197,583	(34%)	193,037	(32%)
Total Expenses	109,743,348	109,854,978	(0%)	100,347,426	9%
Operating Gain (Loss)	3,420,542	965,937	254%	1,798,662	90%
Operating Margin	3%	1%	247%	2%	72%



3-Month Trend Analysis: Cash Indicators

October 31, 2016

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
CASH						
Total Cash	15,095,805	44,763,636	25,655,971	19,949,876	29%	46,523,200
Days Cash On Hand	17	49	30	24	25%	60
Days In A/R - Gross	87.7	94.0	103.8	76.0	37%	84.2
Patient Cash Collections	\$ 15,456,457	\$ 13,764,745	\$ 13,947,488	N/A	N/A	\$ 11,689,656
Patient Cash Goal	\$ 16,317,872	\$ 17,211,307	\$ 17,022,814	N/A	N/A	\$ 13,894,676
Projected Year End Cash Balance	26,830,244	52,404,692	44,855,082	N/A	N/A	N/A



3-Month Trend Analysis: Cash Indicators

October 31, 2016

	ACTUAL FYTD	BUDGET FYTD	VARIANCE POS (NEG)	PY FYTD	PY VARIANCE POS (NEG)
CASH					
Total Cash	25,655,971	19,949,876	29%	46,523,200	(45%)
Days Cash On Hand	29	23	29%	58	(50%)
Days In A/R - Gross	103.8	76.0	37%	84.2	23%
Patient Cash Collections	\$ 58,802,975	N/A	N/A	\$ 55,896,115	5%
Patient Cash Goal	\$ 66,677,651	N/A	N/A	\$ 58,773,640	13%
Projected Year End Cash Balance	44,855,082	N/A	N/A	N/A	N/A



3-Month Trend Analysis: Operating Metrics

October 31, 2016

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Operating Metrics						
Total Expense per Adjusted Admission	16,398	18,313	18,170	19,431	(6%)	18,212
Total Expense per Adjusted Patient Day	3,672	3,774	3,612	3,295	10%	3,303
Supply Expense per Adjusted Admission	2,662	2,300	2,508	2,560	(2%)	2,844
Supply Expense per Surgery	2,879	1,448	2,351	1,618	45%	1,696
Supplies as % of Net Patient Revenue	16%	13%	14%	14%	(0%)	16%
Pharmaceutical Cost per Adjusted Admission	884	1,013	810	1,129	(28%)	1,451
Net Revenue Per Adjusted Admission	\$ 10,548	\$ 11,312	\$ 11,823	\$ 11,137	6%	\$ 9,953



3-Month Trend Analysis: Operating Metrics

October 31, 2016

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics					
Total Expense per Adjusted Admission	17,689	18,751	(6%)	17,270	2%
Total Expense per Adjusted Patient Day	3,612	3,374	7%	3,386	7%
Supply Expense per Adjusted Admission	2,448	2,612	(6%)	2,598	(6%)
Supply Expense per Surgery	2,052	1,615	27%	1,593	29%
Supplies as % of Net Patient Revenue	14%	14%	(4%)	15%	(10%)
Pharmaceutical Cost per Adjusted Admission	914	1,152	(21%)	1,216	(25%)
Net Revenue Per Adjusted Admission	\$ 11,236	\$ 11,277	(0.4%)	\$ 10,025	12%



INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH OCTOBER 31, 2016

MTD ACT	MTD BUD	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACT	YTD BUD	VAR \$ FAV/(UNFAV)	VAR %
311,379	345,977	(34,598)	-10.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	1,235,472	1,372,748	(137,276)	-10.0%
855,876	950,973	(95,097)	-10.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	5,099,684	3,773,218	1,326,466	35.2%
23,501	196,257	(172,756)	-88.0%	COUNTY REALIGNMENT FUNDS	1,352,429	778,697	573,732	73.7%
1,016,900	960,364	56,536	5.9%	MEDI-CAL SUPPLEMENTAL FUNDING	4,034,798	3,810,482	224,316	5.9%
2,181,474	2,423,860	(242,386)	-10.0%	PRIME - NEW WAIVER	8,752,405	9,617,252	(864,847)	-9.0%
2,798,977	1,998,863	800,114	40.0%	GPP - NEW WAIVER	8,137,876	7,930,973	206,903	2.6%
7,188,107	6,876,294	311,813	4.5%	SUB-TOTAL - GOVERNMENTAL REVENUE	28,612,664	27,283,370	1,329,294	4.9%
1,976,045	1,942,469	33,576	1.7%	CORRECTIONAL MEDICINE	7,893,240	7,707,215	186,025	2.4%
285,211	297,260	(12,049)	-4.1%	COUNTY CONTRIBUTION	1,151,783	1,179,452	(27,669)	-2.3%
9,449,363	9,116,023	333,340	3.7%	TOTAL INDIGENT CARE & COUNTY FUNDING	37,657,687	36,170,037	1,487,650	4.1%



OTHER REVENUE

FOR THE MONTH OCTOBER 31, 2016

OTHER OPERATING REVENUE

	MTD ACTUAL	MTD BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
PARKING LOT REVENUE	718	510	208	3,090	2,022	1,068
OTHER CO. DEPT. REIMBURSEMENT	39,834	14,234	25,600	98,709	56,479	42,230
EMS REVENUE (SB-612)	104,619	71,264	33,355	192,502	282,758	(90,256)
FEDERAL INMATE REVENUE	0	54,598	(54,598)	(47,071)	216,631	(263,702)
MEDICAL RECORDS FEES	1,905	1,999	(94)	9,119	7,933	1,186
X-RAY COPY FEES	8	0	8	8	0	8
MEDICAL SCHOOL STUDENT FEES	333,587	388,322	(54,735)	1,334,646	1,540,762	(206,116)
JURY/WITNESS FEES	0	0	0	750	0	750
CANCELLED OUTLAWED WARRANTS	(29,078)	2,754	(31,832)	(3,197)	10,927	(14,124)
PROFESSIONAL FEES	128,018	501,008	(372,990)	1,158,028	1,987,874	(829,846)
CAFETERIA SALES	70,514	68,116	2,398	286,502	270,269	16,233
FEDERAL-OTHER AID	3,684	0	3,684	14,736	0	14,736
GRANTS	0	0	0	527	0	527
MENTAL HEALTH MOU	191,905	191,985	(80)	684,224	761,748	(77,524)
REBATES & REFUNDS	106,592	6,621	99,971	113,184	26,272	86,912
TOTAL OTHER OPERATING REVENUE	952,306	1,301,411	(349,105)	3,845,756	5,163,675	(1,317,919)
OTHER NON-OPERATING REVENUE						
INTEREST ON COLLECTIONS	21,324	12,881	8,443	81,590	51,109	30,481
OTHER MISCELLANEOUS REVENUE	3,699	4,153	(454)	119,344	16,480	102,864
INTEREST ON FUND BALANCE	60,413	5,153	55,260	94,679	20,446	74,233
TOTAL OTHER NON-OPER REVENUE	85,437	22,187	63,250	295,614	88,035	207,579



CORRECTIONAL MEDICINE P&L - MTD & YTD
 FOR THE MONTH OCTOBER 31, 2016

<u>MTD ACT</u>	<u>MTD BUD</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>	<u>DESCRIPTION</u>	<u>YTD ACT</u>	<u>YTD BUD</u>	<u>VAR \$</u> <u>FAV/(UNFAV)</u>	<u>VAR %</u>
1,976,045	1,942,469	33,576	1.7%	COUNTY INMATE REVENUE	7,893,240	7,707,215	186,025	2.4%
0	0	0	100.0%	FEDERAL INMATE REVENUE	0	0	0	100.0%
1,976,045	1,942,469	33,576	1.7%	TOTAL REVENUE	7,893,240	7,707,215	186,025	2.4%
				DIRECT INMATE EXPENSES				
1,278,287	1,139,474	138,813	12.2%	SALARIES & BENEFITS	4,371,862	4,521,139	(26,702)	-0.4%
364,606	42,152	322,454	765.0%	SUPPLIES & OTHER EXP	1,084,864	167,248	343,281	201.5%
1,642,893	1,181,626	461,267	39.0%	TOTAL DIRECT INMATE EXPENSES	5,456,726	4,688,387	768,339	16.4%
				ALLOCATED INMATE EXPENSES				
68,820	166,111	(97,291)	-58.6%	INPATIENT	526,324	659,084	(132,760)	-20.1%
250,321	293,773	(43,452)	-14.8%	OUTPATIENT	1,474,404	1,165,615	308,789	26.5%
319,142	459,884	(140,742)	-30.6%	TOTAL ALLOCATED INMATE EXPENSES	2,000,727	1,824,699	176,028	9.6%
43,975	134,288	(90,313)	-67.3%	AMBULANCE/OTHER HC PROVIDER EXPENSES	541,531	534,281	7,250	1.4%
2,006,009	1,775,798	230,211	13.0%	TOTAL EXPENSES	7,998,985	7,047,367	951,618	13.5%
(29,964)	166,671	(196,635)	-118.0%	NET INCOME	(105,745)	659,848	(765,593)	-116.0%



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

December 14, 2016

Subject: Comments Regarding Budget Variances for Operating Expenses – October 2016

Summary:

Contract Labor:

- Contract Labor has an unfavorable budget variance for the month of October 2016 due to additional expenses paid to Rightsourcing Healthcare Workforce Solutions for nurse registry.

Other Professional Fees:

- Other Professional Fees have an unfavorable budget variance for the month of October 2016 due to additional expenses for AMF Media Group, regulatory compliance consultant Elizabeth Di Giacomo-Geffers, and Kapsis IT Solutions.

Supplies:

- Purchased Services have an unfavorable budget variance for the month of October 2016 due to additional prostheses and surgical supplies expenses paid to Synthes, Cybertronics, Medtronic, and Smith & Nephew.

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on December 14, 2016, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on December 14, 2016, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on December 14, 2016, to consider:

- X CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Deputy County Counsel Karen S. Barnes and designated staff – Unrepresented Employee: Kern County Hospital Authority Chief Executive Officer (Government Code Section 54957.6)

**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 December 14, 2016, to consider:

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

**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 December 14, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: County of Kern v. Don Howard Wasserman, M.D., Kern County Superior Court Case No. BCV-15-101536 SPC –

**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 December 14, 2016, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(1).) Number of cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against the authority but which the authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed –