



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, July 19, 2017

11:30 A.M.

BOARD TO RECONVENE

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

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

RECOGNITION

- 3) Presentation by the Chief Executive Officer recognizing the Kern Medical Engineering staff on the recent Labor & Delivery unit remodeling project –
MAKE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on June 21, 2017 –
APPROVE

CA

- 5) Proposed Amendment No. 1 with United Neuroscience, Inc., an independent contractor, for professional medical services in the Department of Medicine, extending the term for two years from October 1, 2017 through September 30, 2019, adding seizure and epilepsy monitoring coverage, and increasing the maximum payable by \$1,498,000, from \$1,260,000 to \$2,758,000, to cover the term –
APPROVE; AUTHORIZE THE CHAIRMAN TO SIGN

CA

- 6) Proposed Amendment No. 1 with Valley Neurosurgery and Neurorestoration Center, a Medical Corporation, an independent contractor, for professional medical services in the Department of Surgery, adding neurophysiological monitoring services and mid-level practitioner support, and increasing the maximum payable by \$1,547,607, from \$9,120,425 to \$10,668,425, to cover the term –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 7) Proposed Agreement with M. Brandon Freeman, M.D., a contract employee, for professional medical services in the Department of Surgery from July 17, 2017 through July 16, 2019, in an amount not to exceed \$1,100,000 – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 8) Proposed retroactive Amendment No. 4 to Agreement 319-2012 with Mansoor Gilani, D.D.S, an independent contractor, for the provision of dental services to adult inmates in detention facilities owned and operated by the County of Kern, extending the term for two years from June 1, 2017 through May 31, 2019, and increasing the maximum payable by \$240,000, from \$600,000 to \$840,000, to cover the extended term – APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 9) Request to employ retired Kern County Hospital Authority employees Jeffrey Hill, as Per Diem Nurse II, John Caldwell, as Per Diem Pharmacist, and Florence Alacar, as Per Diem Nurse II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective July 20, 2017; and request to employ retired Kern County employee Debra Pershadsingh, as Administrative Coordinator, for the period ending October 31, 2018, or 960 hours, whichever occurs first, effective July 20, 2017 – APPROVE

- 10) Proposed election of officers to the Kern County Hospital Authority Board of Governors to include Russell Bigler, Chair, Philip McLaughlin, Vice-Chair, and Nancy Lawson, Secretary/Treasurer, terms to expire June 30, 2019 – ELECT OFFICERS

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

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

CA

- 13) Claims and Lawsuits Filed as of June 30, 2017 – RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

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

- 15) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 16) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organization: Service Employees International Union, Local 521 (Government Code Section 54957.6) –
- 17) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection –
- 18) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(d)(1)) Name of case: Resource Anesthesiology Associates of California, A Medical Corporation, a California Corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 SDS –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, AUGUST 16, 2017, 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.

CA

13) CLAIMS AND LAWSUITS FILED AS OF JUNE 30, 2017 –
RECEIVE AND FILE

- A) Claim in the matter of Angela Edwards v. Kern County Hospital Authority
- B) Claim in the matter of Jeffrey Hardin v. County of Kern
- C) Claim in the matter of Aaron Ford v. County of Kern

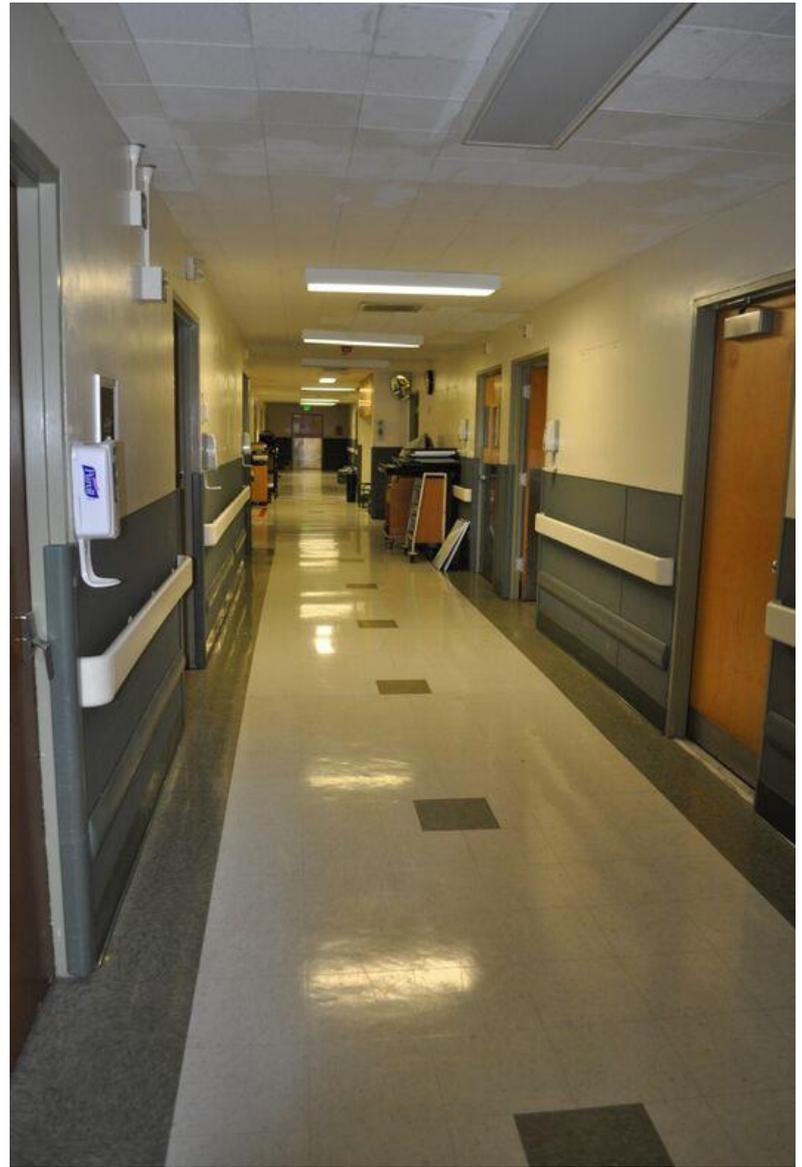


Labor & Delivery Remodel

L&D Remodel Scope of Work:

- Re-roof
- New Ceiling Tiles
- New Nurse's Station/Monitors
- Room refurbishment – paint/patch, remove exterior conduit, bathrooms updated, flooring, furniture
- Lighting throughout
- Plumbing Fixtures (hands-free) throughout
- Re-worked Steam Line Infrastructure throughout
- Repair/Replaced Plumbing Infrastructure throughout
- Doors throughout
- Floors throughout

Before



During



After



After





Before



After

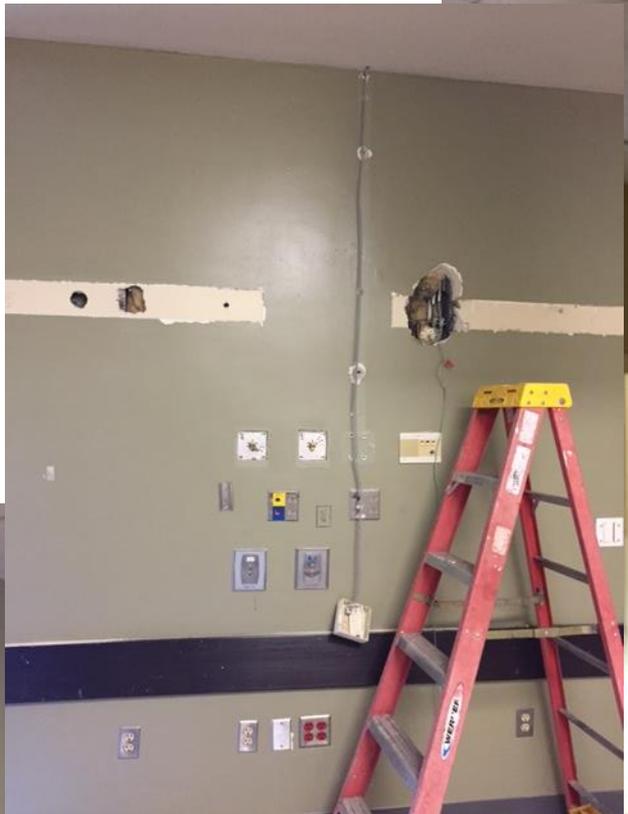
Before



Before



During



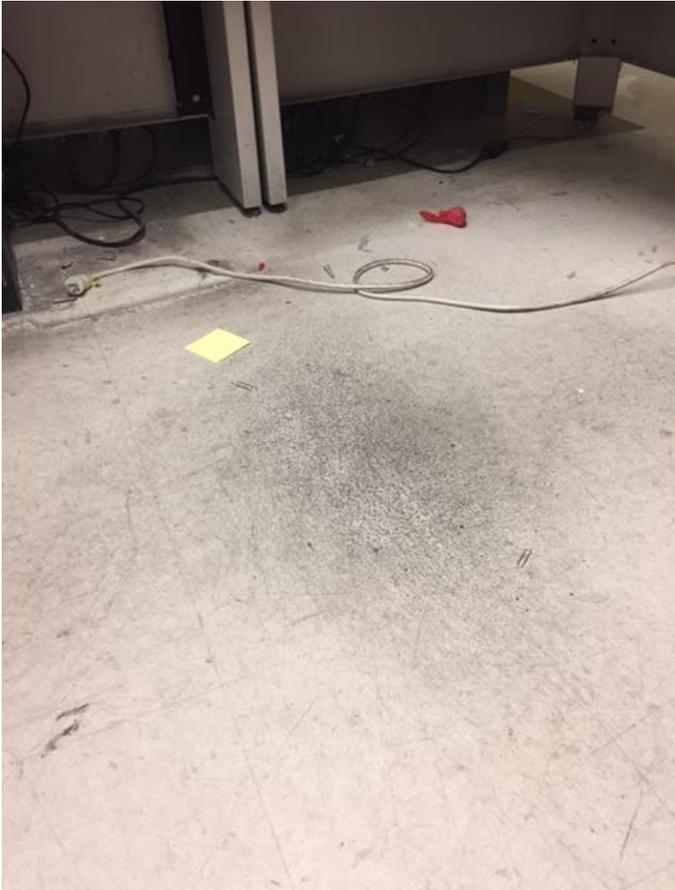
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Before



Before



During



After



Before



After



Before



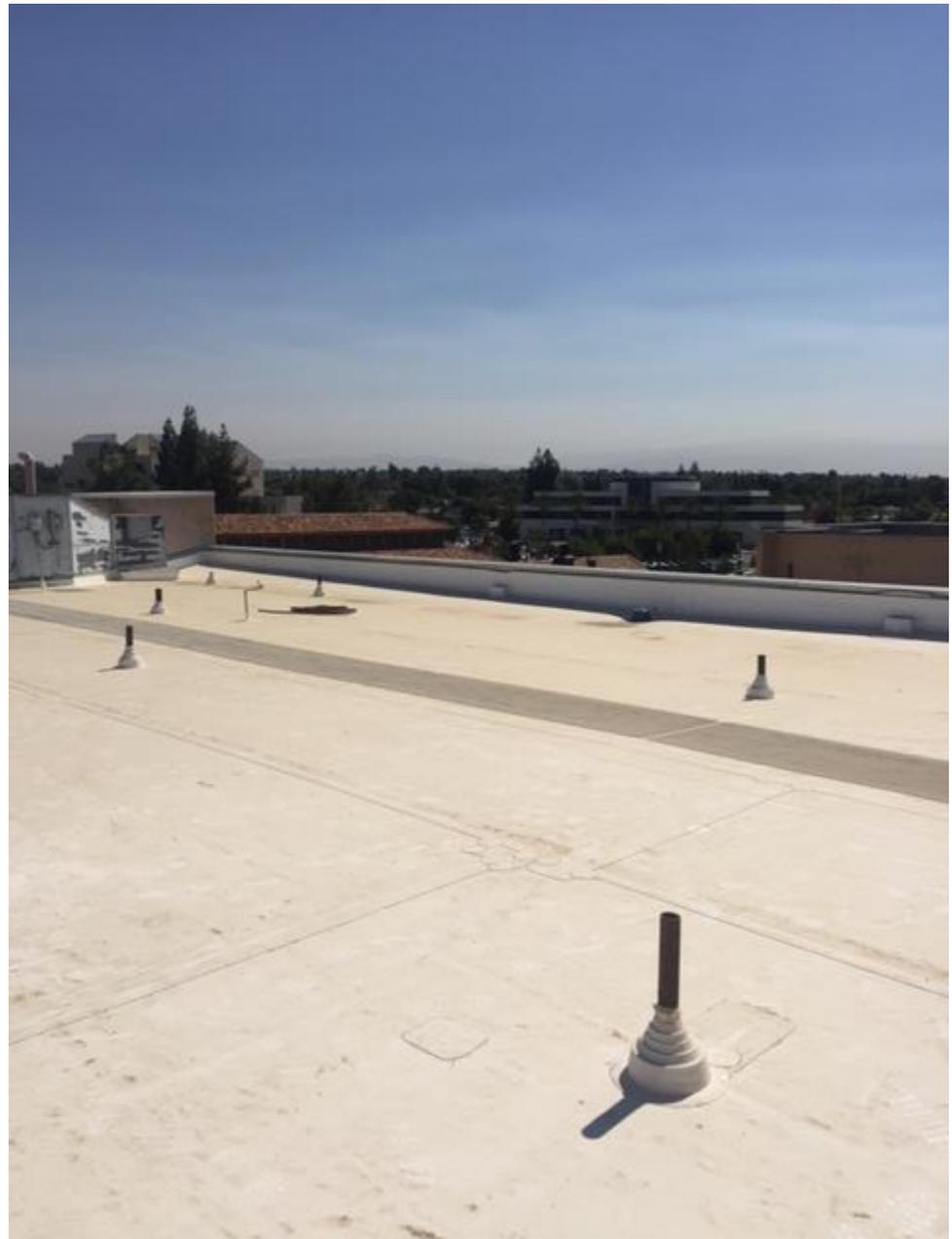
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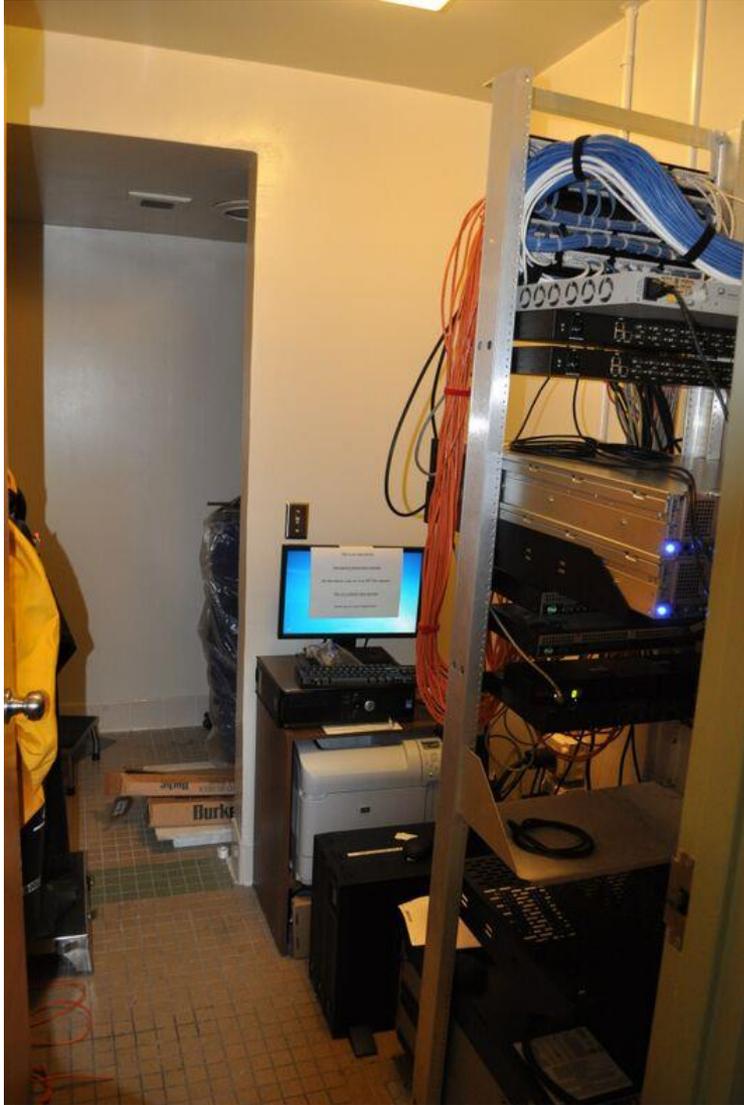
Before



After



Before



After



Certificates of Recognition

- Daniel Bowen, AC Mechanic
- Jim Crawford, Stationary Engineer
- Salvador Duenas, Painter
- Trivell Jackson, Maintenance
- Cary McNutt, Carpenter
- Jerry Sills, AC Mechanic
- Ron Smith, Maintenance
- Mike Sugg, Stationary Engineer
- Rafael Tinoco, Painter
- Joey Trevino, Electrician
- Brian Van De Venter, Plumber
- Donald Wendel, AC Mechanic
- Nanette Crawford, Construction Manager
- Ron Eyraud, Engineering Manager



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, June 21, 2017

11:30 A.M.

BOARD RECONVENED

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

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!**

**CARMEN MORALES, NP, HEARD REGARDING RECENT SETTLEMENT
NEGOTIATIONS WITH SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL
521**

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 PELZ REPORTED ON HIS EXPERIENCE WITH THE DOC-FOR-A-DAY PROGRAM AND THANKED KERN MEDICAL STAFF FOR THE OPPORTUNITY TO PARTICIPATE, AND HIS ATTENDANCE AT THE BOARD OF SUPERVISORS MEETING ON TUESDAY, JUNE 20, 2017, TO SUPPORT THE KERN COUNTY HOSPITAL AUTHORITY BUDGET APPROVAL PROCESS

CHAIRMAN BIGLER REPORTED ON HIS ATTENDANCE AT THE KERN MEDICAL RESIDENT AND FELLOW GRADUATION ON JUNE 8, 2017, AND CONGRATULATED ALL THE NEWLY MINTED PHYSICIANS

RECOGNITION

- 3) Presentation recognizing the Kern Medical nurse residency program –
MADE PRESENTATION

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for Kern County Hospital Authority Board of Governors regular meeting on May 17, 2017 –
APPROVED
Lawson-Pelz: 5 Ayes; 2 Absent - Berjjs, McGauley

CA

- 5) Proposed Amendment to the Kern County Hospital Authority Bylaws for Governance, changing the term of office for elected officers from one year to two years –
APPROVED; AUTHORIZED THE CHAIRMAN TO SIGN; REFERRED TO KERN COUNTY BOARD OF SUPERVISORS FOR APPROVAL
Lawson-Pelz: 5 Ayes; 2 Absent - Berjjs, McGauley

CA

- 6) Proposed Amendment No. 1 to Agreement 2016-033 with CSS Staffing, LLC doing business as CSS Consulting Group, an independent contractor, for healthcare supply chain consulting services, extending the term for one year from July 1, 2017 through June 30, 2018, and increasing the maximum payable by \$524,544, from \$534,320 to \$1,058,864, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-039
Lawson-Pelz: 5 Ayes; 2 Absent - Berjjs, McGauley

CA

- 7) Proposed renewal and binding of insurance coverages for hospital professional liability, general liability and umbrella/excess liability, workers' compensation and employers liability, automobile liability, helipad liability, directors and officers liability, employment practices liability, crime, privacy and securing (cyber) liability, premises pollution liability, underground storage tank liability, property (building, equipment, business interruption, earthquake and flood), and employed lawyers liability from July 1, 2017 through June 30, 2018, in an amount not to exceed \$1,717,154 –
APPROVED

Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

- 8) Proposed Amendment No. 2 to Agreement 027-2016 with B.E. Smith Interim Services, Inc., an independent contractor, for temporary staffing services, increasing the maximum payable by \$75,000, from \$760,000 to \$835,000, to cover the term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-040

Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

- 9) Proposed retroactive Agreement with OmniSYS, LLC, an independent contractor, containing nonstandard terms and conditions, for processing of Medicare Part B pharmacy claims from May 18, 2017 through May 17, 2018, in an amount not to exceed \$5,000 –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-041

Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

- 10) Proposed Agreement with Aisha W. Shaheen, M.D., a contract employee, for professional medical services in the Department of Surgery from September 16, 2017 through September 15, 2020, in an amount not to exceed \$1,835,400 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-042

Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

- 11) Request for appropriation of unanticipated revenue in the amount of \$17,812,294.35 from the state of California, Department of Health Care Services for increased operating expenses –

APPROVED; AUTHORIZED CHIEF FINANCIAL OFFICER TO PROCESS THE SPECIFIED BUDGETARY ADJUSTMENTS AND ACCOUNTING TRANSACTIONS

Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

- 12) Proposed retroactive Amendment No. 3 to Agreement 1119-2009 with Language Line Services, Inc., an independent contractor, for telephonic interpreter services, extending the term for three years from December 14, 2016 through December 13, 2019, and increasing the maximum payable by \$600,000, from \$1,400,000 to \$2,000,000, to cover the term –

APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-043
SUBJECT TO APPROVAL AS TO CONTENT BY CHIEF EXECUTIVE OFFICER
Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

13) Proposed Amendment No. 1 to Agreement 09916 with George R. Moro, M.D., Inc., an independent contractor, for professional medical services in the Department of Surgery, extending the term through June 30, 2020, and increasing the maximum payable by \$1,875,000, from \$325,000 to \$2,200,000, to cover the extended term –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-044
Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

14) Proposed Engagement Letter from Moss-Adams LLP, an independent contractor, regarding the audit of Kern Medical financial statements for the fiscal years ended June 30, 2017 and 2016, in an amount not to exceed \$120,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN LETTER 2017-045
Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

15) Request to employ retired Kern County Hospital Authority employees Novella Gamboa, as Per Diem Nurse II; Cheri Mudryk, as Per Diem Nurse II; Lisa Neri, as Per Diem Nurse II; and Susan Price, as Per Diem Nurse II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective July 1, 2017 –
APPROVED
Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

CA

16) Proposed Amendment No. 2 to 717-2016 with the County of Kern, as represented by Behavioral Health and Recovery Services (f/k/a Kern County Mental Health), for the provision of reciprocal mental health services, revising the fee schedule, effective July 1, 2017, at no cost –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 2017-046
Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

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

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

CA

19) Claims and Lawsuits Filed as of May 31, 2017 –
RECEIVED AND FILED
Lawson-Pelz: 5 Ayes; 2 Absent - Berjis, McGauley

ADJOURNED TO CLOSED SESSION
Lawson-Sistrunk

CLOSED SESSION

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

RECONVENED FROM CLOSED SESSION
Lawson-McLaughlin

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

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 (MOTION BY DIRECTOR LAWSON, SECONDED BY DIRECTOR PELZ; 2 ABSENT - BERJIS, McGAULEY), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, ADVANCE IN STAFF STATUS, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item No. 21 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

Item No. 22 concerning CONFERENCE WITH LABOR NEGOTIATORS – Agency designated representatives: Chief Executive Officer Russell V. Judd, and designated staff - Employee organization: Service Employees International Union, Local 521 (Government Code Section 54957.6) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JUNE 21, 2017 AT 11:30 A.M.

Lawson

/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

July 19, 2017

Subject: Proposed Amendment No. 1 with United Neuroscience, Inc.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed Amendment No. 1 to with United Neuroscience, Inc., an independent contractor, for professional medical services in the Department of Medicine, extending the term for two years from October 1, 2017 through September 30, 2019, adding seizure and epilepsy monitoring coverage, and increasing the maximum payable by \$1,498,000, from \$1,260,000 to \$2,758,000, to cover the term.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – United Neuroscience, Inc.)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and United Neuroscience, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 11117 Torbay Drive, Bakersfield, California 93311.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #808-2015, dated October 27, 2015) and Assignment of Agreement (Kern County Agt. #338-2016, dated March 1, 2016) (collectively, the “Agreement”), for the period October 1, 2015 through September 30, 2017, whereby Physician provides professional medical services to patients of KMC in one or more clinical departments and teaching services to medical students and resident physicians; 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 August 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 deleted in its entirety and replaced with the following:

“1. Term. Performance by Contractor and County shall commence on October 1, 2015 (the “Effective Date”), and shall end September 30, 2019, unless earlier terminated pursuant to other provisions of this Agreement.”

2. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.7, Seizure and Epilepsy Monitoring Coverage, shall be made part of the Agreement as follows:

“4.1.7 Seizure and Epilepsy Monitoring Coverage. Authority will pay Contractor a per diem rate of \$300 per day for seizure and epilepsy monitoring coverage provided by Group Physicians in the outpatient clinic, ICU, and inpatient epilepsy monitoring unit.”

3. Section 4, Payment for Services, paragraph 4.3, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.3 Maximum Payable. The maximum payable under this Agreement will not exceed \$2,758,000 over the four-year term of this Agreement.”

4. Exhibit “A,” Scope of Services, shall be deleted in its entirety and replaced with Amendment No. 1 to Exhibit “A,” Scope of Services, attached hereto and incorporated herein by this reference.
5. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
6. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
7. 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.
8. Except as provided herein, all other terms, conditions and covenants of the Agreement shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 1 as of the day and year first written above.

UNITED NEUROSCIENCE, INC.

By _____
Kiron Thomas, 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:
LEGAL SERVICES DEPARTMENT

By _____
VP & General Counsel
Kern County Hospital Authority

Amend1.United Neuroscience.071017

**AMENDMENT NO. 1
TO
EXHIBIT "A"
SCOPE OF SERVICES
United Neuroscience, Inc.**

1. **Telemedicine Coverage:**

- a) Designated Group Physicians shall provide expertise related to various stroke and cerebrovascular diseases via telemedicine services.
- b) Designated Group Physicians shall provide emergency department and inpatient stroke coverage for 24 hours per day, 365 days per year.
- c) Designated Group Physicians agree to provide telemedicine services in one (1) week blocks.
- d) A monthly call schedule shall be prepared by Contractor and sent seven (7) days prior to the beginning of each month. Changes to the call schedule may be made from time-to-time. The call schedule shall be sent to KMC via e-mail.
- e) Contractor and Designated Group Physicians agree to evaluate all patients regardless of their ability to pay.

2. **PSC Certification:**

- a) Contractor shall support KMC in its efforts to maintain a primary stroke center ("PSC") accredited by The Joint Commission.
- b) PSC certification requires a physician champion for accreditation by The Joint Commission ("Certification"). KMC has a neurologist on its medical staff who serves as the medical director. Contractor agrees to assign a Designated Group Physician to serve as medical director if necessary.
- c) PSC Certification requires a nurse practitioner or registered nurse to serve as the stroke coordinator for data collection, quality improvement, and program coordination. KMC shall assign a registered nurse or nurse practitioner to serve as the stroke coordinator.

3. **Systems of Care:**

- a) An initial request for consultation via telemedicine will be made via cell phone or text page.
- b) Once a request is made, the Designated Group Physician on-call will evaluate the patient via telemedicine.
- c) A response time of 15 minutes is expected between the initial request for consultation and the telemedicine evaluation.
- d) Neuroimaging will be available via the KMC web-based PACS system to each Designated Group Physician, or the images will be made available via a high definition web-based camera.
- e) Once the patient has been evaluated, a recommendation for tissue plasminogen activator (tPA) or endovascular clot retrieval will be made.
- f) Designated Group Physicians may recommend the patient for transfer if tPA is given or endovascular clot retrieval is recommended. However, the decision to transfer a patient remains at the discretion of the KMC physician.
- g) If the patient is admitted to KMC, admission orders will be written by the KMC physician.

- h) Following consultation, the on-call Designated Group Physician will dictate a procedure note into the KMC EHR within 24 hours.
4. **Inpatient Stroke Consultations and Follow-up:**
- a) Designated Group Physicians shall provide inpatient consultative services for ward and ICU patients that display symptoms of acute stroke.
 - b) The Systems of Care outlined in section 3 above shall apply to ward and ICU consultations.
5. **Academic Standing:** To maintain the highest quality of stroke care, all designated Group Physicians shall obtain eight (8) CME credits related to stroke care each year (e.g., acute, sub-acute, rehabilitation, secondary prevention)
6. **Outpatient Neurology Clinic Coverage:** Contractor and Group Physicians shall provide clinic coverage no fewer than five (5) one-half days each week (except holidays). Outpatient neurology clinics may occur with each patient evaluated in the presence of a resident or medical student or as non-resident clinics as assigned by the Department chair and/or KMC administration. Outpatient neurology clinic services shall be a combination of general neurology, epilepsy, and other neurology services, which shall be mutually agreed upon by Contractor, the Department chair, and KMC administration.
7. **Inpatient Neurology Coverage:** Contractor and Group Physicians shall provide mutually agreed upon daily staff coverage when other neurology faculty at KMC is unavailable, for inpatient consultative rounds on medical/surgical and ICU patients, with on-service resident physicians and medical students when present.
8. **Other Neurology Clinical Responsibilities:** Contractor and Group Physicians shall provide interpretation of adult electroencephalograms, nerve conduction studies, and electromyograms as mutually agreed upon with the Department chair.
9. **Interventional Radiology Coverage:** Contractor shall provide call coverage 24 hours per day, 365 days per year, including without limitation, interventional radiology coverage for the neurology service. Contractor shall provide a monthly schedule of covering Group Physicians by the 20th day of each month. Group Physician(s) shall be available by telephone to answer questions and for on-site consultations when requested. Group Physicians shall perform neuro-interventional radiology procedures as indicated by the patient's condition. Group Physician(s) shall coordinate with the Department of Radiology to optimize the use and service of the interventional radiology suite.
10. **Seizure and Epilepsy Monitoring Coverage:** Contractor and Group Physicians shall:
- a) Support KMC in its efforts to establish a Seizure and Epilepsy Monitoring Unit ("EMU") program.
 - b) Assign a Designated Group Physician to serve as the medical director if necessary for the EMU.
 - c) Provide professional interpretative services for patients in the ICU requiring continuous monitoring, ambulatory outpatient clinic patients, and elective EMU inpatients.

- d) Provide mutually agreed upon daily staff coverage and consultative rounds for all seizure and EMU patients.

11. **Medical Education, Teaching, and Academic Responsibilities:** Contractor and Group Physicians shall:

- a) Provide clinical mentoring to and evaluation of residents and medical students.
- b) Supervise residents and medical students assigned to the neurology service.
- c) Obtain academic appointment at David Geffen School of Medicine at University of California, Los Angeles, or one or more California-based medical schools, and maintain such appointment throughout the term of this Agreement.
- d) Provide up to 12 didactic and Department lectures as assigned by the Department program director and based upon standard curriculum.
- e) Provide medical education to residents and medical students during inpatient rounds.
- f) Provide medical education in the clinic setting.
- g) Serve as attending faculty in the Department.

12. **Service Expectations:**

- a) Contractor and Group Physicians shall perform all services for KMC patients, including but not limited to neuro-interventional radiology procedures, electroencephalograms, nerve conduction studies, and electromyelograms at KMC or a KMC location, as appropriate. Procedures and studies for KMC patients performed at non-KMC locations must be pre-approved by KMC in advance of the procedure. Contractor shall require that Group Physicians report on time for all scheduled procedures. Outpatient neurology clinic services may be performed at any KMC designated site.
- b) Telemedicine services shall commence no later than October 1, 2105. Outpatient neurology clinic coverage shall commence no later than November 1, 2105. Neuro-interventional radiology coverage shall commence no later than January 1, 2016.

13. **Administrative Responsibilities:** Contractor shall require that Group Physicians:

- a) Attend Department staff meetings and the annual medical staff meeting.
- b) Participate in medical staff committees as assigned by the president of the medical staff.

[Intentionally left blank]

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

July 19, 2017

Subject: Proposed Amendment No. 1 with Valley Neurosurgery and Neurorestoration Center

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical operates the area's only Trauma Center in the area and requires appropriate neurosurgery coverage for trauma, inpatient ward coverage, and outpatient clinical services.

Proposed Amendment No. 1 with Valley Neurosurgery and Neurorestoration Center, a Medical Corporation, an independent contractor, for professional medical services in the Department of Surgery, adding neurophysiological monitoring services and mid-level practitioner support, and increasing the maximum payable by 41,547,607, from \$9,120,425 to \$10,668,425, to cover the term.

**AMENDMENT NO. 1
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Valley Neurosurgery)**

This Amendment No. 1 to the Agreement for Professional Services is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Valley Neurosurgery and Neurorestoration Center, A Medical Corporation, a California professional medical corporation (“Contractor”), with its principal place of business located at 309 Grand Avenue, South Pasadena, California 91030.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #2016-030, dated June 22, 2016) (the “Agreement”), for the period July 1, 2016 through June 30, 2021, whereby Physician provides professional medical services in the Department of Surgery at KMC and teaching services to resident physicians employed by Authority; and

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

(c) The Agreement is amended effective August 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. Recitals, paragraph (c), shall be deleted in its entirety and replaced with the following:

“(c) Contractor is a California professional medical corporation with medical doctors and mid-level practitioners, defined to include physician assistants and nurse practitioners (“Mid-levels,” and together with the medical doctors, collectively “Group Physicians” or individually “Group Physician”) who provide services on behalf of Contractor; and”

2. Section 2, Obligations of Contractor, paragraph 2.1, Specified Service, subparagraph 2.1.6, Neurophysiological Monitoring, shall be made part of the Agreement as follows:

“2.1.6 Neurophysiological Monitoring. Contractor shall: (i) support KMC in its efforts to establish and maintain a program for seizures, an epilepsy monitoring unit, and a neurological surgery epilepsy service with the goal to attain Level 3 Epilepsy Center accreditation by the National Association of Epilepsy Centers; (ii) furnish the necessary competent non-physician professional personnel, including patient care technicians, to perform inpatient and outpatient

monitoring services for continuous monitoring of patients in the ICU, outpatient clinic setting, and the epilepsy monitoring unit; (iii) provide services 24/7 on an “on-call” basis; (iv) provide education, as appropriate, to KMC personnel; (v) communicate with KMC staff at time of arrival and departure from location where monitoring service is being performed; (vi) complete any and all documentation and reports required in accordance with KMC policy and the KMC medical staff bylaws, rules, regulations, and policies; and (vii) support all quality improvement and research efforts for the program.”

3. Section 2, Obligations of Contractor, paragraph 2.1, Specified Service, subparagraph 2.1.7, Mid-level Neurological Surgery Support, shall be made part of the Agreement as follows:

“2.1.7 Mid-level Neurological Surgery Support. Contractor shall provide Mid-level neurological surgery support as follows: one (1) full-time equivalent (FTE) Mid-level. One “FTE” equates to 2080 hours per year.”

4. Section 2.6, Qualifications of Group Physicians, paragraph 2.6.1, Licensure/Board Certification, shall be deleted in its entirety and replaced with the following:

“2.6.1 Licensure/Board Certification. Group Physicians shall at all times during the term of this Agreement be either duly licensed physicians and surgeons in the state of California, practicing in the medical specialty of neurosurgery, and certified by or eligible for certification by the American Board of Neurological Surgery, **OR** Mid-levels licensed in the state of California.”

5. Section 2.6, Qualifications of Group Physicians, paragraph 2.6.2, Medical Staff Status, shall be deleted in its entirety and replaced with the following:

“2.6.2 Medical Staff Status. Group Physicians, excluding Mid-levels, shall at all times during the term of this Agreement be members in good standing of the KMC medical staff with “active” or “courtesy” staff status and hold all clinical privileges on the active or courtesy medical staff appropriate to the discharge of his or her obligations under this Agreement.”

6. Section 2.6, Qualifications of Group Physicians, paragraph 2.6.5, Mid-level Practice Privileges, shall be made part of the Agreement as follows:

“2.6.5 Mid-level Practice Privileges. Mid-levels shall apply and at all times during the term of this Agreement qualify for practice privileges in the Allied Health Professionals category approved for practice in KMC by the Kern County Hospital Authority Board of Governors. Mid-levels are not eligible for membership in the KMC medical staff. However, Mid-levels must be professionally competent and continuously meet the qualifications, standards and requirements set forth or otherwise referenced in the KMC medical staff bylaws, rules, and regulations, and/or the Interdisciplinary Practice Manual, each of which is incorporated herein by this reference.”

7. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.4, Neurophysiological Monitoring Coverage, shall be made part of the Agreement as follows:

“4.1.4 Neurophysiological Monitoring Coverage. Authority will pay Contractor a per diem rate of \$548 per day for neurophysiological monitoring coverage provided by non-physician personnel in the outpatient clinic, ICU, and inpatient epilepsy monitoring unit.”

8. Section 4, Payment for Services, paragraph 4.1, Compensation, subparagraph 4.1.5, Mid-level Neurological Surgery Coverage, shall be made part of the Agreement as follows:

“4.1.5 Mid-level Neurological Surgery Coverage. Authority will pay Contractor a per diem rate of \$535 per day for neurological surgery coverage provided by Mid-levels.”

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

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

10. Section 36, Termination, paragraph 36.2, Termination without Cause, shall be deleted in its entirety and replaced with the following:

“36.2 Termination without Cause. Either party may terminate this Agreement, without cause, upon 120 days’ prior written notice to the other party. Notwithstanding the foregoing, Authority may terminate the neurophysiological monitoring services or mid-level practitioner support including payment therefor, without penalty or cause, upon 30 days’ prior written notice to Contractor.”

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

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

13. 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.

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

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 1 as of the day and year first written above.

Valley Neurosurgery and Neurorestoration
Center, A Medical Corporation

By _____
Joseph Chen, M.D.
Its President

KERN COUNTY HOSPITAL AUTHORITY

By _____
Chairman
Board of Governors

APPROVED AS TO CONTENT:
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

Amend1.Valley Neurosurgery.071017

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

July 19, 2017

Subject: Proposed Agreement with M. Brandon Freeman, M.D.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed Agreement with M. Brandon Freeman, M.D., a contract employee, for professional medical services in the Department of Surgery from July 17, 2017 through July 16, 2019, in an amount not to exceed \$1,100,000 over the two-year term of this Agreement.

**AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern County Hospital Authority – M. Brandon Freeman, M.D.)**

This Agreement is made and entered into this ____ day of _____, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and M. Brandon Freeman, M.D. (“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 Surgery 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;

(d) Authority currently contracts with Physician as a contract employee for the provision of professional medical services in the Department and teaching services to resident physicians employed by Authority (Kern County Agt. #561-2012, dated July 17, 2012, as amended and assigned), for the period July 17, 2012 through July 16, 2017; and

(e) Each party expressly understands and agrees that Kern County Agt. #561-2012 is superseded by this Agreement as of the Commencement Date;

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 July 17, 2017 (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 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 as Chief, Division of Plastic Surgery and for the practice of medicine in the care and treatment of patients at KMC, or at such other clinic sites as KMC may designate (collectively referred to as the “Practice Sites”). It is expressly understood and agreed that KMC shall have reasonable discretion to consolidate and relocate clinics operated by Authority and to re-designate Practice Sites served by Physician from time to time. Physician shall be subject to Authority’s employment policies, directives, rules and regulations as promulgated by Authority from time to time, including, but not limited to, those pertaining to employees.

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

4. **Obligations of Physician.**

4.1 **Services.** Physician shall engage in the practice of medicine on a full-time basis 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.

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.

4.3.2 Board Certification. Physician shall be board certified by the American Board of Plastic Surgery in plastic surgery-general and maintain such certification at all times during the Term of this Agreement.

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

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

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

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

4.6 Managed Care 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 shall be permitted to provide services outside KMC, as an independent contractor, during the Term of this Agreement. Physician, while engaged in activities outside KMC or the scope of this Agreement, is not covered by the professional liability insurance provided by Authority under this Agreement during the performance of such activities. If Physician engages in outside activities, which are beyond the scope of this Agreement, Physician hereby agrees to indemnify and hold Authority and KMC harmless from and against any and all liability arising therefrom.

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 40 hours per week, and will be compensated with cash and other value as described below in this paragraph 5.1 ("Annual Salary").

5.1.1 Base Salary. Authority shall pay Physician an Annual Salary comprised of the following: (i) a base salary for teaching and administrative services as Chief, Division of Plastic Surgery in the amount of \$83,005 per year; and (ii) payment for care of KMC patients using the current Medical Group Management Association Physician Compensation and Production Survey. KMC has chosen to use the full time physician compensation with more than one year in the specialty for all physicians section. This section is divided into four categories: 25th percentile, median, 75th percentile and 90th percentile. A conversion factor will be established by taking each category and dividing the physician compensation in that category by the worked relative value unit ("Worked RVU") in that category. Physician will be compensated for each Worked RVU by multiplying the Worked RVU by the median conversion factor for each KMC patient ("RVU Effort").

5.1.2 Salary Adjustment. KMC will establish an estimate ("Estimate") of Physician's RVU Effort using Physician's RVU Effort for the immediately preceding 12-month period annualized. The Estimate will be divided by the number of Authority payroll periods in a calendar year in order to calculate the amount of RVU Effort to be paid to Physician each payroll period (the "Paycheck Amount"). Within 30 days after the end of each quarter, KMC will calculate the RVU Effort for such immediately preceding quarter, and adjust the payment for RVU Effort accordingly (the "Actual Amount"). If the Estimate is lower than the Actual Amount, then such difference shall be paid to Physician within 30 days after such calculation has been completed, or as of the effective date of any termination of this Agreement, whichever occurs sooner. If the Estimate exceeds the Actual Amount, then Physician shall pay such difference to KMC: (i) in a lump sum within 30 days after such calculation has been completed; or (ii) through a reduction in the Paycheck Amount during the next quarter; or (iii) in a lump sum as of the effective date of any termination of this Agreement, whichever occurs sooner. The Estimate shall be reestablished as of each Employment Year. **Physician hereby expressly grants to KMC the right to offset any amounts owed to KMC against any**

payment to be made to Physician by KMC pursuant to this paragraph if Physician fails to pay such excess to KMC.

5.1.3 Time Logs. Physician shall, on a monthly basis on or before the fifth (5th) day of each calendar month during the Term of this Agreement, submit to KMC a written time log in the form attached hereto and incorporated herein as Exhibit "C," detailing to KMC's satisfaction the date, time, actual number of hours, and description of activities related to assigned teaching and administrative duties during the immediately preceding calendar month.

5.1.4 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 Limitations on Compensation. Authority shall exclude from payment for care of KMC patients any Worked RVU that is not reimbursed by Medicare or Medi-Cal, unless authorized in advance by KMC.

5.3 Call Coverage. Authority will pay Physician a fixed fee in the amount of \$750 per 24-hour day for weekday call coverage that exceed one (1) in four (4) days and weekend call coverage that exceeds one (1) in four (4) weekends.

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, intellectual property developed or work on similar development projects prior to the Commencement Date, and industry consulting, which includes honoraria, cadaver labs, professional speaking, expert witness, and teaching fees), will be the sole and exclusive property of KMC, whether received by KMC or by Physician and whether received during the Term of this Agreement or anytime thereafter. Physician hereby assigns all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

5.4.2 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.

5.4.3 Non-physician Medical Practitioners. KMC shall have the exclusive right and authority to set, bill, collect and retain all fees, including professional fees, for all billable services provided by non-physician medical practitioners (defined as physician assistants, nurse practitioners, and nurse midwives; pharmacists and all other allied health professionals are specifically excluded from the definition of non-physician medical practitioners) employed by Authority during the Term of this Agreement. KMC will pay Physician for supervision of physician assistants, nurse practitioners, and nurse midwives at 30% of professional fee net collections for supervision of direct patient care provided by these specific non-physician medical practitioners.

5.5 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$1,100,000 over the two-year Initial Term of this Agreement.

6. **Benefits Package.**

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

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

6.3 Holidays. Physician shall be entitled to 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 retain his vacation leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, 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 retain his sick leave credit balance, if any, as of the Commencement Date. Effective with the Commencement Date, 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 Pension Plan for Physician Employees is a qualified alternative to the insurance system established by the federal Social Security Act.

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

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

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

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

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

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

9. **Authority to 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 Practice Sites without approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify, or hold Physician harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

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

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

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

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

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

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

Notice to Physician:

M. Brandon Freeman, M.D.
14009 Yokuts Lane
Bakersfield, California 93306

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 120 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 _____
M. Brandon Freeman, 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

Agreement.Freeman.070717

**EXHIBIT “A”
Job Description
M. Brandon Freeman, M.D.**

Position: Chief, Division of Plastic Surgery.

Position Description: Reports to Chair, Department of Surgery; serves as the chief physician responsible for efficient, key program development, day to day operations and resident education within the Department for the plastic surgery division at KMC; serves as a full-time faculty member in the Department.

Essential Functions:

1. Clinical Responsibilities.

- Serves as attending physician in the Division of Plastic Surgery
- Supervises residents and medical students assigned to the plastic surgery service
- Supervises orthopedic and plastic surgery physician assistant activity and competency
- Provides service and improves efficiency for hand, plastic and microvascular surgery clinical activities – two (2) half days per week
- Provides service and improves efficiency for hand and plastic surgery cases
- Provides faculty call coverage for hand, plastic and maxilla-facial trauma

2. Administrative Responsibilities.

- Serves as Chief, Division of Plastic Surgery
- Leads clinical and administrative integration efforts across KMC as appropriate for hand, plastic and microvascular surgery ensuring proper program planning, surgeon recruitment and faculty development, resource allocation, analysis, communication and assessment
- Gathers data through best practices and collaborates with other members of the Department to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
- Supports the Department chair with development of monitoring tools to measure financial, access, quality and satisfaction outcomes for hand, plastic and microvascular surgery

3. Teaching Responsibilities.

- Assists in resident mentoring, counseling, and evaluation, as appropriate
- Assists in resident research and scholarly activity
- Didactic lectures – 80 hours per academic year

Employment Standards:

One (1) year of post-residency experience in plastic 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 the field of plastic surgery; principles of effective supervision and program development.

Ability to: Plan, organize, direct and coordinate plastic surgery services; perform plastic surgery procedures; supervise and instruct professional and technical personnel; develop and present educational programs for interns, residents and ancillary medical staff; maintain records and prepare comprehensive reports; work effectively with staff, patients, and others.

[Intentionally left blank]

EXHIBIT "B"
AUTHORIZATION TO RELEASE INFORMATION

| [See attached]

AUTHORIZATION TO RELEASE INFORMATION

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

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

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

Physician

Date

EXHIBIT "C"
TIME LOG FORM

[See attached]

TIME LOG FORM

Physician Name

Signature / Date

Department

Month / Year of Service

Total Hours / Month

Services Provided (please list specific activity performed)

Date

Hours

1. Medical Staff CME Activities

2. Hospital Staff Education and Training

3. Clinical Supervision

4. Quality Improvement Activities (committees, case review, etc.)

5. Administration Activities

6. Community Education

7. Medical Management Activities

8. Compliance Activities

9. Other Services

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

July 19, 2017

Subject: Proposed retroactive Amendment No. 4 with Mansoor Gilani, D.D.S.

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Proposed retroactive Amendment No. 4 to Agreement 319-2012 with Mansoor Gilani, D.D.S, an independent contractor, for the provision of dental services to adult inmates in detention facilities owned and operated by the County of Kern, extending the term for two years from June 1, 2017 through May 31, 2019, and increasing the maximum payable by \$240,000 from \$600,000 to \$840,000 to cover the extended term.

**AMENDMENT NO. 4
TO
AGREEMENT FOR PROFESSIONAL SERVICES
INDEPENDENT CONTRACTOR
(Kern County Hospital Authority – Mansoor Gilani, D.D.S.)**

This Amendment No. 4 to the Agreement for Professional Services is made and entered into this 1st day of June, 2017, between the Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Mansoor Gilani, D.D.S., a sole proprietor (“Contractor”), whose principal place of business is located at 602 34th Street, Bakersfield, California 93301.

RECITALS

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Kern County Agt. #319-2012, dated May 29, 2012), Amendment No. 1 (Kern County Agt. #273-2014, dated May 13, 2014), Amendment No. 2 (Kern County Agt. #154-2015, dated April 13, 2015), and Amendment No. 3 (Kern County Agt. #620-2016, dated June 7, 2016) (“Agreement”), for the period June 1, 2012 through May 31, 2017, for the provision of adult dental services to inmates detained in the Lerdo Facility; and

(b) The Agreement expires May 31, 2017; and

(c) Authority continues to require the assistance of Contractor to provide adult dental services and Contractor has agreed to provide such services; 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 for two years from June 1, 2017 through May 31, 2019, and (ii) increase the maximum payable under the Agreement by \$240,000, from \$600,000 to \$840,000, to cover the extended term; and

(f) The Agreement is amended effective June 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 1, 2012 (the “Effective Date”), and shall end May 31, 2019, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 6, Compensation, paragraph 6.2, Maximum Payable, shall be amended as follows:

“6.2 Maximum Payable. The maximum payable under this Agreement shall not exceed \$120,000 per year, with total compensation not to exceed \$840,000 over the seven-year term of this Agreement.”

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

CONTRACTOR

By _____
Mansoor Gilani, D.D.S.

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

Agreement.Gilani.062717

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

July 19, 2017

Subject: Request to employ retired Kern County Hospital Authority employees Jeffrey Hill, John Caldwell, and Florence Alacar, and retired Kern County employee Debra Pershadsingh

Recommended Action: Approve

Summary:

Kern Medical is requesting the following:

1. Approval to employ retired Kern County Hospital Authority employees Jeffrey Hill, as Per Diem Nurse II, John Caldwell, as Per Diem Pharmacist, and Florence Alacar, as Per Diem Nurse II, for the period ending June 30, 2018, or 960 hours, whichever occurs first, effective July 20, 2017.
2. Approval to employ retired Kern County employee Debra Pershadsingh, as Administrative Coordinator, for the period ending October 31, 2018, or 960 hours, whichever occurs first, effective July 20, 2017.

Each retiree has the requisite experience and skill set needed to perform the work for which they are being reemployed. Each retiree will be reemployed for a limited duration to fill voids in staffing.

The Public Employee Pension Reform Act (PEPRA) sets forth post-retirement employment requirements for all KCERA retirees returning to work for a KCERA employer. The authority is a designated KCERA employer. Under PEPRA, a retiree may be reemployed up to a maximum of 960 hours per fiscal year, subject to approval by your Board.

Therefore it is recommended that your Board approve the reemployment of the above-referenced KCERA retirees, effective July 20, 2017.

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

July 19, 2017

Subject: Proposed election of officers to the Kern County Hospital Authority Board of Governors

Requested Action: Elect Officers

Summary:

The Kern County Hospital Authority Bylaws for Governance were recently revised to change the term of office for elected officers from one year to two years to provide for continuity of leadership. The Bylaws provide that officers shall be elected by your Board at the first meeting of the fiscal year. Directors Bigler and McLaughlin have agreed to serve a second term as Chair and Vice-Chair, respectively; Director Lawson has agreed to serve as Secretary/Treasurer.

Therefore, it is recommended that your Board elect Russell Bigler, Chair, Philip McLaughlin, Vice-Chair, and Nancy Lawson, Secretary/Treasurer to the Kern County Hospital Authority Board of Directors, terms to expire June 30, 2019.

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

July 19, 2017

Subject: Kern County Hospital Authority, Chief Financial Officer Report

Recommended Action: Receive and File

Summary: Comments regarding Budget Variances for Operating Expenses – May 2017

Other Professional Fees:

- Other Professional Fees have an unfavorable budget variance for the month of May 2017 due to fees paid to the law firms of Hall, Hieatt, & Connely, Liebert, Cassidy, & Whitmore, Hammel, Green, & Abrahamson, and Foley & Lardner. The following consulting firms were also paid higher than average fees for May 2017: Mercer, Cerner, Kapsis, and Paytech Consulting.

Supplies:

- Supplies have an unfavorable budget variance for the month of May 2017 due in part to increased expenses paid to Zones for information systems infrastructure and minor equipment purchases. There were also higher than average supplies expenses for the vendors Boston Scientific, Synthes, Medtronics, and Cardinal Pharmaceuticals.

Purchased Services:

- Purchased Services have an unfavorable budget variance for the month of May 2017 due in part to Medi-Cal Inpatient Program (MCIP) claims. MCIP claims are for inmate services that are contracted out to local area providers for services that are not provided by Kern Medical. There were also higher than average expenses for the month paid to CSS Consulting, Health Advocates, and Hall Ambulance.

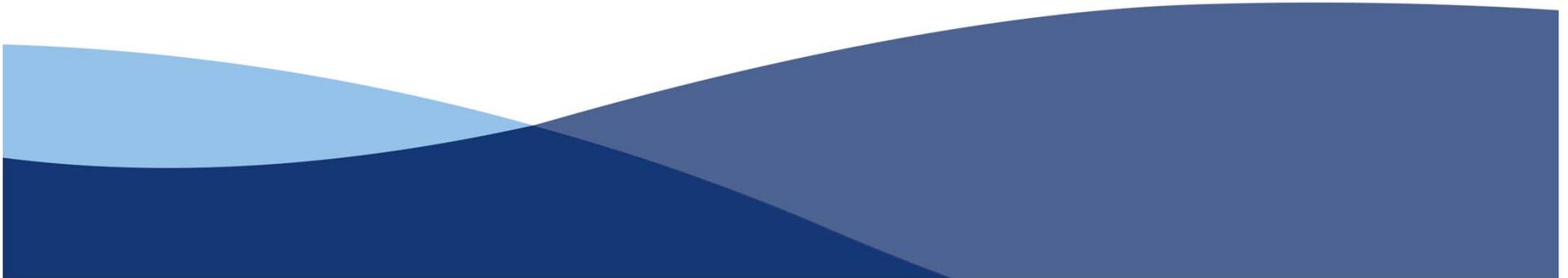
Other Expenses:

- Other Expenses have an unfavorable budget variance for the month of May 2017 due in part to miscellaneous repairs & maintenance expenses paid to Hillcrest Sheet Metal, carpet



**BOARD OF GOVERNORS' FINANCIAL REPORT
KERN MEDICAL – MAY 2017**

JULY 2017



3-Month Trend Analysis: Revenue & Expense
May 31, 2017

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Gross Patient Revenue	\$ 72,264,078	\$ 64,408,959	\$ 73,205,111	\$ 70,239,597	4.2%	\$ 71,750,628
Contractual Deductions	(49,985,313)	(44,965,492)	(52,905,197)	(53,473,893)	(1%)	\$ (55,432,757)
Net Revenue	22,278,765	19,443,467	20,299,914	16,765,704	21%	16,317,871
Indigent Funding	7,752,166	12,802,173	8,870,563	6,876,296	29%	6,023,258
Correctional Medicine	1,976,045	1,976,045	1,976,045	1,942,469	2%	8,497,748
County Contribution	285,211	285,211	285,211	297,261	(4%)	631,415
Incentive Funding	0	0	(1,698,630)	833,334	(304%)	1,750,000
Net Patient Revenue	32,292,187	34,506,896	29,733,103	26,715,064	11%	33,220,292
Other Operating Revenue	809,739	866,608	1,523,938	1,301,412	17%	1,226,602
Other Non-Operating Revenue	214,841	66,546	144,665	22,189	552%	515,066
Total Operating Revenue	33,316,767	35,440,050	31,401,706	28,038,665	12%	34,961,960
Expenses						
Salaries	11,670,945	11,000,039	11,575,494	11,271,232	3%	10,402,533
Employee Benefits	6,098,607	12,347,535	5,589,394	5,613,265	(0%)	5,369,063
Contract Labor	893,481	931,525	1,102,404	676,689	63%	637,234
Medical Fees	1,466,418	1,530,462	1,118,976	1,391,775	(20%)	1,338,300
Other Professional Fees	2,068,825	1,948,606	2,103,401	1,546,276	36%	1,945,798
Supplies	4,911,973	4,293,927	5,063,539	3,862,879	31%	4,069,895
Purchased Services	2,075,646	1,662,381	1,839,750	1,214,844	51%	1,465,156
Other Expenses	1,306,633	1,169,715	1,732,797	1,582,487	9%	1,783,498
Operating Expenses	30,492,528	34,884,190	30,125,756	27,159,447	11%	27,011,477
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	2,824,239	555,860	1,275,951	879,218	45%	7,950,483
EBIDA Margin	8%	2%	4%	3%	30%	23%
Interest	19,168	18,550	21,544	49,971	(57%)	40,941
Depreciation	501,432	474,958	468,380	399,667	17%	528,639
Amortization	5,188	17,548	69,761	49,797	40%	158,713
Total Expenses	31,018,316	35,395,246	30,685,441	27,658,882	11%	27,739,770
Operating Gain (Loss)	2,298,451	44,804	716,266	379,783	89%	7,222,190
Operating Margin	7%	0%	2%	1.4%	68%	21%

Year-to-Date: Revenue & Expense				
May 31, 2017				
	ACTUAL FYTD	BUDGET FYTD	REVISED BUDGET	PY FYTD
Gross Patient Revenue	\$ 737,061,254	\$ 730,824,978	\$ 753,367,328	\$ 681,650,327
Contractual Deductions	(549,556,020)	(556,661,052)	(565,114,433)	\$ (510,913,730)
Net Revenue	187,505,234	174,163,926	188,252,895	170,736,597
Indigent Funding	110,153,722	74,308,368	103,921,650	79,109,490
Correctional Medicine	21,725,555	20,991,195	20,991,195	19,728,450
County Contribution	3,148,260	3,212,329	3,212,329	6,843,716
Incentive Funding	0	9,166,669	9,166,669	12,250,000
Net Patient Revenue	322,532,771	281,842,487	325,544,738	288,668,253
Other Operating Revenue	10,893,955	14,063,661	14,063,661	11,948,998
Other Non-Operating Revenue	1,110,060	239,772	239,772	1,521,200
Total Operating Revenue	334,536,786	296,145,920	339,848,171	302,138,451
Expenses				
Salaries	122,756,999	119,564,475	121,452,725	112,934,917
Employee Benefits	67,349,082	59,299,299	60,564,799	57,779,231
Contract Labor	9,857,384	7,041,496	11,041,496	5,965,644
Medical Fees	15,249,706	15,040,152	15,540,152	14,011,079
Other Professional Fees	19,308,257	16,709,779	23,847,426	16,765,591
Supplies	46,527,113	40,191,798	52,691,798	45,188,690
Purchased Services	16,795,409	13,125,076	20,262,723	13,113,284
Other Expenses	14,413,035	16,942,117	19,439,307	14,764,807
Operating Expenses	312,256,985	287,914,192	324,840,426	280,523,243
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	22,279,801	8,231,728	15,007,745	21,615,208
EBIDA Margin	7%	3%	3%	7%
Interest	214,557	540,024	540,024	332,218
Depreciation	5,196,288	4,318,986	4,606,986	4,501,044
Amortization	289,332	538,132	538,132	653,666
Total Expenses	317,957,162	293,311,334	330,525,568	286,010,171
Operating Gain (Loss)	16,579,624	2,834,586	9,322,603	16,128,280
Operating Margin	5%	1%	1%	5%

3-Month Trend Analysis: Cash Indicators

May 31, 2017

					BUDGET	VARIANCE	PY
		MARCH	APRIL	MAY	MAY	POS (NEG)	MAY
CASH							
	Total Cash	53,266,517	40,734,737	63,766,149	30,639,382	33%	1,549,927
	Days Cash On Hand	54	35	63	34	4%	2
	Days In A/R - Gross	88.2	90.6	91.3	76.0	19%	85.6
	Patient Cash Collections	\$ 22,656,142	\$ 17,319,639	\$ 18,540,963	N/A	N/A	\$ 16,541,403
	Patient Cash Goal	\$ 17,654,037	\$ 17,170,387	\$ 17,597,550	N/A	N/A	\$ 17,580,607
	Projected Year End Cash Balance	44,855,082	44,855,082	44,855,082	N/A	N/A	N/A

3-Month Trend Analysis: Operating Metrics

May 31, 2017

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
Operating Metrics						
Total Expense per Adjusted Admission	19,599	24,570	19,571	18,188	8%	17,395
Total Expense per Adjusted Patient Day	3,957	4,765	3,823	3,504	9%	3,321
Supply Expense per Adjusted Admission	3,104	2,981	3,229	2,540	27%	2,552
Supply Expense per Surgery	1,269	1,758	1,823	1,616	13%	1,592
Supplies as % of Net Patient Revenue	18%	12%	17%	14%	17.8%	12%
Pharmaceutical Cost per Adjusted Admission	1,233	1,006	1,186	1,120	6%	733
Net Revenue Per Adjusted Admission	\$ 11,148	\$ 13,497	\$ 11,566	\$ 11,025	5%	\$ 10,232

Year-to-Date: Operating Metrics

May 31, 2017

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Operating Metrics					
Total Expense per Adjusted Admission	19,304	20,348	(5%)	19,884	(3%)
Total Expense per Adjusted Patient Day	3,804	3,445	10%	3,474	9%
Supply Expense per Adjusted Admission	2,825	2,788	1%	3,142	(10%)
Supply Expense per Surgery	1,744	1,615	8%	1,276	37%
Supplies as % of Net Patient Revenue	15%	14%	2.6%	16%	(7%)
Pharmaceutical Cost per Adjusted Admission	1,086	1,230	(12%)	1,626	(33%)
Net Revenue Per Adjusted Admission	\$ 11,103	\$ 12,082	(8.1%)	\$ 11,870	(6%)

INDIGENT PATIENT CARE FUNDING - MTD & YTD

FOR THE MONTH MAY 31, 2017

MTD ACTUAL	MTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %	DESCRIPTION	YTD ACTUAL	YTD BUDGET	VAR \$ FAV/(UNFAV)	VAR %
311,379	345,977	(34,598)	-10.0%	MEDI-CAL HOSPITAL QUALITY ASSURANCE FEE	3,364,904	3,738,784	(373,880)	-10.0%
855,876	950,974	(95,098)	-10.0%	MEDI-CAL EXPANSION REVENUE FROM HMO	24,136,432	10,276,652	13,859,780	134.9%
83,606	196,257	(112,651)	-57.4%	COUNTY REALIGNMENT FUNDS	1,907,826	2,120,843	(213,017)	-10.0%
1,016,834	960,364	56,470	5.9%	MEDI-CAL SUPPLEMENTAL FUNDING	19,484,055	10,378,144	9,105,911	87.7%
2,181,474	2,423,861	(242,387)	-10.0%	PRIME - NEW WAIVER	24,231,660	26,193,329	(1,961,669)	-7.5%
1,798,977	1,998,863	(199,886)	-10.0%	GPP - NEW WAIVER	23,819,881	21,600,616	2,219,265	10.3%
2,622,417	0	2,622,417	0.0%	WHOLE PERSON CARE	13,112,085	0	13,112,085	0.0%
0	0	0	0.0%	EMR	96,879	0	96,879	0.0%
8,870,563	6,876,296	1,994,267	29.0%	SUB-TOTAL - GOVERNMENTAL REVENUE	110,153,722	74,308,368	35,845,354	48.2%
1,976,045	1,942,469	33,576	1.7%	CORRECTIONAL MEDICINE	21,725,555	20,991,195	734,360	3.5%
285,211	297,261	(12,050)	-4.1%	COUNTY CONTRIBUTION	3,148,260	3,212,329	(64,069)	-2.0%
11,131,819	9,116,026	2,015,793	22.1%	TOTAL INDIGENT CARE & COUNTY FUNDING	135,027,537	98,511,892	36,515,645	37.1%

OTHER REVENUE

FOR THE MONTH MAY 31, 2017

OTHER OPERATING REVENUE

	<u>MTD ACTUAL</u>	<u>MTD BUDGET</u>	<u>VARIANCE</u>	<u>YTD ACTUAL</u>	<u>YTD BUDGET</u>	<u>VARIANCE</u>
PARKING LOT REVENUE	218	510	(292)	7,398	5,507	1,891
OTHER CO. DEPT. REIMBURSEMENT	27,805	14,234	13,571	330,220	153,825	176,395
EMS REVENUE (SB-612)	0	75,970	(71,264)	391,860	820,971	(378,250)
FEDERAL INMATE REVENUE	0	54,598	(54,598)	(47,071)	590,012	(637,083)
MEDICAL RECORDS FEES	1,995	1,999	(4)	24,605	21,604	3,001
X-RAY COPY FEES	8	0	8	48	0	48
MEDICAL SCHOOL STUDENT FEES	333,587	383,615	(50,028)	3,672,953	4,145,523	(472,570)
JURY/WITNESS FEES	0	0	0	2,214	0	2,214
CANCELLED OUTLAWED WARRANTS	702	2,754	(2,052)	48,893	29,760	19,133
WORKER'S COMP REFUNDS	0	0	0	87,522	0	87,522
PROFESSIONAL FEES	99,732	501,008	(401,276)	2,412,545	5,414,125	(3,001,580)
FOUNDATION CONTRIBUTIONS	0	0	0	1,638	0	1,638
PRIMARY CARE INCENTIVE PAYMENTS	1	0	1	1,224	0	1,224
CAFETERIA SALES	81,419	68,117	13,302	805,814	736,099	69,715
FEDERAL-OTHER AID	5,231	0	5,231	59,545	0	59,545
GRANTS	0	0	0	527	0	527
KHS GRANT PCMH	792,685	0	792,685	792,685	0	792,685
DRUG COMPANY CASH BACK	0	0	0	1,687	0	1,687
MENTAL HEALTH MOU	180,655	191,986	(11,331)	1,952,889	2,074,680	(121,791)
REBATES & REFUNDS	(100)	6,621	(6,721)	346,760	71,555	275,205
TOTAL OTHER OPERATING REVENUE	1,523,938	1,301,412	222,232	10,893,957	14,063,661	(3,118,843)
OTHER NON-OPERATING REVENUE						
INTEREST ON COLLECTIONS	33,949	12,881	21,068	223,813	139,200	84,613
OTHER MISCELLANEOUS REVENUE	62,841	4,155	53,980	419,006	44,886	323,259
INTEREST ON FUND BALANCE	47,875	5,153	42,722	467,241	55,686	411,555
TOTAL OTHER NON-OPER REVENUE	144,665	22,189	117,770	1,110,061	239,772	819,428

KERN MEDICAL BALANCE SHEET		
	May 2017	May 2016
CURRENT ASSETS:		
CASH	\$96,210,148	\$43,081,061
CURRENT ACCOUNTS RECEIVABLE	208,334,816	180,967,763
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES - CURRENT	(166,278,336)	(149,982,195)
- NET OF CONTRACTUAL ALLOWANCES	42,056,480	30,985,568
RECEIVABLE FROM OTHER COUNTY DEPARTMENTS	0	3,561,356
CORRECTIONAL MEDICINE RECEIVABLE	3,952,090	0
MD SPA	2,631,212	1,563,104
HOSPITAL FEE RECEIVABLE	3,020,391	494,059
CPE - O/P DSH RECEIVABLE	4,214,524	734,111
MENTAL HEALTH MOU	564,398	41,667
DSRIP	-	(4,685,066)
MANAGED CARE IGT (RATE RANGE)	14,597,430	7,338,912
RECEIVABLE FROM LIHP	(5,722,111)	(6,771,439)
OTHER RECEIVABLES	1,812,233	1,693,233
PRIME RECEIVABLE	(2,342,721)	35,056,714
AB85/75% DEFAULT PCP RECEIVABLE	1,442,231	(3,865,052)
GLOBAL PAYMENT PROGRAM (GPP)	3,898,922	15,145,910
INTEREST ON FUND BALANCE RECEIVABLE	95,751	2,691
MANAGED CARE IGT (SPD)	68,546	0
OTHER NON PATIENT RECEIVABLE	1,290,408	449,341
WAIVER RECEIVABLE FY07	(745,824)	(745,824)
WAIVER RECEIVABLE FY08	(6,169,000)	(6,169,000)
WAIVER RECEIVABLE FY09	(2,384,000)	(2,384,000)
WAIVER RECEIVABLE FY10	579,696	579,696
WAIVER RECEIVABLE FY11	(10,493,878)	(10,493,878)
WAIVER RECEIVABLE FY12	679,308	679,308
WAIVER RECEIVABLE FY14	0	(22,576,506)
WAIVER RECEIVABLE FY15	(23,770,144)	(4,041,174)
WAIVER RECEIVABLE FY16	(2,819,361)	0
KHS GRANT RECEIVABLE	0	988,087
WHOLE PERSON CARE	(2,622,417)	0
PREPAID EXPENSES	2,924,669	1,936,306
PREPAID MORRISON DEPOSIT	799,706	297,090
INVENTORY AT COST	3,467,861	2,917,462
TOTAL CURRENT ASSETS	127,236,548	85,813,738
PROPERTY, PLANT & EQUIPMENT:		
LAND	170,615	168,115
EQUIPMENT	46,573,395	42,368,359
BUILDINGS	82,462,622	82,049,914
CONSTRUCTION IN PROGRESS	4,636,854	1,862,405
LESS: ACCUMULATED DEPRECIATION	(83,241,230)	(77,598,022)
NET PROPERTY, PLANT & EQUIPMENT	50,602,256	48,850,771
NET INTANGIBLE ASSETS		
INTANGIBLE ASSETS	12,302,618	10,347,201
ACCUMULATED AMORTIZATION INTANGIBLES	(10,518,089)	(10,160,634)
NET INTANGIBLE ASSETS	1,784,529	186,567
LONG-TERM ASSETS:		
LONG-TERM PATIENT ACCOUNTS RECEIVABLE		
DEFERRED OUTFLOWS - PENSIONS	49,355,076	54,532,940
CASH HELD BY COP IV TRUSTEE	906,469	895,663
TOTAL LONG-TERM ASSETS	50,261,545	55,428,603
TOTAL ASSETS	\$229,884,878	\$190,279,678

KERN MEDICAL BALANCE SHEET		
	May 2017	May 2016
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$23,635,128	\$19,866,472
ACCRUED SALARIES & EMPLOYEE BENEFITS	14,539,261	9,781,942
OTHER ACCRUALS	4,247,639	3,962,538
ACCRUED CWCAP LIABILITY	71,855	437,642
CURRENT PORTION - CAPITALIZED LEASES	544	459,840
CURR LIAB - COP 2011 PAYABLE	1,032,670	986,694
CURR LIAB - P.O.B.	653,713	192,482
CURR LIAB - COUNTY ADVANCES PAYABLE	0	20,163,300
MEDICARE COST REPORT LIAB PAYABLE	3,466,994	271,723
ACCRUED PROFESSIONAL LIABILITY	3,149,059	5,372,551
HOSPITAL FEE-IGT PAYABLE	1,143,153	1,143,153
MEDI-CAL COST REPORT LIABILITY	629,462	304,742
INDIGENT FUNDING PAYABLE	12,811,298	20,299,984
DSH PAYABLE FY13	24,746,355	0
CREDIT BALANCES PAYABLES	3,327,350	3,729,666
DEFERRED REVENUE - COUNTY CONTRIBUTION	2,090,345	726,507
TOTAL CURRENT LIABILITIES	95,544,826	87,699,236
LONG-TERM LIABILITIES:		
LONG-TERM LIABILITY-COP 2011	2,217,410	3,250,080
NET UNAMORTIZED DISCOUNT COP	79,971	99,964
LONG-TERM LIABILITY - CAPITAL LEASES	1,924,541	2,058,382
NET OPEB (OTHER POST EMPLOYMENT BENEFITS)	5,354,890	6,070,276
NET PENSION LIABILITY	345,262,534	330,492,938
L.T. LIAB. - P.O.B. INTEREST PAYABLE 08	17,201,707	19,106,826
L.T. LIAB. - P.O.B. INTEREST PAYABLE 03	3,528,303	3,159,534
L.T. P.O.B. PAYABLE 03	18,326,891	19,754,383
L.T. P.O.B. PAYABLE 08	5,392,893	5,392,893
DEFERRED INFLOWS - PENSIONS	15,299,688	33,503,503
PENSION OBLIGATION BOND PAYABLE	4,721,626	5,775,894
ACCRUED COMPENSATED ABSENCES	14,568,907	9,864,402
TOTAL LONG-TERM LIABILITIES	433,879,361	438,529,075
NET POSITION		
RETAINED EARNINGS - CURRENT YEAR	16,579,623	16,128,271
RETAINED EARNINGS - PRIOR YEAR	(316,118,932)	(352,076,904)
TOTAL NET POSITION	(299,539,309)	(335,948,633)
TOTAL LIABILITIES & NET POSITION	\$229,884,878	\$190,279,678

BOARD OF GOVERNORS
KERN COUNTY HOSPITAL AUTHORITY REGULAR MEETING

July 19, 2017

Subject: Kern County Hospital Authority, Chief Executive Officer Report

Recommended Action: Receive and File

Summary:

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



150 YEARS
Health for Life.

**BOARD OF GOVERNORS' VOLUMES REPORT
KERN MEDICAL – MAY 2017**

JULY 2017



3-Month Trend Analysis: Volume and Strategic Indicators

May 31, 2017

					BUDGET	VARIANCE	PY
		MARCH	APRIL	MAY	MAY	POS (NEG)	MAY
VOLUME							
Adjusted Admissions (AA)		1,583	1,441	1,568	1,521	3%	1,595
Adjusted Patient Days		7,839	7,428	8,027	7,893	2%	8,352
Admissions		830	774	863	814	6%	814
Average Daily Census		133	133	143	136	4.6%	138
Patient Days		4,111	3,991	4,418	4,225	4.6%	4,263
Available Occupancy %		62.0%	62.2%	66.6%	63.7%	4.6%	64.3%
Average LOS		5.0	5.2	5.1	5.2	(1%)	5.2
Surgeries							
Inpatient Surgeries (Main Campus)		263	257	294	257	15%	257
Outpatient Surgeries (Main Campus)		294	246	250	254	(2%)	254
Total Surgeries		557	503	544	511	6%	511
Births		209	213	213	265	(20%)	195
ER Visits							
Admissions		457	425	474	375	27%	428
Treated & Released		3,138	3,206	3,441	3,432	0.2%	3,613
Total ER Visits		3,595	3,631	3,915	3,807	3%	4,041
Outpatient Clinic Visits							
Total Clinic Visits		12,495	10,733	11,887	9,029	32%	9,799

Year-to-Date: Volume and Strategic Indicators

May 31, 2017

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
VOLUME					
Adjusted Admissions (AA)	16,471	14,415	14%	14,384	15%
Adjusted Patient Days	83,590	85,152	(2%)	82,326	2%
Admissions	8,841	8,376	6%	8,415	5%
Average Daily Census	133	136	(2%)	138	(3%)
Patient Days	44,671	45,579	(2%)	44,675	(0.01%)
Available Occupancy %	62.3%	63.6%	(2%)	62.3%	(0.01%)
Average LOS	5.1	5.4	(7%)	5.3	(5%)
Surgeries					
Inpatient Surgeries (Main Campus)	2,700	2,598	4%	2,427	11%
Outpatient Surgeries (Main Campus)	2,828	2,721	4%	2,892	(2%)
Total Surgeries	5,528	5,319	4%	5,319	4%
Births	2,405	2,744	(12%)	2,336	3%
ER Visits					
Admissions	4,572	3,755	22%	3,915	17%
Treated & Released	36,417	34,407	6%	35,983	1%
Total ER Visits	40,989	38,162	7%	39,898	3%
Outpatient Clinic Visits					
Total Clinic Visits	120,739	93,539	29%	109,642	10%

3-Month Trend Analysis: Payor Mix

May 31, 2017

	MARCH	APRIL	MAY	BUDGET MAY	VARIANCE POS (NEG)	PY MAY
PAYOR MIX - Charges						
Commercial FFS	4.3%	4.5%	5.8%	6.1%	(4%)	6.3%
Commercial HMO/PPO	6.1%	6.8%	5.2%	6.4%	(19%)	4.6%
Medi-Cal	24.1%	22.2%	23.3%	24.4%	(5%)	31.0%
Medi-Cal HMO - Kern Health Systems	31.8%	31.7%	31.2%	22.2%	41%	20.3%
Medi-Cal HMO - Health Net	9.7%	9.3%	9.5%	5.8%	63%	6.3%
Medi-Cal HMO - Other	1.3%	1.0%	1.2%	14.1%	(92%)	11.3%
Medicare	9.5%	9.8%	8.7%	7.9%	10%	7.5%
Medicare - HMO	2.3%	1.4%	2.6%	1.9%	37%	2.0%
County Programs	2.0%	2.4%	1.5%	0.4%	249%	3.8%
Workers' Compensation	0.7%	0.6%	0.7%	2.3%	(70%)	0.6%
Self Pay	8.2%	10.3%	10.3%	8.5%	22%	6.3%
Total	100.0%	100.0%	100.0%	100.0%		100.0%

Year-to-Date: Payor Mix

May 31, 2017

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
PAYOR MIX - Charges					
Commercial FFS	4.1%	4.9%	(17%)	4.4%	(7%)
Commercial HMO/PPO	6.2%	4.4%	41%	5.4%	15%
Medi-Cal	26.9%	28.4%	(5%)	29.8%	(10%)
Medi-Cal HMO - Kern Health Systems	29.4%	22.9%	29%	20.7%	43%
Medi-Cal HMO - Health Net	10.1%	7.4%	37%	5.8%	74%
Medi-Cal HMO - Other	1.1%	10.7%	(89%)	10.6%	(89%)
Medicare	9.4%	8.7%	8%	9.0%	4%
Medicare - HMO	2.1%	2.4%	(12%)	2.0%	5%
County Programs	2.2%	1.5%	45%	3.6%	(39%)
Workers' Compensation	0.6%	1.4%	(58%)	1.4%	(56%)
Self Pay	7.8%	7.2%	8%	7.4%	5%
Total	100.0%	100.0%		100.0%	

3-Month Trend Analysis: Labor and Productivity Metrics

May 31, 2017

					BUDGET	VARIANCE	PY
		MARCH	APRIL	MAY	MAY	POS (NEG)	MAY
Labor Metrics							
Productive FTEs		1,289.12	1,288.02	1,323.33	1,324.53	(0%)	1,206.17
Non-Productive FTEs		168.27	176.97	177.73	233.74	(24%)	148.08
Contract Labor FTEs		68.49	74.36	83.75	51.41	63%	54.06
Total FTEs		1,457.39	1,464.99	1,501.06	1,558.27	(4%)	1,354.25
FTE's Per AOB Paid		5.76	5.92	5.61	5.69	(1%)	4.86
FTE's Per AOB Worked		5.10	5.20	4.95	4.83	2%	4.33
Labor Cost/FTE (Annualized)		137,490.19	128,346.79	131,180.29	120,948.97	8%	128,916.62
Benefits Expense as a % of Benefitted Labor Expense		77%	81%	69%	71%	(3%)	73%
Salaries & Benefits as % of Net Patient Revenue		67%	70%	66%	66%	1%	49%

Year-to-Date: Labor and Productivity Metrics

May 31, 2017

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Labor Metrics					
Productive FTEs	1,250.44	1,282.68	(3%)	1,167.41	7%
Non-Productive FTEs	213.09	226.36	(6%)	193.77	10%
Contract Labor FTEs	67.47	48.21	40%	44.36	52%
Total FTEs	1,463.53	1,509.04	(3%)	1,361.18	8%
FTE's Per AOB Paid	5.32	5.39	(1%)	5.02	6%
FTE's Per AOB Worked	4.55	4.58	(1%)	4.31	6%
Labor Cost/FTE (Annualized)	133,054.02	119,775.90	11%	125,620.20	6%
Benefits Expense as a % of Benefitted Labor Expense	73%	72%	2%	71%	2.2%
Salaries & Benefits as % of Net Patient Revenue	62%	66%	(6%)	61%	1%

**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 July 19, 2017, 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**

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 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**

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on July 19, 2017, 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 July 19, 2017, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

- X CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(d)(2), (e)(3).) Number of cases: One (1)
Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection –

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on July 19, 2017, 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: Resource Anesthesiology Associates of California, A Medical Corporation, a California Corporation v. County of Kern, et al., Kern County Superior Court Case No. BCV-17-101504 SDS –