



## **AGENDA**

### **KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS**

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

Regular Meeting  
Wednesday, January 17, 2024

11:30 A.M.

#### **BOARD TO RECONVENE**

Board Members: Berjis, Bigler, McLaughlin, Neal, Pelz, Pollard, Zervis  
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" OR "C" REPRESENTS THE CONSENT AGENDA. CONSENT ITEMS WILL BE CONSIDERED FIRST AND MAY BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS



PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

INTRODUCTIONS

- 3) Introduction of Kern County Hospital Authority Board Member Candace B. Neal  
**MAKE INTRODUCTION**

ITEMS FOR CONSIDERATION

CA

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on December 13, 2023 –  
**APPROVE**

CA

- 5) Proposed Resolution in the matter of amending the grant agreement with California Health Facilities Financing Authority under the Children’s Hospital Bond Act of 2018, to reallocate funds among vendors and appoint the Kern Medical Center Foundation Executive Director (ex-officio) to administer the grant award –  
**APPROVE; ADOPT RESOLUTION**

CA

- 6) Proposed Ordering Document CPQ-3225814 with Oracle America, Inc., an independent contractor, for implementation and configuration of a CareAware BMDI device to support the integration of data into the electronic health record, for a project term of three months, in an amount not to exceed \$19,134 –  
**APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN RECEIPT OF DELIVERY**

CA

- 7) Proposed Ordering Document CPQ-3232432 with Oracle America, Inc., an independent contractor, containing nonstandard terms and conditions, amending the Scope of Use to support the increase in unique users and laboratory procedures, in an amount not to exceed \$2,399,400 –  
**APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN RECEIPT OF DELIVERY**

CA

- 8) Proposed acceptance of donation of travel and related expenses from Presidio Networked Solutions Group, Inc. and Cisco Systems for two Kern Medical Center employees to attend “Executive Briefing eXchange (EBX)” in San Francisco, California, and San Jose, California, from January 29-30, 2024 –  
APPROVE; ADOPT RESOLUTION

CA

- 9) Proposed retroactive Amendment No. 4 to Memorandum of Understanding 61320 with Kern Health Systems, an independent contractor, for the provision translation services to Kern Medical Center patients for the period December 14, 2020 through December 31, 2023, extending the term for one year from January 1, 2024 through December 31, 2024, and increasing the maximum payable by \$600,000, from \$1,625,000 to \$2,225,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 10) Proposed Quote W-SC-KernMC-Upgrade-4-24-2023 with NeurOptics, an independent contractor, containing nonstandard terms and conditions, for purchase of a pupillometer, in an amount not to exceed \$4,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 11) Proposed Resolution revising the Kern County Hospital Authority Pension Plan for Physician Employees’ Pension Committee membership –  
APPROVE; ADOPT RESOLUTION

CA

- 12) Proposed Change Order No. 3 to Agreement 107-2022 with McMurtrey Lince, Inc., an independent contractor, increasing the maximum payable by \$113,510, from \$504,418 to \$617,928, to cover the cost of installing a medical gas system in the Emergency Department Isolation Room –  
MAKE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(b)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$103,191

CA

- 13) Proposed retroactive Purchase Order with Heredia Cabling Solutions, an independent contractor, for emergency installation of a temporary nurse call system, effective December 11, 2023, in an amount not to exceed \$279,209 –  
MAKE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(B)(3) OF STATE CEQA GUIDELINES; APPROVE; AUTHORIZE CHAIRMAN TO SIGN; AUTHORIZE CHIEF EXECUTIVE OFFICER TO APPROVE FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF \$253,826

CA

- 14) Proposed Amendment No. 1 to Personal/Professional Services Agreement 05221 with Cal Kern Cabinets, Inc., an independent contractor, for manufacturing and installation of custom millwork for the period January 26, 2021 through January 25, 2024, extending the term for three years from January 26, 2024 through January 25, 2027 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 15) Proposed Amendment No. 3 to Personal/Professional Services Agreement 56219 with R.F. MacDonald Co., Inc., an independent contractor, for boiler system maintenance and repair for the period December 13, 2019 through December 12, 2025, increasing the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 16) Proposed Amendment No. 3 to Personal/Professional Services Agreement 21218 with Thyssenkrupp Elevator Corporation, an independent contractor, for elevator repair services for the period August 3, 2018 through June 30 2024, increasing the maximum payable by \$250,000, from \$480,000 to \$730,000, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 17) Proposed Amendment No. 1 to Personal/Professional Services Agreement 137-2022 with Mesa Energy Systems, Inc., doing business as Emcor Services Hillcrest, an independent contractor, for HVAC maintenance and repair services for the period December 2, 2022 through December 1, 2025, increasing the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 18) Proposed Amendment No. 1 to Personal/Professional Services Agreement 14221 with Viper Trailer Repair, LLC, an independent contractor, for MRI trailer maintenance services for the period March 15, 2021 through March 14, 2024, extending the term for three years from March 15, 2024 through March 14, 2027 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 19) Proposed Amendment No. 3 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services for the period February 12, 2020 through February 11, 2022, extending the term for two years from February 12, 2024 through February 11, 2026, and increasing the maximum payable by \$900,000, from \$1,652,000 to \$2,552,000, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 20) Proposed Amendment No. 2 to Agreement 052-2023 with Ralph Garcia-Pacheco Suarez, M.D., a contract employee, for professional medical services in the Department of Medicine for the period April 22, 2023 through April 21, 2026, adding an annual stipend of \$25,000 for services as Director, Ambulatory Clinical Development, and increasing the maximum payable by \$75,000, from \$2,175,000 to \$2,250,000, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN



- CA  
21) Proposed retroactive Amendment No. 4 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., an independent contractor, for professional medical services in the Department of Anesthesia for the period November 9, 2016 through November 8, 2025, increasing the maximum payable by \$1,698,120, from \$22,806,681 to \$24,504,801, effective December 15, 2023, to cover the term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA  
22) Proposed retroactive Agreement with Imtiaz A. Malik, M.D., an independent contractor, for professional medical services in the Department of Medicine from January 2, 2024 through January 1, 2026, in an amount not to exceed \$1,900,000 –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA  
23) Proposed Renewal Subscription to License Agreement 04518 with Decision Resources Group, Inc., an affiliate of Clarivate PLC, on behalf of its Healthcare Business Insights Division, an independent contractor, for renewal of the Revenue Cycle Academy/E-Learning Membership, extending the term one year from February 12, 2024 through February 11, 2025, and increasing the maximum payable by \$30,356, from \$162,052 to \$192,408, to cover the extended term –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA  
24) Proposed revisions to Compensation Administration Policy No. HRM-HR-500.01 for unrepresented employees –  
APPROVE; DIRECT STAFF TO IMPLEMENT CHANGES
- CA  
25) Proposed Amendment No. 2 to Agreement 099-2023 with Alton Scott Thygerson, a contract employee, for professional services as chief executive officer of Kern County Hospital Authority, adding a succession plan for the chief executive officer position –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- CA  
26) Proposed annual report on the structural performance of Kern Medical Center buildings in compliance with Health and Safety Code section 130066.5 –  
RECEIVE AND FILE
- 27) Presentation on Draft Report of Independent Auditors from Moss Adams LLP regarding the audit of Kern Medical Center financial statements for the fiscal year ended June 30, 2023 –  
HEAR PRESENTATION; RECEIVE AND FILE; REFER TO KERN COUNTY BOARD OF SUPERVISORS SUBJECT TO FINAL QUALITY CONTROL REVIEW AND APPROVAL BY MOSS ADAMS LLP
- 28) Proposed report on the status of the Kern Medical Center Electronic Health Record –  
RECEIVE AND FILE

- 29) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVE AND FILE
- 30) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVE AND FILE
- CA
- 31) Monthly report on What’s Happening at Kern Medical Center –  
RECEIVE AND FILE
- CA
- 32) Claims and Lawsuits Filed as of December 31, 2023 –  
RECEIVE AND FILE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 33) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
(Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Rebecca Rivera, M.D. –
- 34) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION  
(Government Code Section 54956.9(d)(2) & (e)(2)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the Authority and that are known to a potential plaintiff or plaintiffs. Facts and circumstances are as follows: Elva Lopez, M.D. –
- 35) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2))
- 36) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Kern County Hospital Authority, Petitioner, v. Public Employment Relations Board, Respondent (Service Employees International Union, Local 521, Real Party in Interest; PERB Unfair Practice Charge No. LA-CE-1451-M), Fifth District Court of Appeal Case No. F085586 –
- 37) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1573-M –

- 38) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1599-M –
- 39) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1624-M –
- 40) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1661-M –
- 41) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1670-M
- 42) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1683-M –
- 43) CONFERENCE WITH LABOR NEGOTIATORS - Agency designated representatives: Chief Executive Officer Scott Thygerson, and designated staff - Employee organizations: Service Employees International Union, Local 521 (Government Code Section 54957.6) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, FEBRUARY 21, 2024 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.

32) CLAIMS AND LAWSUITS FILED AS OF DECEMBER 31, 2023 –  
RECEIVE AND FILE

- A) Claim in the matter of Kenneth Lyle Ridenour
- B) Unfair Practice Charge in the matter of Service Employees International Union, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1683-M
- C) Claim in matter of Cynthia Robinson
- D) Claim in the matter of Joseph S. Mansour, M.D.
- E) Claim in the matter of John Castro Aguilar Jr.
- F) Claim in the matter of Ryan James Verhault



## SUMMARY OF PROCEEDINGS

### KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting  
Wednesday, December 13, 2023

11:30 A.M.

#### BOARD RECONVENED

Board Members: Berjis, Bigler, McLaughlin, Pelz, Pollard, Zervis  
Roll Call: 4 Present; 2 Absent – Bigler, Pollard

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

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A “CA” OR “C” 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. In addition, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

**NO ONE HEARD**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2)) –  
**NO ONE HEARD**

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on November 15, 2023 –  
APPROVED  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 4) Proposed Amendment No. 1 to Personal/Professional Services Agreement 102-2023 with Aspen Street Architects, Inc., an independent contractor, from August 16, 2023 through August 15, 2026, for additional design services, and increasing the maximum payable by \$250,000, from \$550,000 to \$800,000, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 161-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 5) Proposed Medical Managed Care Medical Services Agreement with Blue Cross of California and Anthem Blue Cross, an independent contractor, containing nonstandard terms and conditions, for the provision of hospital and other facility services to Medi-Cal beneficiaries enrolled in Anthem's Medi-Cal managed care program for an initial term of two years from January 1, 2024 through December 31, 2025 (Rates Confidential per Health and Safety Code section 101855(f)) –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT 162-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 6) Proposed First Amendment to Health Information Integration Master Services Agreement 139-2023 with Virtual Radiologic Professionals of California, P.A., an independent contractor, for the period October 18, 2023 through October 17, 2025, updating the scope of work to include services to the outpatient clinics location on Stockdale Highway, effective December 13, 2023 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 163-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**



CA

- 7) Proposed First Amendment to Agreement 138-2023 with Virtual Radiologic Professionals of California, P.A., an independent contractor, for the period October 18, 2023 through October 17, 2025, expanding coverage for teleradiology interpretation services, effective December 13, 2023, and increasing the maximum payable by \$1,000,000, from \$2,000,000 to \$3,000,000, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 164-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 8) Proposed Agreement with Tri M. Ngo, M.D., an independent contractor, for professional medical services in the Department of Radiology from January 3, 2024 through January 2, 2026, in an amount not to exceed \$1,500,000 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 165-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 9) Proposed Agreement with William H. Taylor, M.D., a contract employee, for professional medical services in the Department of Radiology from December 16, 2023 through December 15, 2026, in an amount not to exceed \$2,400,000 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 166-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 10) Proposed Amendment to Master Agreement 910-2015 with Elsevier Inc., an independent contractor, for the period December 15, 2015 through December 31, 2023, extending the term for three years from December 13, 2023 through December 30, 2026, and increasing the maximum payable by \$173,905, from \$583,319 to \$757,224, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 167-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 11) Proposed Quote 2003223313324-02 with Presidio Networked Solutions Group, LLC, an independent contractor, for networking hardware and router services, for a term of five years effective December 13, 2023, in an amount not to exceed \$363,502 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 168-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 12) Proposed Spectrum Enterprise Service Agreement with Charter Communications Operating, LLC, an independent contractor, containing nonstandard terms and conditions, for cable television services from December 13, 2023 through December 12, 2026, in an amount not to exceed \$99,000 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 169-2023;  
AUTHORIZED CHIEF EXECUTIVE OFFICER TO EXECUTE ANY SUPPORTING ORDERS  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 13) Proposed Ordering Document CPQ-3201369 with Oracle America, Inc., an independent contractor, to design, build and deliver an interface for service desk software, for a project term of three months, in an amount not to exceed \$26,700 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 170-2023;  
AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN FOR RECEIPT OF DELIVERY  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 14) Proposed Quote with CDW Government, LLC and Enterprise Agreement with Microsoft Corporation, an independent contractor, containing nonstandard terms and conditions, for third-party Microsoft Office 365 Enterprise Licensing from January 1, 2024 through December 31, 2026, in an amount not to exceed \$4,011,000, plus associated taxes and fees –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 171-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 15) Proposed Ordering Document CPQ-3180912 with Oracle America, Inc., an independent contractor, for integration of an interface between the Sysmex UN2000N Urine Analysis Laboratory instrument and the electronic health record, for a project term of six months effective December 13, 2023, in an amount not to exceed \$13,326 –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 172-2023;  
AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN FOR RECEIPT OF DELIVERY  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 16) Proposed Amendment No. 2 to Agreement 06823 with Adam Z. Ahmadi, M.D., a contract employee, for professional medical services in the Department of Surgery, for the period January 8, 2024 through January 7, 2027, adding compensation for excess call coverage and the interpretation of diabetic eye exams, and increasing the maximum payable by \$180,000, from \$1,500,000 to 1,680,000, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 173-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 17) Proposed retroactive Amendment No. 3 to Agreement 43819 with Helen A. Davis, M.D., a contract employee, for professional medical services in the Department of Surgery, from December 2, 2019 through December 1, 2024, effective November 1, 2023, adding compensation for the interpretation of diabetic eye exams, and increasing the maximum payable by \$60,000, from \$2,290,000 to \$2,350,000, to cover the term –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 174-2023  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 18) Proposed Agreement with Imtiaz A. Malik, M.D., an independent contractor, for professional medical services in the Department of Medicine from January 2, 2024 through January 1, 2026, in an amount not to exceed \$1,900,000 –  
**WITHDRAWN**

CA

- 19) Proposed Annual Performance Improvement Plan for Kern Medical Center –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

- 20) Public hearing regarding the meet and confer impasse between representatives of Kern County Hospital Authority and Service Employees International Union, Local 521, and Resolution implementing rate range increases for the Surgical Technologist II and OR Materials Clinical Technician job classifications and rate range increases and changes to the job title and job description for the Surgical Robotics Technician (to Surgical Technologist Coordinator) job classification set forth in the Authority's last, best and final offer, effective December 28, 2023 –  
OPENED HEARING; NO ONE HEARD; CLOSED HEARING; APPROVED; ADOPTED RESOLUTION 2023-018; DIRECTED STAFF TO IMPLEMENT  
**Berjis-Pelz: 4 Ayes; 2 Absent - Bigler, Pollard**

- 21) Kern County Hospital Authority Chief Financial Officer report –  
RECEIVED AND FILED  
**Zervis-Berjis: 4 Ayes; 2 Absent - Bigler, Pollard**

- 22) Kern County Hospital Authority Chief Executive Officer report –  
RECEIVED AND FILED  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 23) Monthly report on What's Happening at Kern Medical Center –  
RECEIVED AND FILED  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

CA

- 24) Claims and Lawsuits Filed as of November 30, 2023 –  
RECEIVED AND FILED  
**Pelz-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

ADJOURNED AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNERS;  
RECONVENED AS KERN MEDICAL SURGERY CENTER, LLC BOARD OF MANAGERS  
**Berjis-Zervis: 4 Ayes; 2 Absent - Bigler, Pollard**

- C-25) Kern Medical Surgery Center, LLC, Administrative Report –  
RECEIVED AND FILED  
**Pelz-Berjis: 4 Ayes; 2 Absent - Bigler, Pollard**

C-26) Proposed credentialing recommendations –  
APPROVED

**Pelz-Berjis: 4 Ayes; 2 Absent - Bigler, Pollard**

ADJOURNED AS KERN MEDICAL SURGERY CENTER, LLC BOARD OF MANAGERS;  
RECONVENED AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNERS

**Zervis-Pelz: 4 Ayes; 2 Absent - Bigler, Pollard**

ADJOURNED TO CLOSED SESSION

**Berjis-Pelz**

CLOSED SESSION

- 27) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 28) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 29) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1580-M – SEE RESULTS BELOW
- 30) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 Plaintiff/Petitioner, v. Kern County Hospital Authority, Kern Medical Surgery Center, LLC, and DOES 1-25, Defendants/ Respondents, Kern County Superior Court Case No. BCV-22-101782 JEB – SEE RESULTS BELOW
- 31) PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

**Zervis-Berjis**

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item 27 concerning Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (MOTION BY DIRECTOR BERJIS, SECOND BY DIRECTOR ZERVIS); 2 ABSENT - DIRECTORS BIGLER AND POLLARD), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, REQUEST FOR ADDITIONAL PRIVILEGES, AND VOLUNTARY RESIGNATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item 28 concerning Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – HEARD; NO REPORTABLE ACTION TAKEN

Item 29 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521, Charging Party, v. Kern County Hospital Authority, Respondent, Public Employment Relations Board Case No. LA-CE-1580-M – HEARD; NO REPORTABLE ACTION TAKEN

Item 30 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Service Employees International Union, Local 521 Plaintiff/Petitioner, v. Kern County Hospital Authority, Kern Medical Surgery Center, LLC, and DOES 1-25, Defendants/ Respondents, Kern County Superior Court Case No. BCV-22-101782 JEB – HEARD; NO REPORTABLE ACTION TAKEN

Item 31 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Chief Executive Officer (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, JANUARY 17, 2024 AT 11:30 A.M.

**Pelz**

/s/ Mona A. Allen  
Authority Board Coordinator

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



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

January 17, 2024

**Subject:** Proposed Resolution to approve the request to change the allocation of grant funds and the authorized individual for administration of the grant award from the Children’s Hospital Bond Act of 2018 (2020-008)

**Recommended Action:** Approve; Adopt Resolution

**Summary:**

Kern Medical Center requests that the Board of Governors adopt the proposed resolution to authorize an amendment to the Grant Award from the Children’s Hospital Bond Act of 2018 to request and accept the reallocation of funds and authorize the Chief Executive Officer to appoint the Kern Medical Center Foundation Executive Director to administer the grant award on behalf of the hospital.

California Health Facilities Financing Authority (CHFFA) is aware that grant funds allocated for vendors in the pediatric construction project need to be reallocated as vendor availability and needs have changed since the initial proposed allocation. The proposed resolution indicates that the Board is aware of such changes and approves the request for amendment. The proposed resolution also provides the understanding that CHFFA is aware that the Kern Medical Center Foundation’s President Erica Easton is, unfortunately, no longer with the organization and as the governing board’s previous resolution does appoint Erica Easton, by name, to administer the grant award on behalf of the hospital that this will need to be amended.

Therefore, it is recommended that the Board approve and adopt the proposed resolution accepting the reallocation of vendor funds and changes the authorized individual administering the grant to the Kern Medical Center Foundation Executive Director.

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

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In the matter of:

Resolution No. \_\_\_\_\_

**AMENDMENT OF THE GRANT AWARD  
FROM THE CHILDREN’S HOSPITAL  
BOND ACT OF 2018**

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I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors the Kern County Hospital Authority at an official meeting thereof on the 17th day of January, 2024, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**MONA A. ALLEN**  
Authority Board Coordinator  
Kern County Hospital Authority

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Mona A. Allen

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**RESOLUTION**

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, §101852 et seq.) provides that the Kern County Hospital Authority (“Authority”) has the power “*to participate in, contract for, and to **accept, gifts, grants, and loans of funds, property, or other aid or finance opportunity in any form from the federal government, the state, a state agency, or other source or combination thereof, as otherwise would be available to a public, government, or private entity and to comply, subject to this chapter, with the terms and conditions thereof.***” (Emphasis added.) (Health & Saf. Code, §101855(a)(13).); and



(b) On June 25, 2020, the California Health Facilities Financing Authority adopted Resolution No. CHP-4E 2020-11 approving a grant in the amount of \$9,289,941.38, less administrative costs and costs of issuance (“Grant Award”), to Kern Medical Center, to expand or improve health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children; and

(c) On August 19, 2020, this Board hereby accepted all terms and conditions of the Grant Award in the amount of \$9,289,941.38, less administrative costs and costs of issuance, on behalf of the Kern Medical Center, and expressly authorized and directed the Chief Executive Officer, to carry out any duties necessary to effectuate acceptance on behalf of Kern Medical Center, including but not limited to the execution and delivery of the grant agreement and other relevant documents as may be necessary and appoint Erica Easton to administer the Grant Award on behalf of Kern Medical Center.

(d) The California Health Facilities Financing Authority requires as a condition of amending the Grant Award, that the Authority provide the California Health Facilities Financing Authority a true, correct, complete, and certified copy of the attached resolution adopted by the Authority; and

(e) It is in the best interest of the Authority that the acceptance of the grant amendment be completed on the terms indicated above.

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

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

2. This Board has received information about the amended terms and conditions of the Grant Award from California Health Facilities Financing Authority, and accepts said terms and conditions of the amended Grant Award specified herein.

3. This Board hereby accepts the amendment that funds allocated for the InPatient Pediatric Unit be reallocated from vendors Fred Rolin, BSK Associates and Totguard to JTS Construction in the amounts listed in Exhibit “A”, attached hereto and incorporated herein by this reference.

4. This Board hereby authorizes the Chief Executive Officer to appoint the Kern Medical Center Executive Director to administer the Grant Award on behalf of Kern Medical Center.

5. The provisions of this Resolution shall be effective, in force, and operative as the 17th day of January, 2023.

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

Kern Medical Center  
Kern Medical Center Foundation  
Legal Services Department  
California Health Facilities Financing Authority



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

January 17, 2024

**Subject:** Proposed Ordering Document CPQ-3225814 with Oracle America, Inc., referencing the terms of the Cerner Business Agreement (2016-36) to secure services to implement and configure CareAware MDI devices for the Point of Care integration project with Telcor

**Recommended Action:** Approve; Authorize Chairman to sign and the Chief Executive Officer to sign receipt of delivery

**Summary:**

Kern Medical requests that your Board approve the proposed Ordering document with Oracle America, Inc., governed by the terms of the Cerner Business Agreement, to assist the Kern Medical IT team in the integration of the data from the Point of Care devices (Telcor) into the Oracle – Cerner Electronic Health Record (EHR).

This integration will improve the efficiency and accuracy of the transfer of patient data from a point of care device into the EHR, which will reduce errors in patient data and improve patient safety and care.

Therefore, it is recommended that your Board approve the proposed Ordering Document CPQ-3225814 with Oracle America, Inc., for services to implement and configure a CareAware BMDI device to support the integration of data from point of care devices into the EHR, with a maximum payable of \$19,134, a project term estimated at three (3) months, and authorize the Chairman to sign and the Chief Executive Officer to receive and authorize delivery.

**Kern County Hospital Authority**

1830 Flower St  
 Bakersfield CA, 93305  
 US

Contact  
 Reynaldo Lopez  
 +1 (661) 631-6000  
 reynaldo.lopez@kernmedical.com

**Oracle America, Inc.**

500 Oracle Parkway  
 Redwood Shores, CA  
 94065

## Fee Summary

Fee Description	Net Fees	Monthly Fees	Annual Fees
Professional Services -- Time and Materials <i>(estimated)</i>	17,133.75	--	--
Professional Services -- Estimated Expenses	2,000.00	--	--
<b>Total Fees</b>	<b>19,133.75</b>	<b>0.00</b>	<b>0.00</b>

## Billing Frequency

Description	% of Total Due	Payment Due
Professional Services - Time and Materials	100%	Monthly in arrears
Professional Services - Estimated Expenses	100%	Monthly in arrears

## Ordered Items

### Professional Services

#### Professional Services -- Time and Materials

Part Number	Description / Role	Service Descriptions	Hourly Rate	Estimated Fees
B102821	Principal Consultant - Technology Consultant - per Hour	Online	156.00	--
<b>B103738</b>	<b>Oracle Health Laboratory Medical Device Integration Implementation</b>	<b>Attached</b>	--	<b>5,433.75</b>
B104435	Consulting Project Snr Principal Consultant - per Hour	Online	206.25	--
B104440	Consulting Technical Manager - per Hour	Online	206.25	--
<b>B102359</b>	<b>Oracle Health Custom Professional Services</b>	<b>Attached</b>	--	<b>11,700.00</b>
B104444	Principal Consultant - per Hour	Online	156.00	--
			<b>Subtotal</b>	<b>17,133.75</b>

#### Professional Services -- Estimated Expenses

Part Number	Description	Estimated Fees
B102173	Oracle Health Travel and Expenses for Commercial Estimate - Each	2,000.00
		<b>Subtotal</b>
		<b>2,000.00</b>

## Permitted Facilities

Name	Street Address	City
Kern County Hospital Authority	1830 Flower St	Bakersfield, CA, 93305 US

## **A. Terms of Your Order**

### **1. Applicable Agreement**

a. This order incorporates by reference the terms of the Cerner Business Agreement No. 1-3H7XXBV (Client Reference HA # 2016-36) and all amendments and addenda thereto (the "Agreement"). The defined terms in the Agreement shall have the same meaning in this order unless otherwise specified herein.

Oracle America, Inc. is acting as ordering and invoicing agent for Cerner Corporation. Your order remains between You and Cerner Corporation. All references to "Oracle", "we", "us", or "our" shall refer to Cerner Corporation. We may refer to Client as "You".

### **2. Fees and Payments**

a. Listed above is a summary of net fees due under this order. All fees on this order are in US Dollars.

b. Fees will be invoiced in accordance with the Billing Frequency table above.

c. Oracle may increase the monthly fee for each Ordered Item identified as Licensed Software Support, Equipment support, Sublicensed Software support, Recurring Services, Transaction Services, Professional Services -- Recurring, Application Management Services, and Managed Services in the table(s) above any time following the initial 12 month term after such recurring service fees begin (but not more frequently than once in any 12 month period) by giving You 60 days prior notice of the price increase. The amount of such annual increase will equal 5%. Oracle may also increase the fees at any time during the term if an Oracle third party increases the fees to be paid by Oracle, with such increase being limited to the amount of increase in Oracle's fee to the third party.

d. You agree to pay any sales, value-added or other similar taxes imposed by applicable law that Oracle must pay based on the items You ordered, except for taxes based on Oracle's income.

e. Once placed, Your order shall be non-cancelable and the sums paid nonrefundable, except as provided in the Agreement and this order.

### **3. Terms Applicable to Ordered Items**

#### **a. Scope of Use.**

You will use the Ordered Items in this order in accordance with the Documentation and subject to the quantity of the item specified in the Ordered Items table(s) above. This order incorporates by reference the scope of use metric, definition, and any rules applicable to the Ordered Item as described in the Oracle Health Definitions and Rules Booklet v100123 which may be viewed at <http://www.oracle.com/contracts> on the Oracle Health tab.

If the quantity of an Ordered Item is exceeded, You agree to execute a new order setting forth the additional quantity of the item.

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

#### **b. Shared Computing Services.**

You understand that Oracle may deliver the products and services on this order in a Shared Computing Services model. The policies that govern the Shared Computing Services model are available at <http://www.oracle.com/contracts> on the Oracle Health tab and are incorporated into this order by reference.

#### **c. Permitted Facilities.**

The Ordered Items in this order are for use by the facilities listed in the Permitted Facilities table(s) above. You may add or substitute Permitted Facilities by amending this order.

### **4. Professional Services**

#### **a. Oracle Health Professional Services Delivery Policies.**

The Oracle Health Professional Services Delivery Policies ("Health PSDP") available at <http://oracle.com/contracts> on the Oracle Health tab apply to and are incorporated into this order.

#### **b. Service Descriptions.**

Service Descriptions applicable to each Ordered Item identified as Professional Services in the table(s) above may be found (i) at <http://www.oracle.com/contracts> on the Oracle Health Tab (where identified as "Online" in the Professional Services table(s)), or (ii) as an attachment to this order (where identified as "Attached" in the Professional Services table(s)). These Service Descriptions are incorporated into this order by reference.

#### **c. Estimated Fees.**

Fees for Professional Services identified in this order as "Professional Services -- Time and Materials" and "Professional Services -- Estimated Expenses" are estimates intended only to be for Your budgeting and Oracle's resource scheduling purposes and may exceed the estimated totals; these estimates do not include taxes. For Professional Services performed on a time and materials (T&M) basis, You shall pay Oracle for all of the time spent performing such services at the rate specified in the Items Ordered table(s) above, plus materials, taxes and expenses. Actual expenses shall be invoiced as incurred, in accordance with the Billing Frequency table. Once fees for Professional Services reach the estimate and upon amendment to this order, Oracle will cooperate with You to provide continuing Professional Services on a T&M basis.

d. As required by U.S. Department of Labor regulations (20 CFR 655.734), You will allow Oracle to post a notice regarding Oracle H-1B employee(s) at the work site prior to the employee's arrival on site.

**5. Order of Precedence**


a. In the event of inconsistencies between the terms contained in this order and the Agreement, this order shall take precedence. This order will control over the terms contained in any purchase order.

**6. Effective Date**

a. If accepting this order electronically, the effective date of this order is the date You click to accept the order. If accepting this order via E-sign, the effective date of this order is the date You adopt and sign. If accepting this order via Download and Sign, the effective date is the date You return the document to Oracle. Otherwise, the effective date is the last signed date stated below.

**7. Offer Validity**

a. This offer is valid through 29-Feb-2024 and shall become binding upon execution by You and acceptance by Oracle.

<b>Kern County Hospital Authority</b>		<b>Oracle America, Inc.</b>	
<b>Signature</b>	_____	<b>Signature</b>	
<b>Name</b>	<u>Phil McLaughlin</u>	<b>Name</b>	<u>Teresa Waller</u>
<b>Title</b>	<u>Chairman, Board of Governors</u>	<b>Title</b>	<u>Sr Director, Contract Management</u>
<b>Signature Date</b>	<u>12-13-2023</u>	<b>Signature Date</b>	<u>12-5-2023</u>

APPROVED AS TO FORM:  
Legal Services Department

By Shannon Hochstein  
Kern County Hospital Authority

# Oracle Health Laboratory Medical Device Integration Implementation

Part #: B103738

Cerner Legacy Part #: CTS-CAMDI-IMP

<p><b>Description of Services</b></p>	<p>Oracle will provide the following Services:</p> <ul style="list-style-type: none"> <li>• Implement and configure <i>CareAware</i> MDI device(s) as set forth in this scope             <ul style="list-style-type: none"> <li>o Number of Point of Care devices to be implemented: 1</li> <li>o Number of facilities to be implemented: 1</li> <li>o When implementing on the traditional Oracle Health CareAware Platform, implementation is limited to one (1) production environment and on (1) non-production environment</li> <li>o When implementing on Oracle Health CareAware Cloud, implementation is limited to one (1) production and two (2) non-production environments</li> </ul> </li> <li>• Assist in the integration of devices from agreed upon Oracle Health Laboratory Medical Device Integration devices as defined in this scope</li> <li>• Define data elements for integration via Oracle Health Laboratory Medical Device Integration</li> <li>• Establish connectivity to device(s)</li> <li>• Assist in the configuration and verification of assay alias mapping from the device to the electronic health record (EHR)</li> <li>• Assist in the configuration and verification of assay orders from the EHR to the device (if applicable)</li> <li>• Assist in troubleshooting and the resolution of issues that arise during Your testing</li> <li>• Provide specialized solution training and documentation regarding maintenance, server configuration, and operational procedures</li> <li>• Provide remote support for one (1) go-live event, when applicable</li> </ul>
<p><b>Your Cooperation / Obligations</b></p>	<p>You are responsible for the following obligations:</p> <ul style="list-style-type: none"> <li>• Ensure all Oracle Health Laboratory Medical Device Integration device connectivity hardware is configured and connected to the network</li> <li>• Run cable for Oracle Health Laboratory Medical Device Integration device connectivity hardware throughout the facility (if applicable)</li> <li>• Perform all parameter testing with all Oracle Health Laboratory Medical Device Integration devices in scope</li> <li>• Responsible for all aspects related to Your equipment and medical devices located at Your facilities (such as procurement, installation, management, and support)</li> <li>• Provide connectivity from Your facility to the Oracle Health iBus Cloud Appliance through secured internet connection</li> <li>• Dedicated telecommunication circuit from Your to Oracle Data Center can be leveraged</li> </ul>
<p><b>Assumptions</b></p>	<ul style="list-style-type: none"> <li>• Estimated project duration is four (4) to six (6) months depending on the number of devices and connectivity method             <ul style="list-style-type: none"> <li>o Quantity of devices and device availability will determine the actual project duration</li> </ul> </li> <li>• A solution overview focus group will follow where the project plan, domain strategy, remaining visits, and more will be discussed</li> <li>• Should additional on-site support be needed, additional services and fees will apply</li> <li>• You shall incur additional fees if services are requested beyond the scope of work herein</li> <li>• Additional fees will apply for new circuit deployment</li> </ul>



**Pathnet – General Lab – Telecor POC**

<b>Oracle Health Tasks</b>	<ul style="list-style-type: none"><li>• Oracle Health's General Lab consultant will provide design advisory and build services for the integration of Telecor.</li><li>• Oracle Health's General Lab consultant will advise on applicable solution questions and issue resolution.</li><li>• Oracle Health's General Lab consultant will complete a review of available OEFs to ensure the required fields and format to support an unsolicited point of care workflow are accounted for. Build gaps will be coordinated with the client Core support team.</li><li>• Oracle Health's General Lab consultant will provide troubleshooting and issue resolution support related to Telcor.</li><li>• Oracle Health's General Lab consultant will support the standard solution design and share a high-level knowledge transfer to Client IT analysts.</li></ul>
<b>Client Tasks</b>	<ul style="list-style-type: none"><li>• Client will provide necessary stakeholders for weekly call support.</li><li>• Client will own all testing for new device integration.</li></ul>
<b>Assumptions</b>	<ul style="list-style-type: none"><li>• Oracle Health's General Lab consultants will be engaged for a duration of 12 weeks.</li><li>• Go-live support includes on-call support for 2 business days, during regular business hours</li><li>• Oracle Health's General Lab consultant role is being utilized on a fee-for-services basis. If hours are exceeded, a new sales order will need to be generated for Oracle Health's continued support.</li></ul>

## Bill To / Ship To Contact Information

### Bill To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1830 Flower St Bakersfield, CA 93305 US	Reynaldo Lopez (661) 631-6000 reynaldo.lopez@kernmedical.com

### Ship To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1830 Flower St Bakersfield, CA 93305 US	Reynaldo Lopez (661) 631-6000 reynaldo.lopez@kernmedical.com



## BOARD OF GOVERNORS

January 17, 2024

**Subject:** Proposed Ordering Document CPQ-3232432 with Oracle America, Inc., referencing the terms of the Cerner Business Agreement (2016-36) to amend the Scope of Use Metrics as defined in the System Schedules No. 3 and 10

**Recommended Action:** Approve; Authorize Chairman to sign and the Chief Executive Officer to sign receipt of delivery

### Summary:

Kern Medical requests that your Board approve the proposed Ordering Document with Oracle America, Inc. to increase the scope of use metrics of laboratory procedures and unique users to more accurately reflect current usage. The proposed Ordering Document replaces the original Scope of Use with a phased increase over time to actual usage model with a significant discount to the original agreement.

Laboratory procedures have increased over time and will now incur an additional \$300 per month expansion fee. The more significant cost is to the expansion of Unique Users which was initially contracted at 1900, but will now increase the total Unique Users to 3000 by 2025 until the Cerner agreement terms in December of 2027. The cost of the original Scope of Use would have been \$4,514,400 for the expanded use, but the proposed Ordering Document, which modifies the Scope of Use has a cost of \$2,399,400. This new cost is 46% less than the original Scope of Use for the remainder of the term, saving \$2,115,000 in avoided expansion fees.

Counsel is unable to approve due to non-standard terms which include third party products and services with pass-through provisions, which are accepted without Counsel approval, and limits the liability of Oracle to these third-party offerings.

Even with the non-standard terms, the cost benefit to Kern Medical to adopt the modified Scope of Use is significant. Therefore, it is recommended that your Board approve the proposed Ordering Document CPQ-3232432 with Oracle America, Inc., to amend the Scope of Use to support the expansion of usage for Unique Users and Laboratory Procedures, effective January 17, 2024 until termination of the Cerner Business Agreement, and authorize the Chairman to sign and the Chief Executive Officer to receive delivery.

**Kern County Hospital Authority**

1830 Flower St  
Bakersfield CA, 93305  
US

Contact  
Sandra Bakich  
+1 (661) 862-8110  
sandra.bakich@kernmedical.com

**Oracle America, Inc.**

500 Oracle Parkway  
Redwood Shores, CA  
94065

## Fee Summary

Fee Description	Net Fees	Monthly Fees	Annual Fees
Recurring Services	--	300.00	--
Managed Services	--	*	--
<b>Total Fees</b>	<b>0.00</b>	<b>*</b>	<b>0.00</b>

\*Reference the "Ordered Items" section for monthly fees

## Billing Frequency

Description	% of Total Due	Payment Due
Recurring Services	100%	Quarterly in arrears, beginning when access issued
Managed Services	100%	Quarterly in arrears, beginning when access issued

## Ordered Items

### Recurring Services

Part Number	Description	Term	Pass-Through Code	Quantity	Unit Net Price	Extended Monthly Fees
B101545	Enhanced Medical Necessity Content for Laboratory (Up To Quantity) - Total Lab Procedures [Mfg Part Num: PA-22260]	48 mo	17001_OPT	349,999	0.00	300.00
<b>Subtotal</b>						<b>300.00</b>

### Managed Services

Part Number	Description	Term/Monthly Range	Service Descriptions	Pass-Through Code	Quantity	Unit Net Price	Extended Monthly Fees
B102136	Remote Hosting (Recurring Fees)	48 mo (1-48)	Attached	--	1	22,500.00	22,500.00
B102136	Remote Hosting (Recurring Fees)	42 mo (7-48)	Attached	--	1	22,500.00	22,500.00
B102136	Remote Hosting (Recurring Fees)	36 mo (13-48)	Attached	--	1	10,000.00	10,000.00

## Permitted Facilities

Name	Street Address	City
Kern County Hospital Authority	1830 Flower St	Bakersfield, CA, 93305 US
Kern Medical	1700 Mount Vernon Ave	BAKERSFIELD, CA, 93306 US

## A. Terms of Your Order

### 1. Applicable Agreement

a. This order incorporates by reference the terms of the Cerner Business Agreement No. 1-3H7XXBV (Client Reference HA # 2016-36) and all amendments and addenda thereto (the "Agreement"). The defined terms in the Agreement shall have the same meaning in this order unless otherwise specified herein.

Oracle America, Inc. is acting as ordering and invoicing agent for Cerner Corporation. Your order remains between You and Cerner Corporation. All references to "Oracle", "we", "us", or "our" shall refer to Cerner Corporation. We may refer to Client as "You".

### 2. Fees and Payments

a. Listed above is a summary of net fees due under this order. All fees on this order are in US Dollars.

b. Fees will be invoiced in accordance with the Billing Frequency table above.

c. Oracle may increase the monthly fee for each Ordered Item identified as Licensed Software Support, Equipment support, Sublicensed Software support, Recurring Services, Transaction Services, Professional Services -- Recurring, Application Management Services, and Managed Services in the table(s) above any time following the initial 12 month term after such recurring service fees begin (but not more frequently than once in any 12 month period) by giving You 60 days prior notice of the price increase. The amount of such annual increase will equal CPI plus 1% per annum. Oracle may also increase the fees at any time during the term if an Oracle third party increases the fees to be paid by Oracle, with such increase being limited to the amount of increase in Oracle's fee to the third party.

d. You agree to pay any sales, value-added or other similar taxes imposed by applicable law that Oracle must pay based on the items You ordered, except for taxes based on Oracle's income.

e. Once placed, Your order shall be non-cancelable and the sums paid nonrefundable, except as provided in the Agreement and this order.

### 3. Terms Applicable to Ordered Items

#### a. Scope of Use.

You will use the Ordered Items in this order in accordance with the Documentation and subject to the quantity of the item specified in the Ordered Items table(s) above. This order incorporates by reference the scope of use metric, definition, and any rules applicable to the Ordered Item as described in the Oracle Health Definitions and Rules Booklet v100123 which may be viewed at <http://www.oracle.com/contracts> on the Oracle Health tab.

If the quantity of an Ordered Item is exceeded, You agree to execute a new order setting forth the additional quantity of the item.

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

#### b. Solution Descriptions.

Solution Descriptions applicable to each Ordered Item identified as Licensed Software, Recurring Services or Transaction Services in the table(s) above are available on <http://www.oracle.com/contracts> on the Oracle Health tab. The Solution Description is identifiable by the Part Number in the table(s) above. These Solution Descriptions are incorporated into this order by reference.

#### c. Third-Party Products and Services and Pass-Through Provisions.

Certain products and services are provided by third-party suppliers (the "Third-Party Offerings"). Third-Party Offerings You have ordered, if any, are identified with pass-through code(s) in the Ordered Items table(s) above and will be provided under the applicable terms required by the third-party supplier. Applicable pass-through terms for each supplier are available at <http://www.oracle.com/contracts> on the Oracle Health tab and are incorporated into this order by reference.

Oracle is not liable under this order for any damages of any kind or nature related to or arising out of the Third-Party Offerings. Oracle does not warrant or provide any indemnities on Third-Party Offerings. To the extent that any third-party pass-through provisions contain liability limitations with respect to the Third-Party Offerings, such limitations state the total maximum liability of Oracle (and then only to the extent that Oracle can collect from supplier for Your benefit) and each supplier with respect to the Third-Party Offerings.

#### d. Shared Computing Services.

You understand that Oracle may deliver the products and services on this order in a Shared Computing Services model. The policies that govern the Shared Computing Services model are available at <http://www.oracle.com/contracts> on the Oracle Health tab and are incorporated into this order by reference.

#### e. Permitted Facilities.

The Ordered Items in this order are for use by the facilities listed in the Permitted Facilities table(s) above. You may add or substitute Permitted Facilities by amending this order.

### 4. Recurring Services

a. Unless otherwise set forth herein, all Ordered Items identified as Recurring Services in the table(s) above begin on the date that You are issued access that enables You to activate Your Service.

**5. Managed Services**

a. All Ordered items identified as Managed Services in the table(s) above begin on the First Productive Use of the Managed Service and continue for the term set forth in the Managed Services table(s).

b. Service Descriptions applicable to each Ordered Item identified as Managed Services in the table(s) above may be found (i) at <http://www.oracle.com/contracts> on the Oracle Health Tab (where identified as "Online" in the Managed Services table(s)), or (ii) as an attachment to this order (where identified as "Attached" in the Managed Services table(s)). These Service Descriptions are incorporated into this order by reference.

**6. Order of Precedence**


a. In the event of inconsistencies between the terms contained in this order and the Agreement, this order shall take precedence. This order will control over the terms contained in any purchase order.

**7. Effective Date**

a. If accepting this order electronically, the effective date of this order is the date You click to accept the order. If accepting this order via E-sign, the effective date of this order is the date You adopt and sign. If accepting this order via Download and Sign, the effective date is the date You return the document to Oracle. Otherwise, the effective date is the last signed date stated below.

**8. Offer Validity**

a. This offer is valid through 29-Feb-2024 and shall become binding upon execution by You and acceptance by Oracle.

<b>Kern County Hospital Authority</b>		<b>Oracle America, Inc.</b>	
<b>Signature</b>	_____	<b>Signature</b>	
<b>Name</b>	<u>Russell Bigler</u>	<b>Name</b>	<u>Teresa Waller</u>
<b>Title</b>	<u>Chairman, Board of Governors</u>	<b>Title</b>	<u>Sr Director, Contract Management</u>
<b>Signature Date</b>	<u>January 17, 2024</u>	<b>Signature Date</b>	<u>1-9-2024</u>

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By Shannon Hochstein  
Kern County Hospital Authority



**REMOTE HOSTING (RHO)**

**ORACLE HEALTH SOLUTIONS**

**Scope of Use Limits.** The managed services fees set forth in the “Solutions and Services” section of this Ordering Document are based on the following scope of use limits, and apply only to remote hosting option (RHO) services for the Oracle Health solution(s) set forth below:

Scope of Use Metric	Scope of Use Limit
Unique Users  (as defined in Cerner System Schedule No. 3.)	Months 1 – Term: (450) Additional Unique Users (2,350 total contracted Unique Users), in addition to current RHO scope Months 7 – Term: (450) Additional Unique Users (2,800 total contracted Unique Users), in addition to current RHO scope Months 13 – Term: (200) Additional Unique Users (3,000 total contracted Unique Users), in addition to current RHO scope  Upon completion of the ramp, this would make the overall Remote Hosting Unique User scope limit a total of 3,000 (1,800+100+450+450+200) for the combination of Cerner System Schedule No. 3, Cerner System Schedule No. 10, and this agreement.

**General Assumptions**

- The basic roles and responsibilities of Oracle and Client for the Oracle Health solution hosting will be the same as set forth in the Ordering Document originally executed between the parties for RHO services.

## Bill To / Ship To Contact Information

### Bill To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1830 Flower St Bakersfield CA, 93305 US	Sandra Bakich +1 (661) 862-8110 sandra.bakich@kernmedical.co

### Ship To Contact

Customer Name	Customer Address	Contact Name / Phone / Email
Kern County Hospital Authority	1830 Flower St Bakersfield CA, 93305 US	Sandra Bakich +1 (661) 862-8110 sandra.bakich@kernmedical.com



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

January 17, 2024

**Subject:** Proposed acceptance of donation of travel and related expenses from Presidio Networked Solutions Group, Inc. and Cisco Systems for an “Executive Briefing eXchange (EBX)”

**Recommended Action:** Approve; Adopt Resolution

**Summary:**

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

Presidio Networked Solutions Group, Inc. (Presidio) is the Authority’s preferred value-added reseller for networking equipment; Cisco Systems is the Authority’s preferred networking manufacturer. Presidio and Cisco Systems have offered to donate to the Authority travel and related expenses (transportations and meals only) for two Kern Medical employees to attend an “Executive Briefing eXchange (EBX)” from January 29-30, 2024, in San Francisco, California, and San Jose, California. This training session is necessary in connection with official Authority business.

Therefore, Kern Medical recommends your Board adopt the attached proposed resolution to accept the travel donation from Presidio Networked Solutions Group, Inc. and Cisco Systems for travel and related expenses and authorize the Chief Executive Officer to designate two employees to attend this important conference.

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

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In the matter of:

Resolution No. 2024-\_\_\_\_

**ACCEPTANCE OF DONATION OF TRAVEL  
AND RELATED EXPENSES FROM PRESIDIO  
NETWORKED SOLUTIONS GROUP, INC.  
AND CISCO SYSTEMS FOR AN “EXECUTIVE  
BRIEFING EXCHANGE (EBX)”**

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I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 17th day of January, 2024, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**MONA A. ALLEN**  
Authority Board Coordinator  
Kern County Hospital Authority

---

Mona A. Allen

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**RESOLUTION**

Section 1. WHEREAS:

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

- (b) Presidio Networked Solutions Group, Inc. (Presidio) is the Authority’s preferred value-added reseller for networking equipment; and
- (c) Cisco Systems is the Authority’s preferred networking manufacturer; and
- (d) Presidio and Cisco Systems have offered to donate to the Authority travel and related expenses (transportation and meals only) for two Authority employees to attend an “Executive Briefing eXchange (EBX)” in San Francisco, California, and San Jose, California, from January 29-30, 2024; and
- (e) The training session is necessary in connection with official Authority business; and
- (f) The Authority desires to obtain the donation of travel and related expenses (transportation and meals only) from Presidio and Cisco Systems to the Authority and will retain full control over the use of the donation; and
- (g) Neither Presidio nor Cisco Systems has made any restrictions as to how the donation may be used.

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

- 1. This Board finds the facts recited herein are true, and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.
- 2. This Board hereby accepts from Presidio Networked Solutions Group, Inc. and Cisco Systems the donation of travel and related expenses (transportation and meals only) to cover costs for two Authority employees to travel to San Francisco, California, and San Jose, California, to attend an “Executive Briefing eXchange (EBX)” from January 29-30, 2024.
- 3. This Board authorizes the Chief Executive Officer to designate two Authority employees to attend an “Executive Briefing eXchange (EBX)” in San Francisco, California, and San Jose, California, from January 29-30, 2024.
- 4. The Authority Board Coordinator shall provide copies of this Resolution to the following:

Chief Financial Officer  
Legal Services Department  
Human Resources Department  
IT Department



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

January 17, 2024

**Subject:** Proposed retroactive Amendment No. 4 to Memorandum of Understanding 61320 with Kern Health Systems for Translation Services

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical recommends that your Board retroactively approve the attached proposed Amendment No. 4 to the Memorandum of Understanding (MOU) with Kern Health Systems (KHS) for translation services for all Kern Medical patients, which includes KHS Members.

On December 11, 2020, Kern Medical and KHS entered into the MOU whereby KHS provided the necessary equipment for use by Kern Medical to access audio and video translation services for the entire Kern Medical patient population for a period not to exceed six months, commencing December 14, 2020. Amendment No. 1 extended the term of the MOU through December 13, 2021, and provided for a maximum payable of \$425,000 over the term. Amendment No. 2 extended the term of the MOU through December 31, 2022, and increased the maximum payable by \$600,000, from \$425,000 to \$1,025,000, to cover the extended term, and Amendment No. 3 extended the term of the MOU through December 31, 2023, and increased the maximum payable by \$600,000, from \$1,025,000 to 1,625,000, to cover the extended term.

The proposed Amendment extends the term of the MOU from January 1, 2024 through December 31, 2024, and increases the maximum payable by \$600,000, from \$1,625,000 to \$2,225,000, to cover the extended term. The new maximum payable is calculated based on the average monthly usage of approximately \$40,000 per month, and provides additional dollars in the event there is a spike in usage.

Kern Medical continues to pay KHS an amount not to exceed 70% of monthly utilization of the KHS Language Line Translation Services as originally agreed upon in the MOU.

Therefore, it is recommended that your Board retroactively approve Amendment No. 4 to the MOU with Kern Health Systems for the continued provision of translation services, for the period December 14, 2020 through December 31, 2023, extending the term for one year from January 1, 2024 through December 31, 2024, increasing the maximum payable by \$600,000, from \$1,625,000 to \$2,225,000, to cover the extended term, and authorize the Chairman to sign.

**AMENDMENT NO. 4  
TO  
MEMORANDUM OF UNDERSTANDING  
(Kern County Hospital Authority – Kern Health Systems)**

This Amendment No. 4 to the Memorandum of Understanding is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Kern Health Systems, a county health authority (“KHS”).

**RECITALS**

(a) Authority and KHS have heretofore entered into a Memorandum of Understanding (Agt. #61320, dated December 11, 2020), Amendment No. 1 (Agt. #043-2021, dated August 18, 2021), Amendment No. 2 (Agt. 019-2022, dated February 16, 2022), and Amendment No. 3 (Agt. 139-2022, dated November 16, 2022) (collectively, the “MOU”), whereby KHS provides Translation Services to patients of KMC which include KHS Members, as such services are unavailable from Authority resources; and

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

(c) The Agreement is amended effective January 1, 2024;

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, Responsibilities of KHS, paragraph A, shall be deleted in its entirety and replaced with the following:

“A. KHS will maintain Translation Services for KHS Members and will make such services available to KMC for the entire KMC patient population for the period commencing December 14, 2020, and continuing through December 31, 2024 (the “Term”).”

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

“B. Maximum Payable. The maximum payable under this MOU shall not exceed \$2,225,000 over the Term of this MOU.”

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

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 MOU 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.

KERN HEALTH SYSTEMS

By:   
Emily Duran  
Chief Executive Officer

KERN COUNTY HOSPITAL AUTHORITY

By: \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

By: \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer  
Kern County Hospital Authority

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By: \_\_\_\_\_  
Karen S. Barnes  
Vice President & General Counsel  
Kern County Hospital Authority



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

January 17, 2024

**Subject:** Proposed one-time purchase of a pupillometer from NeurOptics, quote number W-SC-KernMC-Upgrade-4-24-2023

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests that your Board approve the one-time purchase of a new pupillometer from NeurOptics, for the Intensive Care Unit (ICU) and Direct Observation Unit (DOU). Kern Medical has used this vendor since 2019 and the current quote includes a trade-in of the outdated pupillometer which allows the hospital a discount of \$1,995 from the list price of \$5,995 for a net cost of \$4,000. This proposed purchase supports Kern Medical's efforts to anticipate and provide necessary and updated equipment for patient care in the ICU and DOU.

Counsel is unable to approve the quote due to non-standard terms. Despite several attempts by counsel, Vendor would not agree to include Kern County Hospital Authority's standard terms and conditions, or any terms and conditions, to govern this purchase. Previous products have been purchased by the Kern Medical Center Foundation also without terms, and then donated for use at Kern Medical. Without agreed upon terms, this agreement does not include a limitation of liability, selection of venue or governing law, and does not guarantee indemnification for the Authority. Efforts were made to negotiate with the vendor to no avail.

Therefore, it is recommended that your Board approve the one-time purchase of a pupillometer from NeurOptics, quote number W-SC-KernMC-Upgrade-4-24-2023, with non-standard terms, with a cost of \$4,000, and authorize the Chairman to sign.



**Quote**

Date Created	2023-04-24
<b>Expiration Date</b>	01-31-2024
Quote Number	W-SC-KernMC-Upgrade-4-24-2023

9223 Research Drive  
Irvine, CA 92618 U.S.A.

Rep Assigned	Sam Morgan	Contact Name	Paula Isbell
Phone	925-683-7386	Phone	661-619-9504
Email	smorgan@neuroptics.com	Email	Paula.isbell@kernmedical.com
Fax	(949)-250-9796	Fax	

Bill To	Ship To
Kern Medical Center PO Box 3519 Bakersfield, CA, 93385 USA	Kern Medical Center 1700 Mount Vernon Ave Bakersfield, CA, 93306 USA

Quantity	Item #	Product	Price Each	Total Price
1.00	NPi-300-SYS-TU-NW	NPi-300 Pupillometer System Trade-Up - Out of Warranty	\$5,995.00	\$5,995.00
1.00	TRADE-IN-NPi-200-NW	2023 Trade-In Credit - NPi-200 Pupillometer - Out of Warranty	\$-1,995.00	\$-1,995.00

**TOTAL TRADE-IN SAVINGS: \$1,995.00**

Total Price	\$4,000.00
Tax	\$0.00
Shipping & Handling	To be reflected on final invoice
<b>Grand Total</b>	<b>\$4,000.00</b>

Traded-in NPi-200 devices must be shipped back to NeurOptics within 30 days of receipt of NPi-300 systems.

Trade up of Out of Warranty device with SN 2N193056

Please note: taxes on this order should be calculated off list price of the NPi-300 at \$5995.00, NOT the trade-in cost issued. Please call your local rep (listed on quote) or NeurOptics Customer Service at 949-250-9792 if there are further questions.

All Pricing Must Be Kept Confidential.

Payment Terms are NET 30.  
FOB Shipping Point  
Please visit [www.NeurOptics.com](http://www.NeurOptics.com) for more information regarding our products.  
State taxes may apply and will be invoiced if applicable.  
Send orders to: [orders@NeurOptics.com](mailto:orders@NeurOptics.com)

**KERN COUNTY HOSPITAL AUTHORITY**

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Russell Bigler, Chairman  
Board of Governors

REVIEWED ONLY  
NOT APPROVED AS TO FORM

By *Phillip Jenkins*  
Kern County Hospital Authority



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

January 17, 2024

**Subject:** Proposed Resolution Revising Pension Committee Membership for the Kern County Hospital Authority Defined Contribution Plan for Physician Employees

**Recommended Action:** Approve; Adopt Resolution

**Summary:**

The Kern County Hospital Authority sponsors the Kern County Hospital Authority Defined Contribution Plan for Physician Employees (the "Plan"), an Internal Revenue Code Section 401(a) defined contribution, money purchase retirement plan, for eligible physician employees of Kern Medical Center.

The Plan document provides that a Pension Committee shall oversee administration of the Plan. The Pension Committee has the sole and exclusive fiduciary responsibility over the assets of the Plan, and is responsible to administer the Plan in a manner that will assure prompt delivery of benefits and to hold the Plan's assets for the exclusive purposes of providing benefits to the Plan participants and their beneficiaries.

Section 8.1 of the Plan document requires your Board to appoint a Pension Committee consisting of five members. On June 22, 2016, your Board adopted Resolution No 2016-013, which *inter alia* appointed a Pension Committee of five members, including, with their titles at the time of the appointment, Rick A. McPheeters, D.O., Chair, Department of Emergency Medicine; Glenn E. Goldis, M.D., Chief Medical Officer; Marko Horvat, Director of Financial Planning; Scott Thygeron, Chief Strategy Officer; and Tyler Whitezell, Vice President, Administrative Services. On September 21, 2016, your Board adopted Resolution No 2016-017, which replaced Mr. Horvat with Andrew Cantu, Chief Financial Officer, as a member of the committee. With the hiring of Roby Hunt, Chief Transformation Officer, the Authority is recommending that Mr. Hunt be appointed to the Pension Committee in place of Mr. Thygeron. Karen S. Barnes, Vice President & General Counsel, and Lisa Hockersmith, Vice President, Human Resources will continue to staff the committee.

Therefore, it is recommended that your Board approve and adopt the proposed resolution revising the Pension Committee membership to appoint Chief Transformation Officer Roby Hunt in place of Scott Thygeron, effective January 17, 2024.

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

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In the matter of:

Resolution No. 2024-\_\_\_\_

**REVISED PENSION COMMITTEE  
MEMBERSHIP FOR THE KERN COUNTY  
HOSPITAL AUTHORITY PENSION PLAN  
FOR PHYSICIAN EMPLOYEES**

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I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 17th day of January, 2024, by the following vote, and that a copy of the Resolution has been delivered to the Chairman of the Board of Governors.

AYES:

NOES:

ABSENT:

**MONA A. ALLEN**  
Authority Board Coordinator  
Kern County Hospital Authority

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Mona A. Allen

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**RESOLUTION**

Section 1. WHEREAS:

(a) The Kern County Hospital Authority sponsors the Kern County Hospital Authority Pension Plan for Physician Employees (the "Plan"), an Internal Revenue Code Section 401(a) defined contribution, money purchase retirement plan, for eligible physician employees of Kern Medical Center; and

(b) The Plan document provides that a Pension Committee shall oversee administration of the Plan; and

(c) The Pension Committee has the sole and exclusive fiduciary responsibility over the assets of the Plan, and is responsible to administer the Plan in a manner that will assure prompt delivery of benefits and to hold the Plan's assets for the exclusive purposes of providing benefits to the Plan participants and their beneficiaries; and

(d) Section 8.1 of the Plan document requires the Board of Governors to appoint a Pension Committee consisting of five members; and

(e) On June 22, 2016, the Board of Governors adopted Resolution No. 2016-013, which *inter alia* appointed a Pension Committee consisting of five members including Scott Thygerson, who was Chief Strategy Officer at the time of his appointment; and

(f) The Authority is recommending that Chief Transformation Officer Roby Hunt be appointed to the Pension Committee in place of Scott Thygerson.

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

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

2. This Board does hereby appoint a five-member Pension Committee pursuant to Article 8 of the Plan document, consisting of the five individual members listed in Appendix A to this Resolution, as the same may be changed by the Board from time to time.

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

Kern Medical Center  
Pension Committee  
TIAA-CREF  
Legal Services Department  
Human Resources

**APPENDIX A**  
**PENSION COMMITTEE MEMBERSHIP**

Rick A. McPheeters, D.O.

Andrew Cantu

Glenn E. Goldis, M.D.

Tyler Whitezell

Roby Hunt





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

January 17, 2024

**Subject:** Proposed Change Order No. 3 to Agreement 107-2022 with McMurtrey Lince, Inc.

**Recommended Action:** Make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of State CEQA Guidelines; Approve; Authorize Chairman to Sign; Authorize Chief Executive Officer to sign future change orders

**Summary:**

Kern Medical requests your Board approve proposed Change Order No. 3 to the Agreement with McMurtrey Lince, Inc. to install a medical gas system in the emergency isolation room.

On September 21, 2023, your Board approved an agreement with McMurtrey Lince, Inc., in the amount of \$498,500, with authorization for the Chief Executive Officer to execute future change orders in an amount not to exceed 10% of the total contract price, to construct an isolation room in the Emergency Department. To date, \$504,418 has been spent under this contract.

Change Order No. 1, in the amount of \$6,942, provided compensation for added fire alarm work; Change Order No. 2, with a credit amount of \$1,042, provided a credit for nurse call devices and cabinet modifications; and the proposed Change Order No. 3, compensates the contractor for installation of medical gas and oxygen.

Therefore, it is recommended that your Board make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of State CEQA Guidelines; approve the Change Order No. 3 in the amount of \$113,510; authorize Chairman to sign; and authorize the Chief Executive Officer to execute future change orders in an amount not to exceed 10% of the total contract price \$103,191.

# CHANGE ORDER

**PROJECT:**

Emergency New Isolation Room  
1700 Mt. Vernon Avenue  
Bakersfield, CA 93306

**PROJECT NO.:** 10076  
**CONTRACT NO.:** 107-2022

**CONTRACTOR:**

McMurtrey Lince  
1025 Espee Street  
Bakersfield, CA 93301

**CHANGE ORDER NO.:** Three (3)

**DATE:** January 24, 023

<b>DESCRIPTION OF CHANGE</b>	<b>ADD</b>	<b>DEDUCT</b>
1. Provide all labor, material and equipment to install Med Gas at the Isolation Room.	\$103,191.00	
<b>CHANGE ORDER NO. 3 TOTAL (ADD)</b>	\$103,191.00	
<b>CHANGE ORDER NO. 2 TOTAL (DEDUCT)</b>		(\$1,024.00)
<b>CHANGE ORDER NO. 1 TOTAL (ADD)</b>	\$6,942.00	
<b>ORIGINAL CONTRACT PRICE</b>	\$498,500.00	
<b>NEW CONTRACT AMOUNT</b>	\$607,609.00	

## REASON FOR CHANGE

- 1 The initial design did not include medical gas.

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

### CONFORMANCE WITH SPECIFICATIONS:

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

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

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**SUBMITTED BY:**  
McMurtrey Lince

**BY:** Bob Davis  
Bob Davis

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

**BY:** Phillip Jenkins  
Phillip Jenkins  
Hospital Counsel

**APPROVED AS TO CONTENT:**

**BY:** Elin Garcia  
Elin Garcia, Project Manager  
Teter, LLP

**BY:** \_\_\_\_\_  
Scott Thygerson, CEO

**KERN COUNTY HOSPITAL AUTHORITY**

**BY:** \_\_\_\_\_  
Russell Bigler, Chairman, Board of Governors  
"KCHA"



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

January 17, 2024

**Subject:** Proposed retroactive Purchase Order with Heredia Cabling Solutions

**Recommended Action:** Make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of state CEQA guidelines; Approve; Authorize the Chairman to sign; Authorize Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price

**Summary:**

Kern Medical is requesting your Board approve the proposed retroactive Purchase Order with Heredia Cabling Solutions, to provide and install a temporary nurse call system at 3<sup>rd</sup> floor C Wing and 4<sup>th</sup> floor D Wing at Kern Medical which became an emergency project because the existing nurse call system suffered a catastrophic failure.

The Purchase Order was effective on December 11, 2023, with construction anticipated to be completed within three (3) months of commencement. The projected construction cost for this project is \$279,209, which includes future change orders up to 10% of the original contract price of \$253,826.

Therefore, it is recommended that your Board make a finding that the project is exempt from further CEQA review per sections 15301, 15302 and 15061(b)(3) of state CEQA guidelines, approve the retroactive Purchase Order with a total cost of \$279,209; Approve; Authorize Chairman to sign; Authorize the Chief Executive Officer to sign future change orders in an amount not to exceed 10% of the total contract price \$253,826.

**KERN COUNTY HOSPITAL AUTHORITY PURCHASE ORDER TERMS & CONDITIONS  
(Kern County Hospital Authority – Heredia Cabling Solutions)**

This Purchase Order is entered into this 17th day of January, 2024 ("Effective Date"), by and between the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center ("KCHA") and Heredia Cabling Solutions ("Vendor"), a California Corporation, with its principal place of business at 5907 Woodmere Drive, Bakersfield, CA 93313.

This Purchase Order is for the purchase of goods/services on the attached Purchase Order Number: 2324-048 for the purchase and installation of a temporary nurse call system at 4D and 3C ("Proposal") in the amount not to exceed \$253,825.69. If there is a conflict between the Proposal and the Purchase Order, then this Purchase Order shall control.

**Obligations of Vendor**

1. Vendor shall provide products/services as set forth in the attached Proposal. Such order(s) may be modified by mutual written amendment of the Parties.
2. Vendor shall provide products/services at the pricing identified in the Proposal. Unless otherwise clearly specified, the prices stated herein do not include California state sales or use tax.
3. Vendor warrants possession of clear and unencumbered title to the products and/or services involved herein.
4. Unless stated otherwise on the Proposal, all products provided by the Vendor shall be new, unused, in original manufacturer packaging and labeling, and shall conform to the specifications provided within the Proposal.
5. Vendors may be required to provide proof of insurance for one or more of the following types of insurance coverages as determined by KCHA:

(a) **Workers' Compensation Insurance** in accordance with the provisions of section 3700 of the California Labor Code. This policy shall include employer's liability insurance with limits of at least one million dollars (\$1,000,000). Include a cover sheet stating the business is a sole proprietorship, if applicable.

(b) **Commercial General Liability Insurance** in the minimum amounts indicated below or such additional amounts as may be determined by the KCHA Risk Manager, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of any Purchase Order or agreement with KCHA), Products-Completed Operations Hazard, Personal Injury (including bodily injury and death), and Property Damage for liability arising out of vendor's performance of work hereunder. The amount of said insurance coverage required hereunder shall be the policy limits, which shall be at least one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) aggregate.

(c) **Professional Liability (Errors and Omissions) Insurance** for liability arising out of, or in connection with the performance of all required services under this Purchase Order or agreement, with coverage equal to the policy limits, which shall not be less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in aggregate unless otherwise indicated by KCHA's Risk Manager.

The **Commercial General Liability Insurance** shall include an endorsement naming KCHA and KCHA's board members, officials, officers, agents and employees as additional insureds. All insurance shall be issued by a company or companies admitted to do business in California and listed in the current "Best's Key Rating Guide" publication with a minimum rating of A-;VII. All insurance provided by Vendor hereunder shall be primary to and not contributing to any other insurance maintained by KCHA. Any exception to these requirements must be approved by KCHA's Risk Manager. KCHA's Risk Manager may require higher limits depending on the nature of the goods and/or services being provided. All insurance coverage requirements shall be maintained by vendor until completion of all of vendor's obligations to KCHA, and shall not be reduced, modified or canceled without 30 days prior written notice to the Chief Executive Officer ("CEO").

6. Vendor agrees to indemnify, defend and hold harmless KCHA and KCHA's agents, board members, elected and appointed officials and officers, employees, volunteers and authorized representatives from any and all losses, liabilities, charges, damages, claims, liens, causes of action, awards, judgments, costs, and expenses (including, but not limited to, reasonable attorneys' fees of counsel, expert fees, costs of staff time, and investigation costs) of whatever kind or nature, which arise out of or are in any way connected with any act or omission of vendor or vendor's officers, agents, employees, independent contractors, sub-contractors of any tier, or authorized representatives. Without limiting the generality of the foregoing, the same shall include bodily and personal injury or death to any person or persons, damage to any property, regardless of where located, including the property of KCHA; and any workers' compensation claim or suit arising from or connected with any services performed by or on behalf of vendor by any person or entity. Further, Vendor shall indemnify, defend and hold KCHA, its officers, agents, servants and employees harmless from liability of any nature or kind as a result of KCHA's use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, or articles or appliances furnished or used under any purchase order.

7. Vendor shall comply with all applicable county, state and federal laws, ordinances, rules and regulations now in effect or hereafter enacted, each of which are hereby made a part hereof and incorporated herein by reference. While on KCHA property, Vendor agrees to conform to KCHA policies and any direction given to them by KCHA staff including health mandates.

**Obligations of KCHA**

8. KCHA shall receive shipments during regular business hours, or otherwise as previously arranged, at its receiving dock or other designated locations, and shall perform receiving inspections(s) in a time and manner appropriate for the products involved.

9. KCHA shall notify Vendor of any discrepancies in products shipped or services rendered, be the quantity, condition, or otherwise, promptly upon completion of the receiving inspection

**Delivery, Invoicing, and Payment**

10. Unless stated otherwise on the Proposal, all goods and services shall be delivered Free On Board (F.O.B) Destination, with transfer of title and risk of loss to rest with Vendor until goods are accepted by KCHA.

11. As consideration for the products/services provided by Vendor hereunder, KCHA will pay Vendor in accordance with the prices identified on the Proposal. Invoices for payment shall be submitted in a form approved by KCHA and list each good ordered and received. Invoices shall be sent to KCHA for review and processing within 60 days of receipt of goods or payment will not be made. Payment shall be made to Vendor within 30 days of receipt and



approval of each invoice by KMC.

12. KCHA may, without cause, terminate this Purchase Order written notice ("Notice of Termination"). The Notice of Termination will be deemed effective 15 days after personal delivery, or 20 days after mailing by regular U.S. Mail, postage prepaid. In addition, either Party may immediately terminate this Purchase Order if the other Party fails to substantially perform in accordance with the terms and conditions of this Purchase Order through no fault of the Party initiating the termination. In the event this Purchase Order is terminated by either Party, Vendor shall submit to KCHA all files, memoranda, documents, correspondence and other items generated in the course of performing the Services, within 15 days after the effective date of the Notice of Termination. If either Party terminates this Purchase Order as provided in this Section 12, KCHA shall pay Vendor for all satisfactory Services rendered by Vendor prior to the effective date of Notice of Termination.

13. The liabilities or obligations of KCHA with respect to its activities pursuant to this Purchase Order shall be the liabilities or obligations solely of KCHA and shall not be or become the liabilities or obligations of the County of Kern or any other entity, including the state of California.

#### **General Provisions**

14. This Purchase Order, including any attachments hereto and if applicable, the terms found at [KCHA-TC.pdf \(kernmedical.com\)](#) contains the entire agreement between KCHA and Vendor relating to the goods/services identified herein. By signing the KCHA Purchase Order Terms and Conditions, Vendor agrees that in the event there is any inconsistency or conflict between the KCHA Purchase Order terms and conditions and Vendor's terms and conditions, the KCHA Purchase Order terms and conditions shall control.

15. KCHA and Vendor agree that the provisions of this Purchase Order will be construed pursuant to the laws of the State of California, and that venue of any action relating thereto shall be in the Superior Court of and for Kern County.

16. Access to Books and Records. Until the expiration of four (4) years after the expiration or termination of this Purchase Order, Vendor shall make available, upon written request of the Secretary of the United States Secretary of Health and Human Services ("Secretary") or the Comptroller General of the United States General Accounting Office ("Comptroller General"), or any of their duly authorized representatives, a copy of this Purchase Order and such books, documents and records of either party as are necessary to certify the nature and extent of costs of the services Vendor provided under this Purchase order. Vendor further agrees that if it carries out any of its duties under this Purchase Order through a subcontract with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period with a related organization, that such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

17. Audits, Inspection and Retention of Records. Vendor agrees to maintain and make available to KCHA, accurate books and records relative to all its activities under this Purchase Order. Vendor shall permit KCHA to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Purchase Order. Vendor shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Purchase Order, or until after the conclusion of any audit, whichever occurs last. The state of California or any federal agency having an interest in the subject of this Purchase Order shall have the same rights conferred upon KCHA herein.

18. Health Insurance Portability and Accountability Act-HITECH. Vendor understands that KCHA is a Covered Entity that provides medical and mental health services and that Vendor has no authorization to obtain access to any Protected Health Information ("PHI") in any form while performing services for KCHA. If, in the course of performing services, Vendor sees or hears any PHI, this PHI is to be treated as private and confidential, including the fact that a person has visited this facility(ies) or receives (or previously received) services from KCHA. The privacy and confidentiality of KCHA's patients are protected by KCHA policies and procedures, state laws and regulations and Federal HIPAA Regulations. If appropriate Vendor agrees to execute a business associate agreement with KCHA to supplement this Agreement if requested, to be incorporated herein as Exhibit D if so required.

19. Disqualified Persons. Vendor represents and warrants that no person providing goods and/or services under the terms of this Purchase Order (i) has been convicted of a criminal offense related to healthcare (unless such individual has been officially reinstated into the federal healthcare programs by the Office of Inspector General ("OIG") and provided proof of such reinstatement to KCHA), (ii) is currently under sanction, exclusion or investigation (civil or criminal) by any federal or state enforcement, regulatory, administrative or licensing agency or is ineligible for federal or state program participation, or (iii) is currently listed on the General Services Administration List of Parties Excluded from the Federal Procurement and Non-Procurement Programs. Vendor agrees that if any individuals providing goods and/or services under the terms of this Purchase Order becomes involved in a pending criminal action or proposed civil debarment, exclusion or other sanctioning action related to any federal or state healthcare program (each, an "Enforcement Action"), Vendor shall immediately notify KMC and such individual shall be immediately removed by Vendor from any functions involving (i) the claims development and submission process, and (ii) any healthcare provider contact related to KMC patients; provided, however, that if Vendor is directly involved in the Enforcement Action, any agreement between KCHA and Vendor shall terminate immediately.

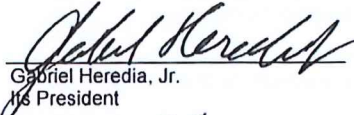
20. Non-collusion Covenant. Vendor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Purchase Order with KCHA. Vendor has received no incentive or special payments, nor considerations, not related to the provision of services under this Purchase Order from KCHA.

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

**KERN COUNTY HOSPITAL AUTHORITY**

**HEREDIA CABLING SOLUTIONS**

By \_\_\_\_\_  
Russell Bigler  
Chairman, Board of Governors

By   
Gabriel Heredia, Jr.  
Its President


Date: \_\_\_\_\_

Date: 1.10.24

**APPROVED AS TO CONTENT:**  
Kern Medical Center

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

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

By   
Hospital Counsel



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

January 17, 2024

**Subject:** Proposed Amendment No. 1 to the Professional Services Agreement #05221 with Cal-Kern Cabinets, Inc.

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 1 to the Professional Services Agreement with Cal-Kern Cabinets to provide cabinetry and counter tops at the main campus and clinical spaces. The original Agreement had a term of January 26, 2021 through January 25, 2024 and this Amendment No. 1 will extend the term from January 26, 2024 through January 25, 2027, at no additional cost.

Therefore, it is recommended that your Board approve the proposed Amendment No. 1 to the Professional Services Agreement with Cal-Kern Cabinets to extend the term from January 26, 2024 to January 25, 2027 and authorize the Chairman to sign.



**AMENDMENT NO. 1  
TO  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
(Kern County Hospital Authority–Cal Kern Cabinets, Inc.)**

THIS AMENDMENT TO AGREEMENT, effective \_\_\_\_\_, 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and Cal Kern Cabinets, Inc. ("Consultant").

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated January 26, 2021 (Agt. #05221) ("Agreement"), for the period January 26, 2021 through January 25, 2024; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from January 26, 2024 to January 25, 2027, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$, from \$ to \$.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibits A-1 and B-1, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

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

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

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT**

Responsible KCHA Department

By \_\_\_\_\_  
Russell Bigler, Chair Board of Governors  
"KCHA"

By \_\_\_\_\_  
Tyler Whitezell, Chief Operating Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**CAL KERN CABINETS, INC.**

**APPROVED AS TO FORM**

Legal Services Department

By   
Name: Daiana Haworth  
Title: CFO  
"Consultant"

By   
Hospital Counsel  
Kern County Hospital Authority

Date: 12/14/2023

Date: 1/3/24



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

January 17, 2024

**Subject:** Proposed Amendment No. 3 to Personal/Professional Services Agreement 56219 with R.F. MacDonald Co.

**Recommended Action:** Approve; Authorize the Chairman to sign

**Summary:**

Kern Medical requests your Board approve Amendment No. 3 with R. F. MacDonald Co., an independent contractor, to provide boiler and steam equipment maintenance service and upgrades at Kern Medical. This Amendment No. 3 will increase the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000 to cover the continuous repair service, with an expiration date of December 12, 2025.

Therefore, it is recommended that your Board approve the proposed Amendment No. 3 to the Personal/Professional Services Agreement with R.F. MacDonald Co. to increase the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000, to cover the term, and authorize the Chairman to Sign.

**AMENDMENT NO. 3  
TO  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
(Kern County Hospital Authority–R.F. MacDonald Co.)**

THIS AMENDMENT TO AGREEMENT, effective January 17, 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and R.F. MacDonald Co. ("Consultant") with its principal place of business located at 25920 Eden Landing Road, Hayward, California 94545.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated December 13, 2019 (KCHA Agt. #56219), Amendment No. 1 dated October 1, 2021 (KCHA Agt. 58521), and Amendment No. 2 dated November 16, 2022 (KCHA Agt. 138-2022) ("Agreement"); and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from \_\_\_ to \_\_\_, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$500,000, from \$1,000,000 to \$1,500,000.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibits A-1 and B-1, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

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

IN WITNESS WHEREOF, this Amendment No. 3 to the Agreement has been executed as of the date indicated above.

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT:**

Responsible KCHA Department

By \_\_\_\_\_  
Russell Bigler, Chairman, Board of Governors  
"KCHA"

By \_\_\_\_\_  
Scott Thygerson, Chief Executive Officer

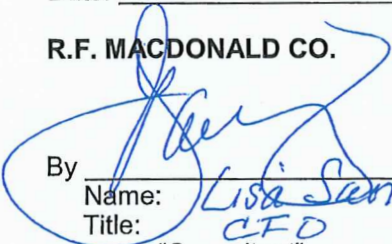
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Date: \_\_\_\_\_

**R.F. MACDONALD CO.**

**APPROVED AS TO FORM:**

Legal Services Department

By  \_\_\_\_\_  
Name: Lisa Sanchez  
Title: CFO  
"Consultant"

By  \_\_\_\_\_  
Hospital Counsel  
Kern County Hospital Authority

Date: 12-27-2023

Date: 12/28/23



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

January 17, 2024

**Subject:** Proposed Amendment No. 3 to the Professional Services Agreement 21218 with Thyssenkrupp Elevator Corporation

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 3 with Thyssenkrupp Elevator Corporation to provide elevator repair services to all Kern Medical elevators. Under this Agreement, Vendor's services are available 24 hours a day, 365 days per year with a maximum wait time of 1 hour for emergency service. Amendment No. 3 will increase the maximum payable by \$250,000, from \$480,000 to \$730,000 to cover the costs of continuous elevator repairs through June 30, 2024.

Therefore, it is recommended that your Board approve the proposed Amendment No. 3 to the Professional Services Agreement with Thyssenkrupp Elevator Corporation to increase the maximum payable by \$250,000, from \$480,000 to \$730,000, to cover the term and authorize the Chairman to sign.



**AMENDMENT NO. 3  
TO  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
(Kern County Hospital Authority–Thyssenkrupp Elevator Corporation)**

THIS AMENDMENT TO AGREEMENT, effective \_\_\_\_\_, 2023, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and Thyssenkrupp Elevator Corporation ("Consultant") with its principal place of business located at 114 Town Park Drive NW, Suite 300, Kennesaw, GA 30144.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated August 3, 2018 (KCHA Agt. #21218), Amendment No. 1 dated April 1, 2020 (KCHA Agt. #15720), and Amendment No. 2 (KCHA Agt. #17821) ("Agreement"), for the period July 1, 2018 through June 30, 2024; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from \_\_\_\_ to \_\_\_\_, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$250,000, from \$480,000 to \$730,000.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibits A-1 and B-1, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

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

IN WITNESS WHEREOF, this Amendment No. 3 to the Agreement has been executed as of the date indicated above.

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT:**

Responsible KCHA Department

By \_\_\_\_\_  
Russell Bigler, Chairman, Board of Governors  
"KCHA"

By \_\_\_\_\_  
Scott Thygerson, Chief Executive Officer

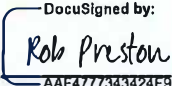
Date: \_\_\_\_\_

Date: \_\_\_\_\_

**THYSSENKRUPP ELEVATOR CORPORATION**

**APPROVED AS TO FORM:**

Legal Services Department

By  \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
"Consultant"

By  \_\_\_\_\_  
Hospital Counsel  
Kern County Hospital Authority

Date: 11/8/2023

Date: 12/20/23



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

January 17, 2024

**SUBJECT:** Proposed Amendment No. 1 to Personal/Professional Services Agreement 137-2022 with Mesa Energy Systems, Inc., dba Emcor Services Hillcrest

**Requested Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve Amendment No. 1 with Emcor Services, an independent contractor to provide HVAC system maintenance, repairs, and rebuild control programming at Kern Medical and its outpatient clinics.

Your Board approved the original agreement for a three (3) year term on November 16, 2022 with a not to exceed amount of \$1,000,000. Some of those funds were used for the emergency repair of Kern Medical Center's C Wing HVAC system in Fall of 2023, creating a shortfall for remaining projects. This Amendment will increase the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000 to cover continuous repair and maintenance services for HVAC systems and rebuild central plant controls, to cover the term of December 1, 2025.

Therefore, it is recommended that your Board approve the Amendment No. 1 with Emcor Services to increase the maximum payable by \$500,000, from \$1,000,000 to \$1,500,000, to cover the term, and authorize the Chairman to sign.

**AMENDMENT NO. 1  
TO  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
(Kern County Hospital Authority–Emcor Services)**

THIS AMENDMENT TO AGREEMENT, effective January 17, 2024 is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and Mesa Energy Systems, Inc. dba Emcor Services Hillcrest ("Consultant") with its principal place of business located at 2 Cromwell, Irvine, California 92618.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated December 2, 2022 (KCHA Agt. #137-2022) ("Agreement"), for the period December 2, 2022 through December 1, 2025; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from \_\_\_ to \_\_\_, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$500,000, from \$1,000,000 to \$1,500,000.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibits A-1 and B-1, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

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

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

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT:**  
Responsible KCHA Department

By \_\_\_\_\_  
Russell Bigler, Chairman, Board of Governors  
"KCHA"

By \_\_\_\_\_  
Scott Thygerson, Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**MESA ENERGY SYSTEMS, INC. dba  
EMCOR SERVICES HILLCREST**

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

By Sal Sulgado  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
"Consultant"

By Phillip Jenkins  
Hospital Counsel  
Kern County Hospital Authority

Date: 1/4/2024

Date: 1/5/24



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

January 17, 2024

**Subject:** Proposed Amendment No. 1 to the Personal/Professional Services Agreement 14221 with Viper Trailer Repair, LLC

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 1 to the Personal/Professional Services Agreement with Viper Trailer Repair, LLC., an independent contractor, to provide maintenance service for the MRI trailer at Kern Medical. The original Agreement has a term from March 15, 2021 through March 14, 2024 and the proposed Amendment No. 1 will extend from March 15, 2024 through March 14, 2027 with no additional cost.

Therefore, it is recommended that your Board approve the proposed Amendment No. 1 to the Professional Services Agreement with Viper Trailer Repair, LLC., extending the term from March 15, 2024 to March 14, 2027, at no additional cost, and authorize the Chairman to sign.



**AMENDMENT NO. 1  
TO  
PERSONAL/PROFESSIONAL SERVICES AGREEMENT  
(Kern County Hospital Authority–Viper Trailer Repair, LLC)**

THIS AMENDMENT TO AGREEMENT, effective January , 2024, is between the Kern County Hospital Authority, a local unit of government ("KCHA"), which owns and operates Kern Medical Center ("KMC"), and Viper Trailer Repair, LLC ("Consultant") with its principal place of business located at 43050 Burlwood Dr. Lancaster, California 93536.

WITNESSETH:

WHEREAS, KCHA and Consultant entered into a Personal/Professional Services Agreement dated March 15, 2021 (Agt. #14221) ("Agreement"), for the period March 15, 2021 through March 14, 2024; and

WHEREAS, the parties to the Agreement desire to amend the Agreement as specified herein below;

NOW, THEREFORE, KCHA and Consultant do mutually agree as follows (check those applicable):

- Term.** The Agreement shall be extended from March 15, 2024 to March 14, 2027, unless sooner terminated as provided for in the Agreement.
- Fees** payable by KCHA under the Agreement shall increase by \$, from \$ to \$.
- Travel Expenses** payable by KCHA under the Agreement shall increase from by \$, from \$ to \$.
- Services.** See Exhibits A-1 and B-1, attached hereto and incorporated herein by this reference, for revised Services.
- Other**

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

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

**KERN COUNTY HOSPITAL AUTHORITY**

**APPROVED AS TO CONTENT:**

Responsible KCHA Department

By \_\_\_\_\_  
Russell Bigler, Chairman Board of Governors  
"KCHA"

By \_\_\_\_\_  
Scott Thygerson, Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**VIPER TRAILER REPAIR, LLC**

**APPROVED AS TO FORM:**

Legal Services Department

By Timothy Herrman  
Tim Herrman, President  
"Consultant"

By Philly's Jankis  
Hospital Counsel  
Kern County Hospital Authority

Date: 1/9/24

Date: 1/9/24



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

January 17, 2024

**SUBJECT:** Proposed Amendment No. 3 to Agreement 006-2020 with Neurodiagnostic Workforce LLC

**Requested Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve the proposed Amendment No. 3 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, an independent contractor, for neurodiagnostic monitoring services.

Kern Medical has contracted with Neurodiagnostic Workforce since February 12, 2020. Neurodiagnostic Workforce currently provides the support of four full-time EEG technicians and a part-time Chief Technician who perform inpatient and outpatient monitoring services and provide 24/7 in-house coverage Monday through Friday, excluding holidays, and 24/7 on-call coverage on weekends and holidays, including routine EEG monitoring services, for continuous monitoring of patients in the ICU, ambulatory and outpatient clinic setting, and epilepsy monitoring unit on an 24/7 on-call basis. These services are vital to the success of our neurosurgery and neurology programs and a critical component of the Epilepsy Monitoring Unit.

The proposed Amendment extends the term of the Agreement for two years from February 12, 2024 through February 11, 2026, and increases maximum payable by \$900,000 to cover the extended term.

Therefore, it is recommended that your Board approve Amendment No. 3 to Agreement 006-2020 with Neurodiagnostic Workforce LLC, for neurodiagnostic monitoring services, for the period February 12, 2020 through February 11, 2022, extending the term for two years from February 12, 2024 through February 11, 2026, increasing the maximum payable by \$900,000, from \$1,652,000 to \$2,552,000, to cover the extended term, and authorize the Chairman to sign.

**AMENDMENT NO. 3  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Neurodiagnostic Workforce LLC)**

This Amendment No. 3 to the Agreement for Professional Services is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Neurodiagnostic Workforce LLC, a California limited liability company (“Contractor”), with its principal place of business located at 11604 Crabbet Park Drive, Bakersfield, California 93311.

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #006-2020, dated April 3, 2020), Amendment No. 1 (Agt. #008-2021, dated February 17, 2021), and Amendment No. 2 (Agt. #022-2022, dated February 16, 2022 (“Agreement”), for the period February 12, 2020 through February 11, 2024, for neurophysiological monitoring and EEG technician support at KMC; 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 February 12, 2024;

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.** This Agreement shall be effective and the term shall commence as of February 12, 2020 (the “Effective Date”), and shall end February 11, 2026, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.”

2. Section 4, Payment for Services, paragraph 4.2, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.2 **Maximum Payable.** The maximum payable under this Agreement shall not exceed \$2,552,000 over the term of this Agreement.”

3. Section 36, Termination, shall be deleted in its entirety and replaced with the following:

“36. **Termination.**

36.1 Termination without Cause. Either party may terminate this Agreement, without cause, thirty (30) days' prior written notice to the other party.

36.2 Immediate Termination. Authority shall have the right to terminate this Agreement at any time upon the occurrence of any one or more of the following events:

- A) Breach of this Agreement by Contractor where such breach is not cured within thirty (30) calendar days after Authority gives written notice of such breach to Contractor;
- B) Authority ceases operations;
- C) Contractor is unable to obtain or maintain sufficient insurance, as required under this Agreement, for any reason;
- D) Contractor makes an assignment for the benefit of creditors, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, dissolution, liquidation or other similar law of any jurisdiction;
- E) Contractor is rendered unable to comply with the terms of this Agreement for any reason;
- F) Contractor engages in conduct that, in Authority's good faith determination, jeopardizes the mental or physical health, safety or well-being of any person or damages the reputation of Authority or KMC;
- G) Within a twelve (12) month period, Contractor has two (2) or more medical malpractice claims filed against Contractor;
- H) Any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body, or any notice of a decision, finding, interpretation or action by any governmental, court or other third party which, in the opinion of Authority, if or when implemented, would result in the arrangement between the parties under this Agreement to subject Authority or any of its employees or agents, to civil or criminal prosecution or monetary penalties on the basis of their participation in executing this Agreement or performing their respective obligations under this Agreement;

- I) Violation of any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or KMC is subject;
- J) Contractor makes an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to Authority or KMC;
- K) Commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty by Contractor against Authority or KMC; or
- L) The loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor."

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

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

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

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

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS TO THE FOREGOING, the parties have executed this Amendment No. 3 as of the day and year first written above.

NEURODIAGNOSTIC WORKFORCE LLC

By Adora Calistro  
Adora Calistro  
Its Managing Member

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority



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

January 17, 2024

**Subject:** Proposed Amendment No. 2 to Agreement 052-2023 with Ralph Garcia-Pacheco Suarez, M.D., a contract employee, for professional medical services in the Department of Medicine

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board approve Amendment No. 2 to Agreement 052-2023 with Ralph Garcia-Pacheco Suarez, M.D., for professional medical services in the Department of Medicine. Dr. Garcia-Pacheco serves as the Chair, Department of Medicine, and also serves as Chief, Division of Pulmonary Disease and Critical Care Medicine. He has been employed by Kern Medical since 2015. He is board certified in internal medicine, pulmonary disease, and critical care medicine.

The proposed Amendment appoints Dr. Garcia-Pacheco as Director, Ambulatory Clinical Development, provides an associated \$25,000 annual stipend, and increases the maximum payable by \$75,000, from \$2,175,000 to \$2,250,000, over the term of the Agreement.

Therefore, it is recommended that your Board approve Amendment No. 2 to Agreement 052-2023 with Ralph Garcia-Pacheco Suarez, M.D., for professional medical services in the Department of Medicine, for the period April 22, 2023 through April 21, 2026, adding an annual stipend of \$25,000 for services as Director, Ambulatory Clinical Development, increasing the maximum payable by \$75,000, from \$2,175,000 to \$2,250,000, to cover the term, and authorize the Chairman to sign.

**AMENDMENT NO. 2  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern County Hospital Authority – Ralph Garcia-Pacheco Suarez, M.D.)**

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this 17th day of January, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Ralph Garcia-Pacheco Suarez, M.D. (“Physician”).

**RECITALS**

(a) Authority and Physician have heretofore entered into an Agreement for Professional Services (Agt. #052-2023, dated April 19, 2023) and Amendment No. 1 (Agt. #134-2023, dated October 18, 2023) (the “Agreement”), for the period April 22, 2023 through April 21, 2026, whereby Physician provides professional medical and administrative services in the Department of Medicine 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;

(c) The Agreement is amended effective January 17, 2024;

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

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

“5.7 Maximum Payable. The maximum compensation payable under this Agreement shall not exceed \$2,250,000 over the three (3) year Term of this Agreement.”

2. Section 5, Compensation Package, paragraph 5.9, Director Stipend, shall be made part of the Agreement as follows:

“5.9 Director Stipend. Authority shall pay Physician a biweekly stipend of \$961.53, less all applicable federal and state taxes and withholdings, not to exceed \$25,000 annually for services as Director, Ambulatory Clinical Development. Physician understands and agrees that he must remain in the position of Director, Ambulatory Clinical Development. as of each payout date in order to earn and receive the stipend payment.”

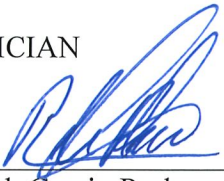


3. Amendment No. 1 to Exhibit "A," Job Description, shall be deleted in its entirety and replaced with Amendment No. 2 to Exhibit "A," Job Description, attached hereto and incorporated herein by this reference.
4. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
5. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which take together shall constitute one and the same instrument.
7. Except as provided herein, all other terms, conditions and covenants of the Agreement shall remain in full force and effect.

[SIGNATURES FOLLOW ON NEXT PAGE]

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

PHYSICIAN

By   
Ralph Garcia-Pacheco Suarez, M.D.

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority

Amend2.Garcia-Pacheco.010524

**AMENDMENT NO. 2  
TO  
EXHIBIT "A"  
JOB DESCRIPTION  
Ralph Garcia-Pacheco Suarez, M.D.**

**Position Description:** Reports to Chief Medical Officer; serves as Chair, Department of Medicine and Chief, Division of Pulmonary Disease and Critical Care Medicine; serves as a full-time faculty member in the Department; provides no fewer than eighty (80) hours per pay period of service; day-to-day work activities and clinical workload shall include coverage within the Department; provides comprehensive and safe clinical coverage for day-to-day operations, timely completion of care, direct patient care, scholarly research, and resident education. Physician shall work collaboratively with Department faculty, staff and administration to ensure efficient workflow, adequacy of support equipment, and superior patient experience.

**Essential Functions:**

**A. Leadership and Administrative Responsibilities**

- Provide leadership as Department Chair, including mentoring and professional development of all Department faculty, residents, and medical students
- Maintain and enhance excellence of the internal medicine residency program and accreditation by the RRC and ACGME
- Appoint and provide oversight of the internal medicine residency Program Director and program curriculum
- Develop a Department culture that ensures prompt recognition of medical adverse events, prompt corrective action, and transparency with the organization as well as a culture that consistently focuses on patient care and patient safety
- Develop a Department culture that does not allow disruptive behavior
- Monitor individual physician clinical performance by tracking and trending outcomes, utilization of resources, adherence to established protocols, and document and counsel as appropriate
- Develop mechanisms to conduct patient care reviews objectively for the purpose of analyzing and evaluating the quality and appropriateness of patient care and treatment
- Responsible for preparing or delegating staff schedules and clinical assignments to maximize productivity and quality care as well as ensuring that all faculty are present at KMC performing their assigned and scheduled clinical, teaching, and administrative duties
- Oversight of Department meetings, morbidity and mortality conferences, and ensuring leadership, structure and function of Department committees, including assigning faculty to appropriate committees and facilitating their involvement in hospital-wide quality and performance improvement programs
- Conduct annual performance evaluations of faculty
- Pursue further alignment with the University of California, Los Angeles (UCLA) in conjunction with all other KMC initiatives as well as specific alignment for the Department of Medicine with UCLA or another appropriate academic medical institution

- Membership on the Medical Executive Committee and participate in Medical Staff and other hospital committees
- Participation in quality and system improvement initiatives, including improving patient satisfaction and enhancing timely access to care as well as peer review within the Medical Staff and Department
- Collaboration with all other KMC Department Chairs
- Collaboration with KMC administration to enhance engagement with area health plans, community physicians, and members of the Medical Staff to improve patient care and overall volume growth
- Lead the clinical preparation monitoring, review, and performance of clinical activity in the Department
- Develop a faculty succession and recruitment plan
- Recruit and recommend to the Chief Executive Officer and Chief Medical Officer new faculty, after appropriate vetting, for faculty appointments in the Department, in consultation with Department faculty
- Work collaboratively with other clinical departments to develop a cohesive and collaborative environment across clinical departments with a focus of enhancing access to patient care for inpatient and outpatient services
- Support the development of the Simulation Laboratory and related education programs and curriculum
- Follow and comply with the Medical Staff Bylaws, Rules, Regulations, and policies, and Authority and KMC policies and procedures
- Participate in clinical and administrative integration efforts across the hospital as appropriate for the Department ensuring proper program planning, resource allocation, analysis, communication, and assessment

**B. Clinical Responsibilities**

- Model exemplary clinical outcomes and professional leadership behaviors, as a Chair in a working clinical position
- Serve as an attending physician in the Department performing appropriate therapeutic and diagnostic care and procedures within the scope of practice for a pulmonary disease and critical care medicine specialist while on service
- Supervise residents and medical students
- Supervise Advance Practice Providers (APP) in the Department and ensure competence
- Supervise procedures performed by residents and mid-levels while on service

**C. Medical Education, Teaching, and Academic Responsibilities**

- Serve as a core faculty member providing supervision and instruction to residents and medical students
- Provide clinical mentoring to and evaluation of residents and medical students
- Establish and maintain an academic appointment at the David Geffen School of Medicine at UCLA

- Serve as a mentor to residents and medical students who desire to conduct research or other scholarly activity
- Demonstrate active involvement in continuing education for internal medicine and Division of pulmonary disease and critical care medicine
- Demonstrate active involvement in presentations, publications, and other scholarly activity at local, regional and national scientific societies in accordance with RRC program requirements
- Support the activities of the residency educational program
- Participate in the development of Department curriculum
- Attend and participate in the weekly Department didactic sessions
- Deliver lectures as appropriate throughout the year

#### **D. Ambulatory Clinical Development Director Responsibilities**

- Lead clinical and administrative integration efforts across KMC ambulatory clinics as appropriate across all specialties, assisting with proper clinical throughput, resource allocation, analysis, communication and assessment
- Work with ambulatory clinic administrators and support staff to gather data through best practices and collaborate with other members of the organization, as needed, to recommend services that will increase productivity, minimize duplication of services, increase workflow efficiency, and provide the highest quality of care to KMC patients
- Educate and mentor physicians and APP to apply appropriate utilization management principles, and refer patients to appropriate medical specialists, social services, or other professionals
- Educate and mentor physicians and APP on how to appropriately establish and manage patient panels, follow-up on patients (i.e. after-hours critical value response plan), and enhance patient care via access improvement strategies
- Educate and mentor physicians and APP (when needed) on how to appropriately direct, coordinate, and supervise coordination of care activities with nursing and support staff
- Support ambulatory clinic administrators to develop monitoring tools to measure financial, access, quality and satisfaction outcomes
- Participate in the preparation, monitoring, review, and performance of clinical activity in the ambulatory setting
- Assist in recruiting efforts and mentoring of a future Outpatient Clinical Director
- Participate in the quality improvement and risk management activities, including peer review and quality control functions, as assigned to services in the ambulatory clinics
- Mentor physicians and APP to complete medical records in a timely fashion and work to improve the quality, accuracy, and completeness of documentation
- Work collaboratively with other clinical departments to develop a cohesive and collaborative environment across departments with a focus of enhancing access to patient care for outpatient services

#### **Employment Standards:**

Completion of an accredited residency program in internal medicine; three years post-residency fellowship training in pulmonary and critical care medicine

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 Internal Medicine in internal medicine-general AND critical care medicine-subspecialty AND pulmonary disease-subspecialty

**Knowledge of:** The principles and practices of modern medicine; current techniques, procedures, and equipment applicable to internal medicine, pulmonary disease and critical care medicine; principles of effective supervision and program development

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

January 17, 2024

**Subject:** Proposed Retroactive Amendment No. 4 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., for professional medical services in the Department of Anesthesiology

**Recommended Action:** Approve, Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board retroactively approve Amendment No. 4 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., an independent contractor, for professional medical services in the Department of Anesthesiology. The group has provided comprehensive anesthesia services at Kern Medical since November 9, 2016.

The proposed amendment increases the hourly stipend for anesthesia providers effective December 15, 2023, and increases staff effective March 1, 2024, to accommodate an additional operating room Monday through Thursday for eight hours per day. The group will receive a monthly payment of \$654,406 for December 2023; a monthly payment of \$675,292 for January and February 2024; a monthly payment of \$703,819 for March 2024 through October 2025; and a prorated monthly payment of \$187,685 for November 2025, as the Agreement expires November 8, 2025. This increase adds a total of \$1,698,120, which increases the maximum payable under the Agreement to \$24,504,801 over the remaining term.

Therefore, it is recommended that your Board retroactively approve Amendment No. 4 to Agreement 2016-066 with Regional Anesthesia Associates, Inc., for professional medical services in the Department of Anesthesiology for the period November 9, 2016 through November 8, 2025, increasing the maximum payable by \$1,698,120, from \$22,806,681 to \$24,504,801, to cover the term, and authorize the Chairman to sign.

**AMENDMENT NO. 4  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Regional Anesthesia Associates, Inc.)**

This Amendment No. 4 to the Agreement for Professional Services is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Regional Anesthesia Associates, Inc., a California professional medical corporation (“Contractor”), with its principal place of business located at 7370 N. Palm Avenue, Suite 102, Fresno, California 93711. Authority and Contractor are sometimes referred to herein, individually, as a “Party” and collectively, as the “Parties.”

**RECITALS**

(a) Authority and Contractor have heretofore entered into an Agreement for Professional Services (Agt. #2016-066, dated August 17, 2016), Amendment No. 1 (Agt. 2016-070, dated October 19, 2016), Amendment No. 2 (Agt. #053-2019, dated September 18, 2019), and Amendment No. 3 (Agt. #118-2022, dated October 19, 2022) (collectively, the “Agreement”), for the period November 9, 2016 through November 8, 2025, for professional medical services in the Department of Anesthesiology at KMC; and

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

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

(d) The Agreement is amended effective December 15, 2023;

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 4, Payment for Services, paragraph 4.6, Maximum Payable, shall be deleted in its entirety and replaced with the following:

“4.6 Maximum Payable. The maximum payable under this Agreement will not exceed \$24,504,801 for the period November 9, 2022 through November 8, 2025.”

2. Amendment No. 3 to Exhibit “A,” Description of Services, shall be deleted in its entirety and replaced with Amendment No. 4 to Exhibit “A,” Description of Services, attached hereto and incorporated herein by this reference.



3. Amendment No. 3 to Exhibit "B," Fee Schedule - Annual Compensation, shall be deleted in its entirety and replaced with Amendment No. 4 to Exhibit "B," Fee Schedule - Annual Compensation, attached hereto and incorporated herein by this reference.
4. Amendment No. 2 to Exhibit "C," Fee Schedule - Additional Compensation, shall be deleted in its entirety and replaced with Amendment No. 3 to Exhibit "C," Fee Schedule - Additional Compensation, 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 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.

REGIONAL ANESTHESIA ASSOCIATES, INC.

By \_\_\_\_\_  
Oji A. Oji, M.D.  
Its President

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority

**AMENDMENT NO. 4  
TO  
EXHIBIT "A"  
Description of Services  
Regional Anesthesia Associates, Inc.  
(Effective December 15, 2023 – November 8, 2025)**

1. Contractor shall adhere to the following operating room ("OR") coverage schedule:

<b>Staffing Plan 12/15/2023 - 02/29/2024</b>	<b># of OR suites</b>	<b>Hours per day</b>	<b>OR hours</b>	<b>Total annual coverage hours</b>
Monday - Friday (CRNA)	4	10	7 AM - 5 PM	10,400
Monday - Thursday (CRNA)	1	12	7 AM - 7 PM	2,496
Monday - Thursday (MD)	1	8	7 AM - 3 PM	1,664
Dedicated OR (CRNA) Sunday-Sunday	1	24	7 AM – 7AM	8,760
Dedicated OB (CRNA) Sunday-Sunday	1	24	7 AM – 7AM	8,760
Dedicated Trauma (MD) Sunday-Sunday	1	24	7 AM – 7AM	8,760
Medical Director Services				250
<b>Total Hours</b>				<b>41,090</b>

<b>Staffing Plan 03/01/2024 - 11/08/2025</b>	<b># of OR suites</b>	<b>Hours per day</b>	<b>OR hours</b>	<b>Total annual coverage hours</b>
Monday - Friday (CRNA)	4	10	7 AM - 5 PM	10,400
Monday - Thursday (CRNA)	1	12	7 AM - 7 PM	2,496
Monday - Thursday (CRNA)	1	8	7 AM – 3 PM	1,164
Monday - Thursday (MD)	1	8	7 AM - 3 PM	1,664
Dedicated OR (CRNA) Sunday-Sunday	1	24	7 AM – 7AM	8,760
Dedicated OB (CRNA) Sunday-Sunday	1	24	7 AM – 7AM	8,760
Dedicated Trauma (MD) Sunday-Sunday	1	24	7 AM – 7AM	8,760
Medical Director Services				250
<b>Total Hours</b>				<b>42,754</b>

2. Contractor shall use a combination of physicians and CRNA to staff the Department in accordance with coverage schedule set forth herein. Contractor shall meet or exceed a coverage ratio of one (1) full-time physician to every four (4) CRNA.

3. Contractor shall provide epidural anesthesia 24-hours per day through the use of a dedicated provider around the clock. The dedicated provider shall be responsible for placement and management of labor epidurals and for providing anesthesia care for elective and emergent caesarian sections.
4. Contractor shall provide in-house call coverage for the emergency department, critical care and trauma.
5. Contractor shall take an active role in the management of pediatric and adult intensive care and direct observation patients. Contractor shall provide Group Physicians who are competent pediatric providers. Such Group Physicians shall be paneled with California Children's Services.
6. Contractor shall use its best efforts to minimize the after-hours caseload to avoid holding patients through the weekend while waiting for elective or nonemergency cases to be performed.
7. Contractor shall minimally comply with the performance standards, guidelines, and practice parameters, as established by the American Society of Anesthesiologists.
8. Contractor shall assist KMC with marketing efforts to educate the public on the availability of programs developed by KMC and Contractor.
9. Contractor shall undertake strategic planning with KMC to identify a unique service line every 18 to 24 months, and lead the effort in, with and for KMC to achieve this designation for a given service line.
10. Contractor shall maintain pain management protocols for patients with acute and chronic pain issues. At the request of KMC, Contractor shall develop a pain management clinic for patients with acute and chronic pain issues. Contractor shall staff the pain clinic with a physician at a mutually agreed upon cost before the service is provided.
11. Contractor shall continue to lead the perioperative medical management program, to reduce case cancellations by 3% to 5% each year over the term of the Agreement and to lower the current 15% rate to 5% during the term of the Agreement.

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**AMENDMENT NO. 4  
TO  
EXHIBIT “B”  
Fee Schedule  
Annual Compensation<sup>1</sup>  
Regional Anesthesia Associates, Inc.  
(Effective December 15, 2023 – November 8, 2025)**

As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth below, as follows:

**A. December 1, 2023 – December 31, 2023**

Maximum payable per year:	\$7,852,867
Monthly payment:	\$654,406

**B. January 1, 2024 – February 29, 2024**

Maximum payable per year:	\$8,103,507
Monthly payment:	\$675,292

**C. March 1, 2024 – October 31, 2025**

Maximum payable per year:	\$8,445,833
Monthly payment:	\$703,819

**D. November 1, 2025 – November 8, 2025**

Prorated monthly payment:	\$187,685
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Payment will be made in accordance with paragraph 4.5 of the Agreement. All services are payable in arrears.

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<sup>1</sup> The annual compensation paid to Contractor is inclusive of the following: a) an annual collection offset of \$1,200,000, which is an increase of \$200,000 over the \$1,000,000 offset reflected in the annual compensation set forth in Amendment No. 3; and b) an annual administrative fee of 5.5%, minus the annual collection offset consistent with Amendment No. 3.

**AMENDMENT NO. 3  
TO  
EXHIBIT “C”  
Fee Schedule  
Additional Compensation  
Regional Anesthesia Associates, Inc.  
(Effective December 15, 2023 – November 8, 2025)**

As consideration for any additional services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth below, as follows:

<b>Additional Service</b>	<b>Hourly Rate</b>
CRNA – OR coverage	\$195
MD – OR coverage	\$280
MD – Dedicated OR trauma	\$270
CRNA – Dedicated OR	\$195
CRNA – Dedicated OB	\$195
Medical Director Services	\$225

Payment will be made in accordance with paragraph 4.5 of the Agreement. All services are payable in arrears.

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

January 17, 2024

**Subject:** Proposed retroactive Agreement with Imtiaz A. Malik, M.D., an independent contractor, for professional medical services in the Department of Medicine

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests your Board retroactively approve an Agreement with Imtiaz A. Malik, M.D., an independent contractor, for professional medical services in the Department of Medicine. Dr. Malik is board certified in hematology and medical oncology and will serve as faculty in the Division of Hematology and Oncology, and will begin working with Kern Medical on January 2, 2024.

The proposed Agreement is for a term of two years from January 2, 2024 through January 1, 2026. The maximum payable will not to exceed \$1,900,000 over the two-year term of the Agreement.

Dr. Malik's daily rate of \$3,500 as well as his excess clinical time rate of \$400 per hour is calculated based on the current Medical Group Management Association Physician Compensation and Production Survey for specialty and represents the reasonable fair market value compensation for the services provided by Dr. Malik. Dr. Malik will be onsite an average of five days per week and will provide services inclusive of supervision of residents and medical students while on service. Additionally, he will supervise mid-level activity; perform therapeutic and diagnostic procedures; provide outpatient clinic coverage; conduct inpatient rounds; serve on both Cancer Committee and Tumor Board; and oversee orders for the outpatient oncology infusion clinic. Dr. Malik will be reimbursed for travel expenses up to \$2,000 per month for allowable travel expenses, as set forth in the Agreement.

Therefore, it is recommended that your Board retroactively approve the Agreement with Imtiaz A. Malik, M.D., for professional medical services in the Department of Medicine from January 2, 2024 through January 1, 2026, in an amount not to exceed \$1,900,000, and authorize the Chairman to sign.

**AGREEMENT FOR PROFESSIONAL SERVICES  
INDEPENDENT CONTRACTOR  
(Kern County Hospital Authority – Imtiaz A. Malik, M.D., Inc.)**

This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2023, between Kern County Hospital Authority, a public entity that is a local unit of government (“Authority”), and Imtiaz A. Malik, M.D., Inc., a California professional medical corporation (“Contractor”), with offices located at 9663 Santa Monica Boulevard, Suite 961, Santa Monica, California 90265.

**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 owns and operates Kern Medical Center (“KMC”), a general acute care hospital located at 1700 Mount Vernon Avenue, Bakersfield, California (the “Premises”), in which is located the Department of Medicine (the “Department”); and

(c) Contractor is a California professional medical corporation with medical doctors (collectively, “Group Physicians” or individually, “Group Physician”) who provide services on behalf of Contractor; and

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

(e) Contractor has special knowledge, training and experience, and is qualified to render such services;

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

**II.  
TERMS AND CONDITIONS**

1. **Term.** This Agreement shall be effective and the term shall commence as of January 2, 2024 (the “Effective Date”), and shall end January 1, 2026, unless earlier terminated pursuant to other provisions of this Agreement as herein stated.

2. **Obligations of Contractor.**



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

2.2 Representations. Contractor makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement: (i) Contractor has the expertise and support staff necessary to provide the services described in this Agreement; and (ii) Contractor does not have any actual or potential interests adverse to Authority nor does Contractor represent a person or firm with an interest adverse to Authority with reference to the subject of this Agreement; and (iii) Contractor shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions set forth in this Agreement.

2.3 Standard of Care. Authority has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all of its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor’s work by Authority shall not operate as a waiver or release.

2.4 Performance Standard. Contractor shall perform all services hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor’s profession. If Authority determines that any of Contractor’s work is not in accordance with such level of competency and standard of care, Authority, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with Authority to review the quality of the work and resolve matters of concern; (b) terminate this Agreement pursuant to the provisions of section 36; or (c) pursue any and all other remedies at law or in equity.

2.5 Assigned Personnel. Contractor shall assign only competent personnel to perform the Services hereunder. In the event that at any time Authority, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform the services hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from Authority. Group Physicians providing services under this Agreement include, without limitation, Imtiaz A. Malik, M.D.

2.6 Qualifications of Group Physicians.

2.6.1 Licensure/Board Certification. Group Physicians shall at all times during the term of this Agreement be duly licensed physicians and surgeons in the state of California, and certified by the American Board of Internal Medicine in internal medicine-general, hematology-subspecialty and medical oncology-subspecialty, and maintain such certifications at all time during the term of this Agreement.

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

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

2.6.4 Training/Experience. Each Group Physician shall have (i) recent internal medicine, hematology and medical oncology experience, (ii) an academic background to include teaching and working in an academic medical center, experience working with other clinical departments, teaching residents and medical students, participating in hospital committees, and working on pathways and evidence-based guidelines, and (iii) ongoing acute care hospital experience.

2.7 Rights and Duties. Imtiaz A. Malik, M.D., shall act as the authorized agent for Contractor in all matters relating to the performance of Group Physicians under this Agreement. Contractor shall cause Group Physicians to participate in the educational and committee activities of the KMC medical staff. Contractor shall, by contract, obligate Group Physicians to comply fully with all duties, obligations and restrictions imposed upon Contractor under this Agreement.

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

2.9 Standards of Medical Practice. The standards of medical practice and professional duties of all Group Physicians providing services under this Agreement shall be in accordance with the KMC Medical Staff Bylaws, Rules, Regulations, and policies, the standards for practice established by the state Department of Public Health and all other state and federal laws and regulations relating to the licensure and practice of physicians, and The Joint Commission.

2.10 Medical Record Documentation. Contractor shall cause a complete medical record to be timely prepared and maintained for each patient seen by a Group Physician providing services under this Agreement. 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 Group Physicians 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.

2.11 Quality Improvement and Risk Management. Group Physicians shall participate in (i) the quality improvement and risk management programs of KMC and serve on such

committees as may be required; (ii) ongoing quality improvement activities, such as audits, which will be conducted annually in the Department in order to evaluate and enhance the quality of patient care; and (iii) risk management activities designed to identify, evaluate and reduce the risk of patient injury associated with care. At a minimum, Contractor shall ensure that the quality improvement program consists of the following integrated components: (i) professional development that provides continuous performance feedback that is benchmarked, evaluated, and rated individually and collectively; (ii) clinical standards that are evidence-based and grounded in industry best practices; (iii) performance improvement that is outcomes-focused and based on quality indicators/metrics with quarterly reporting of same; and (iv) customer satisfaction that is feedback/survey-driven and objectively and comparatively measured, tracked/trended, and analyzed. The appropriate review mechanism will be applied in accordance with the provisions of the KMC Medical Staff Bylaws, The Joint Commission, and applicable law.

2.12 Taxes. Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. Contractor agrees to indemnify and hold Authority harmless from any liability which it may incur to the United States or to the state of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case Authority is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish Authority with proof of payment of taxes on these earnings.

2.13 Nonexclusive Services. Contractor understands and agrees that Authority will utilize the services of Contractor pursuant to the terms of this Agreement on a non-exclusive basis. Contractor further agrees that Authority shall retain the option to enter into agreements with other organizations for purposes of securing the services, in its sole discretion.

### 3. Obligations of Authority.

3.1 Authority Designee. Authority shall designate a primary contact, who will arrange for KMC staff assistance as may be required.

3.2 Space. KMC shall furnish for the use of Contractor and Group Physicians such space and facilities as may be deemed necessary by KMC for the proper operation and conduct of the Department. KMC shall, in its sole discretion, determine the amount and type of space and facilities to be provided herein. Contractor shall use the space and equipment solely for the performance of the services required under this Agreement. Neither Contractor nor Group Physicians shall use such space or equipment for other business or personal use.

3.3 Use Limitations on Space. The use of any part of the space occupied by the Department for the general or private practice of medicine is prohibited. Contractor and Group Physicians shall use the items furnished under this Agreement only for the performance of services required by this Agreement. This Agreement shall not be construed to be a lease to Contractor or any Group Physician of any portion of the Premises, and insofar as Contractor or Group Physicians may use a portion of said Premises, Contractor and Group Physicians do so as licensees only, and Authority and KMC shall, at all times, have full and free access to the same.

3.4 Equipment. KMC shall furnish for the use of the Department such equipment as is deemed necessary by KMC for the proper operation and conduct of the Department consistent with community standards. KMC shall keep and maintain this equipment in good order and repair and replace such equipment, as is reasonably necessary and subject to the usual purchasing practices of Authority and KMC and budget constraints.

3.5 Services and Supplies. KMC shall provide or arrange for the provision of janitorial services, housekeeping services, laundry and utilities, together with such other hospital services, including medical records, administrative and engineering services, and expendable supplies, as KMC deems necessary for the proper operation and conduct of the Department.

3.6 Control Retained in KMC. In compliance with title 22, California Code of Regulations, section 70713 KMC will retain professional and administrative responsibility for services rendered under this Agreement. Contractor shall apprise KMC of recommendations, plans for implementation and continuing assessment through dated and signed reports, which shall be retained by KMC for follow-up action and evaluation of performance.

#### 4. Payment for Services.

4.1 Compensation. As consideration for the services provided by Contractor hereunder, Authority will pay Contractor in accordance with the fee schedule set forth below in this paragraph 4.1. All services are payable in arrears.

4.1.1 Scheduled Coverage. Authority shall pay Contractor a per diem rate of \$3,500 per eight (8) hour day for coverage.

4.1.2 Excess Clinical Hours. Authority shall pay Contractor a fixed fee in the amount of \$400 per hour for clinical hours in excess of eight (8) hours per day.

4.1.3 Limitations on Compensation. Except as expressly stated herein, neither Contractor nor Group Physicians shall receive any benefits from Authority, including without limitation, health benefits, sick leave, vacation, holidays, deferred compensation or retirement.

4.1.4 Fair Market Value Compensation. The compensation provided under section 4.1 represents the parties' good faith determination of the reasonable fair market value compensation for the services to be provided by Contractor under this Agreement.

4.2 Travel Reimbursement. Contractor shall be reimbursed for all approved travel expenses, which approval will not be unreasonably withheld, incurred by Contractor on behalf of Authority in an amount not to exceed \$48,000 at the rate of \$2,000 per month. Reimbursement of travel expenses shall include per mile reimbursement for personal vehicle use at the current privately owned vehicle (POV) mileage reimbursement rates established by the U.S. General Services Administration, meals and incidental expenses at the current domestic per diem rates established by the U.S. General Services Administration for Kern County, and reasonable hotel accommodations not to exceed the maximum allowable reimbursement rate including taxes

established by Authority. Travel-related expenses will be billed monthly, as incurred, and are payable in arrears within thirty (30) days of receipt and approval of each invoice by Authority.

4.3 Maximum Payable. The maximum payable under this Agreement shall not exceed \$1,950,000 over the two (2) year term of this Agreement.

4.4 Invoices. Invoices for payment shall be submitted in a form approved by KMC and list each service performed. Invoices and receipts shall be sent to KMC for review and processing within sixty (60) days of the date of service or payment will not be made. Payment shall be made to Contractor within thirty (30) days of receipt and approval of each invoice by KMC.

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

4.6 Professional Fee Billing. KMC shall have the exclusive right to set, bill, collect and retain all fees, including professional fees, for all direct patient care services provided by Contractor and Group Physicians to KMC patients at KMC or a KMC location during the term of this Agreement. All professional fees generated by Contractor or Group Physicians for services rendered to KMC patients at KMC or a KMC location during the term of this Agreement, including both cash collections and accounts receivable, will be the sole and exclusive property of KMC, whether received by KMC or by Contractor or a Group Physician and whether received during the term of this Agreement or anytime thereafter. Contractor and Group Physicians hereby assign all rights to said fees and accounts to KMC and shall execute all documents required from time to time by KMC and otherwise fully cooperate with KMC to enable KMC to collect fees and accounts from patients and third-party payers.

4.7 Managed Care Contracting. Contractor shall cooperate, and shall ensure that Group Physicians cooperate, in all reasonable respects necessary to facilitate KMC's entry into or maintenance of any third-party payer arrangements for the provision of services under any other public or private health and/or hospital care programs, including but not limited to insurance programs, self-funded employer health programs, health care service plans and preferred provider organizations. To enable Authority or KMC to participate in any third-party payer arrangements, Contractor and/or Group Physicians shall, upon request: (i) enroll as a provider (if required by the third-party payer), separate from Authority and KMC, with any third-party payer or intermediate organization (including any independent practice association) (each, a "Managed Care Organization") designated by Authority or KMC for the provision of professional services to patients covered by such Managed Care Organization; (ii) enter into a written agreement with such Managed Care Organization as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization; and/or (iii) enter into a written agreement with KMC regarding global billing, capitation or other payment arrangements as may be necessary or appropriate for the provision of professional services to patients covered by such Managed Care Organization.

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

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

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

8. **Audits, Inspection and Retention of Records.** Contractor agrees to maintain and make available to Authority accurate books and records relative to all its activities under this Agreement. Contractor shall permit Authority to audit, examine and make excerpts and transcripts from such records, and to conduct audits or reviews of all invoices, materials, records or personnel or other data related to all other matters covered by this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than four (4) years from the date of final payment under this Agreement, or until after the conclusion of any audit, whichever occurs last. The state of California shall have the same rights conferred upon Authority herein.

9. **Authority to Incur Financial Obligation.** It is understood that neither Contractor nor Group Physicians, in the performance of any and all duties under this Agreement, has no right, power or authority to bind Authority to any agreements or undertakings.

10. **Captions.** The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

11. **Change in Law.** In the event that a change in state or federal law or regulatory requirement (or the application thereof), any of which renders this Agreement illegal, impossible to perform, or commercially impracticable, the parties agree to negotiate immediately, in good faith, any necessary or appropriate amendments(s) to the terms of this Agreement. If the parties fail to reach a mutually agreeable amendment within thirty (30) days of such negotiation period, this Agreement shall automatically terminate at the end of such thirty (30) day period.

12. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed pursuant to the laws of the state of California. It is expressly acknowledged that this Agreement has been entered into and will be performed within the County of Kern. Should any suit or action be commenced to enforce or interpret the terms of this Agreement or any claim arising under it, it is expressly agreed that proper venue shall be in County of Kern, state of California.

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

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

15. **Confidentiality.**

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

15.2 **Trade Secrets.** The parties acknowledge that each party, in connection with its business, has developed certain operating manuals, symbols, trademarks, trade names, service marks, designs, patient lists, procedures, processes, and other copyrighted, patented, trademarked, or legally protectable information which is confidential and proprietary to the party

that constitute its trade secrets. The parties shall not use any name, symbol, mark, or other proprietary information of the other party except as expressly permitted.

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

15.4 Medical Staff and Committee Records. All records, files, proceedings and related information of Group Physicians, KMC and the medical staff and its committees pertaining to the evaluation and improvements of the quality of patient care at KMC shall be kept strictly confidential by Contractor and Group Physicians. Neither Contractor nor Group Physicians shall voluntarily disclose such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by KMC, which may be given or withheld in the sole discretion of KMC.

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

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

16. **Conflict of Interest.** Contractor covenants that it has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. It is understood and agreed that if such a financial interest does exist at the inception of this Agreement, Authority may immediately terminate this Agreement by giving written notice thereof.



17. **Consent.** Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

18. **Construction.** To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and Authority acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and Authority acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

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

20. **Disqualified Persons.** The parties mutually represent and warrant to one another that they and their respective representatives are not: (i) currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. section 1320a-7b-(f) (the “Federal health care programs”) and/or present on the exclusion database of the Office of the Inspector General (“OIG”) or the Government Services Administration (“GSA”); (ii) convicted of a criminal offense related to the provision of health care items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) debarred, suspended, excluded or disqualified by any federal governmental agency or department or otherwise declared ineligible from receiving federal contracts or federally approved subcontracts or from receiving federal financial and nonfinancial assistance and benefits. This shall be an ongoing representation and warranty during the term of this Agreement and a party shall immediately notify the other party of any change in the status of any of the representations and/or warranties set forth in this section. Any breach of this section shall give the non-breaching party the right to terminate this Agreement immediately upon written notice.

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

22. **Immigration Compliance.** Contractor shall comply with all provisions of immigration law with respect to hiring, recruiting or referring for employment persons whose authorization for employment in the United States has been verified, and shall provide KMC with a copy of such verification required in 8 USCA section 1324a. Contractor agrees to indemnify, defend,

and hold harmless Authority, its agents, officers, and employees, from any liability, damages, or causes of action arising out of Contractor's failure to comply with this section 22.

23. **Indemnification and Hold Harmless.** Authority shall assume liability for and indemnify and hold Contractor and Group Physicians harmless from any and all claims, losses, expenses, costs, actions, settlements, attorneys' fees and judgments incurred by Contractor or Group Physicians or for which Contractor or Group Physicians becomes liable, arising out of or related to professional services rendered or which a third party alleges should have been rendered by Contractor or Group Physicians pursuant to this Agreement. Authority's obligation under this paragraph shall extend from the Effective Date and shall survive termination or expiration of this Agreement to include all claims that allegedly arise out of professional services Contractor or Group Physicians 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 KMC without approval by the Kern County Hospital Authority Board of Governors and, provided further, that Authority shall have no duty or obligation to defend, indemnify or hold Contractor or Group Physicians harmless for any conduct or misconduct found to be intentional, willful, grossly negligent, or criminal.

24. **Independent Contractor.** In the performance of the services under this Agreement, Contractor shall be, and acknowledges that Contractor is in fact and law, an independent contractor and not an agent or employee of Authority. Contractor has and retains the right to exercise full supervision and control over the manner and methods of providing services to Authority under this Agreement. Contractor retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Contractor in the provision of services under this Agreement. With respect to Contractor's employees, if any, Contractor shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employment taxes whether federal, state or local, and compliance with any and all other laws regulating employment.

25. **Informal Dispute Resolution.** Controversies between the parties with respect to this Agreement, or the rights of either party, or with respect to any transaction contemplated by this Agreement, shall be resolved, to the extent possible, by informal meetings and discussions among appropriate representatives of the parties.

26. **Insurance.** With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain, insurance as described in Exhibit "C," attached hereto and incorporated herein by this reference.

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

28. **No Third Party Beneficiaries.** It is expressly understood and agreed that the enforcement of this Agreement and all rights of action relating to such enforcement, shall be strictly reserved to Authority and Contractor. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person. It is the express

intention of Authority and Contractor that any such person or entity, other than Authority or Contractor, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

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

30. **Non-collusion Covenant.** Contractor represents and agrees that it has in no way entered into any contingent fee arrangement with any firm or person concerning the obtaining of this Agreement with Authority. Contractor has received from Authority no incentive or special payments, nor considerations, not related to the provision of services under this Agreement.

31. **Nondiscrimination.** Neither Contractor, nor any officer, agent, employee, servant or subcontractor of Contractor shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, ancestry, national origin, religion, sex, actual or perceived sexual orientation, marital status, age, pregnancy, medical condition, handicap or other prohibited basis, either directly, indirectly or through contractual or other arrangements.

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

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

Notice to Contractor:

Imtiaz A. Malik, M.D., Inc.  
9663 Santa Monica Boulevard, Suite 961  
Santa Monica, California 90210  
Attn.: Its President

Notice to Authority:

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

34. **Signature Authority.** Each party represents that they have full power and authority to enter into and perform this Agreement, and the person(s) signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

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

36. **Termination.**

36.1 **Termination without Cause.** Either party may terminate this Agreement, without cause, upon ninety (90) days' prior written notice to the other party.

36.2 **Immediate Termination.** Authority shall have the right to terminate this Agreement at any time upon the occurrence of any one or more of the following events:

- A) Breach of this Agreement by Contractor where such breach is not cured within thirty (30) calendar days after Authority gives written notice of such breach to Contractor;
- B) Authority ceases operations;
- C) Contractor is unable to obtain or maintain sufficient insurance, as required under this Agreement, for any reason;
- D) Contractor makes an assignment for the benefit of creditors, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, dissolution, liquidation or other similar law of any jurisdiction;
- E) Contractor is rendered unable to comply with the terms of this Agreement for any reason;
- F) Contractor engages in conduct that, in Authority's good faith determination, jeopardizes the mental or physical health, safety or well-being of any person or damages the reputation of Authority or KMC;
- G) Within a twelve (12) month period, Contractor has two (2) or more medical malpractice claims filed against him or her, or he or she becomes the subject of two (2) or more adverse proceedings by the Medical Staff regarding the performance of professional medical services;
- H) Any legislation, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body, or any notice of a decision, finding, interpretation or action by any governmental, court or other third party which, in the opinion of

Authority, if or when implemented, would result in the arrangement between the parties under this Agreement to subject Authority or any of its employees or agents, to civil or criminal prosecution or monetary penalties on the basis of their participation in executing this Agreement or performing their respective obligations under this Agreement;

- I) Violation of any federal or state law or regulatory rule or regulation or condition of accreditation or certification to which Authority or KMC is subject;
- J) Contractor makes an unauthorized use or disclosure of confidential or proprietary information by Contractor which causes material harm to Authority or KMC;
- K) Commission of a material act involving moral turpitude, fraud, dishonesty, embezzlement, misappropriation or financial dishonesty by Contractor against Authority or KMC; or
- L) The loss or threatened loss of KMC's ability to participate in any federal or state health care program, including Medicare or Medi-Cal, due to the actions of Contractor.

37. **Effect of Termination.**

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

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

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

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


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

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

[SIGNATURES FOLLOW ON NEXT PAGE]

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

IMTIAZ A. MALIK, M.D., INC.

By  \_\_\_\_\_  
Imtiaz A. Malik, M.D.  
Its President

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO CONTENT:

By \_\_\_\_\_  
Scott Thygerson  
Chief Executive Officer

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority

Agreement.Malik.112223

**EXHIBIT “A**  
**DESCRIPTION OF SERVICES**  
**Imtiaz A. Malik, M.D., Inc.**

Contractor through Group Physicians shall provide services, as assigned by the Department Chair, as follows:

1. Position Description. Reports to Chair, Department of Medicine; serves as faculty in the Division of Hematology and Oncology.
  
2. Clinical.
  - Supervises residents and medical students while on service
  - Supervises and ensures competence of mid-level activity
  - Performs therapeutic and diagnostic procedures within the scope of practice for a hematology and medical oncology specialist while on service
  - Provides outpatient clinic coverage at designated KMC practice sites
  - Conducts inpatient rounds
  - Serves on the Cancer Committee and Tumor Board
  - Oversees orders for outpatient oncology infusion clinic
  
3. Medical Education; Academic.
  - Provides clinical mentoring to and evaluation of residents and medical students
  - Attends and participates in the Department didactic sessions as assigned
  - Delivers assigned lectures to internal medicine residents
  
4. Administrative Responsibilities.
  - Participates in the preparation, monitoring, review, and performance of clinical activity in the Department
  - Participates in the quality improvement and risk management activities, including peer review and quality control functions as assigned to services in the Department
  - Completes medical records in a timely fashion and works to improve the quality, accuracy, and completeness of documentation
  - Attends Department staff meetings
  - Participates in other clinical, academic, and administrative activities, as assigned by the Department Chair

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**EXHIBIT “B”**  
**IRS FORM W-9**  
**[TO BE ATTACHED]**

## **EXHIBIT “C” INSURANCE**

With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, consultants, and other agents to maintain insurance as described below unless such insurance has been expressly waived in writing by Authority. Any requirement for insurance to be maintained after completion of the work shall survive the termination or expiration of this Agreement.

Authority reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Agreement or failure to identify any insurance deficiency shall not relieve Contractor from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the performance of this Agreement.

### 1. Workers’ Compensation and Employers Liability Insurance:

- (a) Required if Contractor has employees. If Contractor currently has no employees, Contractor’s written confirmation of such will be required before execution of this Agreement. If Contractor engages any employees during the term of this Agreement or any extensions thereof, Contractor agrees to obtain the specified Workers’ Compensation and Employers Liability insurance.
- (b) Workers’ Compensation insurance with statutory limits as required by the California Labor Code.
- (c) Employers Liability with limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- (d) Waiver of Subrogation: The Workers’ Compensation policy shall be endorsed with a waiver of subrogation in favor of Authority for all work performed by Contractor, its employees, agents and subcontractors.
- (e) Required Evidence of Insurance: Certificate of Insurance.

### 2. General Liability Insurance:

- (a) Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- (b) Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; \$2,000,000 Products/Completed Operations Aggregate. The required limits may be provided by a combination of General Liability Insurance and Commercial Umbrella Liability Insurance. If Contractor maintains higher limits than the specified minimum limits, Authority requires and shall be entitled to coverage for the higher limits maintained by Contractor.
- (c) If Contractor has no Owned automobiles, the General Liability policy shall include Non-Owned and Hired Automobile Liability in the amount of \$1,000,000 combined single limit per accident.

- (d) Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000, it must be approved in advance by Authority. Contractor is responsible for any deductible or self-insured retention and shall fund it upon Authority's written request, regardless of whether Contractor has a claim against the insurance or is named as a party in any action involving Authority.
- (e) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 below for full Additional Insured wording.
- (f) The insurance provided to Authority as an additional insured shall be primary to and non-contributory with any insurance or self-insurance program maintained by Authority.
- (g) The policy definition of "insured contract" shall include assumptions of liability arising out of both ongoing operations and the products-completed operations hazard (broad form contractual liability coverage including the "f" definition of insured contract in ISO form CG 00 01, or equivalent).
- (h) The policy shall cover inter-insured suits between Authority and Contractor and include a "separation of insureds" or "severability" clause, which treats each insured separately.
- (i) Required Evidence of Insurance: (i) Copy of the additional insured endorsement or policy language granting additional insured status; and (ii) Certificate of Insurance.

3. Automobile Liability Insurance:

- (a) Minimum Limits: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (b) Insurance shall apply to all Owned autos. If Contractor currently owns no autos, Contractor agrees to obtain such insurance should any autos be acquired during the term of this Agreement or any extensions thereof.
- (c) Insurance shall include coverage for Non-Owned and Hired autos. (See requirements in section 1(c) above if there is no separate Automobile Liability coverage.)
- (d) Authority shall be named as an additional insured for liability arising out of operations by or on behalf of Contractor in the performance of this Agreement. See section 5 for full Additional Insured wording.
- (e) Required Evidence of Insurance: Certificate of Insurance.

4. Standards for Insurance Companies: Insurers shall have an A.M. Best's rating of at least A;VII.

5. Additional Insured Wording: "**Kern County Hospital Authority, its officers, officials, employees and volunteers**" are to be named as Additional Insureds as per each section where noted above.

6. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:

- (a) The Retroactive Date must be shown and must be before the Effective Date of the Agreement or the beginning of contract work.
- (b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract work.*
- (c) If coverage is canceled or non-renewed, and *not replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of the contract work.

7. Documentation:

- (a) The Certificate of Insurance must include the following reference: “**Agreement for Professional Services.**”
- (b) All required Evidence of Insurance shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Evidence of Insurance on file with Authority for the entire term of this Agreement and any additional periods if specified in sections 1, 2 or 3 above.
- (c) The name and address for the Certificates of Insurance and Additional Insured endorsements is Kern County Hospital Authority, c/o Kern Medical Center, 1700 Mount Vernon Avenue, Bakersfield, California 93306.
- (d) Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least 10 days before expiration or other termination of the existing policy.
- (e) Contractor shall provide immediate written notice if: (i) any of the required insurance policies is terminated; (ii) the limits of any of the required policies are reduced; or (iii) the deductible or self-insured retention is increased.
- (f) Upon written request, certified copies of required insurance policies must be provided to Authority within 30 days.

8. Policy Obligations: Contractor’s indemnity and other obligations shall not be limited by the foregoing insurance requirements.

9. Waiver of Subrogation: Contractor hereby grants to Authority a waiver of any right to subrogation, which any insurer of said Contractor may acquire against Authority by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not Authority has received a waiver of subrogation endorsement from the insurer.

10. Primary Coverage: For any claims related to this Agreement, Contractor’s insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects Authority, its officers, directors, officials, employees, and volunteers. Any insurance or self-insurance maintained by Authority, its officers, directors, officials, employees, or volunteers shall be excess of Contractor’s insurance and shall not contribute with it.

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

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

January 17, 2024

**Subject:** Proposed Clarivate Renewal Subscription to the License Agreement (#04518) with Decision Resources Group, Inc., an affiliate of Clarivate PLC, on behalf of its Healthcare Business Insights division

**Recommended Action:** Approve; Authorize Chairman to sign

**Summary:**

Kern Medical requests that your Board approve the proposed Clarivate Renewal Subscription with Decision Resources, Inc. to renew the service level agreement for their Revenue Cycle Academy/E-Learning Membership.

- Revenue Cycle Academy is an enterprise-wide membership focused on providing insights into how/why your peers have implemented revenue cycle performance improve initiatives along with related benchmarks, job aids, job descriptions, tip sheets, policies, etc.
- E-Learning includes interactive, on-line training modules (130+ in total). This will be important to educate staff on new responsibilities and help to assess their ongoing understanding of key front- end revenue cycle functions and their impact on the organization and the patient experience.

Decision Resource, Inc. is a nationally recognized leader in the healthcare industry. The eLearning has been beneficial in allowing Kern Medical to further improve and deliver upon revenue cycle objectives & related Key Performance Indicators (KPIs), including but not limited to industry changes with Centers for Medicare & Medicaid Services (CMS) compliance, Healthcare Reform, Revenue Cycle Alignment and Integration, Denial Prevention, and Improved Patient Experience.

Agreement	Term	Cost	Variance
License Agt. 04518	02/12/18 – 02/11/19	\$25,000	
Amd. 1 08419	02/12/19 – 02/11/21	\$52,272	\$1,136 per year
Amd. 2 09321	02/12/21 – 02/11/23	\$55,450	\$2,725 per year
Amd. 3 016-2023	02/12/23 – 02/11/24	\$29,330	\$4,330 per year
Proposed Renewal	02/12/24 -- 02/11/25	\$30,356	\$5,356 per year
		Maximum Payable	\$192,408

Therefore, it is recommended that your Board approve the proposed Clarivate Renewal Subscription, with Decision Resources Group, Inc., an affiliate of Clarivate PLC, on behalf of its Healthcare Business Insights division, extending the term for one (1) year, February 12, 2024 through February 11, 2025, increasing the maximum payable by \$30,356 from \$162,052 to \$192,408, and authorize the Chairman to sign.



## Clarivate Renewal Subscription - Instructions and Guidance

Dear Customer,

Thank you for choosing Clarivate as your partner in innovation.

We need your help to ensure we continue to meet your needs, maintain continued access to your services and make certain you receive a quality invoice from Clarivate.

1. **Review your Renewal Notice:** Open the PDF Renewal Notice and validate the information presented on the document is correct. Pay close attention to the products/ services information, bill to and sold to contact and account and finally the pricing associated with this term.
2. **If no changes are required, please sign the renewal notice** as you are not an auto-renew customer. In order to renew your subscription (s) for a subsequent term you must sign the renewal notice in the signature block to renew as of the renewal effective date and the pricing outlined in the renewal notice.
3. **Always contact Clarivate customer service** via [Account.support@clarivate.com](mailto:Account.support@clarivate.com) if any changes are required such as contact or account information, addition of a Purchase Order (PO) number for the invoice, or any other questions regarding your renewal notice.
4. **If you wish to cancel** your subscription with Clarivate, please contact customer service providing notification of cancellation prior to thirty (30) days before your renewal effective date.

*Note: If you wish to cancel but do not provide written notice of your cancellation to customer service thirty (30) days before your renewal effective date, or you do not sign the renewal notice before the renewal effective date, your subscription will be cancelled and access suspended immediately.*

We truly value your business and thank you for your continued partnership.

Should you have any question about your subscription(s) and pricing, please contact your account representative directly, or visit [Account.support@clarivate.com](mailto:Account.support@clarivate.com) and we will be happy to assist you.



## RENEWAL NOTICE SUMMARY

### Decision Resources, Inc. ("Clarivate")

789 E. Eisenhower Parkway  
Ann Arbor, MI 48108  
United States

Sold To Account	ACT-01310841
Sold To Contact Name	Ed Din
Sold To Contact Email	edward.din@kernmedical.com
Sold To Account Name	KERN COUNTY HOSPITAL AUTHORITY
Sold To Address	1700 MT VERNON AVE BAKERSFIELD, California, 93306-4018 United States

### BILLING INFORMATION

Bill To Account	ACT-01310841
Bill To Contact Name	Ed Din
Bill To Account Name	KERN COUNTY HOSPITAL AUTHORITY
Bill To Address	1700 MT VERNON AVE BAKERSFIELD, California 93306-4018 United States

### SHIPPING INFORMATION

Ship To Account	ACT-01310841
Ship To Contact Name	Ed Din
Ship To Account Name	KERN COUNTY HOSPITAL AUTHORITY
Ship To Address	1700 MT VERNON AVE BAKERSFIELD, California 93306-4018 United States

Renewal Reference : Q-591346  
Agreement Number : CA - DRG -00110204  
Payment Terms : Net 30

Product(s) / Service(s)	# Of End Users	License Level	Effective Date	Termination Date	Year 1 Fees
HBI   Academy   Revenue Cycle	1	Enterprise	Feb 12, 2024	Feb 11, 2025	\$ 15,323.71
HBI   Learning   Revenue Cycle	1	Enterprise	Feb 12, 2024	Feb 11, 2025	\$ 15,032.53
<b>Total Fee(s) USD</b>					<b>\$ 30,356.24</b>

All Fees are exclusive of any and all charges relating to Tax/VAT

**(This is not a TAX Document)**

The parties agree to renew the listed product(s) or service(s) for the term and fees set forth above on the same terms and conditions (Licensed Agreement dated February 12, 2018). For orders governed by the Clarivate Terms and/or other linked product terms please make sure to review the most recent terms available at <https://clarivate.com/terms-of-business> as these will apply to your order at renewal.

### Please sign and return to

789 E. Eisenhower Parkway  
Ann Arbor, MI 48108  
United States

Email: [account.support@clarivate.com](mailto:account.support@clarivate.com)





**Signed on behalf of DECISION RESOURCES, INC.**

Signature:

Print Name: Jeff Anusbigian

Title: Vice President, Sales Operations

Date: January 3, 2024

**Signed on behalf of KERN COUNTY HOSPITAL AUTHORITY**

Signature:

Print Name: Russell Bigler

Title: Chairman, Board of Governors

Date: January 17, 2024

APPROVED AS TO FORM:  
Legal Services Department

By Shannon Hochstein  
Kern County Hospital Authority

### Invoice Details

Thank you for choosing Clarivate. We'd like to take a moment to confirm the current invoicing details on your order to ensure you receive a correct and timely invoice and access to your services as soon as possible.

### Other Key Information

Additional information that relates to how invoices will be paid and any key information that needs to be included on the invoice for your internal processes.

#### PO registration requirements

What we need you to provide	Why we need you to provide this information	Current Information	Your response
Please enter the PO (Purchase Order) to be used on your invoice.	PO numbers will be populated on the invoice and are important for procurement departments when allocating costs.		

**Tax Exempt Information:** *If you expect VAT/GST/Sales Tax and/or other similar taxes should not be charged on our invoice to you, please let us know the reason why this should not be charged and provide the necessary documents in the 'ship to' entity's full name to support this. For example, if you have an 'exempt' status, please provide a valid Exemption certificate or mandatory declarations from your Tax Authorities (and any other relevant information). In the absence of the above, applicable taxes will be levied, where relevant.*

What we need you to provide	Your response
If you expect VAT/GST/ Sales Tax or other applicable taxes should not be charged on our invoice to you, please explain why and provide the necessary documents in the 'ship to' company's full Legal name to support this.	

#### Portal registration requirements

What we need you to provide	Your response
Portal name:	
Portal URL/Hyperlink	
Any additional portal registration details (such as specific registration IDs/ANIDs, Matter ID's, PO numbers or similar)	
Does registration require (please check as appropriate):	<ol style="list-style-type: none"> <li>1. Signature by an authorised company representative at Clarivate</li> <li>2. Registration on a national register of companies</li> <li>3. Additional documentation (such as tax or financial records, company registration documents, sustainability records or similar)</li> <li>4. Other (please complete below):</li> </ol>
A name of a contact at your company that can support on any portal registration issues or questions	

**I have provided updated Invoice Information?**

**If yes, we will use the revised information for the Invoice issued for this order.**



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

January 17, 2024

**Subject:** Proposed revisions to Compensation Administration Policy No. HRM-HR-500.01, for Unrepresented Employees

**Recommended Action:** Approve; Direct staff to implement changes

**Summary:**


Kern Medical requests your Board approve the proposed revisions to the compensation administration policy for unrepresented employees, originally approved by your Board in 2016. The requested changes to the pay bands for executive, director, manager and confidential positions are as follows:

1. For Executive level positions, increase the maximum base salary approval level from \$225,000 to \$550,000;
2. For Director level positions, increase the maximum base salary approval level from \$175,000 to \$275,000;
3. For Manager level positions, increase the maximum base salary approval level from \$150,000 to \$250,000; and
4. For Confidential positions, increase the maximum base salary approval level from \$100,000 to \$150,000.

In addition, the policy delegates discretionary authority the Chief Executive Officer to approve other cash or non-cash compensation such as temporary housing, relocation reimbursement, incentive pay for performance, sign-on bonuses, retention bonuses, etc., provided the total compensation does not exceed the pay bands outlined in the policy.

Therefore, it is requested that your Board approve Compensation Administration Policy No. HRM-HR-500.01 and direct staff to implement the changes.

# KERN MEDICAL

	<b>Department: Human Resources</b>			
	Policy No. HRM-HR-500.01	Effective Date: January 2024	Review Date: January 2027	Page 1 of 2
Title: Compensation Administration – Unrepresented Employees				

## I. PURPOSE:

Provide guidelines for the approval of pay bands and job classifications for management, mid-management, confidential and unrepresented employees.

## II. DEFINITIONS:

- A. Confidential employee – An employee of Kern Medical Center who is required to support management positions or whose duties normally require access to confidential information contributing significantly to the development of management positions.
- B. Management and mid-management employee – An employee of Kern Medical Center who has responsibility for formulating and administering Hospital Authority policies or programs, authority to exercise independent judgment to hire, transfer, suspend, promote, discharge, assign, reward, or discipline other employees or review the performance of other employees.
- C. Pay band – The approved salary range, from lowest to highest for a specific job classification.
- D. Unrepresented employee – An employee of Kern Medical Center who is in a job classification that is not a management, mid-management or confidential employee OR represented by a recognized employee organization.<sup>1</sup>

## III. POLICY STATEMENT:

It is the policy of Kern Medical Center that the Chief Executive Officer (CEO) is authorized to approve and adjust salaries for all management, mid-management, confidential and unrepresented employees provided the salaries are within the pay bands approved by the Board of Governors.

Within the approved pay bands specific to these employee groups, the CEO is authorized to set the starting salary for new hires, approve salary increases to

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<sup>1</sup> Does not include employed faculty/physicians.

existing personnel, and modify salary ranges for job classifications. Salary increases may be granted based on job performance, changes in job scope and/or responsibility, market adjustments, or other valid business reasons.

- IV.** The CEO may, in his discretion, offer total compensation packages to new and existing unrepresented employees that may include other cash or non-cash compensation such as temporary housing, relocation reimbursement, incentive pay for performance, sign-on bonuses, retention bonuses, etc., provided the total package does not exceed the pay bands approved by the Board of Governors.

**PROCEDURE:**

- A. The Board of Governors will periodically and upon request, review and approve pre-designated pay bands for management, mid-management, confidential and unrepresented employees as contained in this policy.
- B. The pay bands within which the CEO maintains authority are approved by the Board of Governors and are as follows:
1. For Executive level positions, which include but are not limited to Vice President or Administrator positions, the CEO may approve starting and adjustments to salary provided annual base salary does not exceed \$550,000 per year.
  2. For Director level positions, the CEO may approve starting and adjustments to salary provided annual base salary does not exceed \$275,000 per year.
  3. For Manager level positions, the CEO may approve starting and adjustments to salary provided annual base salary does not exceed \$250,000 per year.
  4. For Confidential positions, the CEO may approve starting and adjustments to salary provided annual base salary does not exceed \$150,000 per year.
  5. For Unrepresented positions, the CEO may approve starting and adjustments to salary provided annual base salary does not exceed \$150,000 per year.
- C. Salary decisions outside of approved pay bands:
1. Recommendations for starting or adjustments to salary that exceed the approved annual salary amounts contained within this policy shall be presented to the Board of Governors for approval.

Ownership (Committee/Dept/Team) ..... Human Resources Department  
Original ..... July 2016  
Reviewed, No Revisions .....  
Revised ..... January 2024  
Distribution ..... KMC Intranet, under Policies  
Requires Review ..... November 2026

Administrative Signature of Approval	Date
--------------------------------------	------



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

January 17, 2024

**Subject:** Proposed Amendment No. 2 to Agreement 099-2023 with Alton Scott Thygerson, a contract employee

**Requested Action:** Approved; Authorize Chairman to sign

**Summary:**

On July 19, 2023, your Board approved Agreement 099-2023 with Alton Scott Thygerson for professional services as chief executive officer of Kern County Authority for the period July 19, 2023 through July 19, 2026. The Agreement contains a provision in the job description for your Board and Mr. Thygerson to develop a mutually agreed upon succession plan within six months of July 19, 2023 (the commencement date of Mr. Thygerson's employment).

Attached to the proposed Amendment as Exhibit "A-1" is the mutually agreed upon succession plan for appointment of a chief executive officer in the event Mr. Thygerson were no longer serving in that position. There are no other changes to the Agreement.

Therefore, it is recommended that your Board approve Amendment No. 2 to Agreement 099-2023 with Alton Scott Thygerson for professional services as chief executive officer of Kern County Hospital Authority, adding a succession plan, and authorize the Chairman to sign.

**AMENDMENT NO. 2  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern County Hospital Authority – Alton Scott Thygerson)**

This Amendment No. 2 to the Agreement for Professional Services is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2024, between Kern County Hospital Authority, a local unit of government (“Authority”), which owns and operates Kern Medical Center (“KMC”), and Alton Scott Thygerson (“Executive”).

**RECITALS**

(a) Authority and Executive have heretofore entered into an Agreement for Professional Services (Agt. #099-2023, dated July 19, 2023) and Amendment No. 1 (Agt. #150-2023, dated October 18, 2023) (the “Agreement”), for the period July 19, 2023 through July 19, 2026, whereby Executive serves as chief executive officer of 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 January 17, 2024;

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. Exhibit “A-1,” CEO Succession Plan, attached hereto and incorporated herein by this reference, shall be made part of the Agreement.
2. All capitalized terms used in this Amendment and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
3. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
4. 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.
5. Except as provided herein, all other terms, conditions and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[SIGNATURES FOLLOW ON NEXT PAGE]



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

EXECUTIVE

By \_\_\_\_\_  
Alton Scott Thygerson

KERN COUNTY HOSPITAL AUTHORITY

By \_\_\_\_\_  
Chairman  
Board of Governors

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By \_\_\_\_\_  
Vice President & General Counsel  
Kern County Hospital Authority

Amend2.Thygerson.010224

**EXHIBIT “A-1”  
CEO SUCCESSION PLAN**

**[TO BE ATTACHED]**

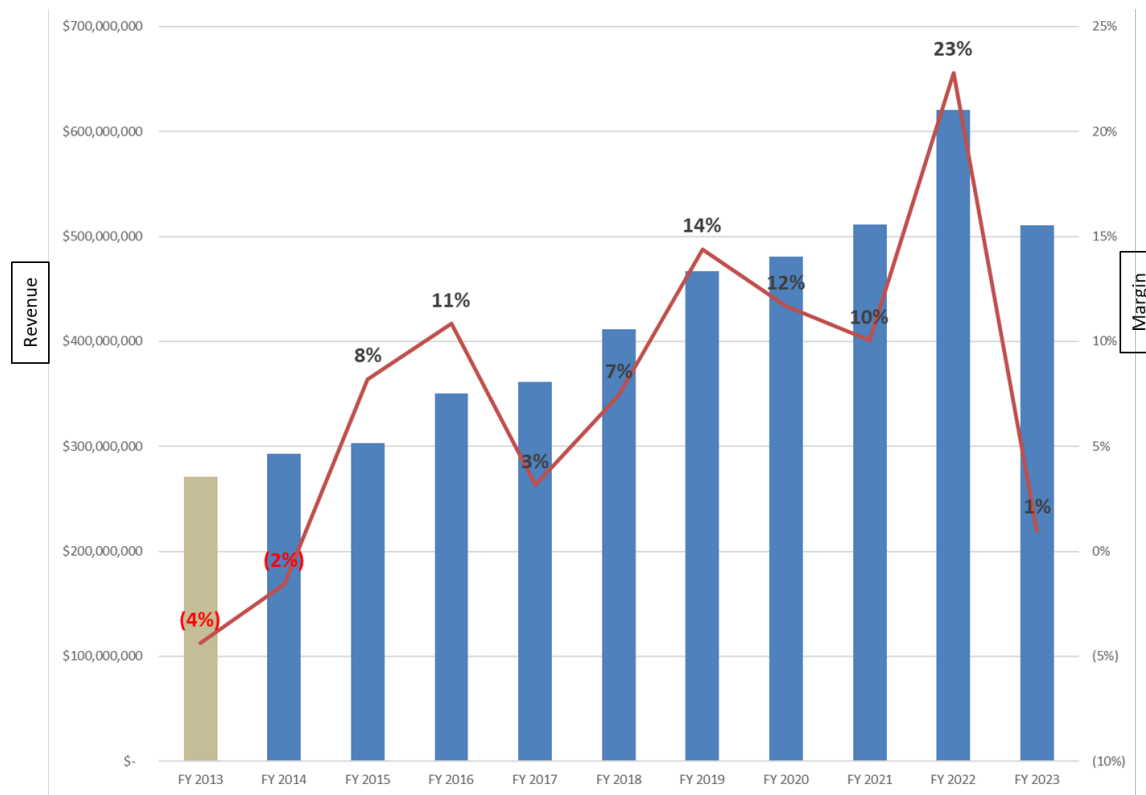
# CEO Succession Plan

## Step 1: Overview of historical background, Mission/Vision/Values, Organizational Initiatives

Historical background:

- Considerable turnaround and restructuring these past 10 years from a county hospital to the Hospital Authority
- Growth and positioning in academic training
- Growth and service enhancement in clinical programs
- Investment and repair of physical plant and IT infrastructure, including EHR and financial systems (Cerner)

Chart: Financial story reflecting FY2013 – FY2023



\*Post Year End Close Addition of \$53 million in Revenue

## Step 2: Confirm Responsibilities and Characteristics of CEO (Source: CEO Employment Agreement, Exhibit “A”)

Crosswalk of “Duties and Expectations” in Job Description with “Characteristics and Expertise”

<b>Duties and Expectations (from Job Description)</b>	<b>Characteristics and Expertise</b>
<ul style="list-style-type: none"> <li>Plan, direct and manage the current operations, future growth and program development of Authority while ensuring responsible use of fiscal, human and physical resources</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Planning and Program Development</li> </ul>
<ul style="list-style-type: none"> <li>Provide leadership in the day-to-day operations and administration of Authority, as well as planning and developing policies and programs for the administration and management of Authority</li> </ul>	<ul style="list-style-type: none"> <li>Operational Expertise</li> </ul>
<ul style="list-style-type: none"> <li>Represent the interests of Authority in the development of public hospital funding for indigent care. Maintain communications with appropriate governmental agencies and hospital industry groups. Keep the Board of Governors apprised of administrative and political landscape regarding public hospital financing. Help develop political strategies that can be supported by the Board of Governors and hospital administration</li> </ul>	<ul style="list-style-type: none"> <li>Community Relations</li> <li>Government Relations</li> </ul>
<ul style="list-style-type: none"> <li>Maintain a cooperative and productive relationship with the KMC Medical Staff</li> </ul>	<ul style="list-style-type: none"> <li>Physician Relations</li> </ul>
<ul style="list-style-type: none"> <li>Provide leadership to the Chief Financial Officer in development of financial reporting and controls necessary to meet new public hospital funding policies</li> </ul>	<ul style="list-style-type: none"> <li>Financial Management and Controls</li> <li>Public Health System Financing</li> </ul>
<ul style="list-style-type: none"> <li>Maintain billing, accounting and internal control systems to ensure efficient management of Authority funds</li> </ul>	<ul style="list-style-type: none"> <li>Financial Management and Controls</li> </ul>
<ul style="list-style-type: none"> <li>Maintain active involvement in and oversight of the administration of all departments at KMC, including personnel management and internal controls for each of the clinical departments</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources</li> </ul>
<ul style="list-style-type: none"> <li>Continue to supervise medical quality control to minimize risk and maximize patient outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Operational Expertise</li> </ul>
<ul style="list-style-type: none"> <li>Facilitate communication between the Board of Governors, KMC administration, KMC Medical Staff and all other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Board Relations</li> </ul>
<ul style="list-style-type: none"> <li>Develop goals and objectives for Authority, in conjunction with the Board of Governors</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Planning</li> </ul>
<ul style="list-style-type: none"> <li>Perform those duties set forth in the Bylaws for Governance and in policy statements of the Board of Governors</li> </ul>	<ul style="list-style-type: none"> <li>Board Relations and Governance</li> </ul>

<b>Duties and Expectations (from Job Description)</b>	<b>Characteristics and Expertise</b>
<ul style="list-style-type: none"> <li>• Ensure KMC delivers high quality, cost effective care and coordinate the development of services and facilities to fulfill Authority’s mission</li> </ul>	<ul style="list-style-type: none"> <li>• Operational Expertise</li> </ul>
<ul style="list-style-type: none"> <li>• Undertake the following based on (i) the financial stability of Authority, (ii) market conditions, or (iii) the request of the Board of Governors: <ul style="list-style-type: none"> <li>○ Determine what services are being provided by Authority that are not required to meet legal obligations</li> <li>○ Prepare a pro forma financial analysis for each department, including profitability by sources of revenue, function and patient source</li> <li>○ Perform an analysis of functional areas taking into consideration all competitive factors in the market, market growth projections, and sources of reimbursement</li> <li>○ Conduct strategic planning sessions within each department, allowing management and staff the opportunity for input</li> <li>○ Perform population-based analysis of health care needs and compare availability of services to those needs</li> <li>○ Identify opportunities for Authority to fulfill the unmet needs both for new services and to increase access to care; this includes the expected reimbursement and profitability of the recommended opportunities</li> <li>○ Evaluate Authority’s existing capability and capacity, and project or approximate resource requirements necessary to expand scope of services</li> <li>○ Evaluate impact of expanded services on reimbursement from Medi-Cal and other payers</li> <li>○ Review Authority’s sources of funding and identify strategies for coping with the changing market place</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Financial Management and Controls</li> </ul>

**Step 3: Summary of Key CEO Characteristics and Expertise (mark all that apply)**

- Strategic Planning
- Program Development
- Board Relations and Governance
- Operational Expertise
- Human Resources Expertise
- Community Relations
- Government Relations
- Physician Relations
- Financial Management and Controls
- Public Health System Financing
- Other Key Characteristics (e.g. values, experience, academics, vision, compliance, etc)
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Step 4: Required academic background (mark all that apply)**

- Minimum of Master’s Degree in Health Care Administration, Business, Public Administration
- Medical Doctor (MD)/Doctor of Osteopathic Medicine (DO)
- Juris Doctor (JD)

**Step 5: Leadership Skills and Expertise (mark all that apply)**

- Strategic Planning
- Analytics
- Performance Management
- Decision Making
- Problem Solving
- Team Building
- Collaboration
- Entrepreneurship
- Visionary
- Communication
- Politically Savvy
- Facilitation
- Labor Relations
- Crisis Management
- Negotiation
- Other \_\_\_\_\_

### Step 6: Industry Experience (mark all that apply)

- External Hospital System or Multi-campus (required or preferred)
- Joint Ventures (required or preferred)
- Public Health Systems (required or preferred)
- California Experience (required or preferred)
- Other \_\_\_\_\_

### Step 7: Required or Acceptable Career Path (mark all that apply)

- President/CEO
- COO
- VP
- Department Chair (physician)
- CMO
- CFO
- Years of Experience at Executive Level
- Other \_\_\_\_\_

### Step 8: Personality Traits

- Adaptable
- Analytical
- Trusting
- Determined
- Patient
- Empathetic
- Decisive
- Committed
- Energetic
- Values and Standards
- Creative
- Objective
- Consistent
- Other \_\_\_\_\_

### Step 9: Internal versus External Candidates

Alignment of Potential Internal Candidates. Step to be performed after Conclude Steps 1-8.

- COO
- CFO
- CMO
- Department Chair

**Step 10: Discuss interim internal CEO and conducting a national search.**

Considerations:

- Duration of External Search (6-9 months minimum)
- Selection of Executive Recruitment Firm
- Search Committee Membership
- Characteristics/Expertise of Candidates (see steps 2-8)
- Communications with Board of Supervisors
- Other \_\_\_\_\_

**Step 11: Identify Internal Interim CEO**

**Step 12: Structure Succession Plan for CEO Employment Agreement Amendment**





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

January 17, 2024

**Subject:** AB 1882 Seismic Compliance Reporting

**Requested Action:** Receive and File

**Summary:**

Kern Medical presents to your Board the Structural and Non-Structural Evaluation Report as required by the Seismic and Compliance Safety Act (Act) and 2022 California Code of Regulations.

The Act requires hospitals to report its seismic compliance status to the Board of Governors and other governing agencies including: Kern County Board of Supervisors, Bakersfield City Council, Kern County Office of Emergency Services, and California Office of Emergency Services.

Therefore, it is recommended that your Board receive and file the AB 1882 Seismic Compliance Report dated December 29, 2023, and authorize distribution to governing agencies.



December 29, 2023

To: Kern County Hospital Authority Board of Governors  
Kern County Board of Supervisors  
City of Bakersfield Board of Supervisors  
Kern County Office of Emergency Services  
California Office of Emergency Services

Subject: AB 1882 Seismic Compliance Reporting

1. Per Assembly Bill (AB) 1882 (Chapter 584, Statutes of 2022), Kern County Hospital Authority, owner and operator of Kern Medical Center, reports its seismic compliance status in paragraph 2 below. AB 1882 seeks to raise the awareness of a general acute care hospital's compliance with the seismic safety regulations or standards outlined in the Alfred E. Alquist Hospital Facility's Seismic Safety Act of 1983 through public notices, hospital campus postings, Department of Health Care Access and Information website, and annual status updates until compliance is achieved.

As defined in Section 129725 and licensed pursuant to subdivision (a) of Section 1250 of the Health & Safety Code, general acute care hospitals in California, must comply with the Structural Performance Category (SPC) and Non-structural Performance Category (NPC) regulations mandated by the Health Care Access and Information (HCAI) department.

Below is a brief description of each SPC/NPC rating:

- SPC 1 – These buildings pose significant risk of collapse and danger to the public.
- SPC 2 – These buildings do not significantly jeopardize life, but may not be repairable or functional following strong ground motion.
- SPC 3 – These buildings may experience structural damage which does not significantly jeopardize life, but may not be repairable or functional following strong ground motion.
- SPC 4 – These buildings are in compliance with the structural provisions, but may experience structural damage which may inhibit ability to provide services to the public following strong ground motion.
- SPC 5 – Buildings that are in compliance with the structural provisions, and are reasonable capable of providing services to the public following strong ground motion.
- NPC 1 – Buildings with equipment and systems not meeting the anchoring requirements.

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

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- NPC 2 – Communications systems, emergency power supply, bulk medical gas systems, fire alarm systems and emergency lighting/equipment/signs in means of egress are seismically strapped/anchored.
- NPC 3 – The building meets the criteria for NPC “2” and in critical care areas where nonstructural components, equipment and fire sprinkler systems are seismically strapped/anchored.
- NPC 4 – Building meets the criteria for NPC “3” and all architectural, mechanical, electrical systems, components/equipment and hospital equipment meet the seismic bracing/anchoring requirements.
- NPC 5 – Building meets the criteria for NPC “4” and on-site supplies of water and holding tanks for sewage and liquid waste, sufficient to support 72 hours of emergency operations, are integrated into the building plumbing systems. An on-site emergency system is incorporated into the building electrical system for critical care areas. Additionally, the system shall provide for radiological services and an onsite supply fuel supply for 72 hours of acute care operations.

## 2. Building Status:

- a. Building 00808 (G Wing Dietary), SPC-2/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: housekeeping/environmental services and supplies, kitchen storage, engineering, employee health, simulation lab, social services, case management, staff development.
- b. Building 00809 (Central Utility Plant), SPC-5/NPC-4. The State of California has determined that this building is at risk of not being functional to provide care to its patients or community after an earthquake. The following services are provided in this building: central utilities
- c. Building 00804 (D Wing), SPC-4/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: nursing and general medical, med surge, clinical lab, neonatal intensive care, postpartum, respiratory, intensive care.
- d. Building 00805 (E Wing), SPC-5/NPC-2. The State of California has determined that this building is at risk of not being functional to provide care to its patients or community after an earthquake. The following services are provided in this building: emergency services, radiology, surgery, anesthesia, sterile supplies, sterile processing, general storage.
- e. Building 03806 (B/C Wing South), SPC-2/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: general medical, imaging, radiological, diagnostic imaging, general storage, obstetrics, pediatric, pharmacy, administration.

- f. Building 00806 (E Wing Infill), SPC-5/NPC-2. The State of California has determined that this building is at risk of not being functional to provide care to its patients or community after an earthquake. The following services are provided in this building: surgery, radiology, post-anesthesia care unit, patient dressing room.
  
- g. Building 00803 – (B/C Wing North), SPC-2/NPC-2. The State of California has determined that this building does not significantly jeopardize life, but may not be repairable or functional following an earthquake. The following services are provided in this building: behavioral health, general medical, general storage, obstetrics, pediatric/adolescent nursing, diagnostic imaging, dietetic, special procedures, nuclear medicine, outpatient services, respiratory, physical rehabilitation, staff dressing room.

Sincerely,



Scott Thygerson,  
Chief Executive Officer



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

January 17, 2024

**Subject:** Proposed Draft Report of Independent Auditors from Moss Adams LLP

**Recommended Action:** Receive and File; Refer to Kern County Board of Supervisors subject to final quality control review and approval by Moss Adams LLP

**Summary:**

Kern Medical requests your Board receive and file the Report of Independent Auditors from Moss Adams LLP, for the audit of Kern Medical Center's financial statements. The scope of the audit includes the audit of Kern Medical Center financial statements, which comprise the statement of net position as of June 30, 2023, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

**DRAFT**  
Not to be reproduced or relied  
upon for any purpose

— Reports of Independent Auditors and Financial Statements with  
Supplementary Information

**Kern County Hospital Authority**

June 30, 2023 and 2022

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# Kern County Hospital Authority Management's Discussion and Analysis

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The discussion and analysis of the financial performance of Kern County Hospital Authority (the "Authority" or "Kern Medical") provides an overall review of the financial activities for the years ended June 30, 2023, 2022, and 2021. The intent of this discussion and analysis is to provide further information about Kern Medical's financial performance as a whole. Readers should also review the financial statements and the accompanying notes to the financial statements to enhance their understanding of Kern Medical's financial performance.

## Summary of Organization and Business

The County of Kern ("County") established the Authority as a public entity separate from the County to operate Kern Medical Center, a highly specialized tertiary referral center, an academic institution, and a designated public hospital for Kern County. The County transferred the ownership and operations of Kern Medical effective July 1, 2016. The Authority provides an organizational and operational structure that facilitates and enhances Kern Medical's ability to function with flexibility, responsiveness, and innovation. The creation of an independent Hospital Authority also provides maintenance, operation, management, and control of Kern Medical and its related health care resources in a manner consistent with the County's obligations under Section 17000 of the Welfare and Institutions Code. Further, the Authority offers an approach to achieve these objectives in a manner that ensures the continued viability of Kern Medical, and it constitutes an ongoing material benefit to the County and its residents. The Authority is not governed by, or subject to the County's Civil Service Commission regulation or other operational rules of the County, including, but not limited to, those relating to personnel and procurement.

## Key Performance Indicators

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Admissions (excluding births)	9,364	9,781	9,763
Discharges	12,503	12,652	10,108
Births	2,272	2,166	2,331
Patient days (excluding newborns)	59,351	61,095	52,567
Average daily census	163	167	144

## Overview of the Financial Statements

The financial statements of Kern Medical report information about Kern Medical's use of accounting methods, which are similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities and include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, the accompanying notes are an integral part of these financial statements.

The statement of net position includes all of Kern Medical's assets, liabilities, and deferred inflows and outflows and provides information about the nature and amounts of investments in resources (assets) and obligations to Kern Medical's creditors (liabilities). It also provides the basis for evaluating the capital structure of Kern Medical and assessing the liquidity and financial flexibility of Kern Medical.



## **Kern County Hospital Authority Management's Discussion and Analysis**

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The statement of revenues, expenses, and changes in net position reports all of the revenues and expenses during the time period indicated. This statement measures the success of Kern Medical's operations over the past year and can be used to determine whether Kern Medical has successfully recovered all of its costs through its charges at established rates and other revenues. Over time, increases or decreases in net position may serve as a unique indicator of whether or not the financial position of Kern Medical is improving or deteriorating.

The statement of cash flows reports cash receipts; cash payments; changes in cash resulting from operations, investing, and financing activities; and the changes in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about Kern Medical's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Kern Medical adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, effective July 1, 2022. Accordingly, the 2021 financial information included in management's discussion and analysis has not been adjusted for the impact of GASB Statement No. 96.

**Kern County Hospital Authority  
Management's Discussion and Analysis**

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**Financial Analysis**

**Condensed Statements of Net Position**

	June 30,		
	2023	2022 As restated	2021
Current assets	\$ 331,734,116	\$ 331,634,272	\$ 230,900,729
Right-to-use assets	7,095,039	7,964,725	9,185,312
Subscription-Based Information Technology Arrangements (SBITA)	3,026,383	2,732,984	-
Capital assets	95,938,261	95,971,821	98,236,860
Total assets	437,793,799	438,303,802	338,322,901
Deferred outflows of resources	106,689,945	99,396,391	121,444,788
Total assets and deferred outflows of resources	<u>\$ 544,483,744</u>	<u>\$ 537,700,193</u>	<u>\$ 459,767,689</u>
Current liabilities	\$ 62,086,798	\$ 60,643,764	\$ 78,474,131
Noncurrent liabilities	396,533,096	337,813,789	431,273,959
Total liabilities	458,619,894	398,457,553	509,748,090
Deferred inflows of resources	25,368,248	79,254,798	30,132,624
Net investment in capital assets	95,938,261	95,971,821	98,236,860
Unrestricted	(35,442,659)	(35,983,979)	(178,349,885)
Total net position	60,495,602	59,987,842	(80,113,025)
Total liabilities, deferred inflows of resources, and net position	<u>\$ 544,483,744</u>	<u>\$ 537,700,193</u>	<u>\$ 459,767,689</u>

# Kern County Hospital Authority Management's Discussion and Analysis

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## **Statements of Net Position Highlights:**

### **Changes from fiscal 2022 to 2023**

*Current assets* – Current assets increased \$99.8 thousand, or 0.03%, from fiscal year 2022 to 2023, mainly due to an increase in patient accounts receivable. The patient accounts receivable balance increased \$7.6 million, or 16%, from fiscal year 2022 to 2023. Kern Medical continues to realize increased efficiency in patient billing and in overall revenue cycle processes since the implementation of the Cerner Electronic Health Record (EHR) system during fiscal year 2020. The increase in patient receivables is in part due to the increased volume of patient billing generated by the Cerner system.

*Deferred outflows of resources* – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$7.3 million, or 7%, increase in deferred outflows of resources related to changes in actuarial assumptions, net differences between projected and actual earnings on pension plan investments, and contributions made subsequent to the measurement date. The deferred outflows of resources reported are \$106.7 million as of June 30, 2023, compared to a balance of \$99.4 million as of June 30, 2022.

*Current liabilities* – Current liabilities increased from fiscal year 2022 by \$1.4 million, or 2%. The increase is mainly due to a \$1.9 million increase in salaries and benefits payable. The salaries and benefits payable balance reported is \$13.7 million as of June 30, 2023, compared to a balance of \$11.8 million as of June 30, 2022.

*Noncurrent liabilities* – Noncurrent liabilities increased from fiscal year 2022 by \$58.7 million, or 17%. The increase is mainly due to a decrease in the net pension liability.

*Deferred inflows of resources* – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$53.9 million, or 68% decrease, in deferred inflows of resources related to the net differences between pension plan and other postemployment benefits expected and actual experience and changes in proportion and differences between Kern Medical contributions and proportionate share of contributions. The deferred inflows of resources reported are \$25.4 million as of June 30, 2023, compared to a balance of \$79.3 million as of June 30, 2022.

*Unrestricted net position* – The unrestricted net position increased \$541.3 thousand, or 2%, from fiscal year 2022 to 2023, due to changes in actuarial assumptions and operating income for 2023. The balance consists mainly of net pension liability. The unrestricted net position reported is a deficit of \$35.4 million as of June 30, 2023, compared to a deficit of \$35.9 million as of June 30, 2022.

### **Changes from fiscal 2021 to 2022**

*Current assets* – Current assets increased \$100.7 million, or 44%, from fiscal year 2021 to 2022, mainly due to an increase in receivables from government agencies. The government receivables balance increased \$92.5 million, or 96%, from fiscal year 2021 to 2022. Kern Medical is entitled to receive supplemental funding from various state and federal government sources based on patients served. The increase in receivables from government agencies is due in large part to the timing of when state and federal government agencies issue funds to healthcare providers. Some supplemental programs cross over fiscal and calendar years. This can result in large fluctuations in the receivables balance at fiscal year-end.

## Kern County Hospital Authority Management's Discussion and Analysis

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*Deferred outflows of resources* – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$22.0 million, or 18%, decrease in deferred outflows of resources related to changes in actuarial assumptions, net differences between projected and actual earnings on pension plan investments, and contributions made subsequent to the measurement date. The deferred outflows of resources reported are \$99.4 million as of June 30, 2022, compared to a balance of \$121.4 million as of June 30, 2021.

*Current liabilities* – Current liabilities decreased from fiscal year 2021 by \$17.8 million, or 23%. The decrease is mainly due to a \$15.9 million decrease in accounts payable. The accounts payable balance reported is \$32.7 million as of June 30, 2022, compared to a balance of \$48.6 million as of June 30, 2021.

*Noncurrent liabilities* – Noncurrent liabilities decreased from fiscal year 2021 by \$93.5 million, or 22%. The decrease is mainly due to a decrease in the net pension liability.

*Deferred inflows of resources* – In connection with GASB No. 68 and GASB No. 75, Kern Medical reported a \$49.1 million increase, or 163%, in deferred inflows of resources related to the net differences between pension plan and other postemployment benefits expected and actual experience and changes in proportion and differences between Kern Medical contributions and proportionate share of contributions. The deferred inflows of resources reported are \$79.3 million as of June 30, 2022, compared to a balance of \$30.1 million as of June 30, 2021.

*Unrestricted net position* – The unrestricted net position increased \$142.4 million, or 80%, from fiscal year 2021 to 2022, due to changes in actuarial assumptions and operating income for 2022. The balance consists mainly of net pension liability. The unrestricted net position reported is a deficit of \$36.0 million as of June 30, 2022, compared to a deficit of \$178.3 million as of June 30, 2021.

### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022 As restated	2021
Operating revenue	\$ 511,155,067	\$ 601,996,109	\$ 510,574,798
Nonoperating revenue	2,251,203	21,855,297	3,574,614
Total revenue	<u>513,406,270</u>	<u>623,851,406</u>	<u>514,149,412</u>
Depreciation and amortization	15,488,084	14,590,334	12,451,936
Operating expenses	495,419,267	467,796,284	449,363,989
Nonoperating expenses	1,991,159	1,363,921	1,927,077
Total expenses	<u>512,898,510</u>	<u>482,386,618</u>	<u>463,743,002</u>
Change in net position	507,760	140,100,867	50,406,410
Beginning net position, beginning of year	<u>59,987,842</u>	<u>(80,113,025)</u>	<u>(130,519,435)</u>
Ending net position	<u>\$ 60,495,602</u>	<u>\$ 59,987,842</u>	<u>\$ (80,113,025)</u>

# Kern County Hospital Authority Management's Discussion and Analysis

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## ***Statements of Revenue, Expenses, and Changes in Net Position Highlights:***

### ***Changes from fiscal 2022 to 2023***

The first component of Kern Medical's net position is its operating revenue. Operating revenue decreased by \$90.8 million, or 15%, in fiscal year 2023 as compared to fiscal year 2022. The primary components of operating revenue are as follows:

Net patient service revenue totaled \$272.0 million for the fiscal year ended June 30, 2023. This was a \$5.3 million, or 2% decrease from fiscal year 2022 to fiscal year 2023 due primarily to a decrease in gross patient revenue. Kern Medical also recognized revenue from various indigent patient funding sources including Intergovernmental Transfer Programs, Enhanced Payment Program funding, and the Hospital Fee Program totaling \$173.3 million for the year, as compared to fiscal year 2022 of \$259.2 million.

The second component of Kern Medical's net position is its operating expenses. Operating expenses increased \$28.5 million, or 6%, in fiscal year 2023 as compared to fiscal year 2022. The increase is mainly due to increases in salaries and benefits expenses.

### ***Changes from fiscal 2021 to 2022***

The first component of Kern Medical's net position is its operating revenue. Operating revenue increased by \$91.4 million, or 18%, in fiscal year 2022 as compared to fiscal year 2021. The primary components of operating revenue are as follows:

Net patient service revenue totaled \$277.3 million for the fiscal year ended June 30, 2022. This was a \$22.7 million, or 9% increase from fiscal year 2021 to fiscal year 2022 due primarily to an increase in gross patient revenue. Kern Medical also recognized revenue from various indigent patient funding sources including Intergovernmental Transfer Programs, the Enhanced Payment Program funding, and the Hospital Fee Program totaling \$259.2 million for the year, as compared to fiscal year 2021 of \$192.1 million.

The second component of Kern Medical's net position is its operating expenses. Operating expenses increased \$20.6 million, or 4%, in fiscal year 2022 as compared to fiscal year 2021. The increase is due in large part to increases in nurse registry contract labor expenses. In addition, there were increases in services and medical supplies expenses.

## Kern County Hospital Authority Management's Discussion and Analysis

### Analysis of Capital Assets

In fiscal year 2023, Kern Medical's capital assets decreased approximately \$33.6 thousand due to relatively fewer additions of capital assets and Construction in Progress and various other additions as compared to fiscal year 2022. In fiscal year 2022, Kern Medical's capital assets decreased approximately \$2.3 million due to relatively fewer additions to Construction in Progress and various other additions—as compared to fiscal year 2021. The table below provides summarized information for Kern Medical's outstanding capital assets for the years ended June 30, 2023 and 2022:

	July 1, 2022	Additions	Deletions	Transfers	June 30, 2023
Capital assets not subject to depreciation	\$ 8,846,998	\$ 4,642,905	\$ -	\$ -	\$ 13,489,903
Capital assets subject to depreciation	224,976,155	7,498,696	-	-	232,474,851
Less: accumulated depreciation and amortization	137,851,332	12,175,161	-	-	150,026,493
Capital assets subject to depreciation, net	87,124,823	(4,676,465)	-	-	82,448,358
Capital assets, net	\$ 95,971,821	\$ (33,560)	\$ -	\$ -	\$ 95,938,261

	July 1, 2021	Additions	Deletions	Transfers	June 30, 2022
Capital assets not subject to depreciation	\$ 10,393,004	\$ 7,168,765	\$ -	\$ (8,714,771)	\$ 8,846,998
Capital assets subject to depreciation	214,064,492	2,196,892	-	8,714,771	224,976,155
Less: accumulated depreciation and amortization	126,220,636	11,630,696	-	-	137,851,332
Capital assets subject to depreciation, net	87,843,856	(9,433,804)	-	8,714,771	87,124,823
Capital assets, net	\$ 98,236,860	\$ (2,265,039)	\$ -	\$ -	\$ 95,971,821

Additional information on Kern Medical's capital assets can be found in Note 4 of this report.

### Long-Term Debt Summary

In fiscal year 2023, the decrease in long-term debt is the result of principal payments on existing debt . In fiscal year 2022, the decrease in long-term debt is primarily the result of a decrease in line of credit borrowing. The table below provides summarized information for the Kern Medical's outstanding long-term liabilities as of June 30, 2023 and 2022:

	June 30, 2022	Incurred or Issued	Satisfied or Matured	June 30, 2023	Amounts Due Within One Year	Amounts Due in More Than One Year
Pension obligation bonds	\$ 13,143,781	\$ -	\$ 2,938,587	\$ 10,205,194	\$ 1,991,965	\$ 8,213,229

	June 30, 2021	Incurred or Issued	Satisfied or Matured	June 30, 2022	Amounts Due Within One Year	Amounts Due in More Than One Year
Pension obligation bonds	\$ 16,352,458	\$ -	\$ 3,208,677	\$ 13,143,781	\$ 2,938,587	\$ 10,205,194

Additional information on Kern Medical's long-term debt can be found in Note 6 of this report.

# **Kern County Hospital Authority Management's Discussion and Analysis**

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## **Economic Factors Affecting Next Year**

During the past three and a half years, the COVID-19 pandemic has presented unprecedented challenges for the healthcare industry. It is expected that the pandemic will continue to have an impact during 2024. Kern Medical has adjusted to the changing conditions as needed and has maintained the staffing, supplies, and personal protective equipment levels necessary to provide coverage for a surge in pandemic activity when necessary. In addition, Kern Medical is participating in all emergency funding programs available at the county, state, and federal levels to help offset lost revenue and increased expenses that may be realized due to the COVID-19 issue.

For fiscal year 2024, Kern Medical will continue to qualify for various governmental funding programs. On December 29, 2021 the State of California announced federal approval of a five-year Medicaid (Medi-Cal) Section 1115 waiver extension. The waiver extension is part of a bigger package of proposals under the California Advancing and Innovating Medi-Cal (CalAIM) program. Section 1115 waivers allow states to waive certain federal Medicaid rules so that they can pursue innovative strategies to improve care for Medicaid beneficiaries. The extension will allow Kern Medical to continue to receive funding from all components of the waiver including the Global Payment Program (GPP). The Whole Person Care (WPC) component of the previous waiver is being bridged into the new Providing Access and Transforming Health (PATH) program under CalAIM. As with WPC, PATH is designed to provide integrated, patient-centered care through coordination of physical and behavioral health and social services to meet patients' holistic needs. Under the new waiver the third and largest component of the previous waiver, the Public Hospital Redesign and Incentives in Medi-Cal ("PRIME") program, has been effectively rolled into the Quality Incentive Program (QIP). This is favorable because the funding is no longer contingent on the approval of a new waiver. The QIP, and the Enhanced Payment Program (EPP) that Kern Medical also participates in, were developed three years ago due to a Medicaid managed care rule implemented by CMS that limits the ability of states to direct payments to health care providers unless certain conditions are met. Exceptions to the rule are payments directed to health care providers that are tied to performance and payments that provide a uniform payment increase that includes a pre-determined increase over contracted rates.

Operating expenses are expected to increase primarily from staffing costs. The timing of State and Federal funding will continue to impact cash flow throughout the year.

## **Contacting Kern Medical's Chief Financial Officer**

This financial report is designed to provide citizens, customers, and creditors with a general overview of Kern Medical's finances and to demonstrate Kern Medical's accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact the Chief Financial Officer, Kern Medical, 1700 Mount Vernon Ave., Bakersfield, California 93306.

## **Report of Independent Auditors**

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## **Financial Statements**

**Kern County Hospital Authority**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

	2023	2022
		As restated
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 66,957,282	\$ 78,115,911
Revolving fund cash	3,000	2,900
Patient accounts receivable, net of allowances for doubtful accounts of \$7,504,551 in 2023 and \$17,477,373 in 2022 (Note 3)	53,941,411	46,341,733
Due from governmental agencies (Note 9)	180,423,929	188,632,200
Other receivables	19,270,291	8,603,645
Inventories	5,470,745	5,099,732
Prepaid expenses	5,667,458	4,838,151
Total current assets	331,734,116	331,634,272
RIGHT-TO-USE ASSETS, net (Note 18)	7,095,039	7,964,725
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA), net (Note 19)	3,026,383	2,732,984
CAPITAL ASSETS, net (Note 4)	95,938,261	95,971,821
Total assets	437,793,799	438,303,802
DEFERRED OUTFLOWS OF RESOURCES (Notes 11 and 13)	106,689,945	99,396,391
Total assets and deferred outflows of resources	\$ 544,483,744	\$ 537,700,193
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 33,317,493	\$ 32,718,559
Salaries and employee benefits payable	13,711,455	11,764,593
Interest payable, current portion (Note 7)	467,089	65,186
Current portion of compensated absences payable (Note 5)	6,164,030	6,362,361
Current portion of lease liability (Note 18)	2,530,758	2,650,200
Current portion of SBITA liability (Note 19)	749,846	538,755
Current portion of estimate for professional liability (Note 14)	2,337,746	2,587,893
Current portion of estimate for workers' compensation liability (Note 14)	816,416	1,017,630
Current portion of long-term debt (Note 6)	1,991,965	2,938,587
Total current liabilities	62,086,798	60,643,764
NONCURRENT LIABILITIES		
Interest payable, net of current portion (Note 7)	6,731,300	6,218,422
Compensated absences payable, net of current portion (Note 5)	14,382,737	12,724,721
Net pension liability (Note 11)	345,399,109	284,243,193
Net other post-employment benefits (Note 13)	7,075,072	7,216,964
Estimate for professional liability, net of current portion (Note 14)	4,377,122	4,977,378
Estimate for workers' compensation liability, net of current portion (Note 14)	3,165,038	4,314,780
Lease liability, net of current portion (Note 18)	4,844,232	5,694,483
SBITA liability, net of current portion (Note 19)	2,345,257	2,218,654
Long-term debt, net of current portion (Note 6)	8,213,229	10,205,194
Total liabilities	458,619,894	398,457,553
DEFERRED INFLOWS OF RESOURCES (Notes 11 and 13)	25,368,248	79,254,798
NET POSITION		
Net investment in capital assets	95,938,261	95,971,821
Unrestricted	(35,442,659)	(35,983,979)
Total net position	60,495,602	59,987,842
Total liabilities, deferred inflows of resources, and net position	\$ 544,483,744	\$ 537,700,193

See accompanying notes.

**Kern County Hospital Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
		As restated
<b>OPERATING REVENUES</b>		
Net patient service revenue, net of provisions for uncollectible accounts of \$8,269,369 in 2023 and \$22,545,058 in 2022	\$ 271,987,742	\$ 277,322,517
Indigent patient care funding	173,298,170	259,189,175
County funding	34,438,625	34,282,424
Other operating revenue	31,430,530	31,201,993
Total operating revenues	511,155,067	601,996,109
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	295,309,637	256,985,492
Services and supplies	195,823,564	205,993,323
Other expenses	4,286,066	4,817,469
Depreciation and amortization	15,488,084	14,590,334
Total operating expenses	510,907,351	482,386,618
<b>OPERATING (LOSS) INCOME</b>	<b>247,716</b>	<b>119,609,491</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on bank deposits and investments, net	181,109	126,306
Revenue from other governmental agencies	218,160	159,322
Other nonoperating revenues	1,851,934	21,569,669
Interest expense	(1,991,159)	(1,363,921)
Total nonoperating revenues, net	260,044	20,491,376
Change in net position	507,760	140,100,867
<b>NET POSITION, beginning of year</b>	<b>59,987,842</b>	<b>(80,113,025)</b>
<b>NET POSITION, end of year</b>	<b>\$ 60,495,602</b>	<b>\$ 59,987,842</b>

See accompanying notes.

**Kern County Hospital Authority**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u> As restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for patients/current services	\$ 264,388,064	\$ 274,461,539
Cash received for other operations	236,708,950	231,114,940
Cash paid for salaries and benefits	(202,912,375)	(275,668,405)
Cash paid for services and supplies	(292,069,170)	(229,193,365)
Net cash provided by operating activities	<u>6,115,469</u>	<u>714,709</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from various County funds	2,070,094	21,728,991
Interest paid – pension obligation bond	(365,334)	(3,827,761)
Principal paid – pension obligation bond	(2,938,587)	(3,208,677)
Interest paid – line of credit	(262,368)	(61,821)
Net cash (used in) provided by noncapital financing activities	<u>(1,496,195)</u>	<u>14,630,732</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition or construction of capital assets	(12,141,601)	(9,365,657)
Payments on lease liability	(3,034,901)	(2,949,987)
Payments on SBITA liability	(782,410)	(242,713)
Net cash used in capital and related financing activities	<u>(15,958,912)</u>	<u>(12,558,357)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on bank deposits and investments	<u>181,109</u>	<u>126,306</u>
Net cash provided by investing activities	<u>181,109</u>	<u>126,306</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,158,529)</b>	<b>2,913,390</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>78,118,811</u></b>	<b><u>75,205,421</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 66,960,282</u></b>	<b><u>\$ 78,118,811</u></b>

See accompanying notes.

**Kern County Hospital Authority**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
		As restated
Reconciliation of cash and cash equivalents to the Statements of Net Position		
Cash	\$ 66,957,282	\$ 78,115,911
Revolving fund cash	3,000	2,900
Total cash and cash equivalents at the end of year	\$ 66,960,282	\$ 78,118,811
Reconciliation of operating (loss) income to net cash provided by operating activities		
Operating (loss) income	\$ 247,716	\$ 119,609,491
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Provision for bad debts	8,269,369	22,545,058
Depreciation and amortization	15,488,084	14,590,334
Changes in assets and liabilities		
Patient accounts receivable, net	(15,869,047)	(25,406,036)
Due from governmental agencies	8,208,271	(92,533,933)
Other receivables	(10,666,646)	(1,024,719)
Inventories	(371,013)	(905,217)
Prepaid expenses	(829,307)	(495,306)
Deferred outflows of resources	(7,293,554)	22,048,397
Accounts payable and accrued expenses	598,934	(15,937,000)
Salaries and employee benefits payable	1,946,862	1,848,571
Compensated absences payable	1,459,685	(355,644)
Estimate for professional liability	(850,403)	(303,905)
Estimate for workers' compensation liability	(1,350,956)	(741,145)
Net pension liability	61,155,916	(96,909,618)
Net other post-employment benefits	(141,892)	5,563,207
Deferred inflows of resources	(53,886,550)	49,122,174
Net cash provided by operating activities	\$ 6,115,469	\$ 714,709

See accompanying notes.

## Kern County Hospital Authority Notes to Financial Statements

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### Note 1 – Nature of Operations and Reporting Entity

Kern County Hospital Authority (the “Authority” or “Kern Medical”) is a 222-bed acute care teaching hospital affiliated with the University of California Schools of Medicine at Los Angeles, San Diego, and Irvine. Kern Medical is responsible for the provision of health care services for emergency, outpatient, and inpatient medical care to all classes of patients including Medicare and Medi-Cal eligible, medically indigent persons, and inmates of the County of Kern (the “County”) institutions and juvenile facilities. The management of Kern Medical reports directly to Kern Medical’s Board of Governors.

Assembly Bill (AB) 2546 passed the California State Legislature on September 26, 2014, and authorized the Board of Supervisors of the County (the “Board”) to establish, by ordinance, the Kern County Hospital Authority to manage, administer, and control Kern Medical Center, an enterprise fund of the County, and other health care facilities, and other functions affiliated or consolidated with Kern Medical Center. The Board has adopted the ordinance organizing the Authority effective November 6, 2015. Pursuant to the aforementioned legislation, effective July 1, 2016, ownership, control, management, medical facilities, and operation of Kern Medical Center was transferred to the Kern County Hospital Authority. The Kern County Hospital Authority is a local unit of government separate and apart from the County and any other public entity. The Kern County Hospital Authority recognized the carrying values of assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the operations of the Kern Medical Center as of July 1, 2016, the effective transfer date.

On July 1, 2016, the County and the Kern County Hospital Authority also entered into an Agreement for Health Care Services, Finance, and Support (the “Service Agreement”) addressing certain financial relationships between the two parties, including:

- i. County’s financial support of the Authority in the form of loans and/or grants;
- ii. The Authority’s assumption of certain liabilities of the County, which liabilities the County incurred in connection with prior operations of Kern Medical Center;
- iii. The continued provision of certain health care services to residents of the County;
- iv. The Authority’s participation in the County Treasury; and
- v. County’s consent for the Authority to participate in and receive, and otherwise access, certain County general purpose funds and local revenue fund amounts identified or earmarked for health care services to the indigent, including Medi-Cal beneficiaries and uninsured patients.

During the year ended June 30, 2018, Kern Medical formed the Kern Medical Surgery Center (KMSC), which operates in Bakersfield, California. KMSC is a wholly owned subsidiary of Kern Medical and is an independently run outpatient surgery center. KMSC is presented as a blended component unit of Kern Medical.

## Kern County Hospital Authority Notes to Financial Statements

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In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. The COVID-19 outbreak has not resulted in facility closures. In response to the decline in net patient service revenue driven by lower patient volumes and increased operating expenses due to the pandemic, federal government funding was made available to health care providers. The Centers for Medicare & Medicaid Services (CMS) initiated an Accelerated Payments Program, which represents advance payments based upon historic Medicare volume for services to be provided in the future. Kern Medical received approximately \$11,490,000 of these advance payments during the year ended June 30, 2020. During the years ended June 30, 2022 and 2021, approximately \$10,404,000 and \$844,000, respectively, was recouped by CMS. The remaining balance of \$242,000 as of June 30, 2022 is recorded in accounts payable and accrued expenses in the accompanying statements of net position and was recouped during the year ended June 30, 2023.

Additionally, as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Department of Health and Human Services (HHS) distributed \$175 billion to health care providers as part of the Provider Relief Fund. During the year ended June 30, 2022, Kern Medical received a total of approximately \$6,788,000 of payments. As Kern Medical met the conditions for these funds, the amount is included in nonoperating revenue in the accompanying statements of revenues, expenses, and changes in net position during the year ended June 30, 2022. No payments were received or revenue recognized during the year ended June 30, 2023.

### **Note 2 – Summary of Significant Accounting and Reporting Policies**

**Basis of accounting and presentation** – The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles for health care organizations, and are presented in accordance with the reporting model as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34). GASB 34 and subsequent amendments including GASB Statement No. 63, established standards for external financial reporting and requires that resources be classified for accounting and reporting purposes into the following net position categories:

*Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – Assets whose use by Kern Medical are subject to externally-imposed constraints that can be fulfilled by actions of Kern Medical pursuant to those constraints or that expire by the passage of time. Restricted resources are used in accordance with Kern Medical’s policies. When both restricted and unrestricted resources are available for use, the determination to use restricted or unrestricted resources is made on a case-by-case basis.

*Unrestricted net position* – This amount represents the amount of net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Governors or may otherwise be limited by contractual agreements with outside parties.

## Kern County Hospital Authority Notes to Financial Statements

**Change in accounting principle and restatement** – Kern Medical adopted GASB Statement No. 96, *Subscription-based Information Technology Arrangements* (GASB 96), effective July 1, 2022. The objective of this statement is to provide uniform guidance for accounting and financial reporting for transactions that meet the definition of Subscription-based Information Technology Arrangements (SBITA). This statement defines a SBITA, established that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

During the year ended June 30, 2023, Kern Medical adopted GASB 96 on a retroactive basis by restating June 30, 2022 balances. The implementation of GASB Statement No. 96 had the following effect on the June 30, 2022, amounts previously reported:

	June 30, 2022 As Previously Reported	Impact of Adoption of GASB 96	June 30, 2022 As Restated
<b>Statement of Net Position</b>			
SUBSCRIPTION-BASED INFORMATION			
TECHNOLOGY ARRANGEMENTS (SBITA), net	\$ -	\$ 2,732,984	\$ 2,732,984
Total assets	435,570,818	2,732,984	438,303,802
Total assets and deferred outflows of resources	534,967,209	2,732,984	537,700,193
Current portion of SBITA liability	-	538,755	538,755
Total current liabilities	60,105,009	538,755	60,643,764
SBITA liability, net of current portion	-	2,218,654	2,218,654
Total liabilities	395,700,144	2,757,409	398,457,553
Unrestricted	(36,008,404)	24,425	(35,983,979)
Total net position	59,963,417	24,425	59,987,842
Total liabilities, deferred inflows of resources, and net position	534,967,209	2,732,984	537,700,193
<b>Statement of Revenue, Expenses, and Changes in Net Position</b>			
Other expenses	5,060,182	(242,713)	4,817,469
Depreciation and amortization	14,360,865	229,469	14,590,334
Total operating expenses	482,399,862	(13,244)	482,386,618
OPERATING INCOME	119,596,247	13,244	119,609,491
Interest expense	(1,326,252)	(37,669)	(1,363,921)
Total nonoperating revenues, net	20,529,045	(37,669)	20,491,376
Change in net position	140,125,292	(24,425)	140,100,867
NET POSITION, END OF YEAR	60,012,267	(24,425)	59,987,842
<b>Statement of Cash Flows</b>			
Cash paid for services and supplies	(229,436,078)	242,713	(229,193,365)
Net cash provided by operating activities	471,996	242,713	714,709
Payments on SBITA liability	-	(242,713)	(242,713)
Net cash used in capital and related financing activities	(12,315,644)	(242,713)	(12,558,357)
Operating income	119,596,247	13,244	119,609,491
Depreciation and amortization	\$ 14,360,865	\$ 229,469	\$ 14,590,334

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.



## Kern County Hospital Authority Notes to Financial Statements

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**Leases** – Kern Medical recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. Kern Medical uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Kern Medical’s incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred. Kern Medical has recorded right-to-use lease assets in accordance with GASB Statement No. 87, *Leases* (GASB 87). The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

**Subscription Based Information Technology Arrangements** – Kern Medical is the end user for various SBITAs. Short-term SBITAs, which have a maximum possible term of 12 months or less, are recognized as an outflow of resources when payment is made. For SBITAs with subscription terms extending beyond one year, Kern Medical recognizes an intangible right-to-use subscription asset and a corresponding subscription liability.

**Cash and revolving cash fund** – Kern Medical considers all highly liquid investments with original maturities of three months or less to be cash or a revolving cash fund. Cash consists of bank deposits, which are carried at cost which approximates fair value.

**Patient accounts receivable** – Kern Medical reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. Kern Medical provides an allowance for uncollectible accounts based upon a review of outstanding receivables and historical collection information. As a service to the patient, Kern Medical bills third-party payers directly and bills the patient when the patient’s liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

**Inventories** – Inventories consist of expendable supplies held for consumption. Supply inventories are stated at the lower of cost, or market.

**Capital assets** – Capital assets, which include property, plant, and equipment, are stated at cost if purchased, or fair value on the date received if donated. Kern Medical has established a policy to capitalize expenses for capital assets with an individual cost of \$5,000 for equipment, \$25,000 for intangibles, and \$50,000 for structures with a useful life greater than one year. In accordance with GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, interest cost is not capitalized during the period of construction. Intangible assets represent software purchases and are amortized based on estimated useful life. Capital assets other than intangible assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Structures and improvements	10 to 40 years
Equipment and intangibles	3 to 20 years

## Kern County Hospital Authority

### Notes to Financial Statements

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Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statement of revenues, expenses, and changes in net position. There were no impairment losses recorded during the years ended June 30, 2023 and 2022.

**Compensated absences** – Kern Medical policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment or other post-employment benefit. Expense and the related liability are recognized as vacation benefits and are earned whether the employee is expected to realize the benefit as time off or in cash or other post-employment benefit. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes computed using rates in effect at that date.

**Net patient service revenue** – Kern Medical has agreements with third-party payers that provide for payments to Kern Medical at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts receivable from patients, third-party payers, and others for services rendered, including a provision for bad debt and estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis during the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Normal estimation differences between subsequent cash collections on patient accounts receivable and net patient accounts receivable estimated in the prior year are reported as adjustments to net patient service revenue in the current period. Changes in revenue due to changes in estimates of patient accounts receivable allowances for prior years was not significant during the years ended June 30, 2023 and 2022.

**Third-party payers** – Kern Medical is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. Kern Medical believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medi-Cal programs.

## Kern County Hospital Authority

### Notes to Financial Statements

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The majority of Kern Medical's receivables are related to the care of patients covered by Medi-Cal, Medicare, and special funding created by legislative acts that subsidize certain health care facilities that treat a disproportionate share of Medi-Cal beneficiaries.

**Uncompensated care** – The County is mandated to provide medical care to indigent and dependent poor County residents under California Welfare and Institutions Code Section 17000. The County fulfills its Section 17000 obligation through services provided at Kern Medical. Through its Medically Indigent Adult Program, patients are charged for services and supplies based on their ability to pay. In assessing a patient's ability to pay, Kern Medical utilizes state-determined poverty levels. Additionally, Kern Medical provides services to patients that are outside of the Medically Indigent Adult Program and does not receive compensation for those services. Kern Medical maintains records to identify, monitor, and report the level of indigent and uncompensated care provided to the community. These records include the estimates of cost of services and supplies furnished yet uncompensated for, which are based upon a ratio of cost to charges. The following information measures the level of uncompensated care provided during the years ended June 30, 2023 and 2022:

	2023	2022
Estimated cost of services provided but uncompensated	\$ 4,250,000	\$ 5,000,000

**Pensions** – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government of the County of Kern's Kern County Employees' Retirement Association (KCERA) plans (the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by KCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Disclosures about fair value of financial instruments** – The carrying amount of revolving fund cash, patient accounts receivable, other current assets, accounts payable, and accrued expenses approximate fair value because of the short-term maturity of these instruments.

**Risk management** – Kern Medical is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illness; natural disasters; and employee health, dental, and accident benefits. As discussed in Note 16, commercial insurance coverage is purchased by Kern Medical for claims arising from such matters where Kern Medical has not retained the risk of loss. Kern Medical is self-insured for medical malpractice claims and judgments. The provision for estimated self-insured medical malpractice includes estimates of the ultimate costs for both reported claims and claims incurred but not reported, and other allocated claim adjustment expenses.

**Concentration of credit risk** – Receivables from government programs present the only concentrated group of credit risk for Kern Medical. Management does not believe that there are any credit risks associated with these governmental agencies. Negotiated and private receivables consist of receivables from various payers, including individuals involved in diverse activities, subject to differing economic conditions, and do not represent any concentrated credit risk to Kern Medical. Management continually monitors and adjusts its reserves and allowances associated with these receivables, and such allowances have historically been adequate to cover losses realized.

## Kern County Hospital Authority Notes to Financial Statements

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Deposit concentration risk is managed by placing cash and cash equivalents in various financial institutions. The amount of deposits at times may exceed federally insured limits.

**Income taxes** – Kern Medical is exempt from federal and state income tax pursuant to Internal Revenue Code (IRC) Section 115 and similar provisions of the California Franchise Tax Code and is also exempt from federal and state income tax filing requirements.

**Operating revenues and expenses** – The statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, Kern Medical's principal activity. Non-exchange revenues, including grants, contributions, and income (losses) from investments, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services.

**Recent accounting pronouncements** – In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligation* (GASB 91). GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement was implemented by Kern Medical as required during the year ended June 30, 2023. There was no impact to Kern Medical's financial statements as a result of the implementation.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. The guidance is effective for Kern Medical in the year ending June 30, 2025. Kern Medical is currently assessing the impact of this standard on Kern Medical's financial statements.

**Kern County Hospital Authority**  
**Notes to Financial Statements**

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**Note 3 – Patient Accounts Receivable**

Kern Medical grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Gross patient accounts receivable as of June 30, 2023 and 2022, consisted of:

	2023	2022
Medicare	21 %	17 %
Medi-Cal	60	63
Other third-party and commercial payor	16	15
Self pay	3	4
County responsibility	-	1
Total	100 %	100 %

## Kern County Hospital Authority Notes to Financial Statements

### Note 4 – Capital Assets, Depreciation, and Amortization

Capital asset activity for the years ended June 30, 2023 and 2022, is shown below:

	Beginning July 1, 2022	Additions	Disposals	Transfers	Ending June 30, 2023
<b>Capital assets not subject to depreciation</b>					
Land	\$ 1,854,424	\$ -	\$ -	\$ -	\$ 1,854,424
Construction in progress	6,992,574	4,642,905	-	(3,135,417)	8,500,062
<b>Total capital assets not subject to depreciation</b>	<b>8,846,998</b>	<b>4,642,905</b>	<b>-</b>	<b>(3,135,417)</b>	<b>10,354,486</b>
<b>Capital assets subject to depreciation</b>					
Equipment	69,472,946	7,498,696	-	400,873	77,372,515
Structures and improvements	98,202,405	-	-	2,408,794	100,611,199
Intangibles	57,300,804	-	-	325,750	57,626,554
<b>Total capital assets subject to depreciation</b>	<b>224,976,155</b>	<b>7,498,696</b>	<b>-</b>	<b>3,135,417</b>	<b>235,610,268</b>
<b>Less: accumulated depreciation and amortization for</b>					
Equipment	52,184,908	5,859,626	-	-	58,044,534
Structures and improvements	65,067,959	2,901,971	-	-	67,969,930
Intangibles	20,598,465	3,413,564	-	-	24,012,029
<b>Total accumulated depreciation and amortization</b>	<b>137,851,332</b>	<b>12,175,161</b>	<b>-</b>	<b>-</b>	<b>150,026,493</b>
<b>Total capital assets subject to depreciation, net</b>	<b>87,124,823</b>	<b>(4,676,465)</b>	<b>-</b>	<b>3,135,417</b>	<b>85,583,775</b>
<b>Total capital assets, net</b>	<b>\$ 95,971,821</b>	<b>\$ (33,560)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 95,938,261</b>
<b>Capital assets activity for the year ended June 30, 2022</b>					
	Beginning July 1, 2021	Additions	Disposals	Transfers	Ending June 30, 2022
<b>Capital assets not subject to depreciation</b>					
Land	\$ 1,854,424	\$ -	\$ -	\$ -	\$ 1,854,424
Construction in progress	8,538,580	7,168,765	-	(8,714,771)	6,992,574
<b>Total capital assets not subject to depreciation</b>	<b>10,393,004</b>	<b>7,168,765</b>	<b>-</b>	<b>(8,714,771)</b>	<b>8,846,998</b>
<b>Capital assets subject to depreciation</b>					
Equipment	67,325,056	2,147,890	-	-	69,472,946
Structures and improvements	98,153,403	49,002	-	-	98,202,405
Intangibles	48,586,033	-	-	8,714,771	57,300,804
<b>Total capital assets subject to depreciation</b>	<b>214,064,492</b>	<b>2,196,892</b>	<b>-</b>	<b>8,714,771</b>	<b>224,976,155</b>
<b>Less: accumulated depreciation and amortization for</b>					
Equipment	46,957,925	5,226,983	-	-	52,184,908
Structures and improvements	61,925,019	3,142,940	-	-	65,067,959
Intangibles	17,337,692	3,260,773	-	-	20,598,465
<b>Total accumulated depreciation and amortization</b>	<b>126,220,636</b>	<b>11,630,696</b>	<b>-</b>	<b>-</b>	<b>137,851,332</b>
<b>Total capital assets subject to depreciation, net</b>	<b>87,843,856</b>	<b>(9,433,804)</b>	<b>-</b>	<b>8,714,771</b>	<b>87,124,823</b>
<b>Total capital assets, net</b>	<b>\$ 98,236,860</b>	<b>\$ (2,265,039)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 95,971,821</b>

## Kern County Hospital Authority Notes to Financial Statements

### Note 5 – Compensated Absences Payable

Under the terms of union contracts, employees are granted vacation and sick leave in varying amounts depending upon their respective bargaining unit. In the event of termination or death, an employee, or the employee's estate, is compensated 100% of accumulated vacation. In the event of an employee's death or retirement, excluding deferred retirement, an employee, or the employee's estate, is compensated for accumulated sick leave in varying amounts from 50% to 100% depending on the employee's bargaining unit and length of service. The value of accumulated vacation and sick leave as of June 30, 2023 and 2022, is summarized below:

	2023	2022
Current portion	\$ 6,164,030	\$ 6,362,361
Non-current portion	14,382,737	12,724,721
	\$ 20,546,767	\$ 19,087,082

### Note 6 – Long-Term Debt

The following is a summary of long-term obligation transactions of Kern Medical for the years ended June 30, 2023 and 2022:

	July 1, 2022	Incurred or Issued	Satisfied or Matured	June 30, 2023	Amounts Due Within One Year	Amounts Due in More Than One Year
Pension obligation bonds	\$ 13,143,781	\$ -	\$ 2,938,587	\$ 10,205,194	\$ 1,991,965	\$ 8,213,229
	July 1, 2021	Incurred or Issued	Satisfied or Matured	June 30, 2022	Amounts Due Within One Year	Amounts Due in More Than One Year
Pension obligation bonds	\$ 16,352,458	\$ -	\$ 3,208,677	\$ 13,143,781	\$ 2,938,587	\$ 10,205,194

Scheduled principal and interest repayments for long-term debt are as follows:

	Principal	Interest
Years Ending June 30,		
2024	\$ 1,991,965	\$ 1,436,264
2025	1,062,281	2,542,598
2026	1,058,183	2,730,055
2027	1,981,763	1,986,653
2028	4,111,002	28,674
	\$ 10,205,194	\$ 8,724,244

Total interest costs incurred for the years ended June 30, 2023 and 2022, were approximately \$1,794,000 and \$1,326,000, respectively.



## Kern County Hospital Authority Notes to Financial Statements

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**Pension obligation bonds** – In November 1995, the County issued pension obligation bonds to finance the County's share of the unfunded accrued actuarial liability of the Kern County Employees' Retirement Association. As of June 30, 2022, the total pension obligation bond balance was paid in full and the respective balances are zero.

The bonds had various maturity dates between 2016 and 2022. Interest ranged from 6.16% to 7.26% for the current interest bonds and from 7.56% to 7.61% for the capital appreciation bonds.

In May 2003, the County issued pension obligation bonds to finance the County's share of the unfunded accrued actuarial liability of the Kern County Employees' Retirement Association. In August 2008, the County issued pension obligation bonds, Series 2008 A. The Series 2003 B Bonds were redeemed with the proceeds of the Series 2008 A Refunding Bonds. As of June 30, 2023 and 2022, the amounts of total 2003 and 2008 pension obligation bonds outstanding for the County as a whole were approximately \$91,514,000 and \$117,865,000, respectively. Of these amounts, approximately \$10,205,000 and \$13,143,000 were allocated to Kern Medical, respectively. The initial basis of the amount allocated to Kern Medical was determined by Kern Medical's share of the County-wide retirement contribution for the year ended June 30, 2003.

The Series 2003 A Bonds were issued as Current Interest Bonds and Capital Appreciation Bonds; the Series 2003 B Bonds were refunded as Adjustable Rate Bonds in August 2008. The bonds have various maturity dates between 2006 and 2023 for the Current Interest Bonds and from 2023 and 2028 for the Capital Appreciation Bonds. Series 2003 A Bonds have fixed interest rates that range from 2.33% to 4.88% for the current interest bonds and 5.50% to 5.57% for the capital appreciation bonds. The 2008 A Bonds have an adjustable rate. Adjustable rates follow London Interbank Offered Rate plus 0.75%. Starting in April 2014, the 2008 A Bonds have a fixed interest rate of 4.185%.

**Line of credit** – In March 2019, Kern Medical entered into a revolving line of credit agreement with a financial institution, secured by revenues and nongovernmental receivables that have been pledged as security pursuant to the agreement with the financial institution. Amounts available under the revolving credit agreement are \$20,000,000 with a maturity date of March 1, 2024. Interest is payable on a monthly basis at the current Daily Bloomberg Short Term Bank Yield Index rate plus 170 basis points. As of both June 30, 2023 and 2022, there were no outstanding borrowings.



**Kern County Hospital Authority**  
**Notes to Financial Statements**

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**Note 7 – Interest Payable**

The following is a summary of interest payable transactions for the pension obligation bonds of Kern Medical for the years ended June 30, 2023 and 2022:

	<u>July 1, 2022</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>June 30, 2023</u>
Current interest payable	\$ 65,186	\$ 767,237	\$ 365,334	\$ 467,089
Non-current interest payable	6,218,422	512,878	-	6,731,300
Total interest payable	<u>\$ 6,218,422</u>	<u>\$ 512,878</u>	<u>\$ -</u>	<u>\$ 6,731,300</u>
	<u>July 1, 2021</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>June 30, 2022</u>
Current interest payable	\$ 3,442,090	\$ 450,857	\$ 3,827,761	\$ 65,186
Non-current interest payable	5,707,331	511,091	-	6,218,422
Total interest payable	<u>\$ 5,707,331</u>	<u>\$ 511,091</u>	<u>\$ -</u>	<u>\$ 6,218,422</u>

**Note 8 – Net Patient Service Revenue**

Kern Medical has agreements with third-party payers that provide for payments to Kern Medical at amounts different from its established rates. These payment arrangements include:

**Medicare** – Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively-determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity, and other factors. Kern Medical is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by Kern Medical and audits thereof by the Medicare administrative contractor. The Medicare administrative contractor has audited Kern Medical's cost reports through June 30, 2018.

**Medi-Cal** – Inpatient acute services rendered to Medi-Cal program beneficiaries are paid at a prospectively determined rate per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services are reimbursed based upon a fee schedule per procedure, test, or service.

Approximately 88% of net patient service revenue is from participation in the Medicare and state-sponsored Medi-Cal programs for the years ended June 30, 2023 and 2022. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change in the near term.

Kern Medical has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Kern Medical under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

## Kern County Hospital Authority Notes to Financial Statements

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### Note 9 – Indigent Patient Care Funding

Kern Medical is entitled to receive supplemental funding from various governmental sources based on the patients served. The following information summarizes the major payment arrangements for the years ended June 30, 2023 and 2022:

	2023	2022
Global payment program	\$ 31,357,251	\$ 41,228,087
Whole person care	-	14,822,928
Medi-Cal managed care supplemental programs	22,517,890	34,756,866
Enhanced payment program	33,962,893	48,644,208
Quality incentive program	51,787,032	97,611,992
Graduate medical education program	8,338,255	4,088,400
CalAIM program	7,796,099	1,770,120
Other	17,538,750	16,266,574
Total	\$ 173,298,170	\$ 259,189,175

**Medi-Cal waiver** – California’s Medi-Cal Hospital/Uninsured Care Demonstration Project (“Demonstration”) is a system for paying selected hospitals, including Kern Medical, for hospital care provided to Medi-Cal and uninsured patients. The Demonstration was negotiated between the State of California’s Department of Health Services (DHS) and the CMS in 2006 and covers the period from July 1, 2005 to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. The five-year Demonstration affects payments for 23 public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients. The program was extended in 2010 to cover the period from July 1, 2010 to June 30, 2015. The program was further extended in 2015 to cover the period from July 1, 2015 to June 30, 2020. During the year ended June 30, 2022, the program was further extended to cover the period through December 31, 2026.

Under the Demonstration, payments for the public hospitals are comprised of: 1) Fee for Service (FFS) cost-based reimbursement for inpatient hospital services (exclusive of physician component); 2) Disproportionate Share Hospital (DSH) Program payments (formerly SB 855); and 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP). The nonfederal share of these three types of payments will be provided by the public hospitals rather than the State, primarily through certified public expenditures (CPE) whereby the hospital would expend its local funding for services to draw down the Federal financial participation (FFP), currently provided at a 50% match. For the inpatient hospital FFS cost-based reimbursement, each hospital will provide its own CPE and receive all of the resulting Federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the Federal match. It is therefore possible for one hospital to receive the Federal match that results from another hospital’s CPEs. In this situation, the first hospital is referred to as a “recipient” hospital, while the second is referred to as a “donor” hospital. A recipient hospital is required to “retain” the FFP amounts resulting from donated CPEs.

## Kern County Hospital Authority Notes to Financial Statements

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The Demonstration prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum “baseline” level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The three funding components that will be utilized to meet each hospital's baseline level are as follows:

1. Medi-Cal inpatient FFS cost-based reimbursement: The FFP that is paid to the hospital represents approximately half of the facility-specific costs or CPE. The hospital's amounts will fluctuate based on the number of facility-specific Medi-Cal patients served and the facility-specific cost-computations that will be adjusted on an interim and final basis.
2. DSH funds: These payments are made to hospitals to take into account the uncompensated costs of care delivered to the uninsured, including undocumented immigrants, as well as shortfalls between Medi-Cal psychiatric and Medi-Cal managed care payments and the cost of care delivered. The nonfederal share of these funds will be a combination of CPEs for these services and Intergovernmental Transfers (IGTs) and as such are subject to interim and final cost settlement. There is an annual fixed allotment of Federal DSH funds, and the waiver allocates almost all of these funds to public hospitals.
3. SNCP distributions: Federal payments made to public hospitals and clinics for uncompensated care delivered to uninsured patients and for certain designated non-hospital costs, such as drugs and supplies for the uninsured. The nonfederal share of these funds will be based on CPEs for these services and as such are subject to interim and final cost settlement. Effective January 1, 2016, this program was replaced with the Global Payment Program, described below.

The DSH program was established in 1981 as part of the Medicaid program and requires State Medicaid agencies to make additional payments to hospitals serving disproportionate numbers of low-income patients with special needs. Effective July 1, 1997, the program was amended to limit DSH payments to 100% of the amount of incurred uncompensated care costs (UCC) with a special provision that allowed payments of up to 175% of UCC to those public hospitals qualifying as “high DSH” hospitals in the State of California.

In 2001, the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services conducted an audit of DSH payments to Kern Medical in order to determine that those payments did not exceed the hospital specific limit for fiscal year 1998. In September 2002, the OIG issued its final report, claiming total overpayments to Kern Medical of approximately \$38,700,000, of which approximately \$19,400,000 represents the Federal share.

The report states that federal law requires the state to recover overpayments, and state law requires that overpayments determined by audit or federal disallowance should be recouped by the state. However, in its conclusions, the report does not specifically request Kern Medical to refund the overpayment.

The DHS and Kern Medical generally disagree with the findings of the OIG and maintain that the DSH payments were properly paid in accordance with the approved State plan. Furthermore, both the State and Kern Medical assert that the governing statute, OBRA 1993, does not require retrospective settlement, as these settlements are extremely disruptive and counter-productive to the purposes of the DSH program. No provision has been made in these financial statements to repay the amounts claimed by the OIG in its report.

## Kern County Hospital Authority Notes to Financial Statements

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DHS has completed its audit and reconciliation of the 2005-2006 Medi-Cal funds and noted that Kern Medical was overpaid in the total amount of \$2,116,022. Kern Medical paid this amount back to DHS on October 9, 2013. Kern Medical hired a third-party consultant to evaluate its outstanding receivables related to the remaining years subject to audit from 2006-2007 through 2013-2014 noting Kern Medical is estimated to have been overpaid by DHS in the amount of approximately \$41,100,000 over the course of these stated 8 years. The amount has been recorded as an offset totaling \$36,653,000 and \$40,394,000 within due from governmental agencies in the accompanying statements of net position as of June 30, 2023 and 2022, respectively, and is subject to audit by DHS.

Included as an offset within due from governmental agencies in the accompanying statements of net position are amounts payable to DHS as of June 30, 2023 and 2022, of approximately \$33,759,000 and \$44,842,000, respectively, which represent the amounts received but not yet earned by Kern Medical under the waiver program net of amounts earned but not yet received by Kern Medical under the program, primarily related to the matter described above and ongoing audits. Kern Medical recorded changes in estimates in amounts expected to be received resulting in an increase of \$11,083,000 and a reduction of \$7,146,000 in indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position during the years ended June 30, 2023 and 2022, respectively.

**Global Payment Program (GPP)** – Effective January 1, 2016, California’s Section 1115 Waiver Renewal (Renewal), referred to as Medi-Cal 2020, was approved by CMS. As part of the Renewal, the GPP establishes a statewide pool of funding for the remaining uninsured by combining federal DSH and uncompensated care funding where selected Designated Public Hospital systems, like Kern Medical, can achieve their goal of “global budget” by meeting a service threshold that incentivizes movement from high cost, avoidable services to providing higher value, and preventative services. Kern Medical recognized approximately \$31,357,000 and \$41,228,000 in indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position during the years ended June 30, 2023 and 2022, respectively, for section 1115 waiver programs including GPP. As of June 30, 2023 and 2022, amounts receivable/(payable) were approximately (\$17,000) and \$8,963,000, respectively, for this program which is included in due from governmental agencies on the accompanying statements of net position.

**Whole Person Care (WPC)** – Effective June 1, 2017, CMS approved an amendment to the Special Terms and Conditions of California’s Medi-Cal 2020 Demonstration for the WPC Pilots program. The overarching goal of the WPC Pilots is the coordination of health, behavioral health, and social services, as applicable, in a patient-centered manner with the goals of improved beneficiary health and wellbeing through more efficient and effective use of resources. WPC Pilots provide the option to Kern Medical to receive support to integrate care for a particularly vulnerable group of Medi-Cal beneficiaries who have been identified as high users of multiple systems and continue to have poor health outcomes. Through collaborative leadership and systematic coordination among public and private entities, WPC Pilot entities will identify target populations, share data between systems, coordinate care real time, and evaluate individual and population progress – all with the goal of providing comprehensive coordinated care for the beneficiary resulting in better health outcomes. As a result of participating in WPC, Kern Medical recorded approximately \$0 and \$14,823,000 in indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022, respectively. No amounts are due to or from government agencies as of June 30, 2023 and 2022.

## Kern County Hospital Authority Notes to Financial Statements

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**Medi-Cal Managed Care Supplemental Programs** – For newly eligible Medi-Cal patients under the ACA effective January 1, 2014, certain portions of the ACA provided Medi-Cal coverage for patients previously covered under risk sharing agreements. The majority of these beneficiaries were enrolled in managed Medi-Cal health plans. Due to payment mechanisms between the State and the health plans (capitation), an opportunity to receive supplemental funding similar to current rate range programs was made available to the DPHs. As a result of the supplemental funding, Kern Medical recorded indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position of approximately \$22,518,000 and \$34,757,000 for the years ended June 30, 2023 and 2022, respectively. Approximately \$42,028,000 and \$51,446,000 of amounts receivable are included in the overall balance due from governmental agencies in the accompanying statements of net position as of June 30, 2023 and 2022, respectively.

**Enhanced Payment Program (EPP) and Quality Incentive Program (QIP)** – In 2016, CMS published the Medicaid and Children’s Health Insurance Program Managed Care Final Rule (Managed Care Rule), which went into effect July 1, 2017. The Managed Care Rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance and payments that provide a uniform payment increase that includes a predetermined increase over contracted rates. Some of the existing supplemental payments in managed care did not meet these conditions. In order to retain this critical funding, these payments were restructured into two new CMS approved programs, effective July 1, 2017: the EPP and the QIP. The EPP divides public health care systems into five different classes, with payment terms defined according to class. Enhanced funding available to the class is distributed pro rata based on unitization encounter data reported to the State. The QIP is meant to meet the Managed Care Rule’s exception that allows payments tied to performance. The QIP is structured similar to the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program, however, the QIP does not directly overlap with any of the quality measures being used in PRIME, but are designed to be complementary. As a result of the EPP, Kern Medical recorded indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position of approximately \$33,963,000 and \$48,644,000 for the years ended June 30, 2023 and 2022, respectively. Approximately \$67,396,000 and \$65,218,000 of amounts receivable are included in the overall balance due from governmental agencies in the accompanying statements of net position as of June 30, 2023 and 2022, respectively. As a result of the QIP, Kern Medical recorded indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position of approximately \$51,787,000 and \$97,612,000 for the years ended June 30, 2023 and 2022, respectively. Approximately \$85,105,000 and \$99,952,000 of amounts receivable are included in the overall balance due from governmental agencies in the accompanying statements of net position as of June 30, 2023 and 2022, respectively.

## Kern County Hospital Authority Notes to Financial Statements

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**Graduate Medical Education Program (GME)** – Historically, only Medicare has reimbursed hospitals for GME expenses. In March 2020, CMS formally approved the Medi-Cal GME State Plan Amendment, which will provide \$150 million of new federal funds to the Public Hospital System to support GME. The payments are retroactive to January 2017. Payments were expedited, allowing Kern Medical to capture some of the retroactive payments during FY 2020. This is an IGT based program; therefore, to take advantage of the funding, hospitals are required to put up IGT funds and small administrative fees. The IGT funds are matched by the federal government at a 50% federal medical assistance percentage rate. Kern Medical recorded indigent patient care funding revenue in the accompanying statements of revenues, expenses, and changes in net position of approximately \$8,338,000 and \$4,088,000 for the years ended June 30, 2023 and 2022, respectively. Approximately \$829,000 and \$1,386,000 of amounts receivable are included in the overall balance due from governmental agencies in the accompanying statements of net position as of June 30, 2023 and 2022, respectively.

### **Note 10 – Related-Party Transactions**

**County funding** – Kern Medical receives funds from the County as funding for providing care for inmates of Kern County jail and inmates of Kern County juvenile hall. The County Board of Supervisors approves a budgeted amount to be paid to Kern Medical. Based on the approved budgeted amount, Kern Medical recognized revenues of approximately \$31,016,000 and \$30,860,000 for the years ended June 30, 2023 and 2022, respectively. These revenues have been classified as county funding revenue in the accompanying statements of revenues, expenses, and changes in net position. As of June 30, 2023 and 2022, Kern Medical recorded amounts receivable of approximately \$7,825,000 and \$3,875,000, respectively, from the County's General Fund for these services classified in other receivables in the accompanying statements of net position.

Kern Medical provides health care services to Medically Indigent Adults as provided under Section 17000 of the Health and Safety regulations under the State of California. Reimbursement for the services is provided by the County's General Fund through the use of State Health and Welfare Realignment Revenues. Based on the approved budgeted amount, Kern Medical recognized county funding revenue in the accompanying statements of revenues, expenses, and changes in net position of approximately \$3,423,000 for the years ended June 30, 2023 and 2022. As of June 30, 2023 and 2022, there were no amounts due from the County's General Fund for these services.

**Service agreements** – Kern Medical has entered into various annual service agreements with two related-party organizations since 2016, whereby the related-party organizations will provide support services related to finance and accounting, information technology, human resources, and organizational advancement at a set monthly fee plus any additional services, costs, or expenses pre-approved by Kern Medical. During the years ended June 30, 2023 and 2022, Kern Medical paid approximately \$10,474,000 and \$10,057,000 for support services, respectively. As of June 30, 2023 and 2022, Kern Medical no amounts were owed to the related-party organizations for these services.



# Kern County Hospital Authority

## Notes to Financial Statements

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### Note 11 – Pension Plan

#### General Information About the Pension Plans

**Plan descriptions** – The County of Kern’s Board of Supervisors established the KCERA under the provisions of the County Employees’ Retirement Law of 1937 (CERL) on January 1, 1945. All permanent employees of the County of Kern, Kern Medical, and thirteen related agencies are covered by KCERA, which operates as a cost-sharing multi-employer defined benefit plan. KCERA has the responsibility to function as an investment and administrative agent for the County of Kern with respect to the pension plan. KCERA became independent from the County’s supervision and control as a result of the 1992 passage of Proposition 162, which legally established the independent control of the Board of Retirement. Separate audited financial statements can be obtained through KCERA at 11125 River Run Boulevard, Bakersfield, California 93311. Management of the KCERA plan is vested with the Board of Retirement, which consists of nine members and two alternates.

The Board of Retirement establishes policy for the operation of the plan, considers applications for disability retirement, recommends contributions on the basis of actuarial valuations, and controls investments of assets. Prior to January 1, 1996, the Kern County Treasurer-Tax Collector was responsible for financial reporting and accounting for all investments as required by Government Code Section 31596 et seq., as amended. On January 11, 1987, the Board of Retirement authorized the retirement fund to incur an administrative expense and hire an Administrator to serve at the Board of Retirement’s pleasure. The Administrator is responsible for the processing and computing of applications for retirement benefits, refunds, beneficiary allowances, death benefits, reciprocity, and any other duties the Board of Retirement may assign. The Administrator also acts as Secretary for all Board of Retirement and Committee meetings and performs other activities as directed by the Board of Retirement. The KCERA Plan provides for retirement, disability, death, beneficiary, and cost-of-living benefits.

All regular full-time employees of the County of Kern or contracting districts, including Kern Medical, who work 50% or more of their regular standard hours required become members of KCERA effective on the first day of the payroll period following the date of hire.

General Tier I and Tier II members are eligible to retire at age 70 regardless of service or at age 50 with 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General Tier III members are eligible to retire at age 70 regardless of service or at age 52 with 5 or more years of retirement service credit. The retirement benefit the member will receive is based on age at retirement, final average compensation, years of retirement service credit, and benefit tier.

The amount of such monthly benefit is determined as a percentage of their final monthly compensation and is based on age at retirement and the number of years of service. The final monthly compensation is the monthly average of the final 12 months’ compensation, or, if the member so elects, any other continuous 12-month period in the member’s work history. If hired on or after January 1, 2013, the final compensation is measured over a period of 36 months.

## Kern County Hospital Authority Notes to Financial Statements

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An annual 2% cost-of-living adjustment (COLA) for all retirees and continuance beneficiaries was adopted as of April 1, 1973. The liability for this annual retirement benefit increase was funded entirely from the unreserved fund balance until February 5, 1983. After this date (as recommended by the plan's Independent Actuary, adopted by KCERA Board of Retirement, and approved by the County Board) and prior to fiscal year 2003, funding the 2% COLA was included in the employers' contribution. COLA for all retirees and continuance beneficiaries was increased to 2.5% effective April 1, 2002.

The Memorandum of Understanding adopted March 2012 between the County and its general employees states that all general members hired prior to the first day of payroll period 2004-16 shall start to pay, in the second year of the agreement, one-sixth of the employee's normal contribution to retirement. In the third year, the employee's normal contribution will increase to one-third. All general members hired on or after the first day of payroll period 2005-16 shall pay 100% of the new employee's normal contribution to retirement. The County Administrative Office negotiated an agreement with the Central California Association of Public Employees adopting Government Code Section 31676.17 which provides enhanced retirement benefits, commonly known as 3% at 60, for General members, in August 2004.

**Basis of accounting** – KCERA follows GASB accounting principles and reporting guidelines. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of KCERA. Employer and member contributions are recognized in the period in which the contributions are due, and benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of KCERA.

**Fair valuation of investments** – Fair value for investments is derived by various methods as indicated in the following table:

Publicly traded stocks	Most recent exchange closing price. International securities reflect currency exchange rates in effect as of June 30, 2023.
Short-term investments and bonds	Institutional evaluations or priced at par.
OTC securities	Evaluations based on good faith opinion as to what a buyer in the marketplace would pay for a security.
Commingled funds	Net asset value provided by the investments manager.
Alternative investments	Provided by the Fund manager based on the underlying financial statements and performance of the investments.
Private equity real estate investments	Estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and multiple valuation techniques used by the investment manager.



## Kern County Hospital Authority Notes to Financial Statements

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**Contributions** – As a condition of participation under the provisions of CERL, members are required to contribute to KCERA a percentage of their salaries. Member contribution rates for fiscal year 2023 ranged from 4.72% to 19.29% and were applied to the member’s base pay plus pensionable special pays. For general members hired prior to 2013, contribution rates were determined by benefit tier and KCERA entry age. The contribution rates of general members who first joined KCERA on or after January 1, 2013, are at least 50% of the normal cost rate. Furthermore, the rate of members integrated with Social Security is reduced by one-third on the first \$350 of monthly salary.

Interest is credited to member contributions semi-annually on June 30 and December 31, in accordance with Article 5.5 of the CERL. Member contributions and credited interest are refundable upon termination of membership.

Each year, an actuarial valuation is performed for the purpose of determining the funded ratio of the retirement plan and the employer contributions that are necessary to pay benefits accruing to KCERA members that were not otherwise funded by member contributions or investment earnings. The employer contribution rates are actuarially determined by using the Entry Age Normal Actuarial Cost method. Employer rates include the “normal cost” and an annual amortization payment toward the Plan’s unfunded actuarial accrued liability. Contribution rates determined in each actuarial valuation (as of June 30) apply to the fiscal year beginning 12 months after the valuation date. Employer rates for fiscal year 2023 ranged from 36.03% to 76.91% of covered payroll. Contributions to the pension plan from Kern Medical were approximately \$40,769,000 and \$38,713,000 for the years ended June 30, 2023 and 2022, respectively.

**Actuarial assumptions** – The total pension liabilities in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value projected benefit payments attributable to past periods of service for current and inactive employees.

Inflation	2.75%
Projected salary increases	General: 4.00% to 8.75% and Safety: 3.75% to 12.00%, varying by service, including inflation.
COLA increases	2.50% (actual increases contingent upon CPI increases with a 2.50% maximum).
Administrative expenses	0.90% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation.
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

## Kern County Hospital Authority Notes to Financial Statements

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The total pension liability as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2022. The total pension liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions for the June 30, 2023 and 2022 actuarial reports were based on the results of an experience study for the period July 1, 2016 through June 30, 2019.

The Entry Age Normal Actuarial Cost method used in KCERA's annual actuarial valuation has also been applied in measuring the service cost and TPL with one exception. For purposes of measuring the service cost and TPL, KCERA has reflected the same plan provisions used in determining the member's actuarial present value of projected benefits. This is different from the version of this method applied in KCERA's annual funding valuation, where the normal cost and actuarial-accrued liability are determined as if the current benefit accrual rate had always been in effect.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns net of pension plan investment expenses and inflation) are developed for each major asset class. This data is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized below:

	Target Allocation	Long-term Expected Real Rate of Return
Global equity	37.00 %	6.51 %
Core fixed income	14.00	1.09
High yield corporate credit	6.00	3.38
Emerging market debt blend	4.00	3.41
Commodities	4.00	3.08
Core real estate	5.00	4.59
Private real estate	5.00	9.50
Midstream	5.00	8.20
Capital efficiency alpha pool	5.00	2.40
Hedge funds	10.00	2.40
Private equity	5.00	9.40
Private credit	5.00	5.60
Cash	(5.00)	0.00
	100 %	

**Discount rate** – The discount rates used in the actuarial valuation of the total pension liability as of June 30, 2023 and 2022, were both 7.25%. The projection of cash flows used to determine the discount rates assumed member contributions would be made at the current contribution rate and that employer contributions would be made at rates equal to the actuarially determined contribution rates.

## Kern County Hospital Authority Notes to Financial Statements

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For this purpose, only employee and employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the actuarial valuation of the total pension liability as of June 30, 2023.

The discount rate assumptions have been developed without taking into consideration any impact of the 50/50 allocation of future excess earnings between the retirement and Supplement Retirement Benefit Reserve (SRBR) asset pools.

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability as of June 30, 2023, calculated using a discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one point lower (6.25%) or one point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Kern Medical's proportionate share of the net pension liability	\$ 487,129,408	\$ 345,399,109	\$ 228,796,064

**Pension fund fiduciary net position** – Detailed information about the pension fund's fiduciary net position is available in the separately issued KCERA annual report.

**Pension liabilities, pension expenses, and deferred outflows/inflows of resources related to pensions** – Kern Medical's net pension liability for the Plan is measured as the proportionate share of the net pension liability. As of June 30, 2023, Kern Medical reported a liability of approximately \$345,399,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability for each membership class is the total pension liability minus the Plan's Fiduciary Net Position. The total pension liability for each membership class is obtained from internal valuation results based on the actual participants in each membership class. The Plan's Fiduciary Net Position for each membership class was estimated by adjusting the valuation value of assets for each membership class by the ratio of the total KCERA Plan's Fiduciary Net Position (excluding SRBR) to total KCERA valuation value of assets. Based on this methodology, any non-valuation reserves are allocated amongst the membership classes based on each membership class' valuation value of assets. Kern Medical's proportion of the net pension liability was based on a projection of Kern Medical's long-term share of contributions to the pension plan relative to the projected contributions of all participating County departments and agencies, actuarially determined. As of June 30, 2023, Kern Medical's proportion was 14.51%, which was a decrease of .53% from its proportion measured as of June 30, 2022.

## Kern County Hospital Authority

### Notes to Financial Statements

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For the years ended June 30, 2023 and 2022, Kern Medical recognized pension expense of approximately \$44,704,000 and \$20,757,000, respectively. Pension expense represents the change in net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. As of June 30, 2023 and 2022, Kern Medical reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (12,415,363)
Changes in assumptions	8,996,004	-
Net excess of projected over actual earnings on pension plan investments	21,166,578	-
Changes in proportion and differences between Kern Medical contributions and proportionate share of contributions	18,516,606	(10,300,967)
Kern Medical contributions subsequent to the measurement date	52,437,988	-
Total	\$ 101,117,176	\$ (22,716,330)
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (10,038,542)
Changes in assumptions	14,443,317	-
Net difference between projected and actual earnings on pension plan investments	-	(64,502,597)
Changes in proportion and differences between Kern Medical contributions and proportionate share of contributions	29,951,753	(1,112,176)
Kern Medical contributions subsequent to the measurement date	48,223,726	-
Total	\$ 92,618,796	\$ (75,653,315)

**Kern County Hospital Authority**  
**Notes to Financial Statements**

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Deferred outflows and deferred inflows of resources above represent the unamortized portion of changes to the total pension liability to be recognized in future periods in a systematic and rational manner. Approximately \$52,438,000 and \$48,224,000 reported as deferred outflows of resources relate to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the years ended June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Years Ended June 30,	
2024	\$ 9,794,233
2025	7,244,414
2026	(5,067,222)
2027	<u>13,991,433</u>
	<u>\$ 25,962,858</u>

The changes in net pension liability obligation are as follows as of June 30, 2023 and 2022:

	2023	2022
Beginning net pension liability	\$ 284,243,193	\$ 381,152,811
Pension expense	44,703,770	20,756,810
Employer contributions	(40,768,957)	(38,713,478)
Deferred outflows of resources – change in assumptions	(7,934,629)	(2,548,256)
Deferred inflows of resources – differences between expected and actual earnings on investments	70,863,776	(87,123,183)
Deferred inflows of resources – differences between expected and actual experience	4,592,923	(1,949,637)
Deferred outflows of resources – changes in proportion and differences between Kern Medical contributions and proportionate share of contributions	<u>(10,300,967)</u>	<u>12,668,126</u>
Ending net pension liability	<u>\$ 345,399,109</u>	<u>\$ 284,243,193</u>

**Note 12 – Physician Employee Retirement Plan**

Kern Medical, through the County, contributes to the Kern County Physician Employee Retirement Plan (the “Plan”), a defined contribution plan. The Plan covers salaried physicians in the employment of the County, except physicians employed under Civil Service and physicians employed and paid on an hourly basis. Kern Medical contributions for each plan year (as defined in the “Plan Document”) under the amended and restated Plan Document shall be as follows: Kern Medical shall contribute as Kern Medical’s required contribution the sum of \$17,500 for the account of Core Physician for each completed Plan Year of service (as defined in the Plan Document) by Core Physician. Participants are allowed to make voluntary contributions to the Plan. All amounts contributed are vested immediately. Kern Medical contributed approximately \$1,731,000 and \$1,709,000 to the Plan during the years ended June 30, 2023 and 2022, respectively. Audited financial statements for the Plan may be obtained through the Kern County Auditor-Controller-County Clerk, 1115 Truxtun Avenue, Bakersfield, California 93301.

## Kern County Hospital Authority Notes to Financial Statements

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### Note 13 – Post-Retirement Health Care Benefits

**Plan description** – In addition to the pension benefits described in Note 11, the County and its Special Districts (including Kern Medical) provide post-retirement health care benefits in accordance with union contracts and Board of Supervisors' order. The post-retirement health care benefits are provided through a cost-sharing multiple-employer postemployment health benefit (OPEB) plan established in an irrevocable trust administered by Public Agency Retirement Services (PARS). PARS issues a separate annual financial report that can be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, California 92660.

**Benefits provided** – The OPEB plan provides post-retirement health care through two programs in accordance with union contracts and Board orders.

The Retiree Health Premium Supplement Program (RHPSP) provides benefits to employees who: 1) elected to participate or were required to participate, 2) retire on or after July 1, 1990, 3) are between the ages of 50 and 64, and 4) have at least 20 years of continuous County service as a permanent employee. The supplement amount is permanently fixed once determined and, depending on years of service, is equal to 50-100% of the active employee monthly health premium for a single individual at the time of retirement.

The Retiree Health Stipend (RHS) provides a stipend to employees who choose continuous County health coverage upon retirement. The monthly stipend paid on behalf of each retiree is a maximum of \$39.75 for single coverage, \$53.69 for two-party coverage, and \$61.50 for family coverage, limited to the cost of the plan selected.

**Contributions** – Kern Medical's Actuarially Determined Contribution rate is based off an employer portion and employee portion with Kern Medical contributing all of the RHS portion. The employee contribution for the RHPSP is 2.12% of covered payroll for a majority of the employee union contracts. Employee and employer contributions to the OPEB plan from Kern Medical were approximately \$488,000 and \$472,000, respectively, for the year ended June 30, 2023 and 2022.

**OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources relating to OPEB** – As of June 30, 2023 and 2022, Kern Medical reported a liability of approximately \$7,075,000 and \$7,217,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of these dates. Kern Medical's proportion of the net OPEB liability was based on the proportion of total OPEB liability for each group, calculated according to classification in census data. As of June 30, 2023 and 2022, Kern Medical's proportion was 10.038% and 9.781%, respectively.

## Kern County Hospital Authority Notes to Financial Statements

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For the years ended June 30, 2023 and 2022, Kern Medical recognized OPEB expense of approximately \$591,000 and \$269,000, respectively. As of June 30, 2023 and 2022, Kern Medical reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between Kern Medical contributions and proportionate share of contributions	\$ 1,067,937	\$ (227,748)
Difference between expected and actual experience	604,147	(1,907,511)
Net difference between actual over projected earnings on OPEB plan investments	-	-
Changes in assumptions	3,900,685	(516,659)
Total	\$ 5,572,769	\$ (2,651,918)
	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between Kern Medical contributions and proportionate share of contributions	\$ 1,248,914	\$ (512,431)
Difference between expected and actual experience	-	(2,571,098)
Net difference between actual over projected earnings on OPEB plan investments	796,430	-
Changes in assumptions	4,732,251	(517,954)
Total	\$ 6,777,595	\$ (3,601,483)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2024	\$ (333,984)
2025	(680,195)
2026	(1,047,002)
2027	(671,645)
2028	(171,809)
Thereafter	(16,217)
	\$ (2,920,852)



## Kern County Hospital Authority Notes to Financial Statements

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**Actuarial methods and assumptions** – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Payroll growth	Inflation of 2.50% per year plus "across the board" real salary increases of 0.50% per year.
Mortality	Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table, projected generationally with two-dimensional mortality improvement scale MP-2021.
Discount rate	6.50%. Based on asset allocation in PARS OPEB Trust and understanding that the County of Kern is contributing \$70 per pay period per eligible employee and eligible employees are contributing 2.12% of payroll.
Healthcare cost trend rates Supplement	4.25% to 2023/2024, then 8.00% to 2024/2025 grading down by 0.50% per year to an ultimate rate of 4.50%
Stipend	0.00%

The non-health actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the KCERA Experience Study dated May 24, 2023, for the period July 1, 2019 through June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:



**Kern County Hospital Authority**  
**Notes to Financial Statements**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity – large cap core	29.09 %	6.72 %
Equity – mid cap core	4.38	6.72
Equity – small cap core	9.41	6.72
Equity – international	5.58	7.12
Equity Emerging Market	3.01	8.82
Real Estate	2.00	4.22
Fixed income – intermediate term bond	37.02	0.72
Alternatives	5.05	3.07
Cash	4.46	0.22
Total	<u>100 %</u>	

**Discount rate** – The discount rate used to measure the Total OPEB Liability (TOL) was 6.50% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at a flat \$70 per eligible employee per pay period. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2023.

**Sensitivity of the Net OPEB Liability to changes in the discount rate** – The following presents the County’s proportionate share of the net OPEB liability, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate:

Sensitivity due to change in discount rate

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 8,653,241	\$ 7,075,072	\$ 5,654,331

## Kern County Hospital Authority Notes to Financial Statements

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**Sensitivity of the Net OPEB liability to changes in the health care cost trend rates** – The following presents Kern Medical’s proportionate share of the net OPEB liability, as well as what Kern Medical’s proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

Sensitivity due to change in healthcare cost trend rate

	1% Decrease	Current Trend Rates*	1% Increase
Net OPEB liability	\$ 5,539,848	\$ 7,075,072	\$ 8,853,958

\*See actuarial methods and assumptions table for current trend rates

### Note 14 – Self-Insurance Programs

**Medical malpractice claims** – Kern Medical is self-insured for medical malpractice claims for the first \$2,000,000 per incident, with a \$10,000,000 total maximum policy limitation. Kern Medical also maintains excess liability coverage for claims in excess of total maximum policy limitation. Insurance coverage is on a claims-made basis.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Annual estimated provisions are accrued based on Kern Medical’s past experience as well as other considerations, including the nature of the claim or incident and relevant trend factors. Losses from asserted and unasserted claims identified under Kern Medical’s incident reporting system are actuarially determined based on Kern Medical’s past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. These unpaid claim liabilities were discounted at 3.5% in both 2023 and 2022, to account for the time value of money to determine the current estimated liabilities as reflected below. It is reasonably possible that this estimate could change materially in the near term.

A reconciliation for professional liability claims (including claims incurred but not reported) for the years ended June 30 are as follows:

	2023	2022	2021
Balance, beginning of year	\$ 7,565,271	\$ 7,869,176	\$ 6,196,624
Current year claims incurred and changes in estimates for claims incurred in prior periods	(849,071)	(302,105)	2,492,552
Claims and expenses paid	(1,332)	(1,800)	(820,000)
Balance, end of year	\$ 6,714,868	\$ 7,565,271	\$ 7,869,176

## Kern County Hospital Authority Notes to Financial Statements

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**Workers' compensation claims** – Under the California Unemployment and Workers' Compensation Insurance provisions, Kern Medical has elected to pay the actual claims filed for unemployment and workers' compensation benefits. Reinsurance policies have been purchased by Kern Medical for claims incurred above selected retention levels for a small portion of enrolled members. The liability associated with the self-insurance policies of Kern Medical is based upon Kern Medical's historical trend analysis and includes amounts for claims incurred but not reported.

A reconciliation for workers' compensation claims (including claims incurred but not reported), for the years ended June 30 are as follows:

	2023	2022	2021
Balance, beginning of year	\$ 5,332,410	\$ 6,073,555	\$ 6,272,984
Current year claims incurred and changes in estimates for claims incurred in prior periods	(1,241,029)	(660,887)	(103,253)
Claims and expenses paid	(109,927)	(80,258)	(96,176)
Balance, end of year	\$ 3,981,454	\$ 5,332,410	\$ 6,073,555

### Note 15 – Deferred Compensation

Kern Medical offers its employees a deferred compensation plan created by the County in accordance with IRC Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options at the direction of the employee.

In accordance with requirements of IRC Section 457 and the Small Business Job Protection Act of 1996, the assets in the plan were transferred to a trust as approved by the County Board of Supervisors. The trust holds the plan assets for the exclusive benefit of the participants and their beneficiaries.

Completed financial statements for the Deferred Compensation Plan may be obtained from the Office of the Kern County Treasurer-Tax Collector located at 1115 Truxtun Avenue, Bakersfield, California 93301.

### Note 16 – Commitments and Contingencies

**Litigation** – Kern Medical is the subject of certain claims and assessments arising in the normal course of its operations. In certain instances, these matters have been tried and awards have been submitted by the respective juries and/or courts.

The County, along with seven other counties, is the plaintiff in a case regarding Medi-Cal outpatient payment rates for current and prior services. The complaint is that the DHS did not comply with certain federal and state requirements in setting current and prior outpatient payment rates. The case was settled during the 2005 year in the County's favor and Kern Medical received one-half of the settlement amount. The other half is contingent upon the Federal government's provision of Federal financial participation for the settlement. Therefore, Kern Medical has not accrued any amounts as a result of this settlement.

## Kern County Hospital Authority Notes to Financial Statements

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**Regulatory matters** – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program requirements, and reimbursements for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that Kern Medical is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory action unknown or unasserted at this time.

In addition, Kern Medical is subject to changes in government legislation that could impact Medicare and Medi-Cal payment levels and is also subject to increased levels of managed care penetration and changes in payer patterns that may impact the level and timing of payments for services rendered.

Final determination of amounts earned under prospective payment and cost reimbursement activities is subject to review by appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made for any adjustments that could result from such reviews.

### **Note 17 – Construction and Seismic Standards**

Under current California laws, Kern Medical's facilities must comply with specific provisions related to structural and nonstructural seismic standards. These laws generally required hospitals to retrofit, remodel, or upgrade several buildings before 2013, subject to legislative changes and certain available exemptions. Kern Medical is currently working on improvements to noncompliant buildings in order to receive exemptions available under current legislation through 2030. Preliminary cost estimates have been generated for the plan. Kern is currently working to obtain grant funds for the seismic upgrades.

## Kern County Hospital Authority Notes to Financial Statements

### Note 18 – Leases

Kern Medical is a lessee for noncancellable leases of building space and equipment with lease terms through 2029. There are no residual value guarantees included in the measurement of Kern Medical's lease liability nor recognized as an expense for the years ended June 30, 2023 and 2022. Kern Medical does not have any commitments that were incurred at the commencement of the leases. Kern Medical is subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statement of changes of net position for the years ended June 30, 2023 and 2022. No termination penalties were incurred during the fiscal year.

Kern Medical has the following right-to-use and lease liability activities as of June 30, 2023:

	July 1	Additions	Deletions	June 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Right-to-use assets				
Building	\$ 10,266,761	\$ 1,713,090	\$ (279,784)	\$ 11,700,067
Equipment	2,822,818	7,646	(1,316,793)	1,513,671
Total right-to-use assets	<u>13,089,579</u>	<u>1,720,736</u>	<u>(1,596,577)</u>	<u>13,213,738</u>
Less accumulated amortization				
Building	3,827,626	1,729,929	(279,784)	5,277,771
Equipment	1,297,228	860,493	(1,316,793)	840,928
Net right-to-use assets	<u>\$ 7,964,725</u>	<u>\$ (869,686)</u>	<u>\$ -</u>	<u>\$ 7,095,039</u>
Lease liabilities	<u>\$ 8,344,683</u>	<u>\$ 1,751,094</u>	<u>\$ (2,720,787)</u>	<u>\$ 7,374,990</u>

Kern Medical has the following right-to-use and lease liability activities as of June 30, 2022:

	July 1	Additions	Deletions	June 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Right-of-use assets				
Building	\$ 10,266,761	\$ -	\$ -	\$ 10,266,761
Equipment	1,313,236	1,509,582	-	2,822,818
Total right-to-use assets	<u>11,579,997</u>	<u>1,509,582</u>	<u>-</u>	<u>13,089,579</u>
Less accumulated amortization				
Building	1,913,813	1,913,813	-	3,827,626
Equipment	480,872	816,356	-	1,297,228
Net right-to-use assets	<u>\$ 9,185,312</u>	<u>\$ (1,220,587)</u>	<u>\$ -</u>	<u>\$ 7,964,725</u>
Lease liabilities	<u>\$ 9,482,605</u>	<u>\$ -</u>	<u>\$ (1,137,922)</u>	<u>\$ 8,344,683</u>

Kern Medical recognized approximately \$2,590,000 and \$2,730,000 in amortization expense as of June 30, 2023 and 2022, respectively. Amortization expense is included in the depreciation and amortization expense on the Statements of Revenues, Expenses, and Changes in Net Position.

## Kern County Hospital Authority Notes to Financial Statements

The future principal and interest lease payments as of June 30, 2023, were as follows:

	Principal	Interest	Total
Years Ending June 30,			
2024	\$ 2,530,758	\$ 204,571	\$ 2,735,329
2025	2,050,093	131,567	2,181,660
2026	1,662,814	69,944	1,732,758
2027	835,885	28,791	864,676
2028	260,578	11,515	272,093
2029-2030	34,862	4,027	38,889
	\$ 7,374,990	\$ 450,415	\$ 7,825,405

Kern Medical evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2023.

### Note 19 – Subscription-Based Information Technology Arrangements

Kern Medical has the following SBITA asset and liability activities as of June 30, 2023:

	July 1 As restated	Additions	Deletions	June 30
SBITA assets - software	\$ 2,962,452	\$ 1,015,900	\$ -	\$ 3,978,352
Less accumulated amortization	(229,468)	(722,501)	-	(951,969)
Total SBITA assets, net	2,732,984	293,399	-	3,026,383
SBITA liabilities	\$ 2,757,409	\$ 1,015,901	\$ (678,207)	\$ 3,095,103

Kern Medical has the following SBITA asset activities as of June 30, 2022:

Kern Medical has the following SBITA activities as of June 30, 2022:

	July 1	Additions	Deletions	June 30 As restated
SBITA assets - software	\$ -	\$ 2,962,452	\$ -	\$ 2,962,452
Less accumulated amortization	-	(229,468)	-	(229,468)
Total SBITA assets, net	-	2,732,984	-	2,732,984
SBITA liabilities	\$ -	\$ 2,942,101	\$ (184,692)	\$ 2,757,409

**Kern County Hospital Authority**  
**Notes to Financial Statements**

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The future principal and interest SBITA payments as of June 30, 2023, were as follows:

Years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 749,846	\$ 89,440	\$ 839,286
2025	752,150	64,949	817,099
2026	762,463	40,485	802,948
2027	666,518	15,823	682,341
2028	164,126	1,336	165,462
Thereafter	-	-	-
	<u>\$ 3,095,103</u>	<u>\$ 212,033</u>	<u>\$ 3,307,136</u>

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## **Required Supplementary Information**



**Kern County Hospital Authority**  
**Other Post-Employment Benefits**  
**Schedule of the Proportionate Share of the Net OPEB Liability for Kern Medical**

---

Last 10 Fiscal Years\*

Reporting Date for Employer under GASB 75 as of June 30	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered-employee Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	2018	7.2%	\$ 4,306,044	\$ 48,177,262	8.9%	56.6%
2019	2019	7.5%	\$ 3,772,716	\$ 49,863,466	7.6%	62.7%
2020	2020	8.1%	\$ 3,753,285	\$ 27,390,597	13.7%	66.0%
2021	2021	8.2%	\$ 1,653,757	\$ 26,173,524	6.3%	84.9%
2022	2022	9.8%	\$ 7,216,964	\$ 23,920,585	30.2%	57.5%
2023	2023	10.0%	\$ 7,075,072	\$ 25,712,458	27.5%	60.5%

\*Based on the total covered employee payroll for employees classified as Kern Medical in the census data. Fiscal year 2018 was the first year of implementation; therefore, only six years are presented.

See accompanying report of independent auditors.

**Kern County Hospital Authority  
Pension Plan**

**Schedule of the Proportionate Share of the Net Pension Liability for Kern Medical**

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Last 10 Fiscal Years

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	County's Covered-employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	16.18%	\$ 343,748,412	\$ 75,331,439	456.31%	58.53%
2015	15.97%	\$ 330,492,938	\$ 77,008,989	429.16%	62.95%
2016	15.67%	\$ 345,262,534	\$ 81,925,123	421.44%	61.87%
2017	15.06%	\$ 329,935,445	\$ 78,433,199	420.66%	59.37%
2018	12.41%	\$ 293,255,458	\$ 78,815,070	372.08%	62.49%
2019	13.18%	\$ 307,234,709	\$ 89,068,706	344.94%	64.19%
2020	13.52%	\$ 322,103,797	\$ 93,857,773	343.18%	64.43%
2021	14.32%	\$ 381,152,811	\$ 104,248,078	365.62%	62.00%
2022	15.04%	\$ 284,243,193	\$ 107,477,006	264.47%	73.38%
2023	14.51%	\$ 345,399,109	\$ 106,790,632	323.44%	67.86%

See accompanying report of independent auditors.

**Kern County Hospital Authority  
Pension Plan  
Schedule of Contributions for Kern Medical**

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Last 10 Fiscal Years\*

Reporting Date for Employer under GASB 68 as of June 30	Actuarially Determined Contribution	Kern Medical's Contribution	Contribution Deficiency (Excess)	Kern Medical's Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2015	\$ 34,286,046	\$ 34,286,046	\$ -	\$ 77,008,989	44.52%
2016	\$ 30,093,110	\$ 30,093,110	\$ -	\$ 81,925,123	36.73%
2017	\$ 26,222,853	\$ 26,222,853	\$ -	\$ 78,433,199	33.43%
2018	\$ 28,411,580	\$ 28,411,580	\$ -	\$ 78,815,070	36.05%
2019	\$ 30,922,108	\$ 30,922,108	\$ -	\$ 89,068,706	34.72%
2020	\$ 29,801,356	\$ 29,801,356	\$ -	\$ 93,857,773	31.75%
2021	\$ 38,354,347	\$ 38,354,347	\$ -	\$ 104,248,078	36.79%
2022	\$ 38,713,478	\$ 38,713,478	\$ -	\$ 107,477,006	36.02%
2023	\$ 40,768,957	\$ 40,768,957	\$ -	\$ 106,790,632	38.18%

\*Fiscal year 2015 was the first year this schedule was required; therefore, only nine years are presented.

See accompanying report of independent auditors.

**Report of Independent Auditors on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

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

January 17, 2024

**Subject:** Electronic Health Record Request for Proposal Presentation

**Recommended Action:** Receive and File

**Summary:**

The current agreement with the electronic health record (EHR) vendor, Oracle Health (formerly known as Cerner), expires in 2027. Kern Medical seeks to have a best-in-class EHR that complies with operational and fiscal goals. Due to the complex nature and organizational requirements for an EHR, Kern Medical will undertake a year-long Request for Proposal process to select a possible new vendor as well as be prepared for a two-year installation of any new system.

Therefore, it is recommended that your Board receive and file.



## **Electronic Health Record (EHR)**

Request for Proposal Process

# 2024 Request for Proposal for EHR

- Kern Medical is embarking on a RFP project in search of a potential change in Electronic Health Record (EHR) vendors
- Purpose of this project is to research potential opportunities with new partners for our EHR
- Our goal is to leverage our position to gain the best contract for services and pricing

# History of Cerner and Kern Medical

- 2015 – Signed Cerner contract to implement PeopleSoft (financial and supply chain management) and Cerner EHR for Clinically Driven Revenue Cycle
- 2016 – Implemented PeopleSoft
- 2017 – 2019 EHR Cerner Engagement
- 2019 – Activation ‘big bang’ of Cerner Summit Project
- 2022 – Renewed extension through December of 2027
- 2022 – Oracle completed acquisition of Cerner. Cerner renamed Oracle Health.

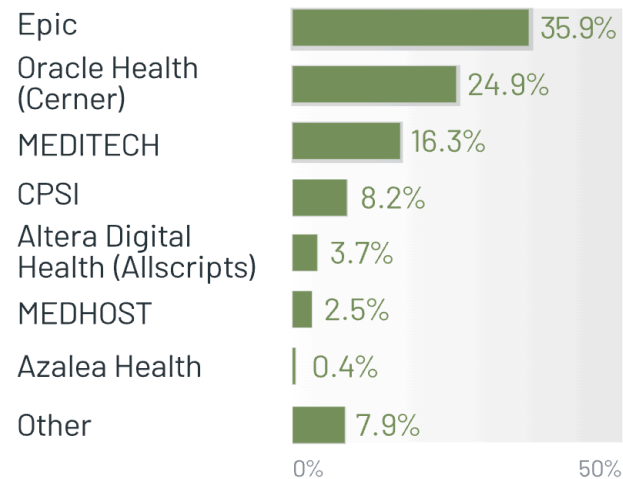


# Project Deliverable and Timeline

- Request for Proposal for EHR Project
  - Conduct a rigorous analysis of EHR vendors with properly vetted selection criteria looking at internal and external factors
  - Led by Executive committee with senior clinical and revenue management team of advisors
- Potential EHR Vendors –
  - Epic Systems
  - Oracle Health (Cerner)
  - Meditech
  - Allscripts (Veradigm)
  - Stand-alone Rev Cycle Vendors
- Dignity and Adventist Bakersfield use Oracle (Cerner)

## 2022 US Acute Care Market Share

Percent of hospitals (n=5,472 acute care hospitals)



\*Klas Report for acute and non-acute specialties (psych, rehab, specialty hospitals)

# Project Timeline

- Request for Proposal Timeline – Validate vendor for EHR
  - Timeline: January 2024 – October 2024
    - 1<sup>st</sup> Quarter
      - Organization assessment period
        - Conduct Business Case
        - Authorize Project Charter
        - Define Project Scope
    - 2<sup>nd</sup> Quarter
      - Define Project Business and Technical Requirements
    - 3<sup>rd</sup> Quarter
      - Submit RFI and Vendor Evaluation
    - 4<sup>th</sup> Quarter
      - Submit RFP and determine final vendor

# New Vendor – Implementation

- If a new vendor is selected, the project implementation timeline would lead us to have the new EHR installed by December of 2027.
  - This is the expiration date of our current Cerner Contract.
- Potential Project Timeline for EHR Install
  - Sign new contract 4<sup>th</sup> quarter of 2024
  - 2025 – 2027 –Implementation of New EHR



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

January 17, 2024

**Subject:** Kern County Hospital Authority Chief Financial Officer Report – November 2023

**Recommended Action:** Receive and File

**Summary:**

**Kern Medical Operations:**

Kern Medical key performance indicators:

- Operating gain of \$45,920 for November is \$32,489 more than the November budget of \$13,431 and \$28,813 less than the \$74,733 average over the last three months
- EBIDA of \$1,472,881 for November is \$356,080 more than the November budget of \$1,116,801 and \$92,727 less than the \$1,565,608 average over the last three months
- Average Daily Census of 153 for November is 9 less than the November budget of 162 and 12 less than the 165 average over the last three months
- Admissions of 761 for November are 44 less than the November budget of 805 and 12 less than the 773 average over the last three months
- Total Surgeries of 459 for November are 41 less than the November budget of 500 and 45 less than the 504 average over the last three months
- Clinic Visits of 17,042 for November are 1,093 more than the November budget of 15,949 and 1,482 less than the 18,524 average over the last three months. The total includes 223 COVID-19 vaccination visits

**The following items have budget variances for the month of November 2023:**

**Patient Revenue:**

For gross patient revenue, there is a 4% favorable budget variance for the month and an 8% favorable variance year-to-date. The large variance is mainly due to a 3.2% charge master price increase that became effective on July 1, 2023. Kern Medical expects strong patient census levels and consistently high gross patient revenue for FY 2024.

**Indigent Funding Revenue:**

Indigent funding has a favorable budget variance for the month and on a year-to-date basis. Adjustments were posted in November to true-up FY 2023 Correctional Medicine revenue and to adjust FY 2024 Correctional Medicine revenue based on the FY 2023 cost reconciliation for these services that are provided for the County of Kern.

**Other Operating Revenue:**

Kern Medical is under budget for other operating revenue for the month and on a year-to-date basis. Items such as medical education funding, grants, and Proposition 56 funding are received quarterly or otherwise periodically. Therefore, actual monthly revenue compared to the budget will fluctuate throughout the year.

**Other Non-Operating Revenue:**

Other non-operating revenue has an unfavorable budget variance for the month because miscellaneous, immaterial items such as interest income fluctuate month-to-month. On a year-to-date basis, there is a favorable budget variance due to the receipt of \$64 thousand of COVID-19 employee retention funds in July 2023. The COVID-19 retention bonuses were paid out to employees in July and were included in salaries expense.

**Salaries Expense:**

Salaries expense is \$7.9 million over budget on a year-to-date basis because of several factors including:

- Decrease in nurse registry expense accounts for a corresponding increase in salary expense for nursing.
- Management and administrative positions previously filled by Meridian Healthcare Partners and by Cantu Management were hired by Kern Medical and became full-time employees of the hospital. These staff members fill the same administrative and management positions as before, but now as salaried employees of Kern Medical. A corresponding decrease in other professional fees contracted services offsets this shift in personnel.

**Nurse Registry Expense:**

Nurse registry expense is 17% under budget for the month and 16% under budget year-to-date. Kern Medical has substantially decreased its usage of contract nurse services. In addition, the hourly rates charged by the staffing agencies that provide registry nurse services are significantly lower than at various COVID-related peaks. Staffing agencies were charging higher-than-average costs per hour due to high demand for nursing staff during the pandemic. Kern Medical plans to continue its need for registry services as appropriate to staff for patient needs.

**Medical Fees:**

Medical fees are 9% over budget for the month and 8% over budget on a year-to-date basis because of higher-than-average monthly fees paid to Regional Anesthesia Associates and to Acute Care Surgery Medical Group.

**Other Professional Fees:**

Other professional fees have a favorable budget variance for the month and on a year-to-date basis. Prior to September 2023, Kern Medical administrative and management positions were filled by Meridian Healthcare Partners and by Cantu Management Group. These Meridian and Cantu positions were hired by Kern Medical and became full-time employees of the hospital. These staff members fill the same administrative and management positions as before, but now as salaried employees of Kern Medical. Therefore, throughout FY 2024 other professional fees will be under budget. However, this favorable budget variance will be offset by a corresponding increase in salaries and benefits expenses.

**Supplies Expense:**

Supplies expense is under budget for the month and on a year-to-date basis due to lower-than-average costs for pharmaceuticals and for general medical supplies.

**Purchased Services:**

Purchased services are over budget for the month because of an under accrual in prior month for patient financial counseling services provided by Health Advocates. On a year-to-date basis, purchased services are over budget because of higher-than-average expenses for resident education expenses.

**Other Expenses:**

Other expenses are under budget for the month and on a year-to-date basis due to a change in the treatment of accounting for leases. GASB 87 was implemented in 2022 and requires leases to be set up as assets at fair market value and amortized over time. Corresponding right-of-use liabilities are also set up for leases with applicable interest expense accrued. The net effect of the implementation of GASB 87 is minimal. The decrease in lease expense under the other expenses section of the income statement is offset by increases in amortization expense and in interest expense.

**Interest Expense:**

Interest expense is over budget month-to-date and year-to-date due to higher than anticipated certificate of participation (COP) bond interest. In addition, a change in the treatment of accounting for leases under GASB 87 was implemented in 2022 and requires leases to be set up as assets at fair market value and amortized over time. Corresponding right-of-use liabilities are also set up for leases with applicable interest expense accrued. The net effect of the implementation of GASB 87 is minimal. The decrease in lease expense under the other expenses section of the income statement is offset by increases in amortization expense and in interest expense.

**Depreciation and Amortization Expense:**

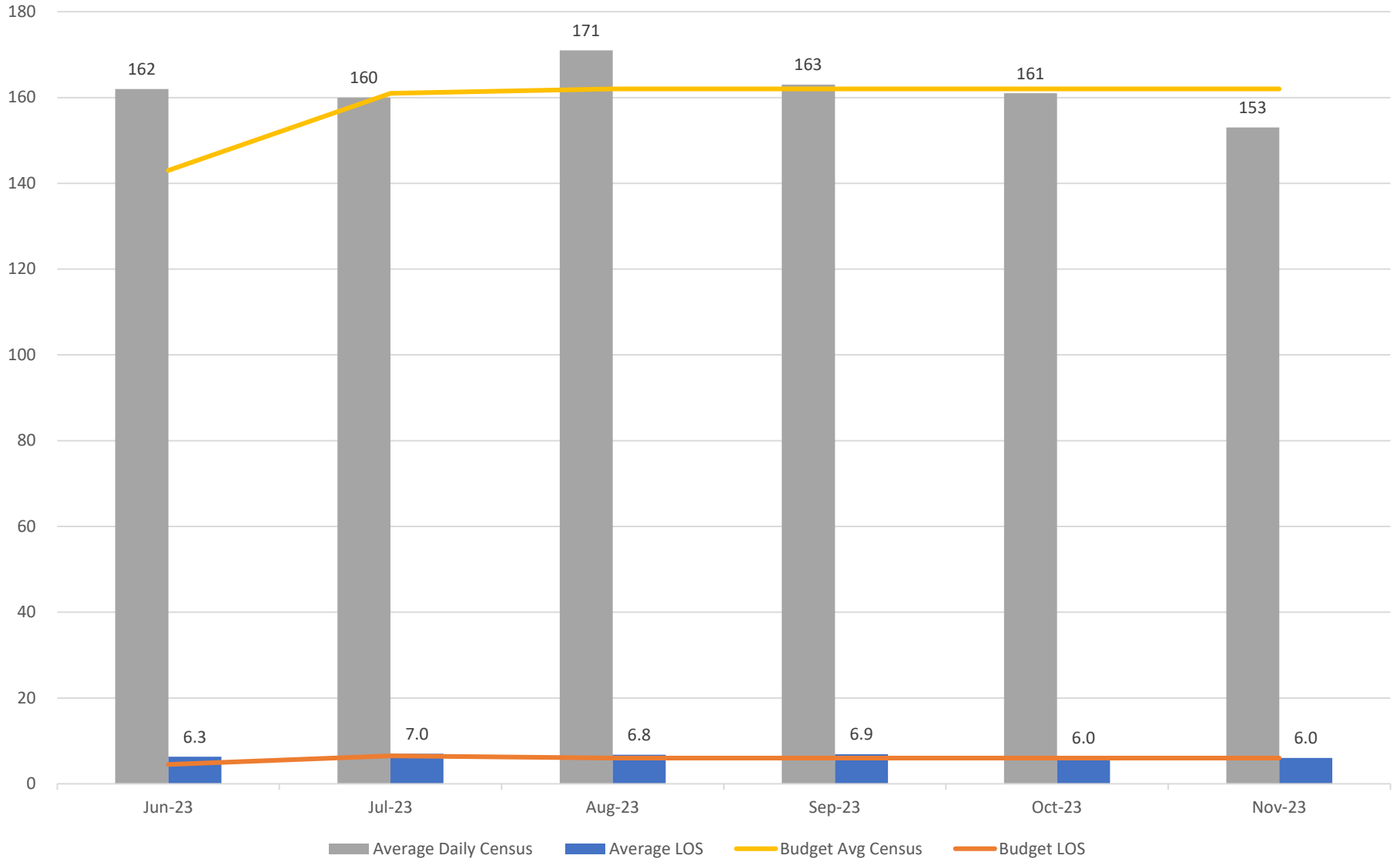
Depreciation and amortization expenses are over budget for the month and on a year-to-date basis because of the implementation of GASB 87. Please see the interest expense section of this memo for an explanation of how leases are accounted for under GASB 87 and how it may affect amortization expense.



**BOARD OF GOVERNORS' REPORT  
KERN MEDICAL – NOVEMBER 2023**

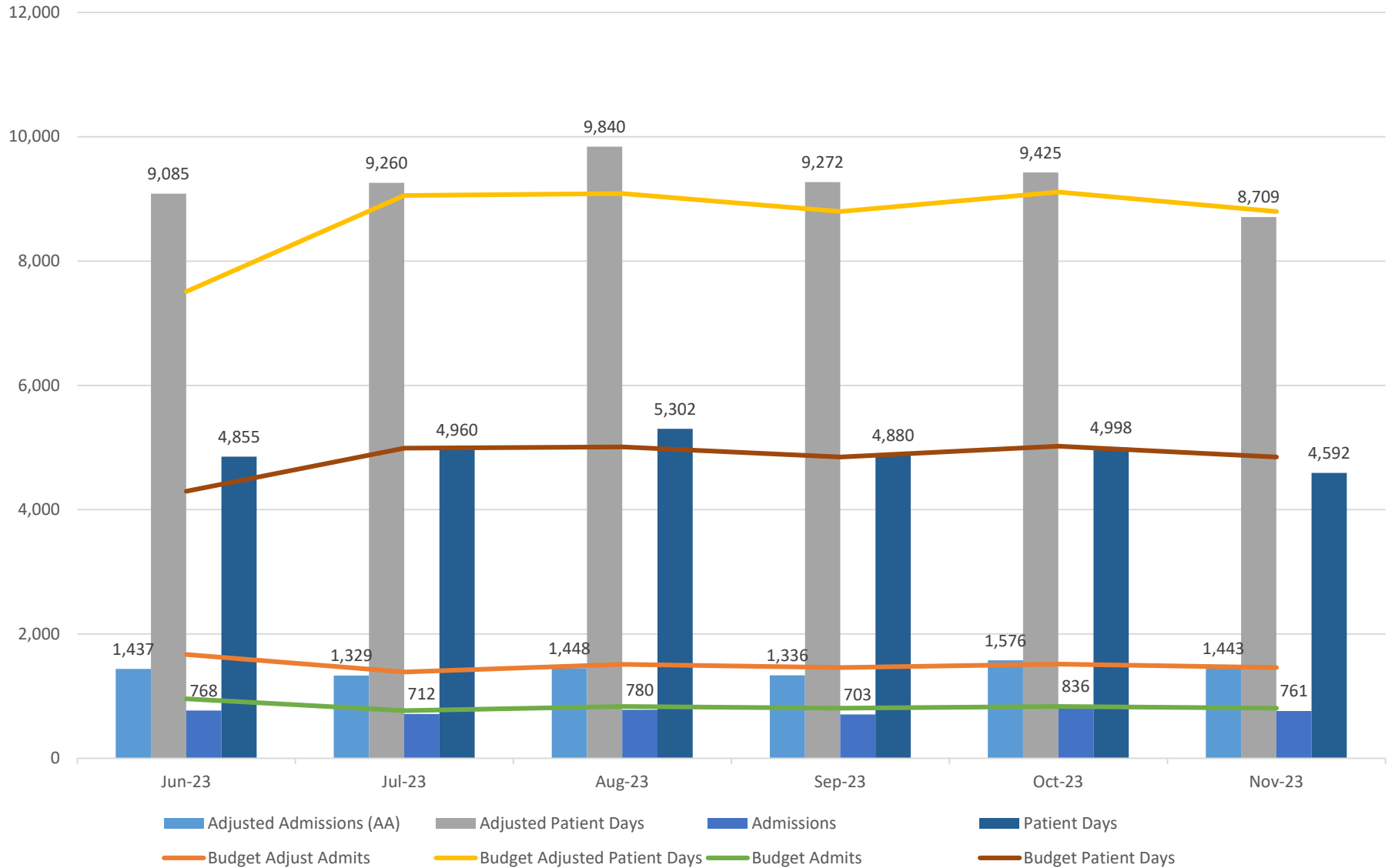


# Census & ALOS

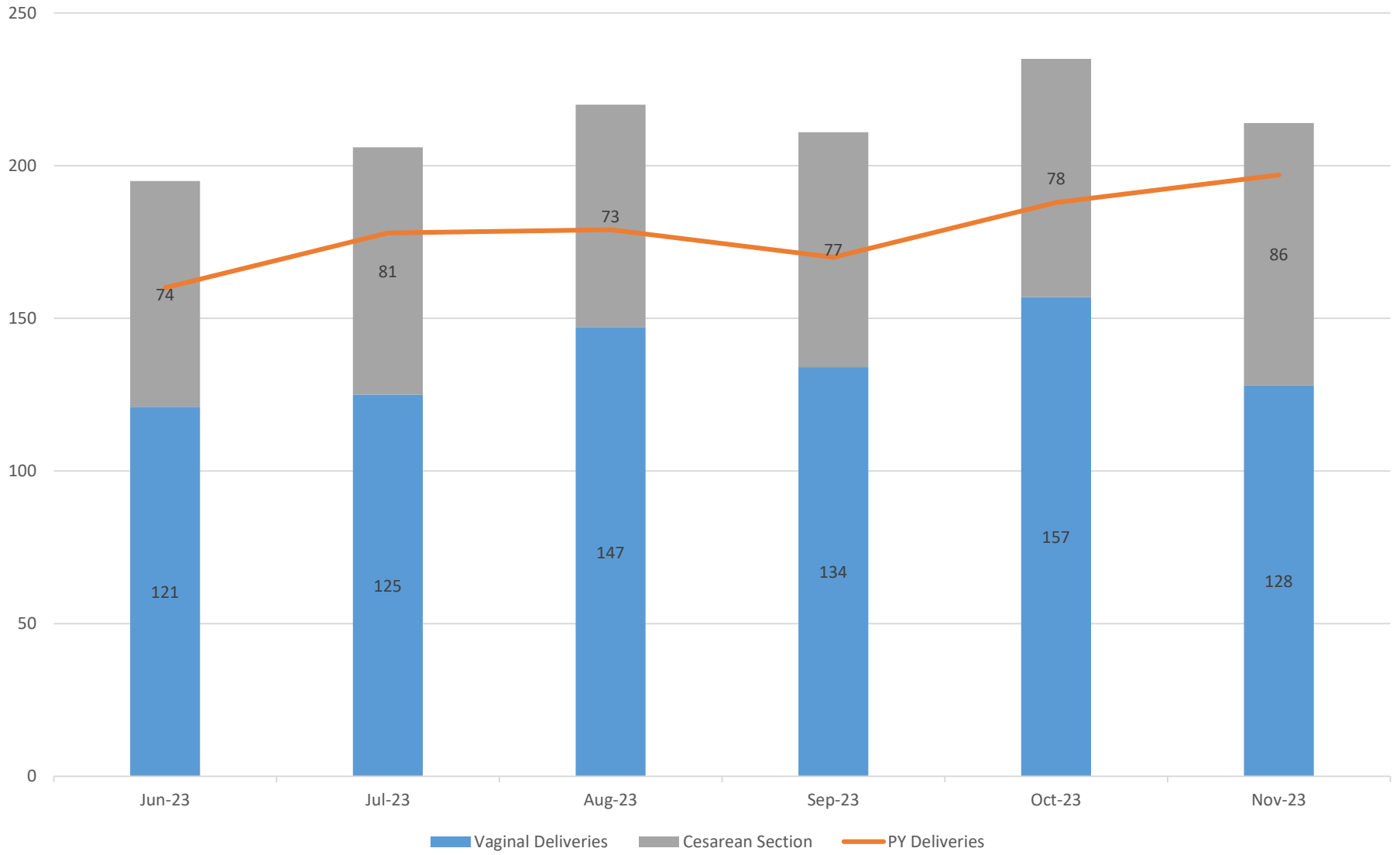




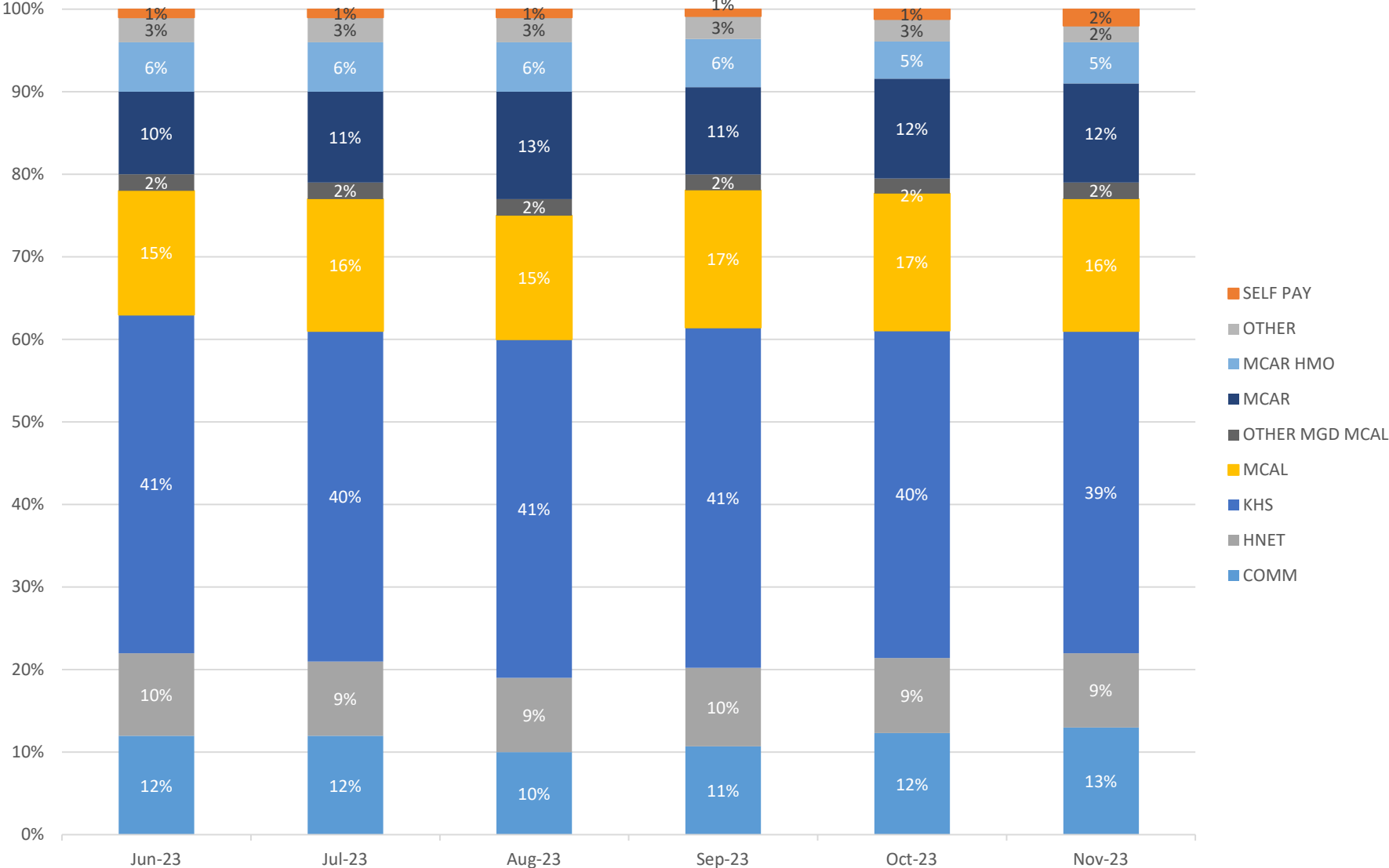
# Hospital Volumes



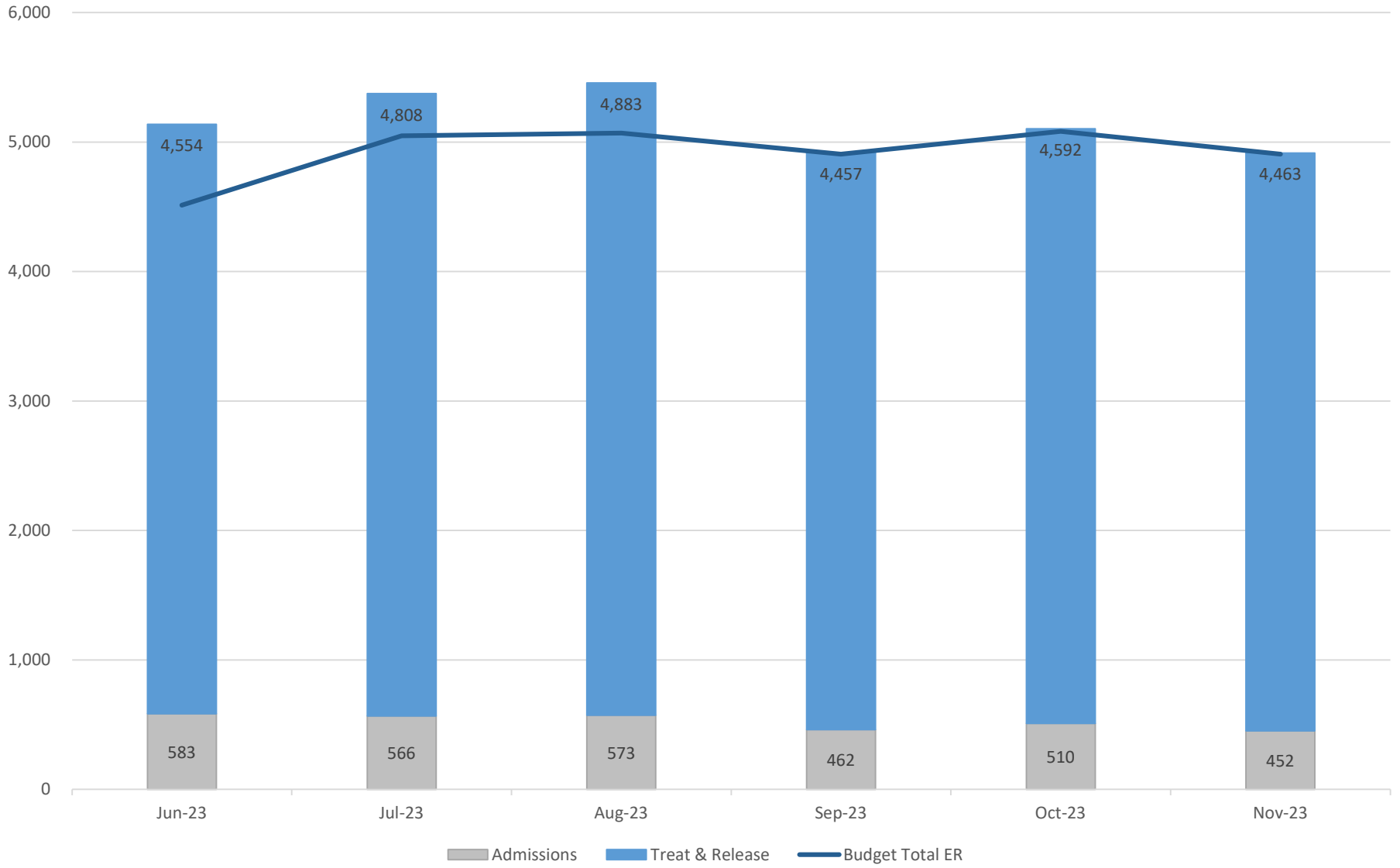
# Deliveries



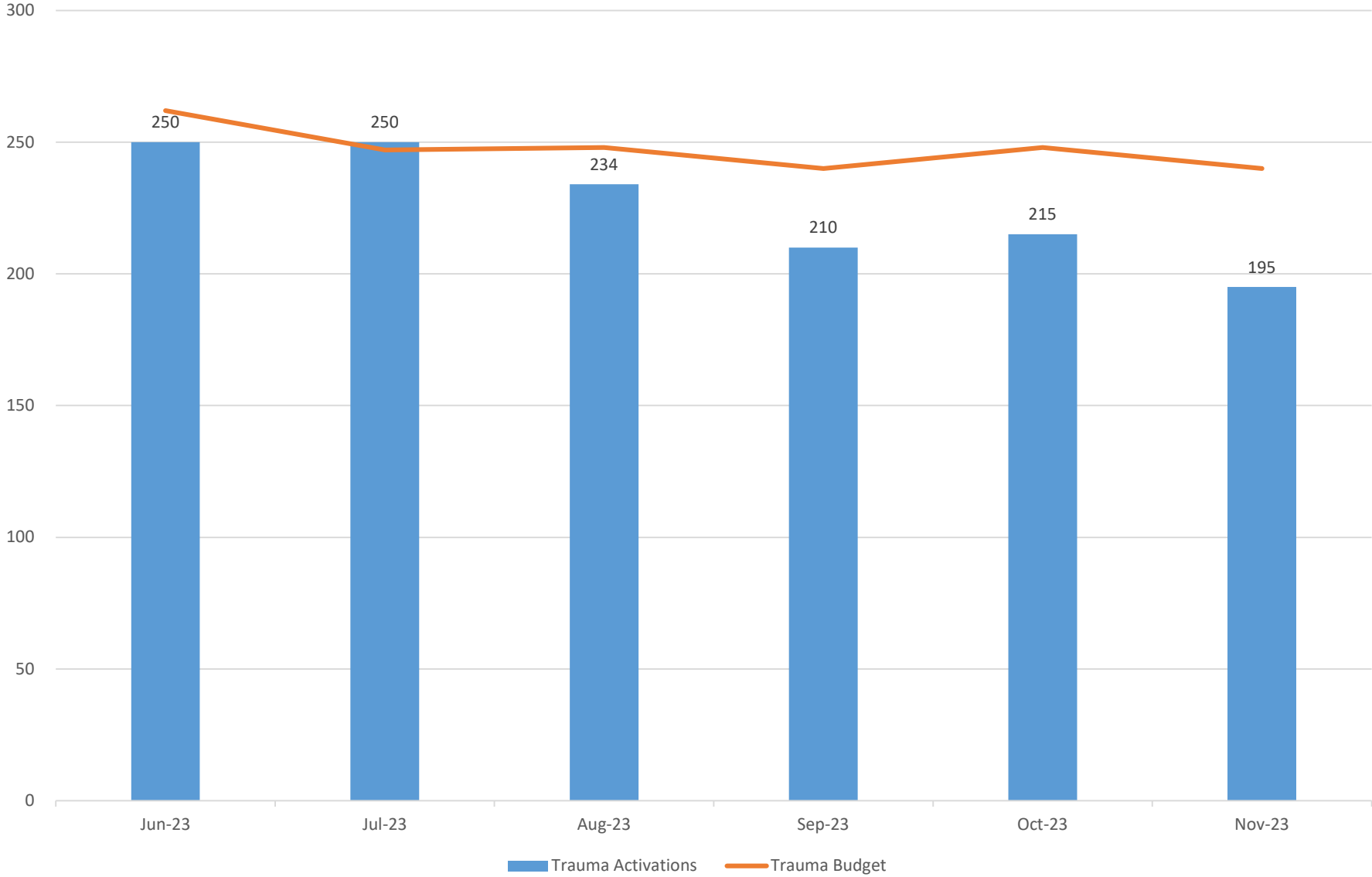
### PAYER MIX



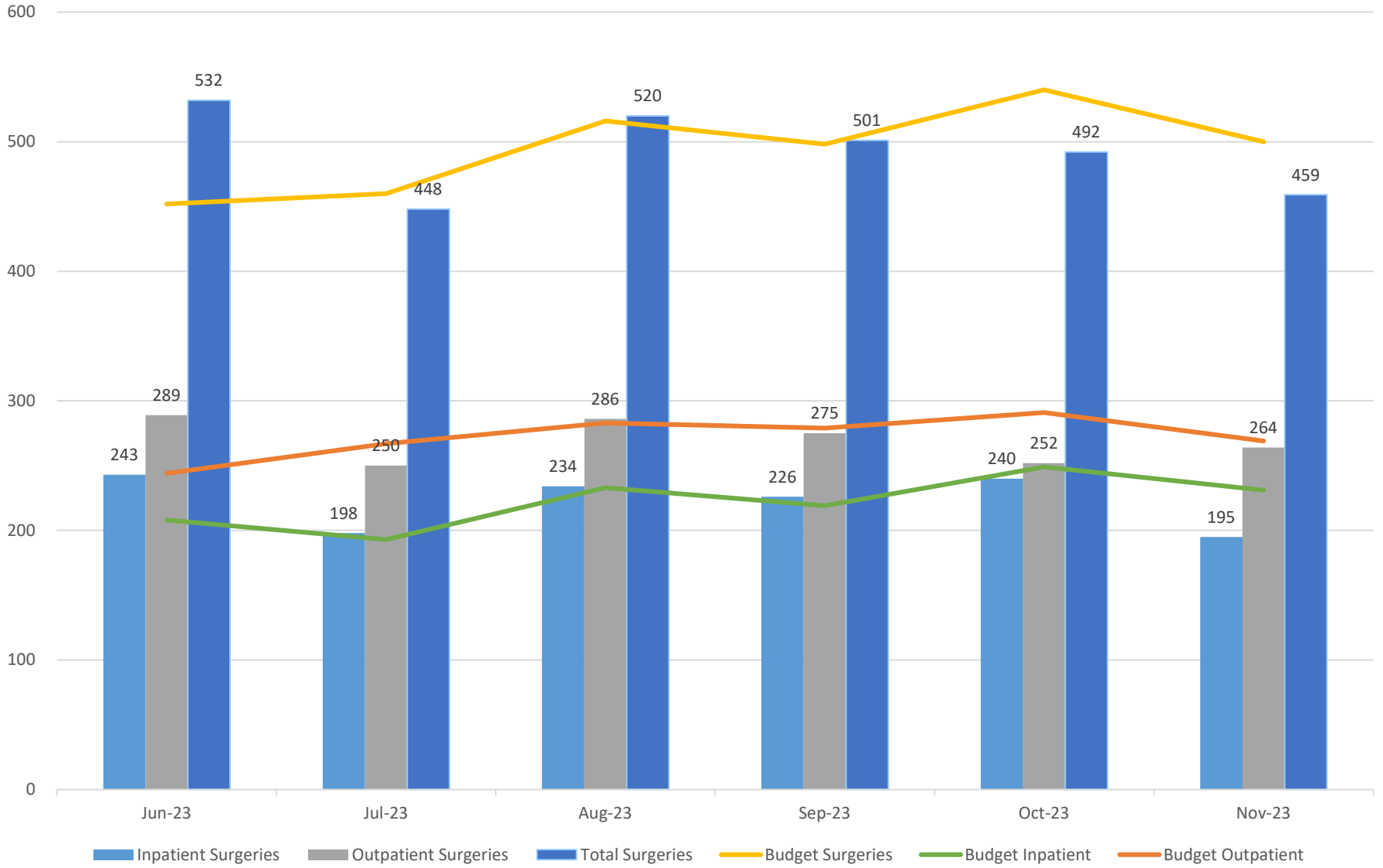
## Emergency Room Volume



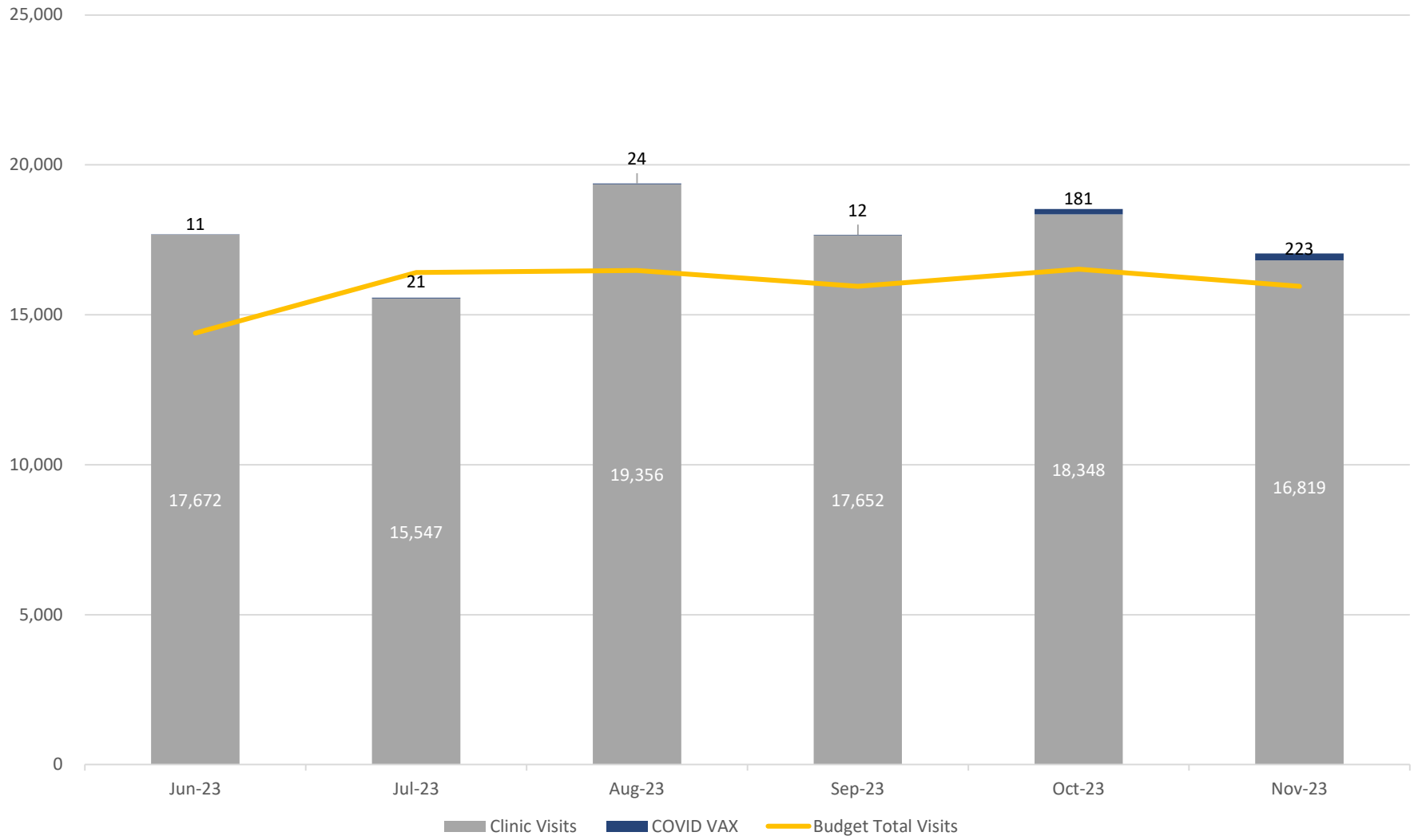
# Trauma Activations



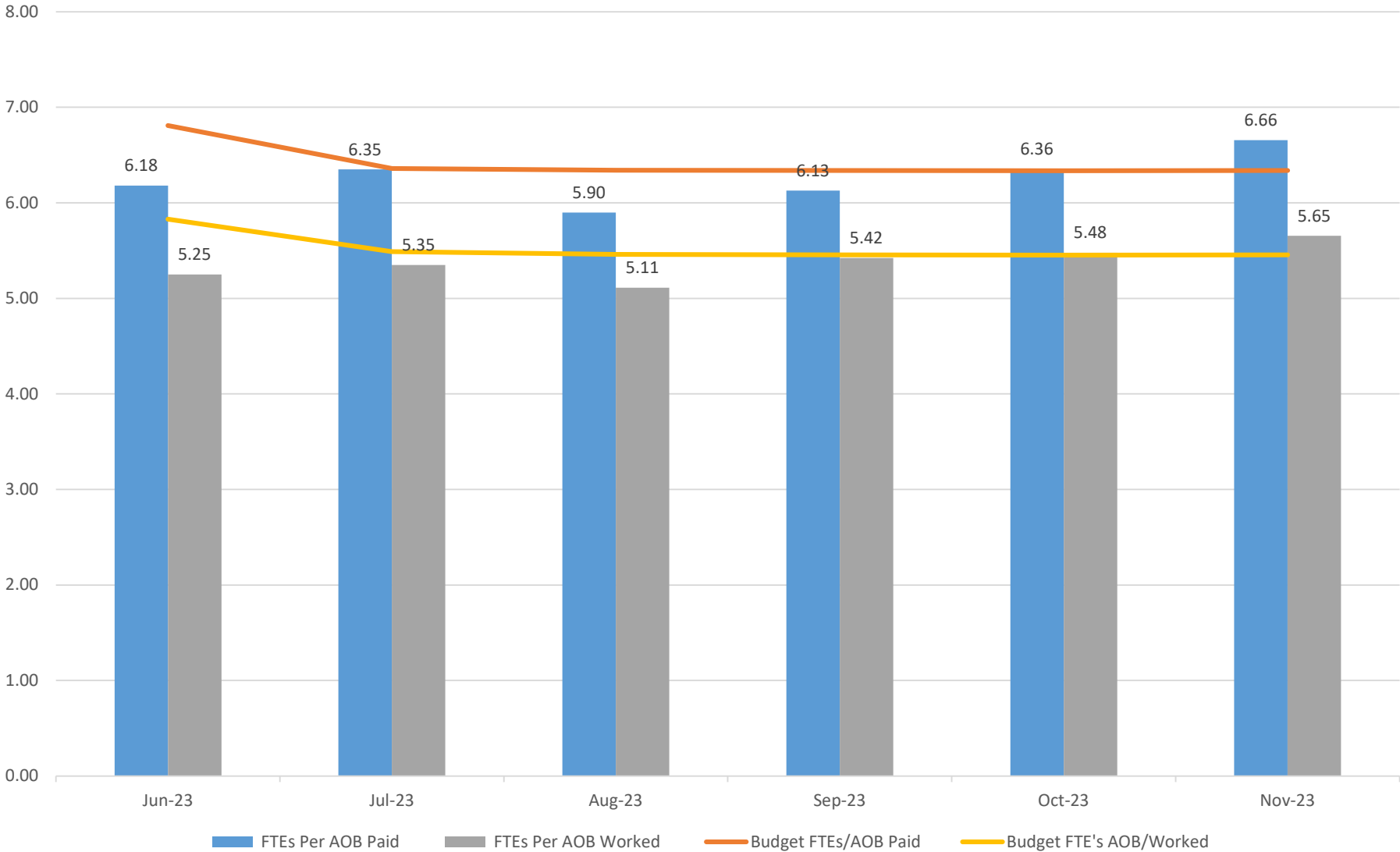
# Surgical Volume



## Clinic Visits

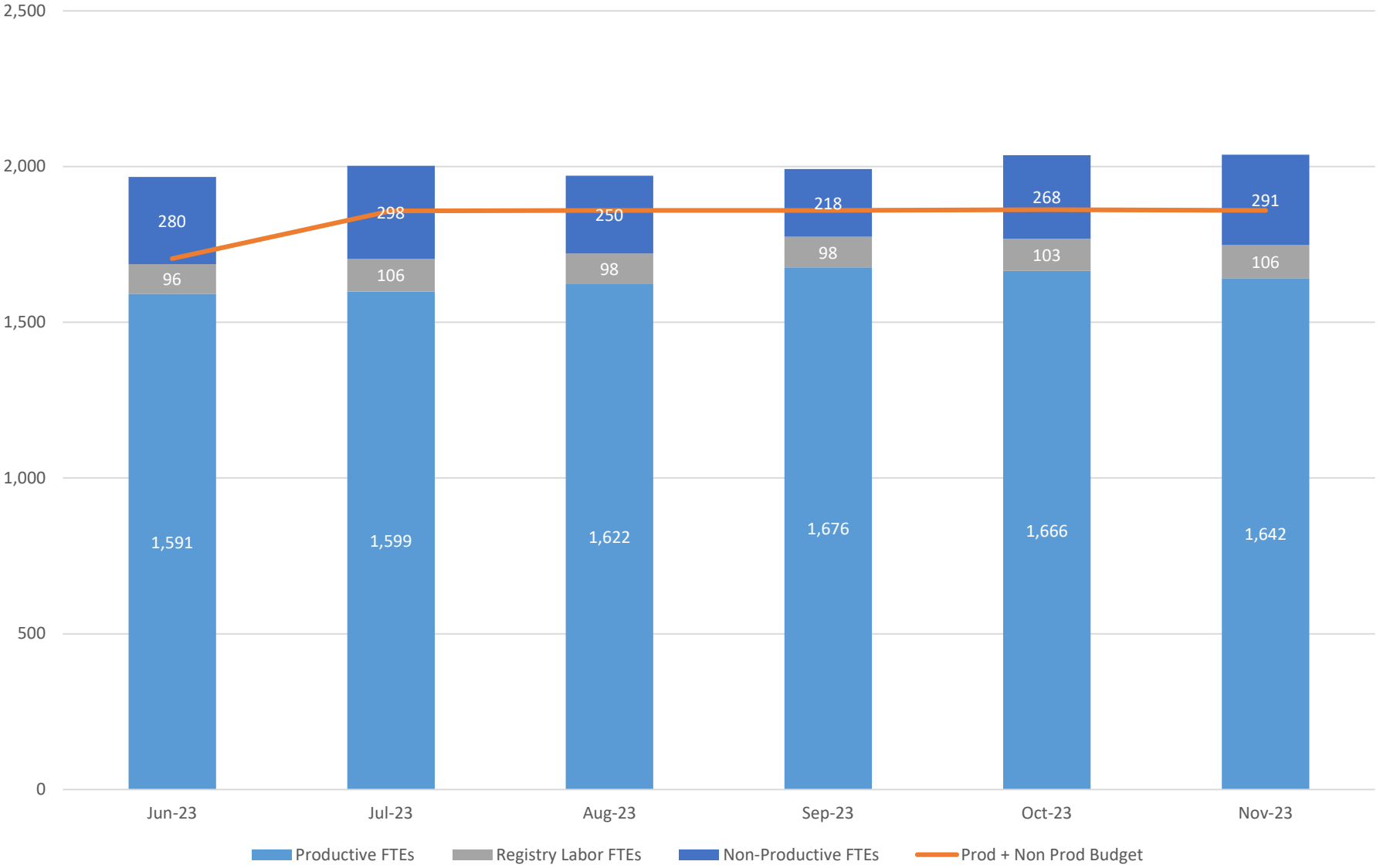


# Labor Metrics

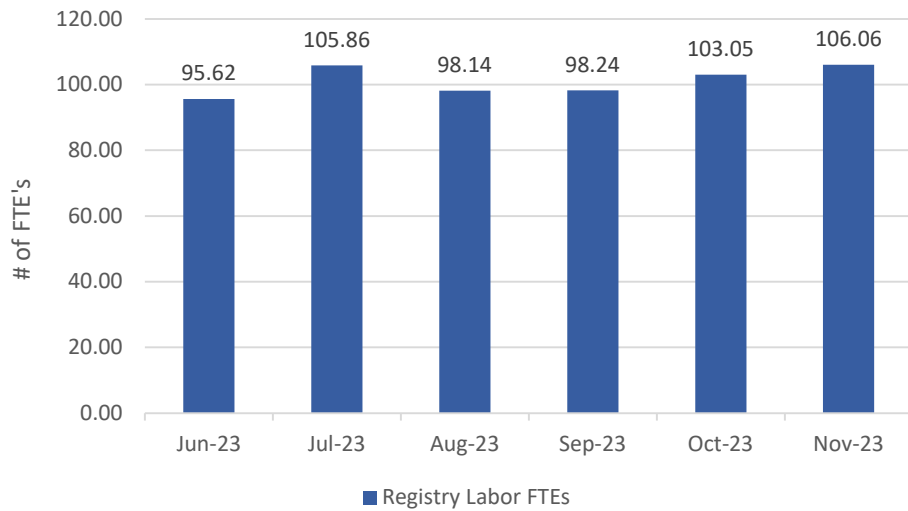




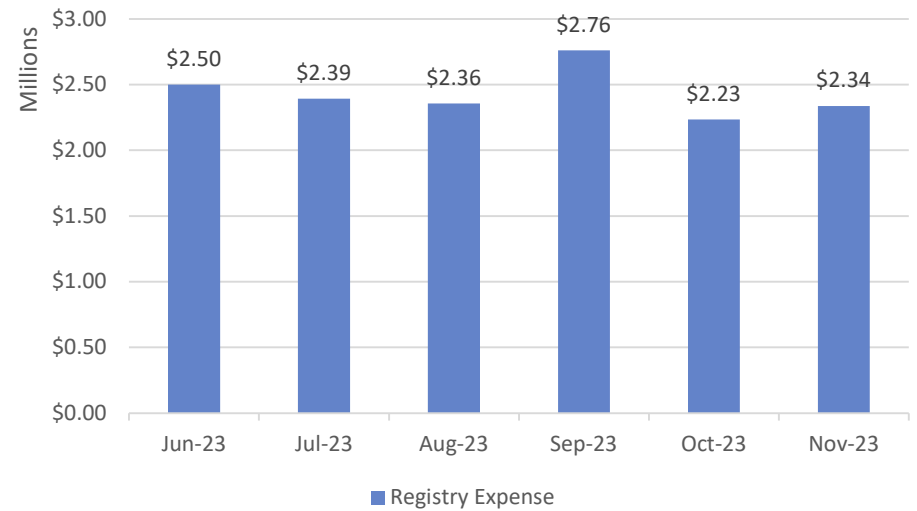
# Productivity



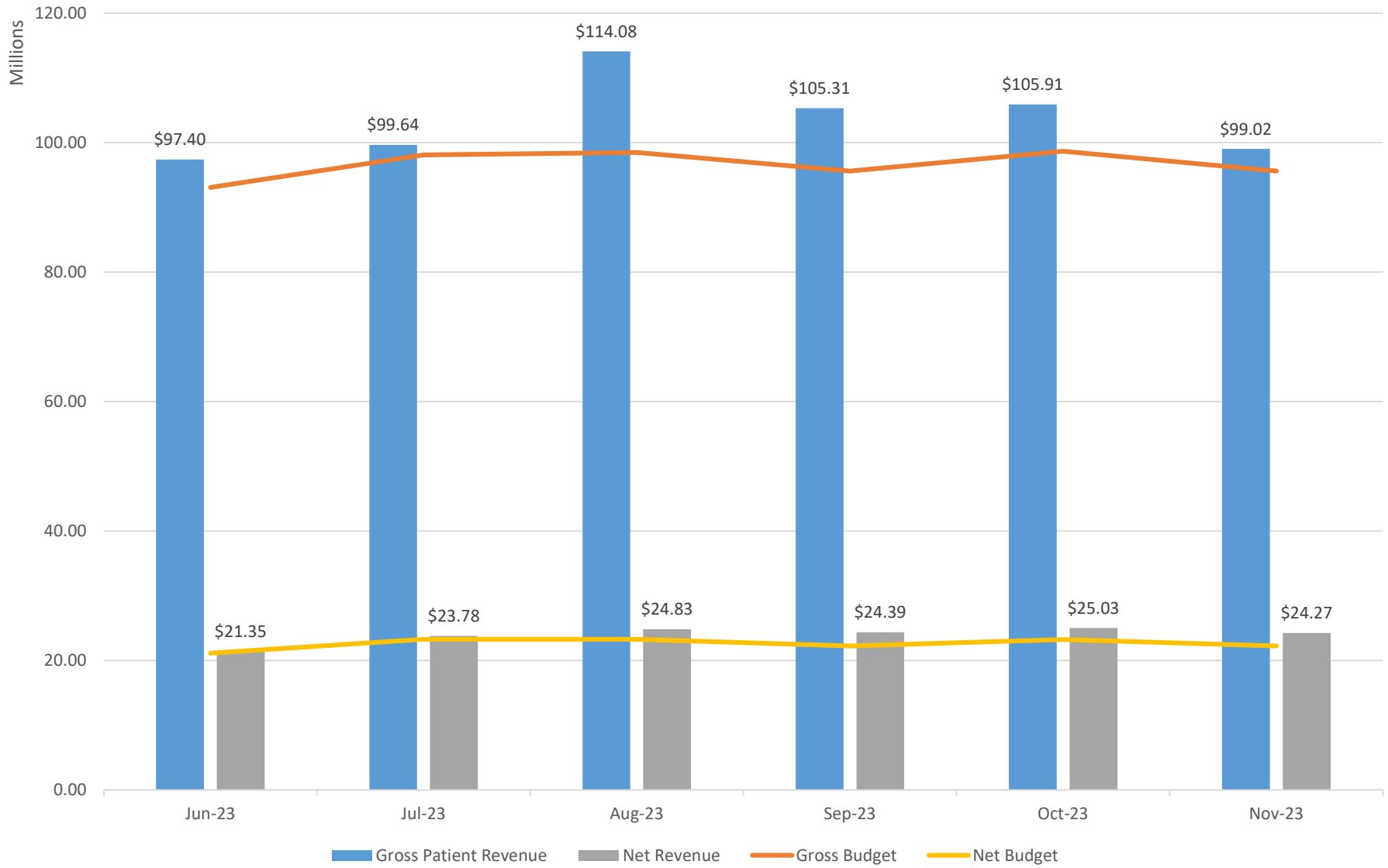
### Registry FTE's



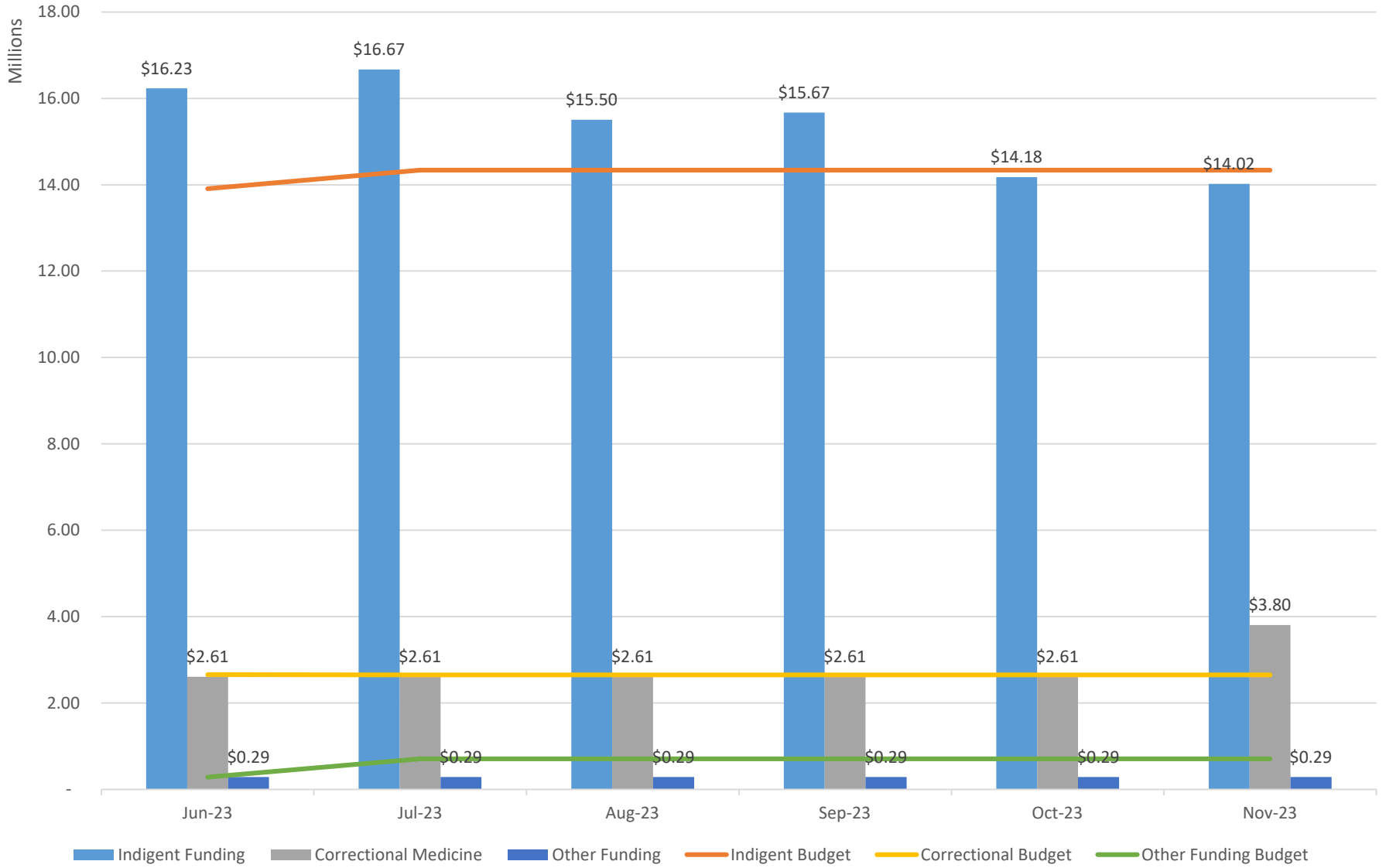
### Registry Expense



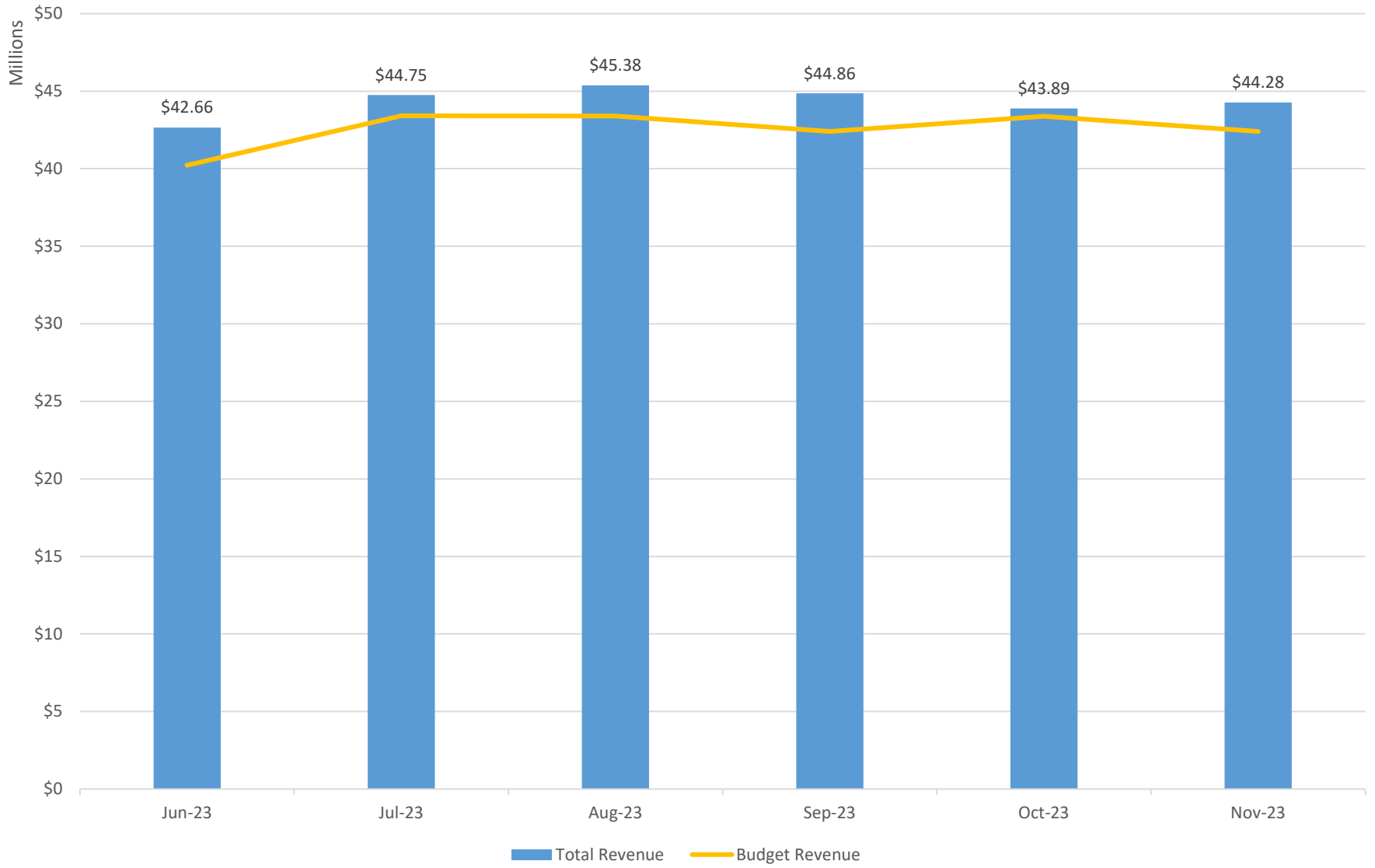
# Patient Revenue



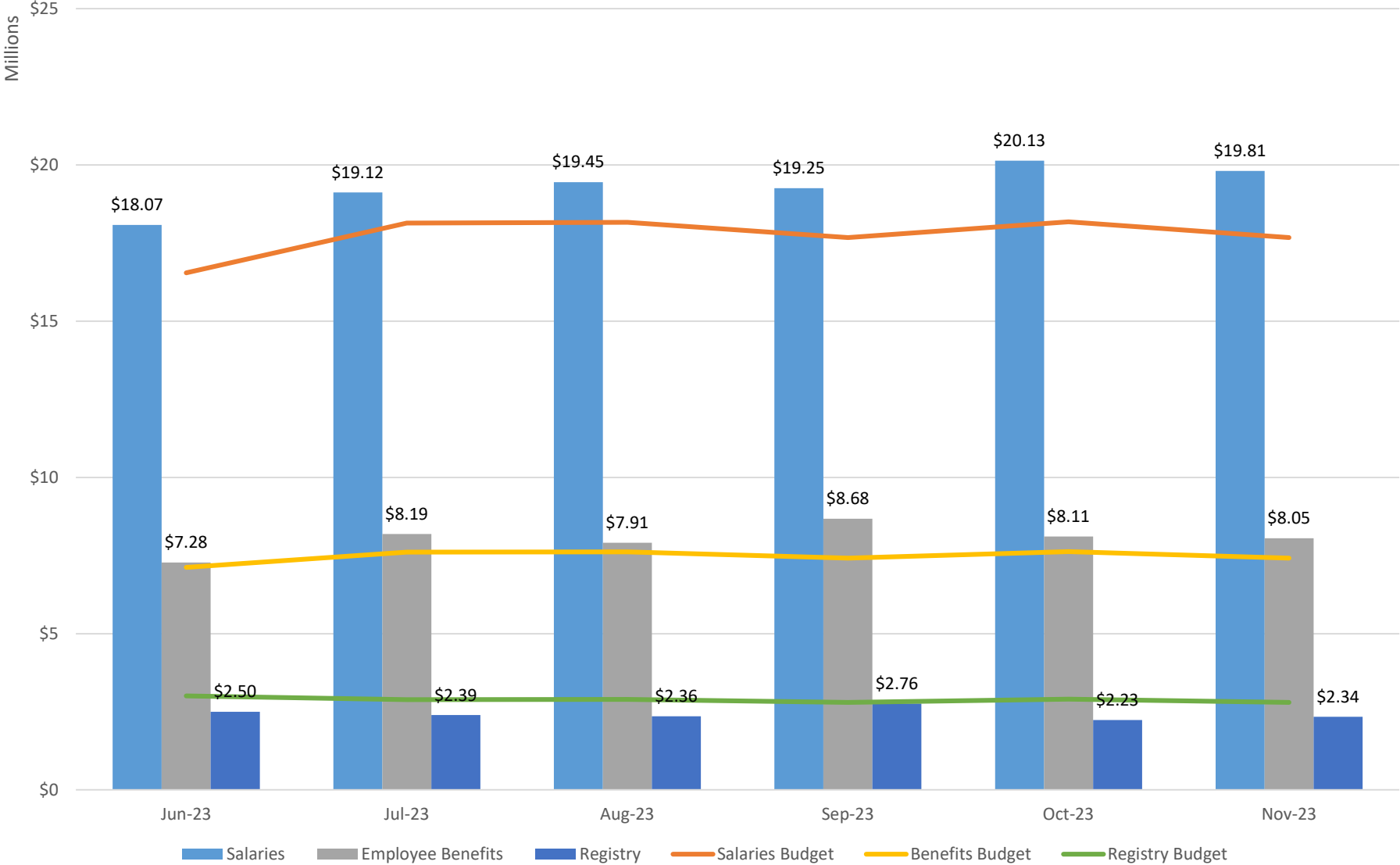
## Indigent & Correctional Revenue



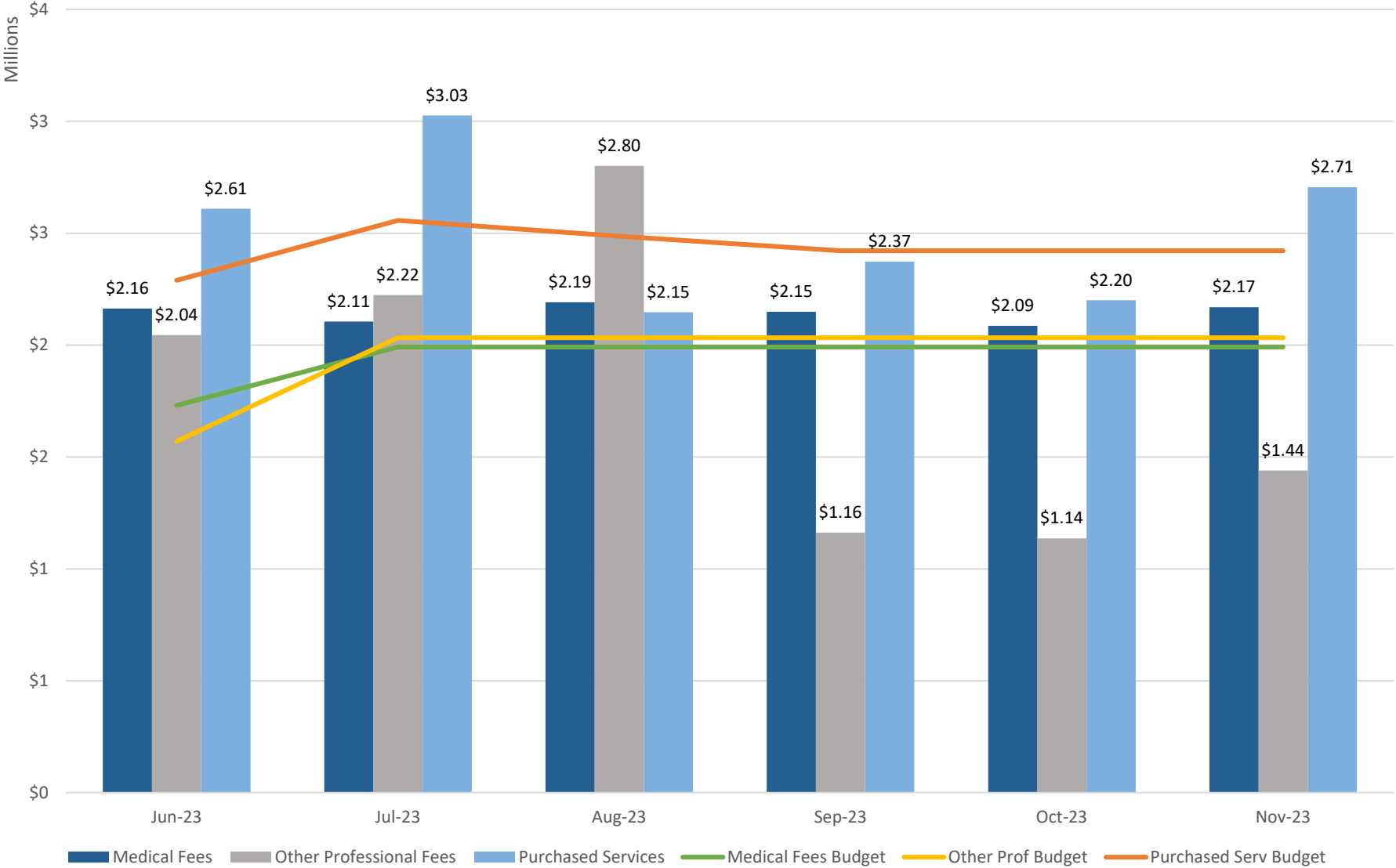
## Total Revenue



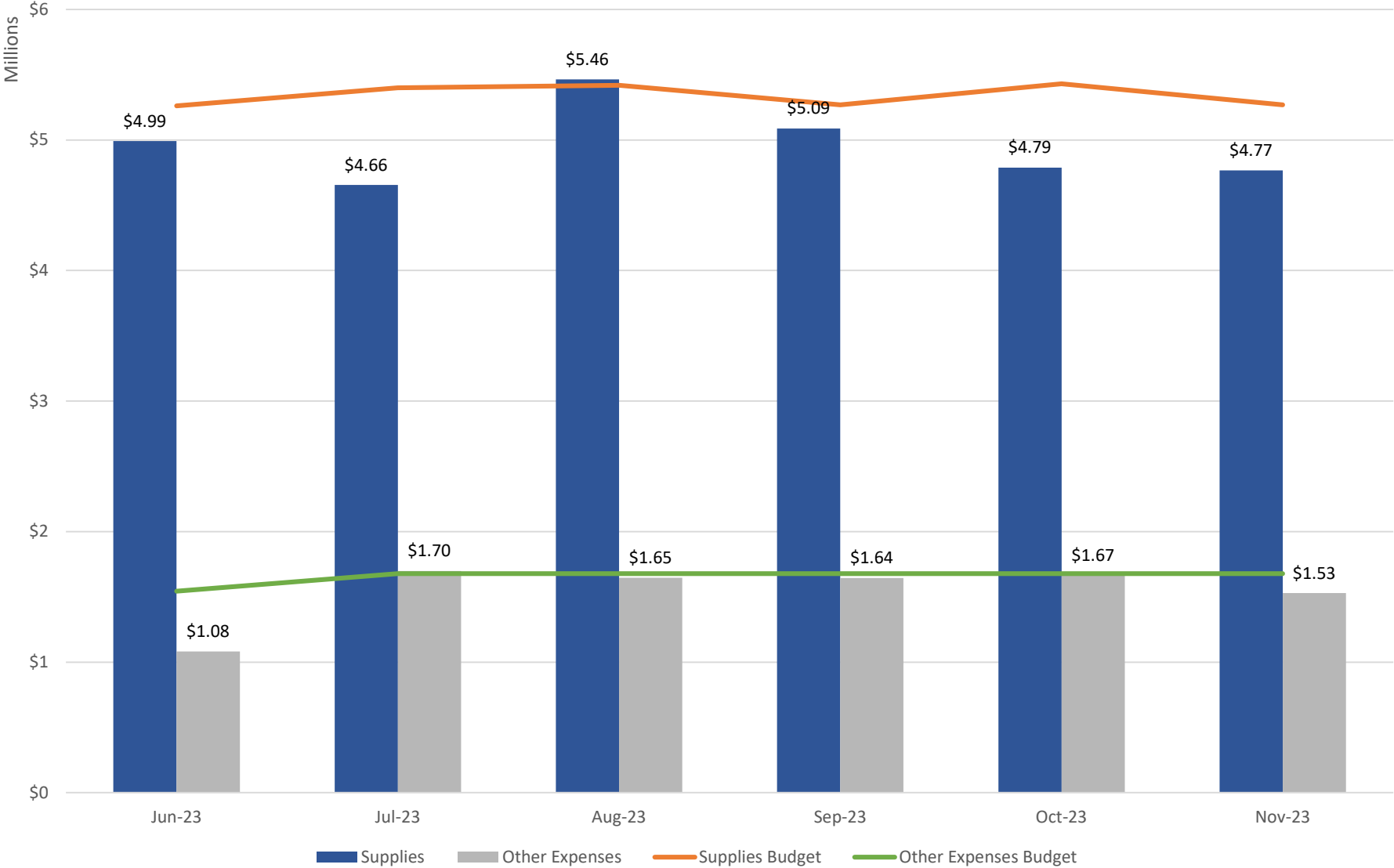
# Expenses



# Expenses

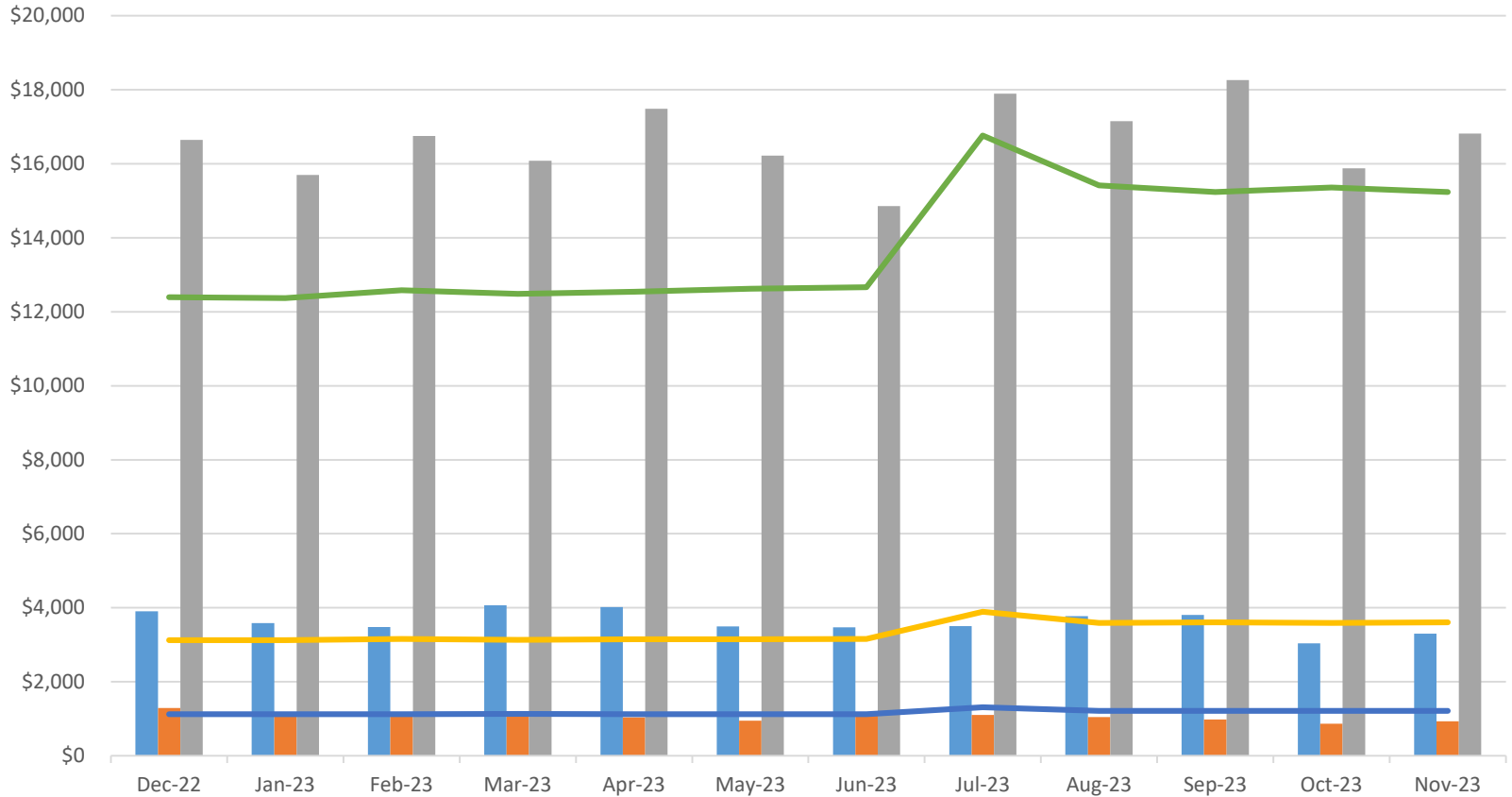


# Expenses



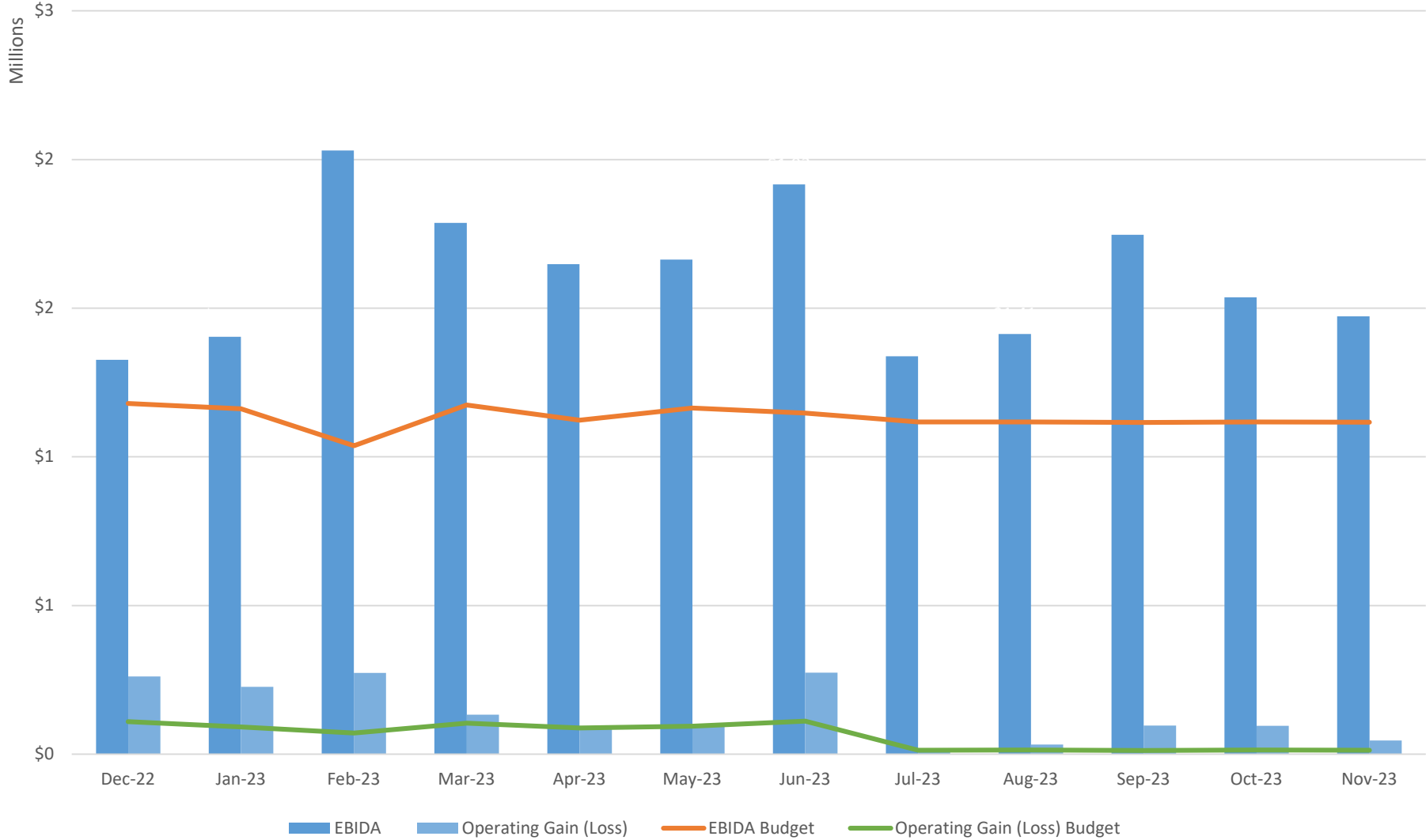


## Operating Metrics

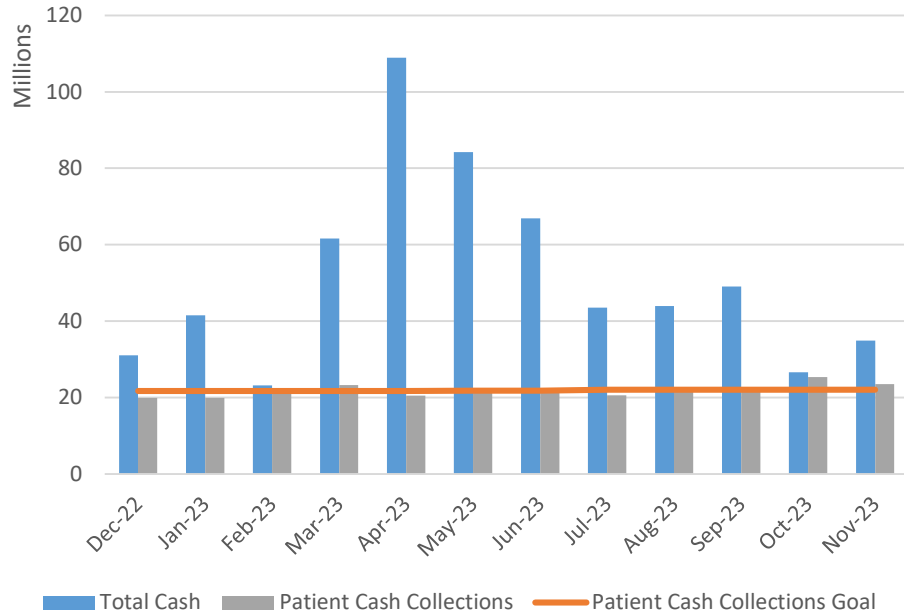


	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Supply Expense per AA	\$3,902	\$3,588	\$3,480	\$4,065	\$4,016	\$3,497	\$3,473	\$3,502	\$3,775	\$3,809	\$3,038	\$3,303
Pharm Cost per AA	\$1,293	\$1,153	\$1,094	\$1,199	\$1,037	\$948	\$1,115	\$1,104	\$1,047	\$978	\$866	\$932
Net Revenue Per AA	\$16,642	\$15,694	\$16,749	\$16,078	\$17,486	\$16,224	\$14,857	\$17,893	\$17,150	\$18,258	\$15,875	\$16,817
Budget Supp/AA	\$3,124	\$3,122	\$3,156	\$3,133	\$3,151	\$3,145	\$3,153	\$3,891	\$3,590	\$3,606	\$3,589	\$3,606
Budget Pharm/AA	\$1,126	\$1,126	\$1,127	\$1,128	\$1,127	\$1,126	\$1,127	\$1,310	\$1,210	\$1,210	\$1,210	\$1,210
Budget Net Rev/AA	\$12,398	\$12,368	\$12,579	\$12,483	\$12,539	\$12,624	\$12,661	\$16,765	\$15,413	\$15,234	\$15,361	\$15,235

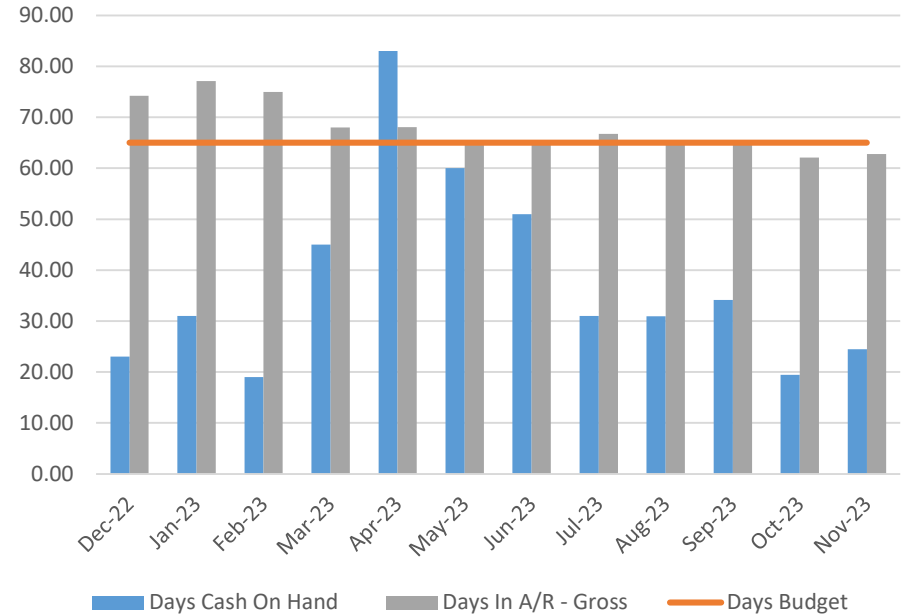
## EBIDA Rolling Year



### Cash Rolling Year



### AR Days Rolling Year



**KERN MEDICAL**  
**3-Month Trend Analysis: Revenue & Expense**  
November 30, 2023

	SEPTEMBER	OCTOBER	NOVEMBER	BUDGET NOVEMBER	VARIANCE POS (NEG)	PY NOVEMBER
<b>Gross Patient Revenue</b>	\$ 105,308,360	\$ 105,907,704	\$ 99,023,739	\$ 95,598,072	4%	\$ 94,906,726
Contractual Deductions	(80,920,773)	(80,881,082)	(74,751,062)	(73,334,107)	2%	(72,003,855)
<b>Net Revenue</b>	24,387,587	25,026,623	24,272,676	22,263,965	9%	22,902,871
Indigent Funding	15,669,352	14,175,409	14,019,352	14,338,567	(2%)	6,575,297
Correctional Medicine	2,608,481	2,608,481	3,804,646	2,651,620	43%	1,857,998
County Contribution	285,211	285,211	285,211	282,447	1%	285,211
Incentive Funding	0	0	0	425,000	(100%)	0
<b>Net Patient Revenue</b>	42,950,630	42,095,724	42,381,885	39,961,599	6%	31,621,377
Other Operating Revenue	1,892,709	1,779,247	1,888,593	2,428,863	(22%)	6,045,412
Other Non-Operating Revenue	14,895	13,500	7,777	13,060	(40%)	10,929
<b>Total Revenue</b>	44,858,234	43,888,470	44,278,255	42,403,523	4%	37,677,718
<b>Expenses</b>						
Salaries	19,254,350	20,133,061	19,805,186	17,674,151	12%	16,674,232
Employee Benefits	8,679,863	8,105,568	8,053,115	7,414,303	9%	5,245,028
Registry	2,760,925	2,233,409	2,336,346	2,803,256	(17%)	3,087,751
Medical Fees	2,148,823	2,086,701	2,169,703	1,991,696	9%	1,959,480
Other Professional Fees	1,162,032	1,136,886	1,440,036	2,033,569	(29%)	1,964,146
Supplies	5,087,961	4,788,661	4,766,742	5,269,211	(10%)	5,491,815
Purchased Services	2,373,485	2,200,599	2,705,734	2,422,027	12%	2,465,510
Other Expenses	1,643,846	1,666,668	1,528,513	1,678,508	(9%)	1,791,010
Operating Expenses	43,111,285	42,351,552	42,805,374	41,286,722	3.7%	38,678,973
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 1,746,950	\$ 1,536,918	\$ 1,472,881	\$ 1,116,801	32%	\$ (1,001,255)
EBIDA Margin	4%	4%	3%	3%	26%	-3%
Interest	230,973	230,779	229,888	117,423	96%	112,241
Depreciation	855,178	646,291	632,626	699,368	(10%)	722,678
Amortization	564,424	564,436	564,448	286,579	97%	285,372
Total Expenses	44,761,859	43,793,059	44,232,335	42,390,091	4%	39,799,264
<b>Operating Gain (Loss)</b>	\$ 96,375	\$ 95,412	\$ 45,920	\$ 13,431	242%	\$ (2,121,546)
<b>Operating Margin</b>	0.21%	0.22%	0.10%	0.03%	227.4%	(5.6%)

**KERN MEDICAL**  
**Year to Date Analysis: Revenue & Expense**  
November 30, 2023

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
<b>Gross Patient Revenue</b>	\$ 523,963,653	\$ 486,464,288	8%	\$ 484,542,976	8%
Contractual Deductions	(401,666,277)	(372,158,578)	8%	(370,955,140)	8%
<b>Net Revenue</b>	122,297,376	114,305,710	7%	113,587,836	
Indigent Funding	76,037,011	71,692,836	6.1%	63,560,673	20%
Correctional Medicine	14,238,568	13,258,099	7%	12,756,811	12%
County Contribution	1,426,055	1,412,236	1%	1,426,055	0%
Incentive Funding	0	2,125,000	(100%)	0	0%
<b>Net Patient Revenue</b>	213,999,010	202,793,880	6%	191,331,374	12%
Other Operating Revenue	9,033,856	12,144,317	(26%)	14,636,692	(38%)
Other Non-Operating Revenue	122,422	65,300	87%	62,327	96%
<b>Total Revenue</b>	223,155,288	215,003,497	4%	206,030,393	8%
<b>Expenses</b>					
Salaries	97,762,688	89,826,455	8.8%	85,204,013	15%
Employee Benefits	40,940,848	37,682,166	8.6%	33,874,374	21%
Registry	12,079,958	14,292,561	(15%)	15,798,584	(24%)
Medical Fees	10,701,431	9,958,479	7%	9,891,859	8%
Other Professional Fees	8,763,798	10,167,844	(14%)	10,134,926	(14%)
Supplies	24,762,954	26,789,237	(8%)	25,279,464	(2%)
Purchased Services	12,452,499	12,309,691	1%	12,249,914	2%
Other Expenses	8,183,172	8,392,538	(2%)	8,949,191	(9%)
Operating Expenses	215,647,348	209,418,971	3%	201,382,326	7%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 7,507,940	\$ 5,584,527	34%	\$ 4,648,067	62%
EBIDA Margin	3%	3%	30%	2%	49%
Interest	1,141,644	587,115	94%	560,607	104%
Depreciation	3,363,614	3,496,839	(4%)	3,539,557	(5%)
Amortization	2,712,702	1,432,895	89%	1,456,964	86%
Total Expenses	222,865,309	214,935,819	4%	206,939,453	8%
<b>Operating Gain (Loss)</b>	\$ 289,979	\$ 67,678	328%	\$ (909,060)	(132%)
<b>Operating Margin</b>	0.1%	0.0%	312.8%	-0.4%	(129%)

**KERN MEDICAL  
BALANCE SHEET**

	<b>NOVEMBER 2023</b>	<b>NOVEMBER 2022</b>
<b>ASSETS:</b>		
<i>Total Cash</i>	\$ 34,930,176	\$ 39,852,631
Patient Receivables Subtotal	242,360,680	255,070,800
Contractual Subtotal	(186,409,535)	(202,241,560)
<b><i>Net Patient Receivable</i></b>	<b>55,951,146</b>	<b>52,829,240</b>
Total Indigent Receivable	233,763,524	168,825,185
Total Other Receivable	20,563,824	10,923,114
Total Prepaid Expenses	4,885,366	5,476,003
Total Inventory	5,612,841	4,148,327
<b><i>Total Current Assets</i></b>	<b>355,706,876</b>	<b>282,054,499</b>
Deferred Outflows of Resources	105,241,458	127,290,855
Total Land, Equipment, Buildings and Intangibles	254,843,053	227,967,704
Total Construction in Progress	13,802,181	8,952,755
<b><i>Total Property, Plant &amp; Equipment</i></b>	<b>268,645,234</b>	<b>236,920,459</b>
Total Accumulated Depr & Amortization	(161,484,422)	(141,666,519)
<b><i>Net Property, Plant, and Equipment</i></b>	<b>107,160,813</b>	<b>95,253,940</b>
<b><i>Total Long Term Assets</i></b>	<b>105,241,458</b>	<b>127,290,855</b>
<b><i>Total Assets</i></b>	<b>\$ 568,109,147</b>	<b>\$ 504,599,294</b>

**KERN MEDICAL  
BALANCE SHEET**

	<b>NOVEMBER 2023</b>	<b>NOVEMBER 2022</b>
<b>LIABILITIES &amp; EQUITY:</b>		
Total Accounts Payable	\$ 8,421,267	\$ 17,481,446
Total Accrued Compensation	29,164,195	31,667,392
Total Due Government Agencies	15,187,545	17,012,124
Total Other Accrued Liabilities	28,157,435	24,584,369
<b><i>Total Current Liabilities</i></b>	<b>80,930,442</b>	<b>90,745,331</b>
Unfunded Pension Liability	284,243,193	381,152,811
Other Long-Term Liabilities	134,837,243	61,859,422
<b><i>Total Long-Term Liabilities</i></b>	<b>419,080,436</b>	<b>443,012,233</b>
<b><i>Total Liabilities</i></b>	<b>500,010,878</b>	<b>533,757,564</b>
Fund Balance	36,714,022	36,714,022
Retained Earnings	31,384,247	(65,872,291)
<b><i>Total Fund Balance</i></b>	<b>68,098,269</b>	<b>(29,158,270)</b>
<b><i>Total Liabilities and Fund Balance</i></b>	<b>\$ 568,109,147</b>	<b>\$ 504,599,294</b>



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

January 17, 2024

**Subject:** Kern County Hospital Authority Chief Executive Officer Report

**Recommended Action:** Receive and File

**Summary:**

The Chief Executive Officer of the Kern County Hospital Authority will provide your Board with a hospital-wide update.





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

January 17, 2024

**Subject:** Monthly report on What's Happening at Kern Medical Center

**Recommended Action:** Receive and File

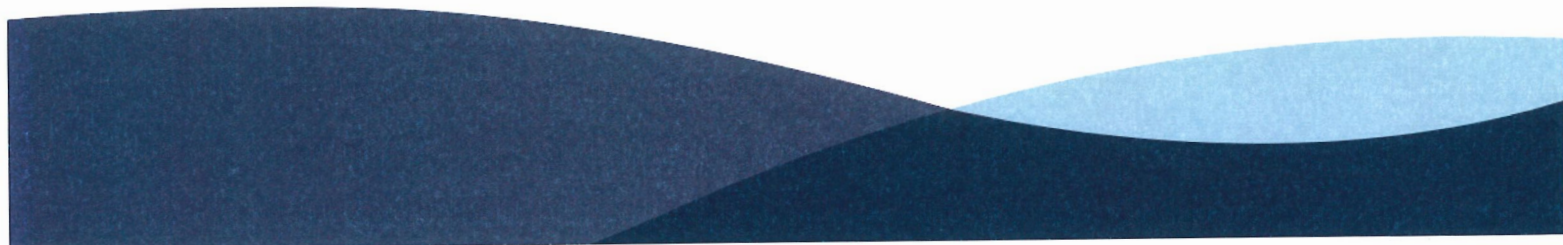
**Summary:**

Each month Kern Medical will be sharing a report with your Board on "What's Happening" in and around Kern Medical.

Therefore, it is recommended that your Board receive and file the attached report on What's Happening at Kern Medical.

 **KernMedical** | *Health for Life.*

*What's Happening?*

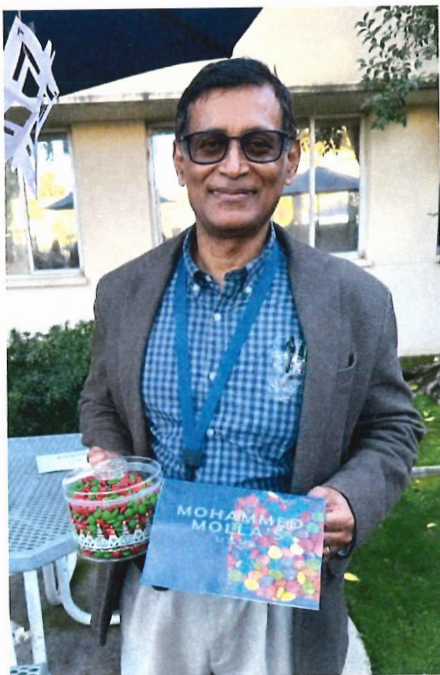


# Hoffmann Hospice - Run to Remember

Dr. Ramzan formed a team to participate in Hoffmann Hospice's Run to Remember.



# Psychiatry Residency Fall Festival





# Quality Leader Award

Kern Medical was recognized by the California Association of Public Hospitals and Health Systems (CAPH) at the Quality Leaders Awards (QLA) for our efforts to advance high-quality, equitable care via the Shelter Integrated Recuperative Care Facility.



# Hand Hygiene Hero Drawing

 KernMedical

## Hand Hygiene Hero Gift Card Prize

Get recognized as a Hand Hygiene Hero and be entered into the quarterly drawing for a \$50 Amazon gift card!



Join the ranks of those making a difference by ensuring patient and staff safety. Remind others to Gel in and Gel out- and let the rewards flow.

First drawing will happen in January for all Hand Hygiene Heroes from July 2023 - December 2023



# Holiday Staff Luncheons





# Blood Drive

blood drive



EVERY  
DONOR WILL  
BE ENTERED TO  
WIN A \$500  
AMAZON GIFT  
CARD

**TUESDAY, DECEMBER 19 • 10:00 AM -3:00 PM**

**KERN MEDICAL**

1700 MT VERNON AVENUE • BAKERSFIELD, CA 93306

TO MAKE AN APPOINTMENT, SCAN THE CODE TO THE RIGHT WITH YOUR PHONE'S CAMERA OR VISIT [HCBB.COM/SCHEDULE](https://www.hcbb.com/schedule)



*when you give, people live*

**HOUCHIN**   
COMMUNITY BLOOD BANK



# DID YOU KNOW

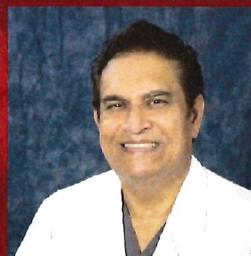
## Hematology & Oncology



### WE'RE GROWING OUR TEAM



Dr. Wilbur  
Montana



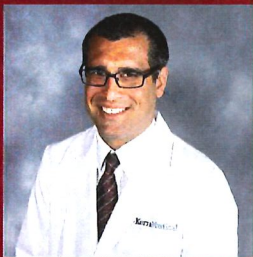
Dr. Imtiaz Malik  
(Joining us in January!)

Erica Kinas, RNP  
(Joining us this month!)





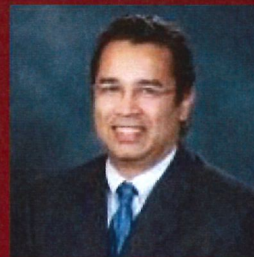
# MEET OUR TEAM



Dr. Amin Ramzan  
(Gyn/Onc)



Dr. John Schlaerth  
(Gyn/Onc)



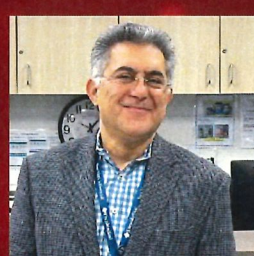
Dr. Ajay Desai  
(Radiation Oncology)



Dr. Shawn Hodge  
(Pain Management/  
Sickle Cell)



Dr. Warren Wisnoff  
(Palliative Care)



Ali Bazmi  
PharmD

## CHEMOTHERAPY NURSES

### CLINICS

Eileen Flores  
Nancy Jacob  
Sunu Sajan  
Tiny Nalumakkiyil

### HOSPITAL

Maria Amorsolo  
Eppie Cendana  
Agnes Garay  
Lizy Joseph  
Mary Malaque  
Rovelyn Montano  
Delfina Flores  
Kristine Martirosyn





# **THE CANCER COMMITTEE SPONSORS** **TWO CANCER SCREENINGS**

## **FUTURE**

Fifth Annual Cervical Cancer Screening  
1/27/24  
To be determined

## **2023**

Skin Cancer Screening  
Cervical Cancer Screening  
Run to Remember

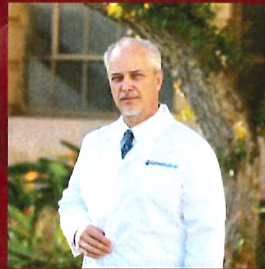
## **2022**

Colon Cancer Screening  
Cervical Cancer Screening



 KernMedical

## **BREAST CLINIC**



Dr. Ramon Snyder

**SURGEON**

Heather Hess RN

**BREAST CLINIC COORDINATOR**

Myra Sanchez

**NAVIGATOR**

 KernMedical



# ONCOLOGY NAVIGATORS

Samantha Flores  
**SICKLE CELL**

Elena Davalos  
**BREAST CLINIC ONCOLOGY**

Christina Ochoa  
**GYN/ONC**



**CANCER COMMITTEE CHAIR**  
Dr. Tung Trang



**CANCER SURVIVORSHIP  
PROGRAM COORDINATOR**  
Jacqueline Laws, RN



# National Recognition Days in December

- World Aids Day (December 1)
- International Day of Persons with Disability (December 3)
- Handwashing Awareness Week (December 4-8)
- Influenza Vaccination Week (December 4-8)



# National Recognition Days in January

- National Pharmacist Day (January 12)
- National IV Nurses Day (January 25)
- National CRNA Week (January 23-29)
- National Blood Donor Month
- Cervical Cancer Awareness Month

**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 January 17, 2024, to confer with, or receive advice from Counsel regarding pending litigation, because discussion in open session concerning this matter would prejudice the position of the authority in the litigation. The closed session involves:

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

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

Government Code Section 54956.9

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

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

(Government Code Section 54957.7)

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on January 17, 2024, to discharge its responsibility to evaluate and improve the quality of care rendered by health facilities and health practitioners. The closed session involves:

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

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

Government Code Section 54956.9

Based on the advice of Counsel, the Board of Governors is holding a closed session on January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Kern County Hospital Authority, Petitioner, v. Public Employment Relations Board, Respondent (Service Employees International Union, Local 521, Real Party in Interest; PERB Unfair Practice Charge No. LA-CE-1451-M), Fifth District Court of Appeal Case No. F085586 –



**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 January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees  
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,  
Respondent, Public Employment Relations Board Case No. LA-CE-1573-M –

**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 January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees  
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,  
Respondent, Public Employment Relations Board Case No. LA-CE-1599-M –

**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 January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees  
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,  
Respondent, Public Employment Relations Board Case No. LA-CE-1624-M –

**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 January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees  
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,  
Respondent, Public Employment Relations Board Case No. LA-CE-1661-M –

**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 January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees  
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,  
Respondent, Public Employment Relations Board Case No. LA-CE-1670-M –

**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 January 17, 2024, 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 - FORMALLY INITIATED LITIGATION  
(Government Code Section 54956.9(d)(1)) Name of case: Service Employees  
International Union, Local 521, Charging Party, v. Kern County Hospital Authority,  
Respondent, Public Employment Relations Board Case No. LA-CE-1683-M –

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

(Government Code Section 54957.7)

The Board of Governors will hold a closed session on January 17, 2024, to consider:

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