



AGENDA

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, December 11, 2024

11:30 A.M.

BOARD TO RECONVENE

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard
Roll Call:

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" OR "C" 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)) –

ITEMS FOR CONSIDERATION

CA

- 3) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on November 20, 2024 –
APPROVE

CA

- 4) Proposed Business Associate Agreement with Manifest MedEx, an independent contractor, containing nonstandard terms and conditions, for Health Information Exchange services –
APPROVE; AUTHORIZE CHAIRMAN TO SIGN

CA

- 5) Proposed Resolution in the matter of authorizing the application to and participation in the Behavioral Health Continuum Infrastructure Program for receipt of grant funds up to \$52,000,000, pursuant to the Behavioral Health Infrastructure Bond Act of 2024 to improve behavioral health services in Kern County –
APPROVE; ADOPT RESOLUTION; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN APPLICATION AND PROGRAM DOCUMENTS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL

- 6) Report on Kern Medical Center revenue cycle –
RECEIVE AND FILE

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

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

CA

- 9) Monthly report on What's Happening at Kern Medical Center –
RECEIVE AND FILE

CA

- 10) Claims and Lawsuits Filed as of November 30, 2024 –
RECEIVE AND FILE

ADJOURN AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNERS; RECONVENE AS KERN MEDICAL SURGERY CENTER, LLC BOARD OF MANAGERS

- C-11) Kern Medical Surgery Center, LLC, Administrative Report –
RECEIVE AND FILE

C-12) Proposed credentialing recommendations –
APPROVE

C-13) Miscellaneous Correspondence as of November 30, 2024 –
RECEIVE AND FILE

ADJOURN AS KERN MEDICAL SURGERY CENTER, LLC BOARD OF MANAGERS; RECONVENE
AS KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNERS

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 14) Request for Closed Session regarding peer review of health practitioners (Health and Safety Code Section 101855(j)(2)) –
- 15) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Jeffry Huffman, an individual, Plaintiff, v. Kern County Hospital Authority, a California Public Entity; and DOES 1-25, inclusive, Defendants, Kern County Superior Court Case No. BCV-23-103540 –
- 16) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) –
- 17) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) –

RECONVENE FROM CLOSED SESSION

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

ADJOURN TO WEDNESDAY, JANUARY 15, 2025 AT 11:30 A.M.

SUPPORTING DOCUMENTATION FOR AGENDA ITEMS

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

AMERICANS WITH DISABILITIES ACT (Government Code Section 54953.2)

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

CA

10) CLAIMS AND LAWSUITS FILED AS OF NOVEMBER 30, 2024 –
RECEIVE AND FILE

- A) Summons and Complaint in the matter of Iliana Peralta, Plaintiff, v. Kern County Hospital Authority; San Joaquin Community Hospital Corporation dba Adventist Health Bakersfield; Angelica Braga, NP; and DOES 1 through 50, Inclusive, Defendants, Kern County Superior Court Case No. BCV-24-103763
- B) Claim in the matter of Ryan James Verhault
- C) Claim in the matter of Belinda Hayes

C-13) MISCELLANEOUS CORRESPONDENCE AS OF NOVEMBER 30, 2024 –
RECEIVE AND FILE

- A) Correspondence received November 8, 2024, from Kern County Board of Supervisors regarding approval of the initial Conflict of Interest Code for Kern Medical Surgery Center, LLC



SUMMARY OF PROCEEDINGS

KERN COUNTY HOSPITAL AUTHORITY BOARD OF GOVERNORS

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

Regular Meeting
Wednesday, November 20, 2024

11:30 A.M.

BOARD RECONVENED

Board Members: Anderson, Berjis, McLaughlin, Merz, Pelz, Pollard
Roll Call: 5 Present; 1 Absent - Anderson

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

RECOGNITION

- 1) Presentation by the Chief Executive Officer recognizing Kern Medical Center employees from the Human Resources Department –
CHIEF EXECUTIVE OFFICER SCOTT THYGERSON MADE PRESENTATION; HUMAN RESOURCES STAFF DONNA SODERSTEN, SHANAN MALLARD, AMBER RYAN, JOSH TORRES, AND LISA HOCKERSMITH INTRODUCED; CHAIRMAN MCLAUGHLIN THANKED STAFF FOR THEIR DEDICATION AND SERVICE

PUBLIC PRESENTATIONS

- 2) 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

- 3) 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

- 4) Minutes for the Kern County Hospital Authority Board of Governors regular meeting on October 16, 2024 and special meeting on October 21, 2024 –
APPROVED
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 5) Proposed Agreement with Aslan GhandForoush, D.O., a contract employee, for professional medical and administrative services in the Department of Medicine from November 26, 2024 through November 25, 2029, in an amount not to exceed \$5,000,000, plus applicable benefits –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 187-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 6) Proposed Agreement with Alfred J. Coppola, Jr., M.D., an independent contractor, for professional medical services in the Department of Surgery from December 1, 2024 through November 30, 2027, in an amount not to exceed \$1,200,000 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 188-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 7) Proposed Quote 10024565-4 with Hill-Rom Company, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of a Tru System 7000 da Vinci surgical bed and protection plan, in an amount not to exceed \$115,119 –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 189-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 8) Proposed Subscription Renewal Quote Q-1323241 with Lansweeper Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of product licenses in support of information technology asset management for a term of one year from December 18, 2024 through December 17, 2025, in an amount not to exceed \$16,001 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 190-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 9) Proposed Change Order No. 1 to Agreement 148-2024 with CBCM Services, Inc., an independent contractor, for installation of an emergency sewer line, increasing the maximum payable by \$33,598, from \$280,780 to \$314,378, to cover project completion – MADE FINDING THAT THE PROJECT IS EXEMPT FROM FURTHER CEQA REVIEW PER SECTIONS 15301, 15302 AND 15061(B)(3) OF STATE CEQA GUIDELINES; APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 191-2024; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN FUTURE CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10%, FOR A TOTAL CONTRACT PRICE NOT TO EXCEED \$345,816
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 10) Proposed Second Amendment to Agreement 2016-013 with the County of Kern for lease of a portion of the Multi-Use Warehouse at the Mount Vernon Complex, increasing the rental space from 1,200 square feet to approximately 2,400 square feet, and increasing the maximum payable by \$28,041, from \$28,041 to \$56,082, to cover the term – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 192-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 11) Proposed Agreement with Vigilanz Corporation, an independent contractor, containing nonstandard terms and conditions, for purchase of pharmaceutical software to improve regulatory compliance from November 20, 2024 through November 19, 2027, in an amount not to exceed \$214,609 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 193-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 12) Proposed acceptance of donation of travel and related expenses from Safety National and PRISM, for one Kern Medical Center employee to attend the HCCA “Healthcare Basic Compliance Academy” from December 9-12, 2024, in San Diego, California – APPROVED; ADOPTED RESOLUTION 2024-027
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 13) Proposed Amendment No. 3 to Agreement 099-2023 with Alton Scott Thygerson, a contract employee, adding performance-based metrics for fiscal year 2024-2025 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 194-2024
Pollard-Pelz: 5 Ayes; 1 Absent – Anderson

- CA
14) Proposed Engagement Letter and Professional Services Agreement with Moss Adams LLP, an independent contractor, regarding the audit of Kern County Hospital Authority Deferred Compensation Plan for Physician Employees financial statements and net assets available for benefits as of December 31, 2023, in an amount not to exceed \$35,000 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 195-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson
- CA
15) Proposed Order Form Q-130142 with Inovalon Provider, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of Claims Management Pro Business Services software for a term of four years from December 1, 2024 through November 30, 2028, in an amount not to exceed \$1,311,384 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 196-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson
- CA
16) Proposed Ordering Document CPQ-3618871 with Oracle America, Inc., an independent contractor, containing nonstandard terms and conditions, for purchase of software integration services, effective November 20, 2024, until project completion, in an amount not to exceed \$129,514 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 197-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson
- CA
17) Report on Kern County Hospital Authority Construction Projects – RECEIVED AND FILED
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson
- CA
18) Proposed Product Purchase Agreement with Nielsen BioSciences, Inc., an independent contractor, containing nonstandard terms and conditions, for a one-time purchase of spherusol (a testing agent), effective November 20, 2024, in an amount not to exceed \$12,650 – APPROVED; AUTHORIZED CHAIRMAN TO SIGN AGREEMENT 198-2024
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson
- CA
19) Proposed online purchase of satellite internet communication services from Space Exploration Technologies Corp., an independent contractor, containing nonstandard terms and conditions, in an amount not to exceed \$500 per month – APPROVED AGREEMENT 199-2024; AUTHORIZED CHIEF EXECUTIVE OFFICER TO PURCHASE
Pollard-Pelz: 5 Ayes; 1 Absent - Anderson
- 20) Proposed retroactive Agreement with Baxter Healthcare Corporation, an independent contractor, containing nonstandard terms and conditions, for dialysis supplies from January 12, 2024 through December 31, 2026, in an amount not to exceed \$6,000 – CHIEF OPERATING OFFICER TYLER WHITEZEL HEARD REGARDING THE RETROACTIVITY OF ITEM 20; MR. WHITEZELL RELAYED THE MEASURES THAT ARE IN PLACE TO PREVENT UNAUTHORIZED SIGNATURES ON CONTRACTS IN THE FUTURE; CHAIRMAN MCLAUGHLIN ASKED WHY BAXTER DID NOT QUESTION THE SIGNATURE; APPROVED AGREEMENT 200-2024
Berjis-Merz: 5 Ayes; 1 Absent – Anderson

- 21) Request to pursue Federally Qualified Health Center (FQHC) Certification – CHIEF OPERATING OFFICER TYLER WHITEZELL HEARD REGARDING REQUEST TO PURSUE FQHC CERTIFICATION; MR. WHITEZELL RESPONDED TO QUESTIONS FROM CHAIRMAN MCLAUGHLIN ABOUT SERVICE AREA AND CONTRACTS TO FACILITATE CLINIC SERVICES, AND DIRECTOR POLLARD REGARDING HOW STAFF INTENDS TO IDENTIFY QUALIFIED APPLICANTS FOR APPOINTMENT TO THE FQHC BOARD; APPROVED REQUEST; APPROVED FQHC BOARD MEMBER APPLICATION; DIRECTED STAFF TO SEEK OUT QUALIFIED APPLICANTS FOR APPOINTMENT TO THE FQHC BOARD

Pelz-Pollard: 5 Ayes; 1 Absent - Anderson

- 22) Report on referral to staff from March 20, 2024 to address retroactive contracts and develop a process to minimize the placement of such items on future agenda – CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; DIRECTOR BERJIS REQUESTED A FOLLOW-UP REPORT TO BE PRESENTED AT THE FEBRUARY 2025 BOARD MEETING; DIRECTOR POLLARD COMMENDED STAFF ON THE REDUCTION OF THE NUMBER OF RETROACTIVE AGREEMENTS; RECEIVED AND FILED

Berjis; Pollard: 5 Ayes; 1 Absent - Anderson

- 23) Kern County Hospital Authority Chief Financial Officer report – CHIEF FINANCIAL OFFICER ANDREW CANTU HEARD; DIRECTOR MERZ AND CHAIRMAN MCLAUGHLIN REQUESTED THAT A COMPARISON OF CASH ON HAND FROM SEPTEMBER 2023 TO SEPTEMBER 2024 BE PRESENTED AS PART OF THE CHIEF FINANCIAL OFFICER REPORT AT THE DECEMBER BOARD MEETING; RECEIVED AND FILED

Merz-Pollard: 5 Ayes; 1 Absent - Anderson

- 24) Kern County Hospital Authority Chief Executive Officer report – CHIEF EXECUTIVE OFFICER SCOTT THYGERSON HEARD; RECEIVED AND FILED

Pollard-Berjis: 5 Ayes; 1 Absent - Anderson

CA

- 25) Monthly report on What's Happening at Kern Medical Center – RECEIVED AND FILED

Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

CA

- 26) Claims and Lawsuits Filed as of October 31, 2024 – RECEIVED AND FILED

Pollard-Pelz: 5 Ayes; 1 Absent - Anderson

ADJOURNED TO CLOSED SESSION

Pelz-Merz

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) CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Jeffry Huffman, an individual, Plaintiff, v. Kern County Hospital Authority, a California Public Entity; and DOES 1-25, inclusive, Defendants, Kern County Superior Court Case No. BCV-23-103540 – SEE RESULTS BELOW
- 29) Request for Closed Session regarding peer review of health facilities (Health and Safety Code Section 101855(j)(2)) – SEE RESULTS BELOW
- 30) Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – SEE RESULTS BELOW
- 31) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(e)(3)) Number of cases: Three (3) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – SEE RESULTS BELOW

RECONVENED FROM CLOSED SESSION

Pollard-Merz

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 MERZ, SECOND BY DIRECTOR POLLARD; 1 ABSENT - DIRECTOR ANDERSON; 1 ABSTENTION - DIRECTOR BERJIS), THE BOARD APPROVED ALL PRACTITIONERS RECOMMENDED FOR INITIAL APPOINTMENT, REAPPOINTMENT, RELEASE OF PROCTORING, REQUEST FOR CHANGE IN STAFF STATUS, REQUEST FOR ADDITIONAL PRIVILEGES, VOLUNTARY RESIGNATION OF PRIVILEGES, AND AUTOMATIC TERMINATION OF PRIVILEGES; NO OTHER REPORTABLE ACTION TAKEN

Item 28 concerning CONFERENCE WITH LEGAL COUNSEL - FORMALLY INITIATED LITIGATION (Government Code Section 54956.9(d)(1)) Name of case: Jeffry Huffman, an individual, Plaintiff, v. Kern County Hospital Authority, a California Public Entity; and DOES 1-25, inclusive, Defendants, Kern County Superior Court Case No. BCV-23-103540 – HEARD; NO REPORTABLE ACTION TAKEN

Item 29 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 30 concerning Request for Closed Session for the purpose of discussion or taking action on authority trade secrets (Health and Safety Code Section 101855(e)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item 31 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code Section 54956.9(e)(3)) Number of cases: Three (3) Significant exposure to litigation in the opinion of the Board of Governors on the advice of legal counsel, based on: The receipt of a claim pursuant to the Government Claims Act or some other written communication from a potential plaintiff threatening litigation, which non-exempt claim or communication is available for public inspection – HEARD; NO REPORTABLE ACTION TAKEN

ADJOURNED TO WEDNESDAY, DECEMBER 11, 2024 AT 11:30 A.M.
Pollard

/s/ Mona A. Allen
Authority Board Coordinator

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



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

December 11, 2024

Subject: Proposed Business Associate Agreement with Manifest MedEx

Recommended Action: Approve; Authorize Chairman to sign

Summary:

Kern Medical requests that your Board approve the proposed Business Associate Agreement (BAA) with Manifest MedEx, a state sponsored Health Information Exchange company (HIE).

Manifest MedEx will provide HIE services to Kern Medical which will enable compliance with California regulations regarding data sharing. The service is a no cost service.

Counsel is unable to approve due to nonstandard terms which includes the limitation of liability to one (1) million dollars. Efforts were made to negotiate these terms, but to no avail.

Even with the nonstandard terms, it is recommended that your Board approve the Business Associate Agreement with Manifest MedEx for Health Information Exchange services, at no cost, and authorize the Chairman to sign.

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“**BAA**”) is entered into by and between the Kern County Hospital Authority on behalf of Kern Medical Center (“**Covered Entity**”) and Manifest MedEx, a California non-profit public benefit corporation (“**Business Associate**”) (each a “**Party**” and collectively the “**Parties**”), effective as of the date of last signature below (the “**Effective Date**”).

RECITALS

WHEREAS, Covered Entity is a “Covered Entity” as that term is defined under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), as amended, (“**HIPAA**”), and the regulations promulgated thereunder by the Secretary of the U.S. Department of Health and Human Services (“**Secretary**”), including, without limitation, the regulations codified at 45 C.F.R. Parts 160, 162, and 164 (“**HIPAA Rules**”);

WHEREAS, Business Associate performs Services for or on behalf of Covered Entity, and in performing said Services, Business Associate creates, receives, maintains, or transmits Protected Health Information (“**PHI**”);

WHEREAS, the Parties intend to protect the privacy and provide for the security of PHI Disclosed by Covered Entity to Business Associate, or received, maintained, or created by Business Associate, when providing Services in compliance with HIPAA, the Health Information Technology for Economic and Clinical Health Act (Public Law 111-005) (the “**HITECH Act**”) and its implementing regulations and guidance issued by the Secretary; and

WHEREAS, the Privacy and Security Rules (defined below) require Covered Entity and Business Associate to enter into a BAA that meets certain requirements with respect to the Use and Disclosure of PHI, which are met by this BAA.

AGREEMENT

NOW THEREFORE, in consideration of the Recitals and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS

- 1.1 “**Breach**” shall have the meaning given under [45 C.F.R. § 164.402](#).
- 1.2 “**Breach Notification Rule**” shall mean the Breach Notification for Unsecured Protected Health Information interim final rule at 45 C.F.R. Parts 160 and 164, Subpart D, as may be amended from time to time.
- 1.3 “**Designated Record Set**” shall have the meaning given such term under [45 C.F.R. § 164.501](#).

1.4 “**Disclose**” and “**Disclosure**” mean, with respect to PHI, the release, transfer, provision of access to, or divulging in any other manner of PHI outside of Business Associate or to other than members of its Workforce, as set forth in [45 C.F.R. § 160.103](#).

1.5 “**Electronic PHI**” or “**e-PHI**” means PHI that is transmitted or maintained in electronic media, as set forth in [45 C.F.R. § 160.103](#).

1.6 “**Protected Health Information**” and “**PHI**” mean any information created, received or maintained by Business Associate on behalf of Covered Entity, whether oral or recorded in any form or medium, that: (a) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (c) shall have the meaning given to such term under the Privacy Rule at [45 C.F.R. § 160.103](#). Protected Health Information includes e-PHI.

1.7 “**Privacy Rule**” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and E, as may be amended from time to time.

1.8 “**Security Rule**” shall mean the Security Standards at 45 C.F.R. Parts 160 and 164, Subparts A and C, as may be amended from time to time.

1.9 “**Services**” shall mean the services for or functions on behalf of Covered Entity performed by Business Associate pursuant to any service agreement(s) between Covered Entity and Business Associate which may be in effect now or from time to time (the “**Underlying Agreement**”), or, if no such agreements are in effect, then the Services or functions performed by Business Associate that constitute a Business Associate relationship, as set forth in [45 C.F.R. § 160.103](#).

1.10 “**SubContractor**” shall have the meaning given to such term under [45 C.F.R. § 160.103](#).

1.11 “**Unsecured PHI**” shall have the meaning given to such term under [42 U.S.C. § 17932\(h\)](#), [45 C.F.R. § 164.402](#), and guidance issued pursuant to the HITECH Act including, but not limited to the guidance issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009) by the Secretary.

1.12 “**Use**” or “**Uses**” mean, with respect to PHI, the sharing, employment, application, utilization, examination or analysis of such PHI within Business Associate’s internal operations, as set forth in [45 C.F.R. § 160.103](#).

1.13 “**Workforce**” shall have the meaning given to such term under [45 C.F.R. § 160.103](#)

Capitalized terms not otherwise defined in this BAA shall have the meanings given to them in HIPAA or the HITECH Act, as applicable.

ARTICLE II OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate shall not Use or Disclose PHI other than as permitted or required by any Underlying Agreement, this BAA, or as Required by Law. Business Associate shall not Use or Disclose PHI in any manner that would constitute a violation of the Privacy Rule if so Used or Disclosed by Covered Entity, except that Business Associate may Use or Disclose PHI (i) for the proper management and administration of Business Associate; (ii) to carry out the legal responsibilities of Business Associate, provided that with respect to any such Disclosure either: (a) the Disclosure is Required by Law; or (b) Business Associate obtains a written agreement from the person to whom the PHI is to be Disclosed that such person will hold the PHI in confidence and shall not Use and further Disclose such PHI except as Required by Law and for the purpose(s) for which it was Disclosed by Business Associate to such person, and that such person will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached. Business Associate may perform Services, including Data Aggregation for the Health Care Operations purposes of Covered Entity or, if applicable, an organized health care arrangement of which the Covered Entity is a member and de-identification of PHI in accordance with 45 C.F.R. § 164.514, in connection with (i) and (ii) above; if required by any Underlying Agreement; and/or with the advance written permission of Covered Entity.

2.2 Adequate Safeguards of PHI. Business Associate shall implement and maintain appropriate safeguards to prevent Use or Disclosure of PHI other than as provided for by this BAA. Business Associate shall reasonably and appropriately protect the confidentiality, integrity, and availability of e-PHI that it creates, receives, maintains or transmits on behalf of Covered Entity and shall comply with Subpart C of 45 C.F.R. Part 164 to prevent Use or Disclosure of PHI other than as provided for by this BAA.

2.3 Reporting Non-Permitted Use or Disclosure.

2.3.1 Reporting Security Incidents and Non-Permitted Use or Disclosure. Business Associate shall report to Covered Entity in writing each Security Incident or Use or Disclosure that is made by Business Associate, members of its Workforce, or SubContractors that is not specifically permitted by this BAA no later than forty-eight (48) hours after becoming aware of such Security Incident or non-permitted Use or Disclosure, in accordance with the notice provisions set forth herein. Notwithstanding the foregoing, Business Associate and Covered Entity acknowledge the ongoing existence and occurrence of attempted but ineffective Security Incidents that are trivial in nature, such as pings and other broadcast service attacks, and Covered Entity acknowledges and agrees that no additional notification to Covered Entity of such ineffective Security Incidents is required, as long as no such incident results in unauthorized access, Use or Disclosure of PHI. Business Associate shall investigate each Security Incident or non-permitted Use or Disclosure of Covered Entity's PHI that it discovers to determine whether such Security Incident or non-permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI and shall provide a summary of its investigation and risk assessment to Covered Entity. Business Associate shall document and retain records of its investigation of any suspected Breach, including its reports to Covered Entity under this Section 2.3.1. Business Associate shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such Security Incident or non-permitted disclosure. If Business Associate or Covered Entity, in its review of this initial report, determines that such Security Incident or non-

permitted Use or Disclosure constitutes a reportable Breach of Unsecured PHI, then Business Associate shall comply with the additional requirements of Section 2.3.2 below.

2.3.2 Breach of Unsecured PHI. If Business Associate or Covered Entity determines that a reportable Breach of Unsecured PHI has occurred, Business Associate shall provide a written report to Covered Entity without unreasonable delay but no later than five (5) calendar days after discovery of the Breach. To the extent that information is available to Business Associate, Business Associate's written report to Covered Entity shall be in accordance with 45 C.F.R. §164.410(c). Business Associate shall cooperate with Covered Entity in meeting Covered Entity's obligations under the HIPAA Rules with respect to such Breach. Covered Entity shall have sole control over the timing and method of providing notification of such Breach to the affected Individual(s), the Secretary and, if applicable, the media. Business Associate shall reimburse Covered Entity for its actual costs and expenses necessarily incurred in providing the legally-required notification, including, but not limited to, any administrative costs associated with providing notice, printing and mailing costs, and costs of mitigating the harm (which may include the costs of obtaining credit monitoring services and identity theft insurance for up to twelve (12) months following date such Breach notification is provided, or longer if required by applicable law) for affected Individuals whose PHI has or may have been compromised as a result of the Breach.

2.3.3 Data Breach Notification and Mitigation Under Other Laws. In addition to the requirements of Sections 2.3.1 and 2.3.2, Business Associate agrees to implement reasonable systems for the discovery and prompt reporting of any Breach of individually identifiable information (including but not limited to PHI, and referred to hereinafter as "Individually Identifiable Information") that, if misused, disclosed, lost or stolen, Covered Entity believes would trigger an obligation under applicable state security breach notification laws ("State Breach") to notify the Individuals who are the subject of the information. Business Associate agrees to: (i) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach; (ii) cooperate and assist Covered Entity with any investigation into any State Breach or alleged State Breach conducted by a state agency or Attorney General; (iii) comply with Covered Entity's determinations regarding Covered Entity's and Business Associate's obligations to mitigate to the extent practicable any potential harm to the Individuals impacted by the State Breach; and (iv) assist with the implementation of any decision by Covered Entity or any State agency to notify Individuals impacted or potentially impacted by a State Breach. Covered Entity will advise Business Associate of any subsequent changes to the privacy contact person's contact information throughout the term of this BAA.

2.4 Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of PHI by Business Associate in violation of the requirements of this BAA.

2.5 Use of SubContractors. Business Associate shall require each of its SubContractors that creates, maintains, receives, or transmits PHI on behalf of Business Associate, to execute a Business Associate Agreement that imposes on such SubContractors compliance with the applicable requirements of HIPAA and substantially the same or more stringent restrictions, conditions, and requirements that apply to Business Associate under this BAA with respect to PHI.

2.6 Access to Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by

Covered Entity, Business Associate shall make the PHI it maintains (or which is maintained by its SubContractors) in Designated Record Sets available to Covered Entity for inspection and copying, or to an Individual to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524. If Business Associate maintains PHI in a Designated Record Set electronically, Business Associate shall provide such information in the electronic form and format requested by the Covered Entity if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Covered Entity to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.524(c)(2). Business Associate shall notify Covered Entity within five (5) days of receipt of a request for access to PHI from an Individual.

2.7 Amendment of Protected Health Information. To the extent that Business Associate maintains a Designated Record Set on behalf of Covered Entity and within fifteen (15) days of a request by Covered Entity, Business Associate shall amend the PHI it maintains (or which is maintained by its SubContractors) in Designated Record Sets to enable the Covered Entity to fulfill its obligations under 45 C.F.R. § 164.526. Business Associate shall notify Covered Entity within five (5) days of receipt of a request for amendment of PHI from an Individual.

2.8 Accounting. Within thirty (30) days of receipt of a request from Covered Entity or an Individual for an Accounting of Disclosures of PHI, Business Associate and its SubContractors shall make available to Covered Entity the information required to provide an Accounting of Disclosures to enable Covered Entity to fulfill its obligations under 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c). Business Associate shall notify Covered Entity within five (5) days of receipt of a request by an Individual or other requesting party for an Accounting of Disclosures of PHI from an Individual.

2.9 Delegated Responsibilities. To the extent that Business Associate carries out one or more of Covered Entity's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate must comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

2.10 Availability of Internal Practices, Books, and Records to Government. Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the Use and Disclosure of PHI received from, created, maintained, or transmitted by Business Associate on behalf of Covered Entity promptly available for inspection and copying to the Secretary, in a time and manner designated by the Secretary, for purposes of the Secretary determining Covered Entity's or Business Associate's compliance with the HIPAA Rules. In addition, Business Associate agrees that not more than once in any twelve (12) month period during the term of this BAA, Covered Entity shall have the right to audit the books and records, policies and procedures of Business Associate to determine Business Associate's compliance with the HIPAA Rules and the terms of this BAA, and shall promptly make available to Covered Entity, following reasonable advance written notice from Covered Entity, such books, records, policies and procedures relating to the Use and Disclosure of PHI provided, created, received, maintained or transmitted by Business Associate on behalf of Covered Entity for such purpose.

2.11 Minimum Necessary. Business Associate (and its SubContractors) shall, to the extent practicable, limit its request, Use, or Disclosure of PHI to the minimum amount of PHI necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with 42 U.S.C. § 17935(b) and 45 C.F.R. § 164.502(b)(1) or any other guidance issued thereunder.

2.12 Acknowledgement. Business Associate acknowledges that it is obligated by law to comply, and represents and warrants that it shall comply, with HIPAA, the HITECH Act, and the HIPAA Rules. Business Associate shall comply with all applicable state privacy and security laws, to the extent that such state laws are not preempted by HIPAA or the HITECH Act.

ARTICLE III OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity's Obligations.

3.1.1 Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 C.F.R. 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of PHI.

3.1.2 Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to Use or Disclose his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI.

3.1.3 In the event Covered Entity agrees with an Individual to any restrictions on Use or Disclosure of PHI pursuant to 45 C.F.R. § 164.522(a) or if Covered Entity determines that it is obligated to accommodate a reasonable request of an Individual to receive communications of PHI pursuant to 45 C.F.R. § 164.522(b), Covered Entity promptly shall notify Business Associate of the same, as well as any revocation or modification of the same, and Business Associate thereupon shall observe such restriction or accommodation (or revocation or modification, if any, thereof) to the extent applicable to its Use or Disclosure of PHI hereunder, notwithstanding any other provision hereof, except as otherwise required by law.

3.1.4 Covered Entity agrees to obtain any consent or authorization that may be required under HIPAA or any other applicable law and/or regulation prior to furnishing Business Associate with PHI.

3.1.5 Covered Entity shall not request Business Associate to make any Use or Disclosure of PHI that would not be permitted under HIPAA if made by Covered Entity. Covered Entity agrees to fulfill its obligations under this BAA in a timely manner.

ARTICLE IV TERM AND TERMINATION

4.1 Term. Subject to the provisions of Section 4.1, the term of this BAA shall be the term of any Underlying Agreement.

4.2 Termination of Underlying Agreement.

4.2.1 A breach by Business Associate of any provision of this BAA, as determined by Covered Entity, shall constitute a material breach of the Underlying Agreement and shall provide grounds for immediate termination of the Underlying Agreement, any provision in the Underlying Agreement to the contrary notwithstanding.

4.2.2 Either Party may terminate the Underlying Agreement, effective immediately, if: (i) the other Party is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws or (ii) a finding or stipulation that such other Party has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Rules or other security or privacy laws is made in any administrative or civil proceeding in which the Party has been joined.

4.3 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in any Underlying Agreement, upon either Party's knowledge of a material breach or violation of this BAA by the other Party, including engaging in any activity or practice that constitutes a material breach or violation of its obligations under HIPAA or this BAA, shall:

4.3.1 Notify the other Party of the breach or violation in writing, and provide an opportunity to cure the breach or end the violation within ten (10) business days of such notification; provided that if the breaching Party fails to cure the breach or end the violation within such time period to the satisfaction of the Party alleging the breach or violation, such Party may terminate this BAA and any Underlying Agreement upon thirty (30) calendar days written notice to the breaching Party.

4.4 Disposition of Protected Health Information Upon Termination or Expiration.

4.4.1 Upon termination or expiration of this BAA, Business Associate shall return or destroy all PHI received from, or created or received by Business Associate on behalf of Covered Entity, that Business Associate still maintains in any form and retain no copies of such PHI. If Covered Entity requests that Business Associate return PHI, PHI shall be returned in a mutually agreed upon format and timeframe.

4.4.2 Notwithstanding the foregoing, if return or destruction of PHI is not feasible, Business Associate shall: (a) retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities; (b) continue to extend the protections of this BAA to the PHI for as long as Business Associate retains the PHI; (c) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI not feasible and subject to the same conditions set out in Sections 2.1 and 2.2 above, which applied prior to termination; and (d) destroy the PHI retained by Business Associate when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

ARTICLE V MISCELLANEOUS

5.1 Regulatory References. A reference in this BAA to a section or other part of HIPAA, the HIPAA Rules, or the HITECH Act means, as of any point in time, the section or part as it may be amended or in effect at such time.

5.2 Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as necessary for both Parties to implement their respective obligations pursuant to HIPAA, the HIPAA Rules, or the HITECH Act.

5.3 Relationship to Underlying Agreement Provisions. In the event that a provision of this BAA is contrary to a provision of an Underlying Agreement, the provision of this BAA shall control. Otherwise, this BAA shall be construed under, and in accordance with, the terms of such Underlying Agreement, and shall be considered an amendment of and supplement to such Underlying Agreement.

5.4 Headings. The headings of the paragraphs and sections of this BAA are inserted solely for convenience of reference and are not a part or intended to govern, limit or aid in the construction of any term or provision hereof.

5.5 Equitable Relief. Business Associate understands and acknowledges that any Disclosure or misappropriation of any PHI in violation of this BAA may cause Covered Entity irreparable harm, the amount of which may be difficult to ascertain, and therefore agrees that Covered Entity shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any such further Disclosure or Breach and for such other relief as Covered Entity shall deem appropriate. Such right of Covered Entity is to be in addition to the remedies otherwise available to Covered Entity at law or in equity. Business Associate expressly waives any requirement in an action for specific performance or injunction for the posting of a bond by Covered Entity.

5.6 Insurance. In addition to any general and/or professional liability insurance required of Business Associate, Business Associate agrees to obtain and maintain, at its sole expense, liability insurance on an occurrence basis, covering any and all claims, liabilities, demands, damages, losses, costs and expenses arising from a breach of the security or privacy obligations of Business Associate, its officers, employees, agents and SubContractors under this BAA. Such insurance coverage will be maintained for the term of this BAA, and a copy of such policy or a certificate evidencing the policy shall be provided to Covered Entity at Covered Entity's written request, following execution of this BAA.

5.7 Assistance in Litigation or Administrative Proceedings. The Parties acknowledge that certain breaches or violations of this BAA may result in litigation or investigations pursued by federal or state governmental authorities of the United States resulting in civil liability or criminal penalties. Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action or other inquiry. Business Associate shall make itself and any SubContractors or members of its Workforce assisting Business Associate in the performance of its obligations under this BAA reasonably available to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claim of violation of the HIPAA or other applicable laws relating to privacy or security.

5.8 Indemnification and Limitation of Liability. Business Associate hereby agrees to indemnify and hold harmless Covered Entity and its respective officers, directors, managers, members, employees and agents from and against any and all losses, damages, fines, penalties, claims or causes of action and associated expenses (including, without limitation, costs of judgments, settlements, court costs and attorney's fees) resulting from Business Associate's (including its employees, directors, officers, agents, or other members of its Workforce, and its SubContractors) breach of PHI or violation of the terms of this BAA, including but not limited to failure of Business Associate to perform its obligations under this BAA, or to comply with HIPAA or applicable state privacy or security law.

Notwithstanding the foregoing, the aggregate personal liability of Business Associate (including, in the aggregate, its officers, directors and personnel) to Covered Entity under this BAA will be limited to one million (\$1,000,000.) dollars. For purposes of clarity, this section does apply to any indemnification obligations in any Underlying Agreement between the Parties.

5.9 Legal Actions. Promptly, but no later than five (5) business days after notice thereof, each Party shall advise the other Party of any actual or potential action, proceeding, regulatory or governmental orders or actions, or any material threat thereof that becomes known to it that may affect the other Party's interests or jeopardize this BAA, and of any facts and circumstances that may be pertinent to the prosecution or defense of any such actual or potential legal action or proceeding, except to the extent prohibited by law.

5.10 Notice of Request or Subpoena for Data. Business Associate agrees, unless otherwise prohibited by law, to notify Covered Entity promptly, but no later than five (5) business days after Business Associate's receipt of any request or subpoena for PHI or an accounting thereof. Business Associate shall promptly comply with Covered Entity's instructions for responding to any such request or subpoena, unless such Covered Entity instructions would prejudice Business Associate. To the extent that Covered Entity decides to assume responsibility for challenging the validity of such request, Business Associate agrees to reasonably cooperate with Covered Entity in such challenge. The provisions of this Section shall survive the termination of this BAA.

5.11 Notices. Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this BAA, or to such other addresses as the Parties may request in writing by notice given pursuant to this Section 5.11. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic mail with confirmation that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein.

Covered Entity's Notice Address:

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

Business Associate's Notice Address:

Mainfest MedEx
3993 Jurupa Ave.
Riverside, CA 92506
Attn: Chief Executive Officer

5.13 Relationship of Parties. Notwithstanding anything to the contrary in any Underlying Agreement, Business Associate is an independent Consultant and not an agent of Covered Entity under this BAA. Business Associate has the sole right and obligation to supervise, manage, contract, direct, procure, perform or cause to be performed all Business Associate obligations under this BAA.

5.14 Survival. To the extent that Business Associate retains PHI, the respective rights and obligations of the Parties set forth in Sections 2.3, 4.4, 5.8, and 5.10 of this BAA shall survive the termination, expiration, cancellation, or other conclusion of the BAA or any Underlying Agreement.

5.15 Interpretation. Any ambiguity in this BAA shall be interpreted to permit the Parties to comply with HIPAA, the HITECH Act, and the HIPAA Rules.

5.16 Governing Law; Applicable Law and Venue. This BAA shall be construed in accordance with the laws of the State of California applicable to agreements made and to be performed in such state. Any dispute between the Parties shall be brought before the Superior Court of any county in California, which shall have jurisdiction over all such claims.

5.17 Waiver of Provisions. Any waiver of any terms and conditions hereof must be in writing and signed by the Parties hereto. A waiver of any of the terms and conditions hereof shall not be construed as a waiver of any other term or condition hereof.

5.18 Assignment and Delegation. Neither this BAA nor any of the rights or duties under this BAA may be assigned or delegated by either Party hereto.

5.19 Disclaimer. Neither Party represents or warrants that compliance by the other Party with this BAA, HIPAA, the HIPAA Rules, or the HITECH Act will be adequate or satisfactory for the other Party's own purposes. Each Party is solely responsible for its own decisions regarding the safeguarding of PHI..

5.20 Counterparts. This BAA may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, binding on both Parties hereto.

The Parties hereto have executed this BAA as of the Effective Date.

COVERED ENTITY:

The Kern County Hospital Authority on behalf of Kern Medical Center

BUSINESS ASSOCIATE:

Manifest MedEx

Printed: Phil McLaughlin

Name: _____

Title: Chairman, Board of Governors

Date: 12/11/2024

Printed Name: Erica Galvez

Name: _____

Title: Chief Executive Officer

Date: 11/27/2024

Signed by:
Erica Galvez
7DAA8C41C6B3450...



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

December 11, 2024

Subject: Proposed authorization of application to and participation in the Behavioral Health Continuum Infrastructure Program (“BHCIP”)

Recommended Action: Approve; Adopt Resolution; Authorize Chief Executive Officer to sign application and any other documents in order to participate in BHCIP

Summary:

The Kern County Hospital Authority Act (Health & Saf. Code, §101852 et seq.) provides that the Kern County Hospital Authority (“Board”) 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)

The California Department of Health Care Services, through its contractor Advocates for Human Potential, Inc. (“Department”), has issued a Request for Applications to the Behavioral Health Continuum Infrastructure Program (BHCIP). Kern Medical intends to send in an application by December 13, 2024 to enter into, execute, and deliver a Program Funding Agreement for the total award amount, up to \$52,000,000, and all other documents required or deemed necessary or appropriate to secure the Program grant funds from the Department and to participate in the Program, and all amendments thereto if the Application is approved.

In anticipation of Senate Bill 43, which expands the definition of “gravely disabled”, that will go into effect on January 1, 2026, Kern Medical predicts an increase in need for behavioral health services and an increase of both inpatient and outpatient encounters. BHCIP is an opportunity to receive funds to potentially alleviate the increasing volumes of patients in the Emergency Department, Behavioral Health Unit, and the Behavioral Health clinics. The BHCIP grant would potentially provide the necessary funds to remove the condemned F-Ward building and depending on funding, add a free-standing two story building to house an outpatient Behavioral Health Urgent Care on the first floor and an Outpatient Withdrawal and Detox Management facility on the second floor. Moving non-medical urgent behavioral health services out of the Emergency Department would not only improve the timeliness of services provided to our behavioral health patients, but also the timeliness of services for medical only patients requiring services in the Emergency Department.

Therefore, Kern Medical recommended your Board approve the attached proposed resolution authorizing the application to and participation in the Behavioral Health Continuum Infrastructure Program, adopt the resolution, and authorize the Chief Executive Officer to sign the application and any other documents in order to participate in the Program.

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

In the matter of:

Resolution No. 2024-____

**AUTHORIZING APPLICATION TO
AND PARTICIPATION IN THE
BEHAVIORAL HEALTH CONTINUUM
INFRASTRUCTURE PROGRAM (“BHCIP”)**

I, MONA A. ALLEN, Authority Board Coordinator for the Kern County Hospital Authority, hereby certify that the following Resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Governors of the Kern County Hospital Authority at an official meeting thereof on the 11th day of December, 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

RESOLUTION

Section 1. WHEREAS:

(a) The Kern County Hospital Authority Act (Health & Saf. Code, §101852 et seq.) provides that the Kern County Hospital Authority (“Board”) 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) The California Department of Health Care Services, through its contractor Advocates for Human Potential, Inc. (“Department”), has issued a Request for Applications, dated July 15, 2024 (“RFA”), for the BHCIP Round 1 (2024) Launch Ready Program (“Program”); and

(c) The Department has issued the RFA for Program grant funds pursuant to California Welfare and Institutions Code sections 5965-5967.01 (“Behavioral Health Infrastructure Bond Act of 2024”); and

(d) Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center (“Applicant”), desires to apply for Program grant funds and has submitted an application for Program grant funds (“Application”) to the Department for review and consideration; and

(e) The Department is authorized to administer BHCIP pursuant to the Behavioral Health Infrastructure Bond Act of 2024. Program funding allocations are subject to the terms and conditions of the RFA, the Application, Program Funding Agreement (“Program Funding Agreement”), and all other legal requirements of the Program; and

(f) The Applicant desires to participate in obtaining this grant from the Department to further its mission of extending access to high quality mental health care throughout the Kern County community; and

(g) The Applicant has the resources to fulfill the terms and conditions of the Program Funding Agreement and all other legal requirements of the Program.

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 authorizes and directs the Applicant to submit an Application to the Department in response to the RFA, and to apply for Program grant funds in a total amount not to exceed \$52,000,000; and

3. This Board hereby authorizes and directs the Applicant to enter into, execute, and deliver a Program Funding Agreement for the total award amount, and all other documents required or deemed necessary or appropriate to secure the Program grant funds from the Department and to participate in the Program, and all amendments thereto (collectively, the “Program Documents”), if the Application is approved.

4. The Board acknowledges and agrees that, through the Applicant, it shall be subject to the terms and conditions specified in the Program Funding Agreement. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Program Funding Agreement. Funds are to be used for the allowable expenditures and activities identified in the Program Funding Agreement.

5. This Board hereby authorizes Scott Thygerson, Chief Executive Officer (the “Authorized Signatory”), to sign the Application and the Program Documents on behalf of the Applicant for participation in the Program.

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

Chief Executive Officer
Legal Services Department
California Department of Health Care Services (through its contractor
Advocates for Human Potential, Inc.)



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

December 11, 2024

Subject: Report on the Revenue Cycle Management Function at Kern Medical

Recommended Action: Receive and File

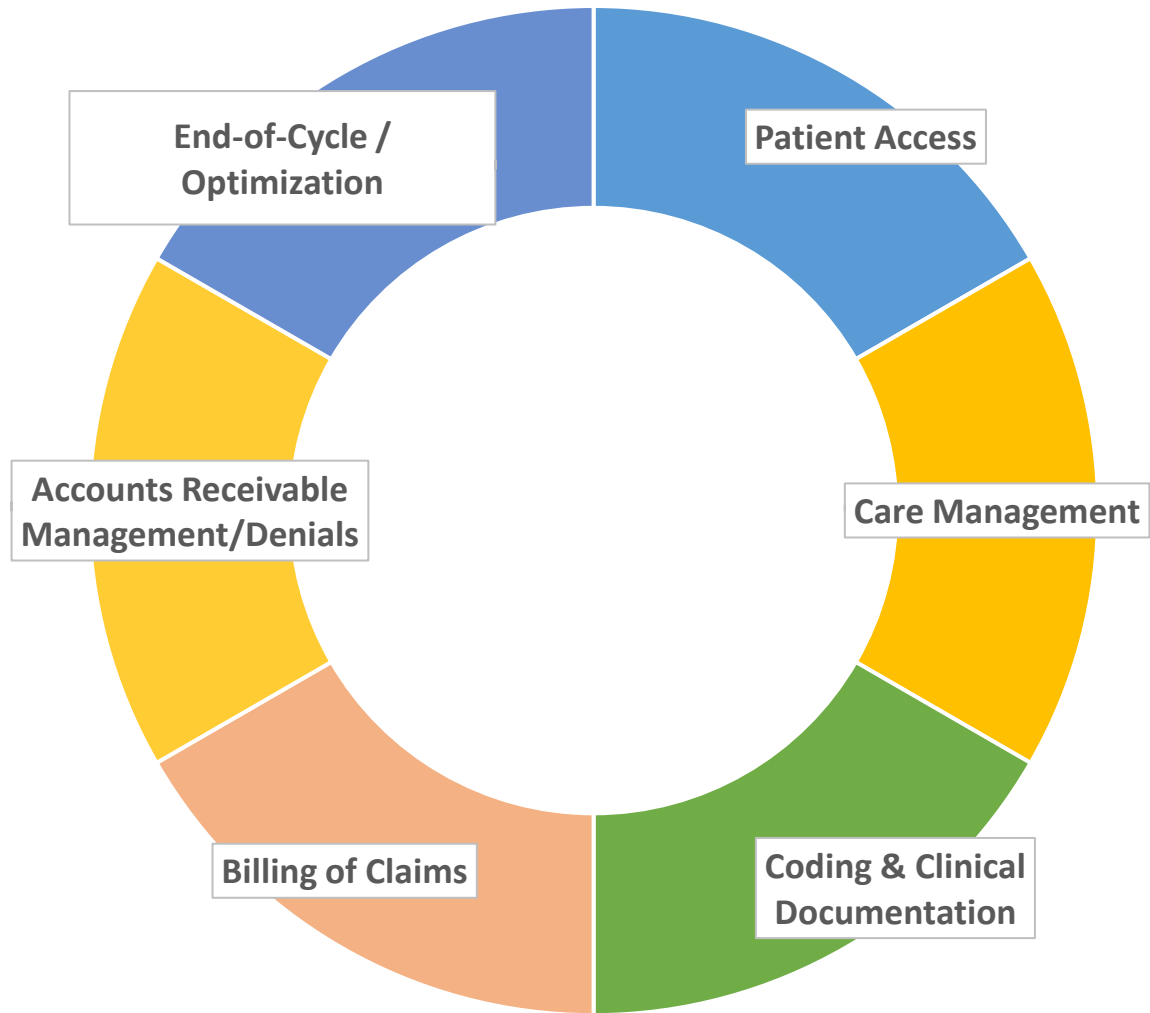
Summary:

Healthcare revenue cycle management is the financial process of managing and collecting provider and patient service payments; from the initial patient interaction to the final payment. This process includes patient registration, insurance verification, coding, claim submissions, payment posting / processing and financial reporting. The main objective of revenue cycle management is to capture the full payment amount for the care provided in an efficient and prompt manner.

Therefore, it is recommended that your Board receive and file this report.



Revenue Cycle Management



Patient Access / Ambulatory Registration

➤ Pre-Services / Registration

- Patient demographic and insurance information is gathered
- Verification of Healthcare coverage
- Secure treatment authorizations
- Financial record is created

➤ Patient Financial Counseling - Health Benefit Advisors (HBA) assists qualified individual with:

- Hospital Presumptive Medi-Cal eligibility (HPE)
- Kern Medical Wellness Program
- Coordinate referrals to entitlement vendor, Health Advocates, for qualified individuals applying for full scope Medi-Cal, SSI/SSDI, TPL claims and those needing secondary health insurance coverage
- Participate with California Medi-Cal Administrative Assistance program
- Enrollment with Covered California (health insurance marketplace)

❖ Ensures Point of Service (POS) cash collections

❖ Patient Registrations - Monthly Average

○ Inpatient / Facility & Ancillary	12,988
○ Emergency Room	4,762
○ Ambulatory / Clinic	<u>22,251</u>
○ Total Registrations	40,001

Care Management

- **Patient-Centered Care Coordination:** The department ensures seamless care by coordinating across various services, from admission through discharge, promoting the best outcomes and minimizing delays in treatment
- **Cost Management and Resource Utilization:** Case management helps control healthcare costs by efficiently managing patient resources, reducing unnecessary admissions, and preventing readmissions through effective discharge planning and follow-up
- **Compliance with Healthcare Regulations:** Ensures that all patient care processes meet regulatory requirements and guidelines, including those for insurance reimbursement, patient safety, and clinical outcomes
- **Interdisciplinary Team Collaboration:** Works in close coordination with physicians, nurses, social workers, and other healthcare providers to deliver holistic care and address the complex needs of patients
- **Discharge Planning and Transition of Care:** Focuses on planning for safe and effective transitions from hospital to home or other care settings, with attention to follow-up appointments, home care, and patient education
- **Quality and Patient Satisfaction Improvement:** Continuously monitors and evaluates patient care, identifying areas for improvement in care delivery and patient satisfaction, contributing to hospital quality metrics
- **Data-Driven Decision Making:** Utilizes patient data and outcomes to assess care quality, identify trends, and inform strategies that improve patient outcomes, streamline processes, and enhance hospital performance

Health Information Management

- **Coding & Documentation** - Medical coding is the transformation of healthcare diagnoses, procedures, medical services, and equipment into universal medical alphanumeric codes. The diagnoses and procedures codes are taken from medical record documentation, such as physician's notes, laboratory and radiologic results, etc. Medical coding professionals help ensure the codes are applied correctly to prepare for the medical billing process. HIM uses the 3M Encoder integrated with the Electronic Health Record, which has complex computer assisted coding to maximize efficiency and accuracy in coding
- **Clinical Documentation Concurrent Review** - For Medicare patients there is a concurrent review (while the patient is admitted) on all patients that is done by an RN for documentation by the provider that can impact the reimbursement for the MS-DRG
 - Average monthly number of accounts coded 30,200
 - Average monthly total dollar amount of claims coded \$149.2 million

Facility / Hospital Billing & Professional Fee Billing

- **Facility/Hospital Billing** - Most Inpatient claims are paid on a Diagnosis Related Group (DRG) method which is indicated by the payer selected during the registration process. Each payer is mapped to a specific type of DRG. Medicare payers and private payers are generally paid by MS-DRG and Medi-Cal (Medicaid) claims are paid on APR-DRG logic. Each DRG has an expected length of stay that a payer will reimburse
 - Average monthly number of claims submitted 27,678
 - Average monthly total dollar amount for claims \$124.9 million
- **Professional Fee Billing** - Submit and manage medical claims for services rendered by healthcare providers like physicians, surgeons, and therapists. Focus on billing for the individual physician expertise and time, rather than facility costs. Ensure timely and accurate reimbursement for their services; it involves detailed coding, claim submission and follow-up to collect payments from insurance companies and patients
 - Average monthly number of claims submitted 37,219
 - Average monthly total dollar amount for claims \$16.4 million

Account Receivable Management & Denial Management / Appeals

- **Account Receivable Management** - Posting Cash Collections, Adjustments, and Denial information to the claim level/charge level of each encounter
 - Cash Collections – FY 2014 \$115.3 million vs FY 2024 \$282.4 million
- **Denials Management / Appeals** - The Denial Team appeals decisions when Insurance payers underpay or do not pay claims

End-of-Cycle / Optimization

- **Review All Revenue Cycle Activity**
- **Prepare Monthly Variance Analyses**
- **Compile Monthly Financial Statements**





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

December 11, 2024

Subject: Kern County Hospital Authority Chief Financial Officer Report - October 2024

Recommended Action: Receive and File

Summary:

Kern Medical Operations:

Kern Medical key performance indicators:

- Operating gain of \$930,666 for October is \$903,929 more than the October budget of \$26,737 and \$806,073 more than the \$124,593 average over the last three months
- EBIDA of \$2,722,977 for October is \$1,014,391 more than the October budget of \$1,708,586 and \$943,452 more than the \$1,779,525 average over the last three months
- Average Daily Census of 173 for October is 9 more than the October budget of 164 and 5 less than the 178 average over the last three months
- Admissions of 811 for October is 51 less than the October budget of 862 and 43 less than the 854 average over the last three months
- Total Surgeries of 543 for October are 51 more than the October budget of 492 and 43 more than the 500 average over the last three months
- Clinic Visits of 22,632 for October are 4,880 more than the October budget of 17,752 and 3,314 more than the 19,318 average over the last three months

The following items have budget variances for the month of October 2024:

Patient Revenue:

Gross patient revenue has an 8% favorable budget variance for the month and a 7% favorable budget variance on a year-to-date basis. The variance is mainly due to a 3.5% charge description master (CDM) price increase that became effective on July 1, 2024 and to a lesser extent, patient volumes. Kern Medical expects strong patient census levels and consistently high gross patient revenue for FY 2025.

Indigent Funding Revenue:

Indigent funding has a favorable budget variance for the month and on a year-to-date basis. Additional revenue has been recognized based on favorable changes in estimates for the Enhanced Payment Program (EPP) from increased payments by the California Department of Health Care Services (DHCS) recognizing cost increases and certain structural payment deficits for the state's designated public healthcare systems. The EPP program received an increase for calendar year (CY) 2024.

Other Operating Revenue:

Other operating revenue is over budget for the month and year-to-date due to the receipt grant funds from Kern Health Systems for physician recruitment and retainment and grant funds from the County of Kern for the treatment of fentanyl misuse and overdose. Kern Medical also received quarterly Medi-Cal Administrative Activities (MAA) payments in October. On a year-to-date basis, items such as medical education funding, grant funding, and Proposition 56 funding are received quarterly or otherwise periodically. Therefore, actual month-to-date and year-to-date revenue compared to the budget fluctuates throughout the year.

Other Non-Operating Revenue:

Other non-operating revenue is under budget for the month and year-to-date. Revenue received for miscellaneous items such as providing out-of-network physician services is not received consistently throughout the year. Therefore, the actual dollar amount recorded for this line item may fluctuate vs. budget on a monthly basis but should align with budget on a year-to-date basis by year-end.

Salaries Expense:

Salaries expense is 1% under budget for the month and on a year-to-date basis.

Benefits Expense:

Benefits expense is 4% over budget for the month and 1% over budget year-to-date due to higher than anticipated payments for retirement and pension expenses.

Nurse Registry Expense:

Nurse registry expense is 4% under budget for the month and 6% over budget year-to-date. In the aftermath of the COVID-19 pandemic, the market rate charged for nurse registry services stabilized. Therefore, the FY 2025 budget for registry expense has been adjusted down accordingly.

Medical Fees:

Medical fees are 11% over budget for the month due to being under accrued in the prior month as Kern Medical contracted with a few new physicians. On a year-to-date basis medical fees are 3% over budget because of higher-than-average monthly fees paid to the Acute Care Surgery Medical Group, the Locum Tenens physician staffing agency, and various physicians. The Acute Care Surgery Medical Group is engaged to help support trauma services at Kern Medical.

Other Professional Fees:

Other professional fees have an unfavorable budget variance for the month and on a year-to-date basis. The variance is due to higher-than-average legal fees, physician recruiting expenses, and the engagement of Nash Healthcare Consulting to conduct a mock Joint Commission survey.

Supplies Expense:

Supplies expense is over budget for the month and year-to-date primarily due to higher-than-average patient volumes and increases in medical supplies and pharmaceuticals expenses.

Purchased Services:

Purchased services are over budget for the month and on a year-to-date basis because of higher-than-expected software maintenance costs, ambulance fees, Health Advocates patient financial counseling services fees, and fees paid to Signature Performance, Inc. Signature Performance consultants are engaged to support patient health record coding.

Other Expenses:

Other expenses are over budget for the month because Hill-Rom hospital bed rental expenses were under accrued in prior months. On a year-to-date basis, other expenses are over budget due to higher-than-average advertising costs, electricity costs, and repairs and maintenance expenses.

Interest Expense:

Interest expense is over budget month-to-date and year-to-date due to higher than anticipated pension obligation bond (POB) 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:

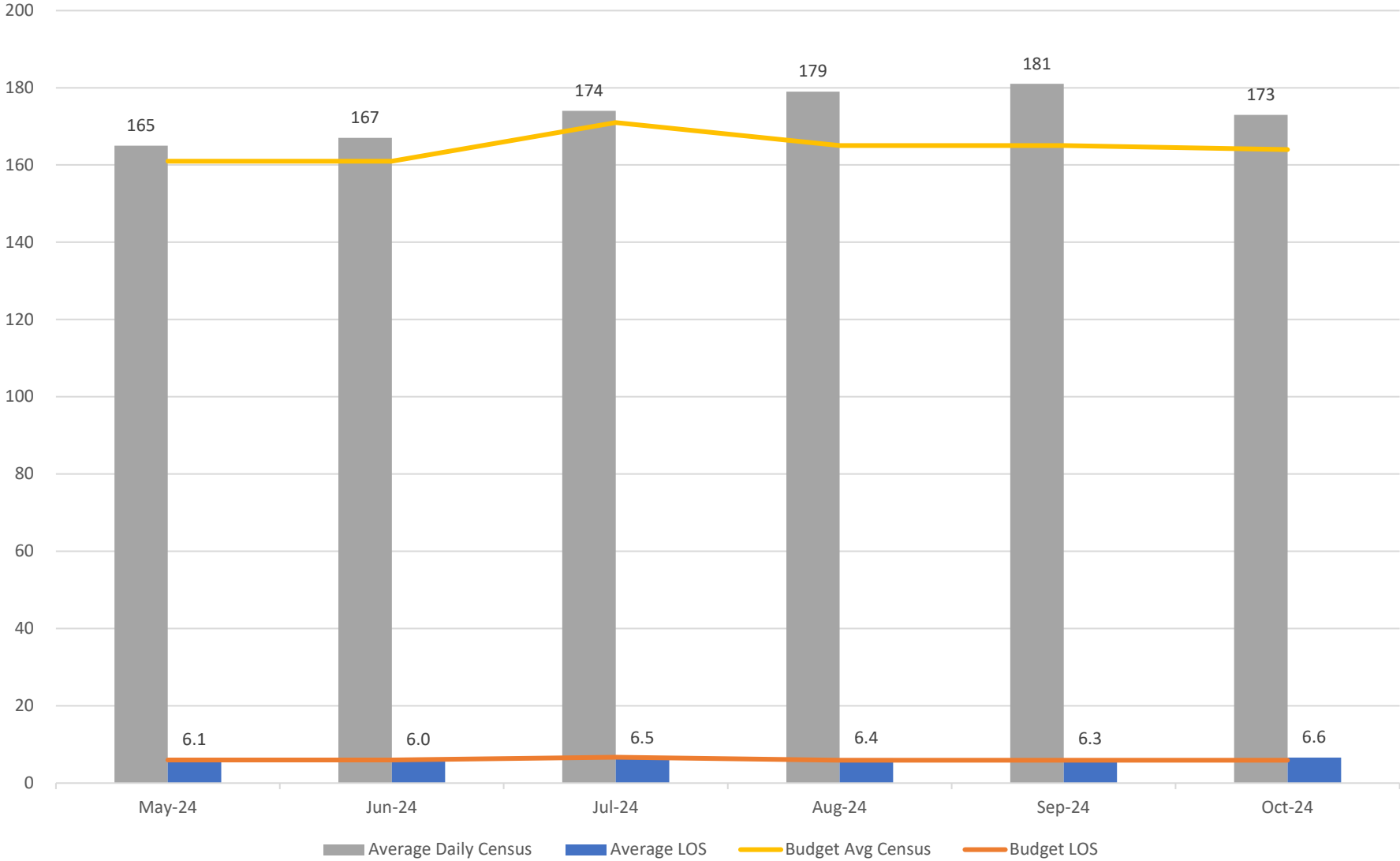
Depreciation and amortization expenses are under budget for the month and on a year-to-date basis. The variance is due to the closure of purchase orders for equipment during previous months and the subsequent reduction in the depreciation accrual.



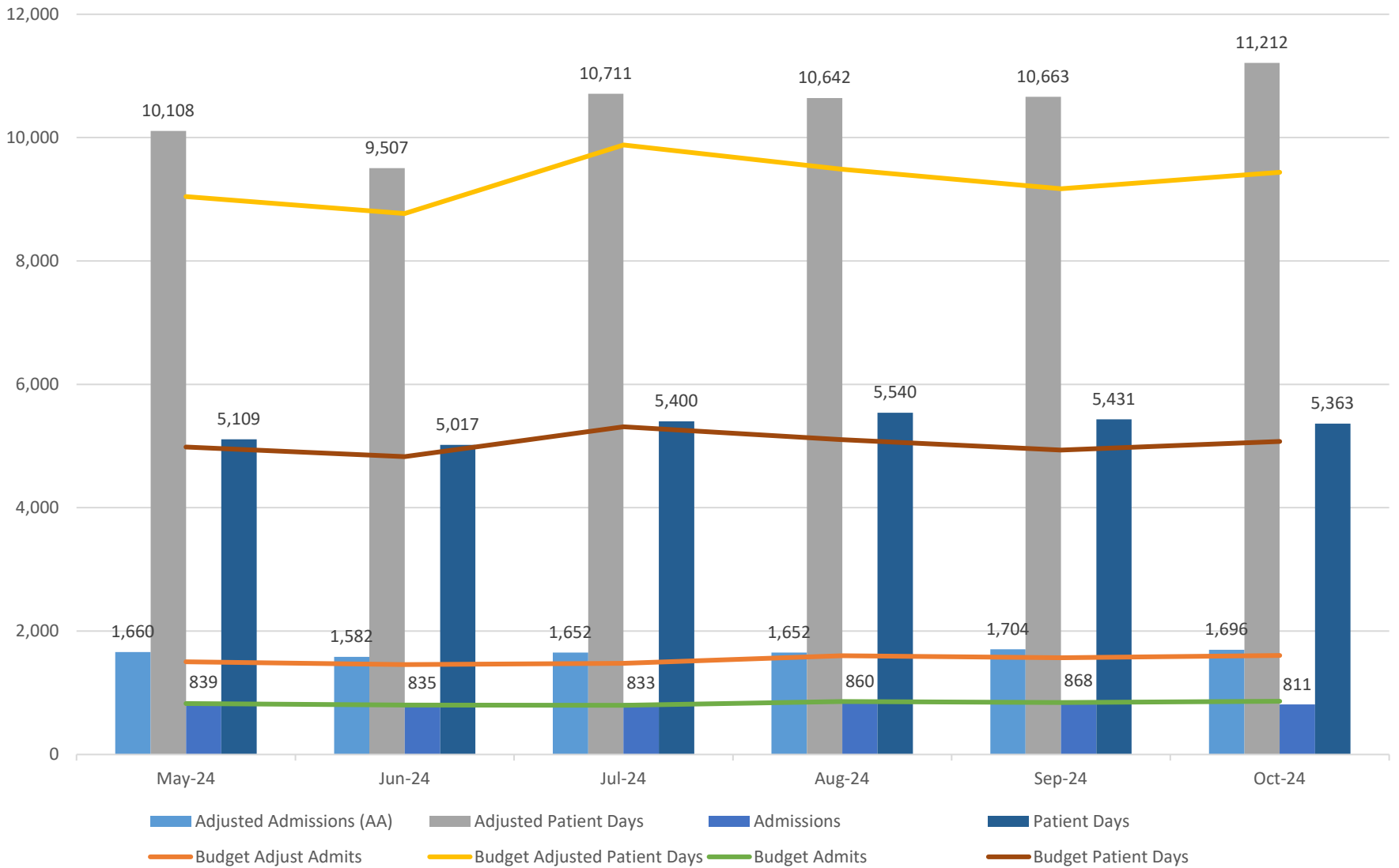
**BOARD OF GOVERNORS' REPORT
KERN MEDICAL – OCTOBER 2024**



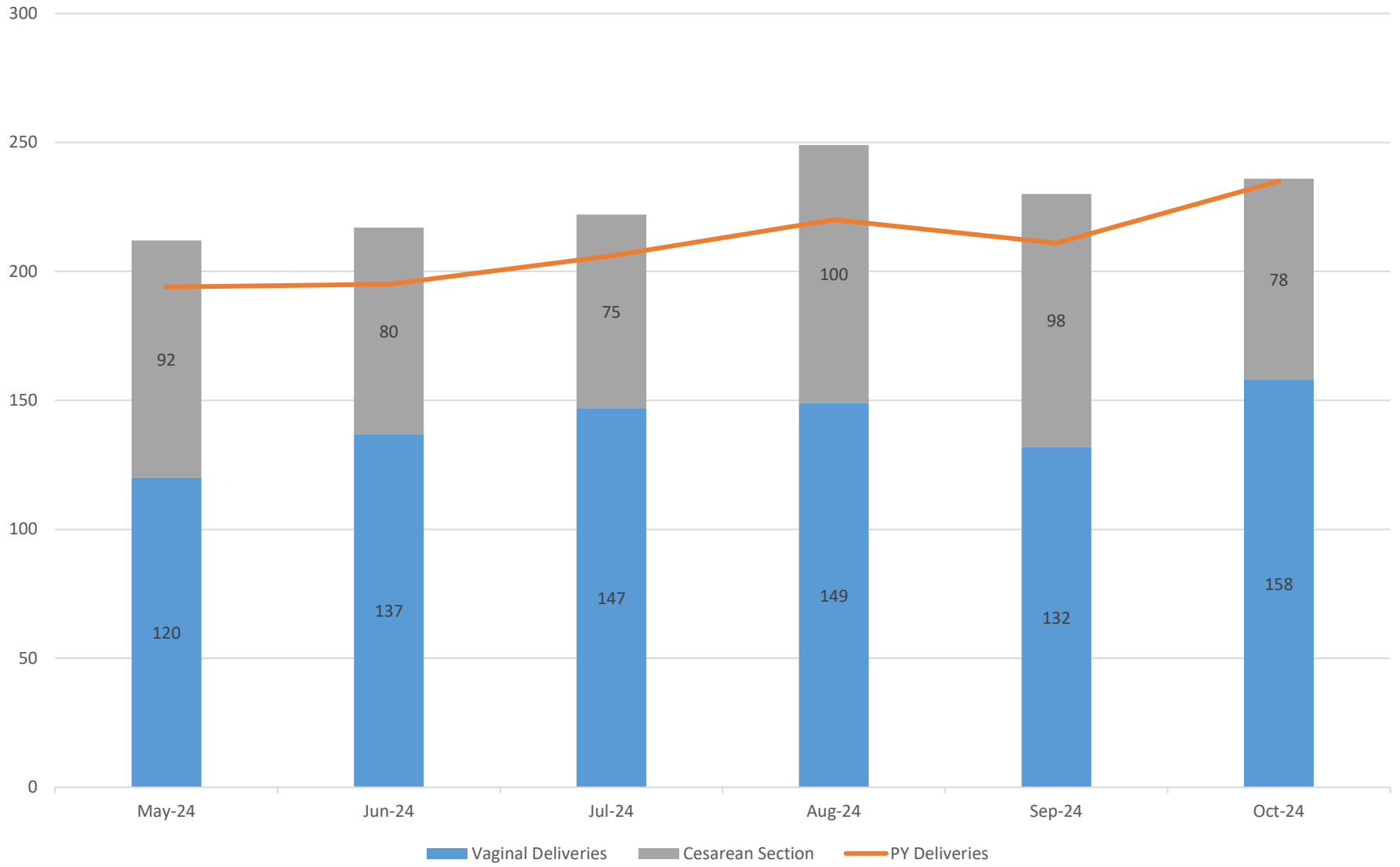
Census & ALOS



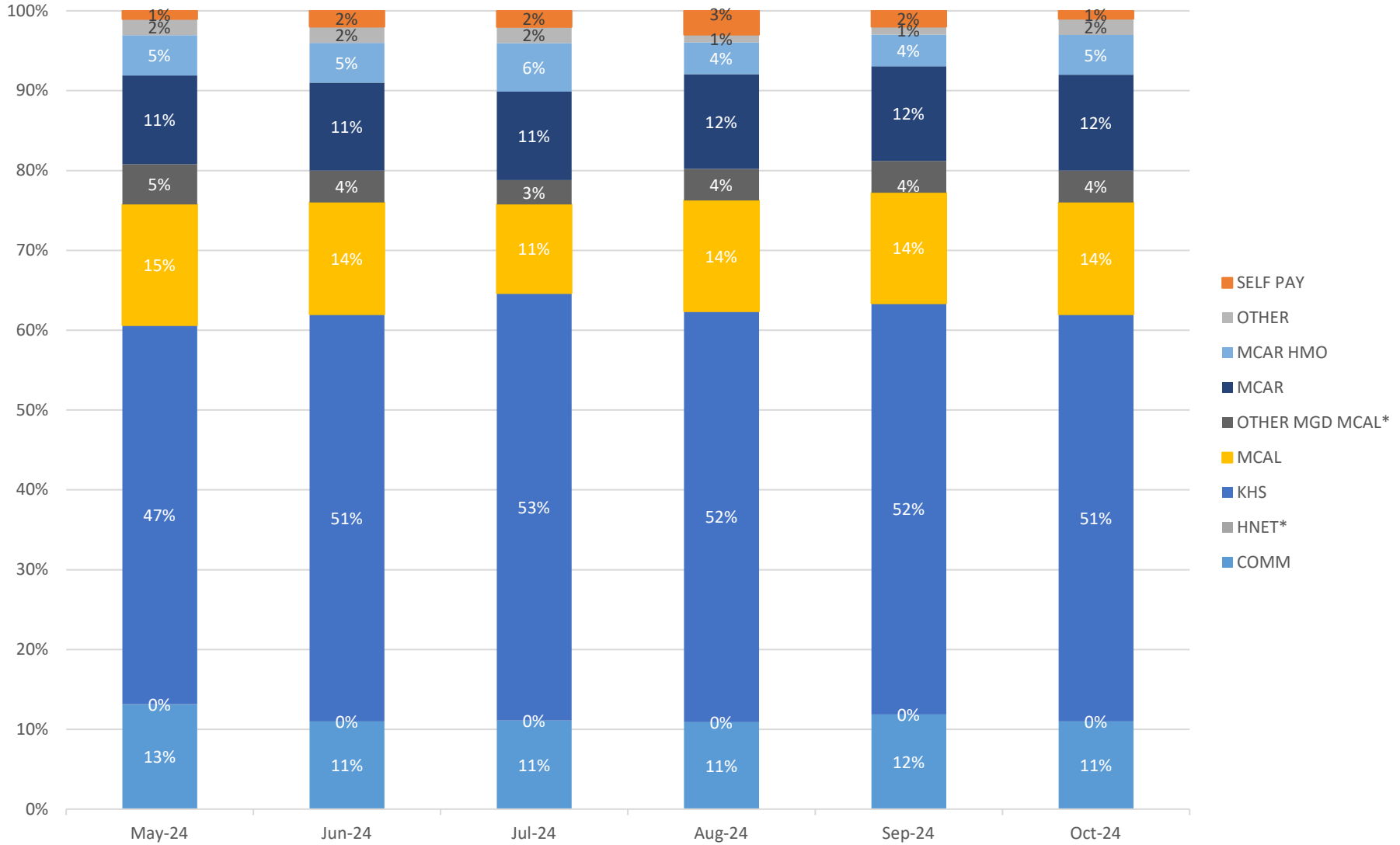
Hospital Volumes



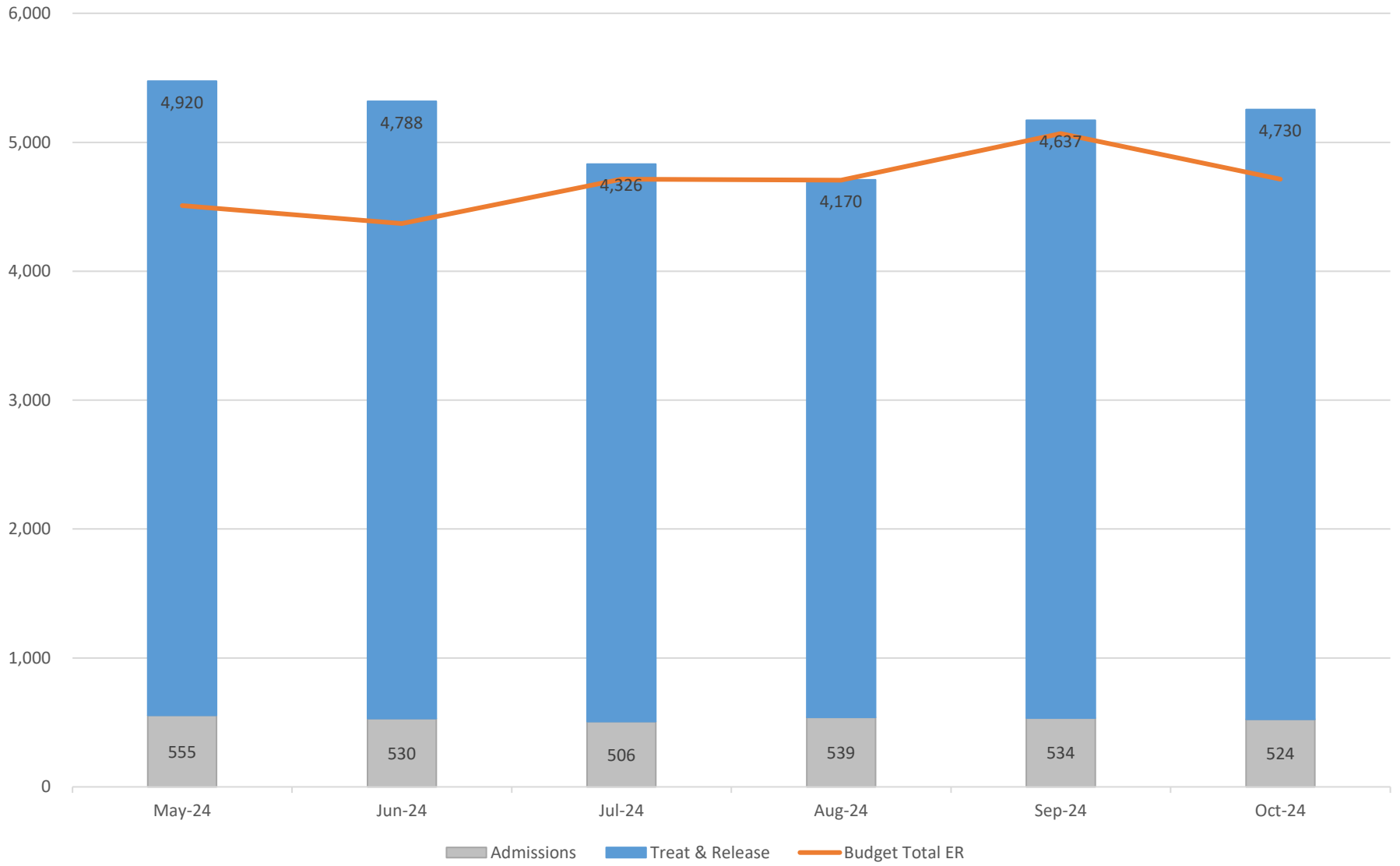
Deliveries



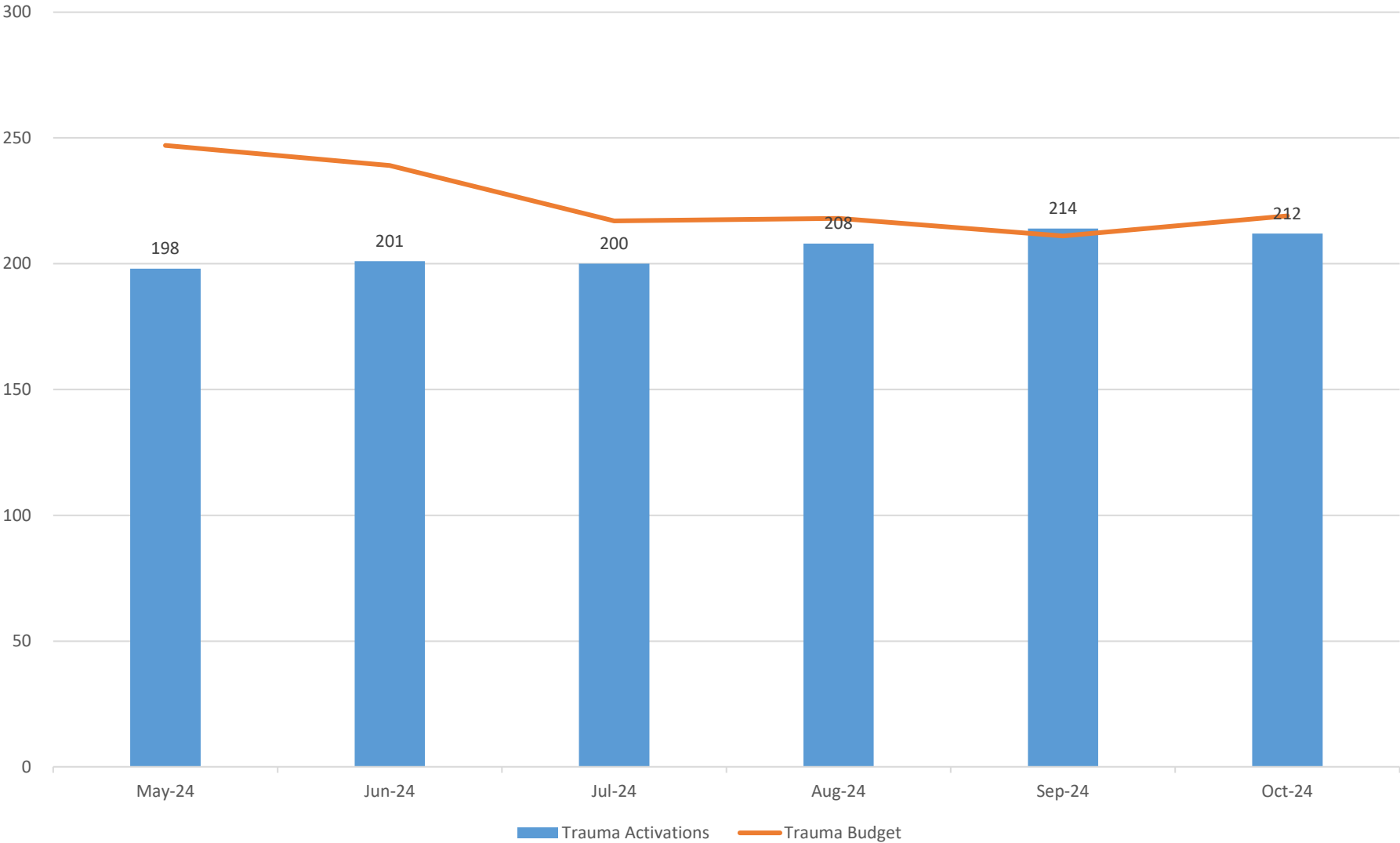
PAYER MIX



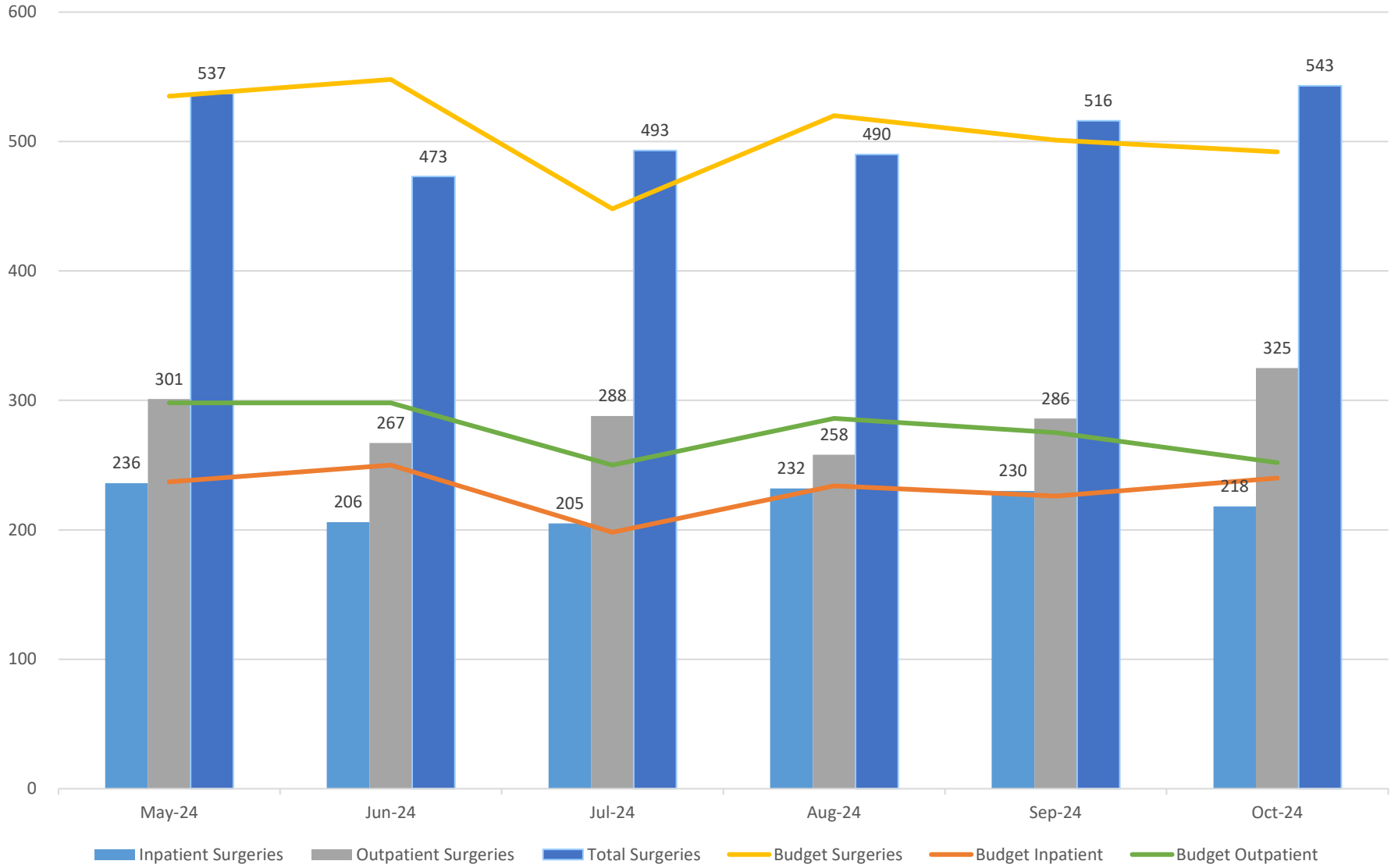
Emergency Room Volume



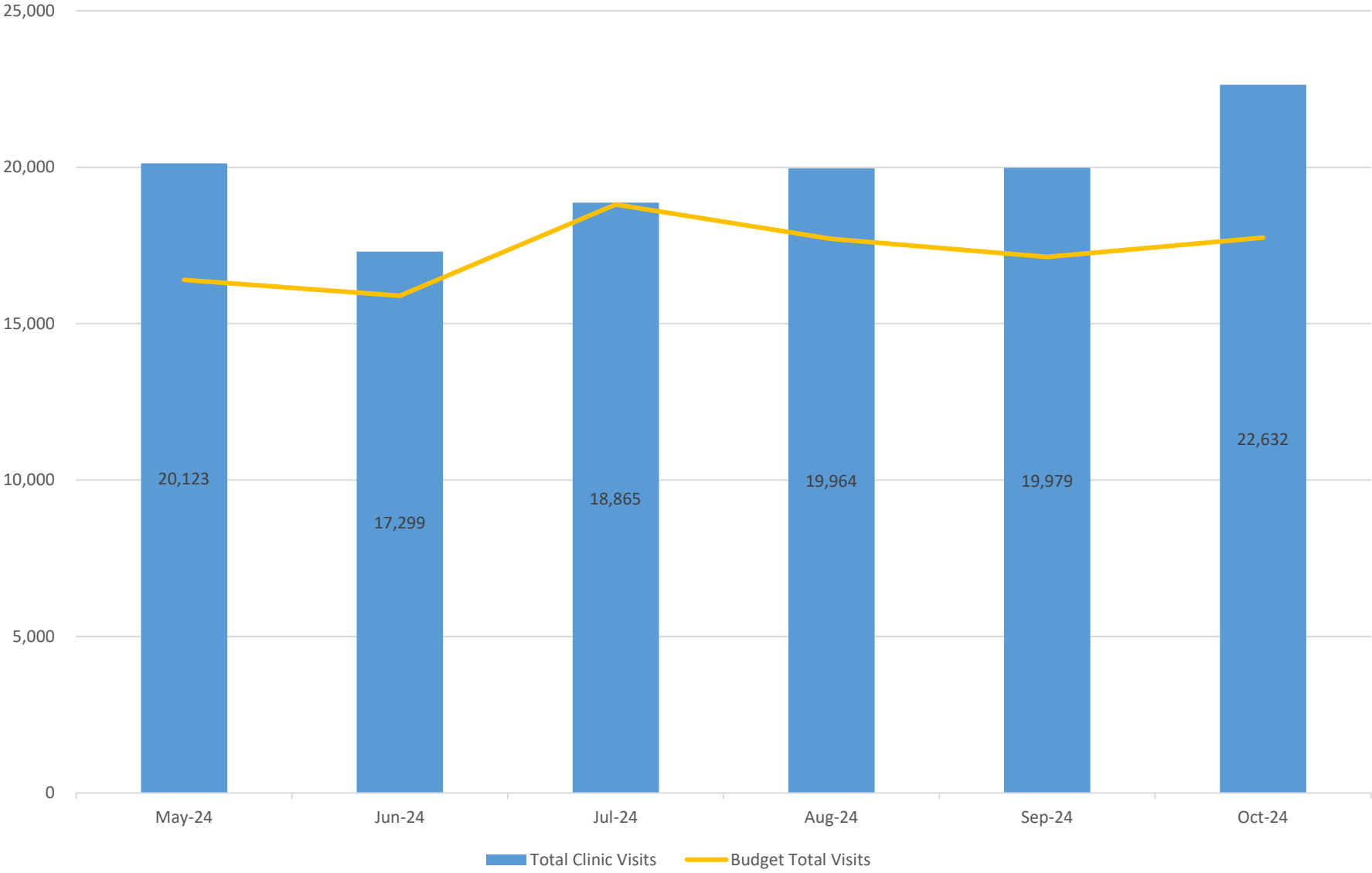
Trauma Activations



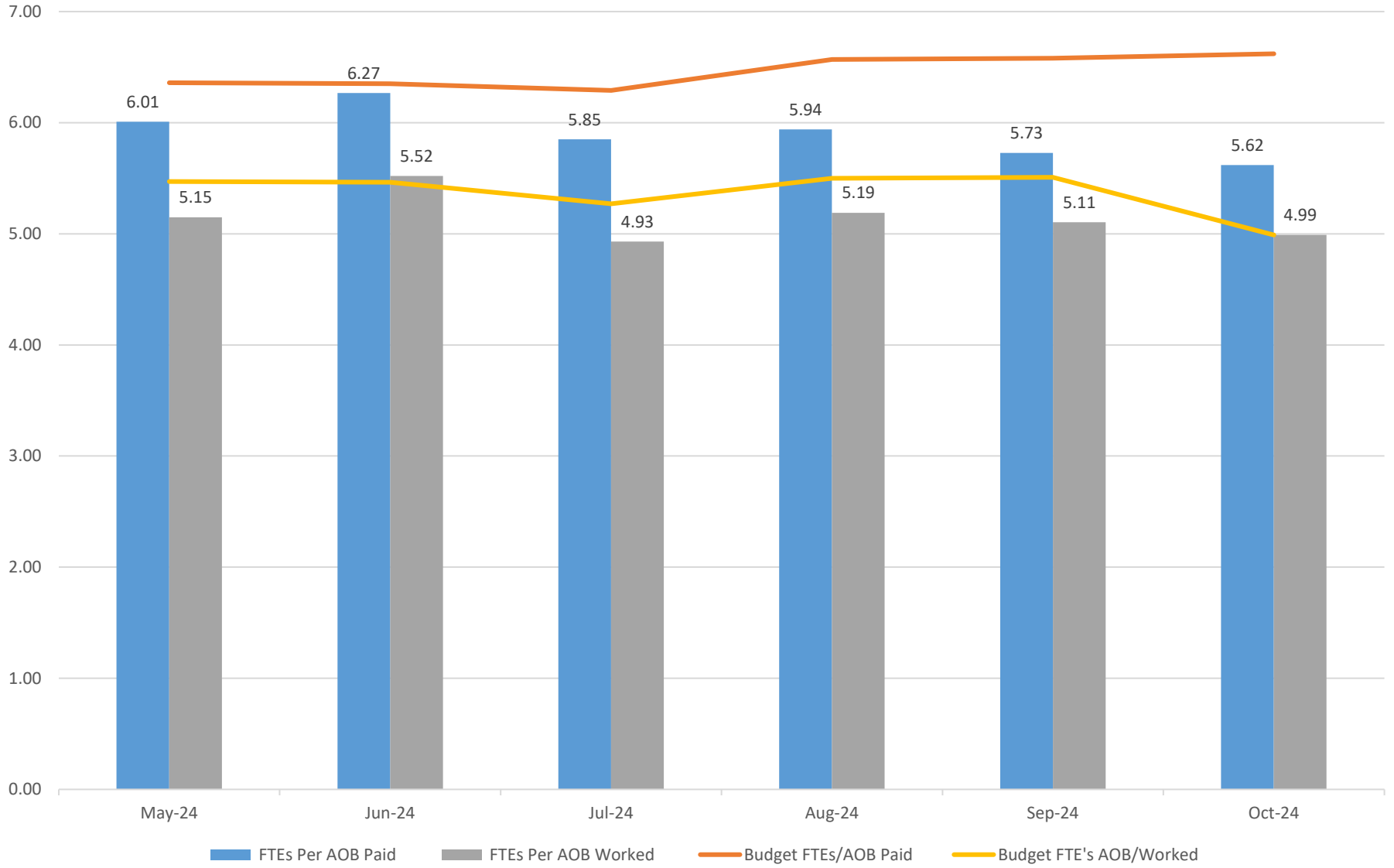
Surgical Volume



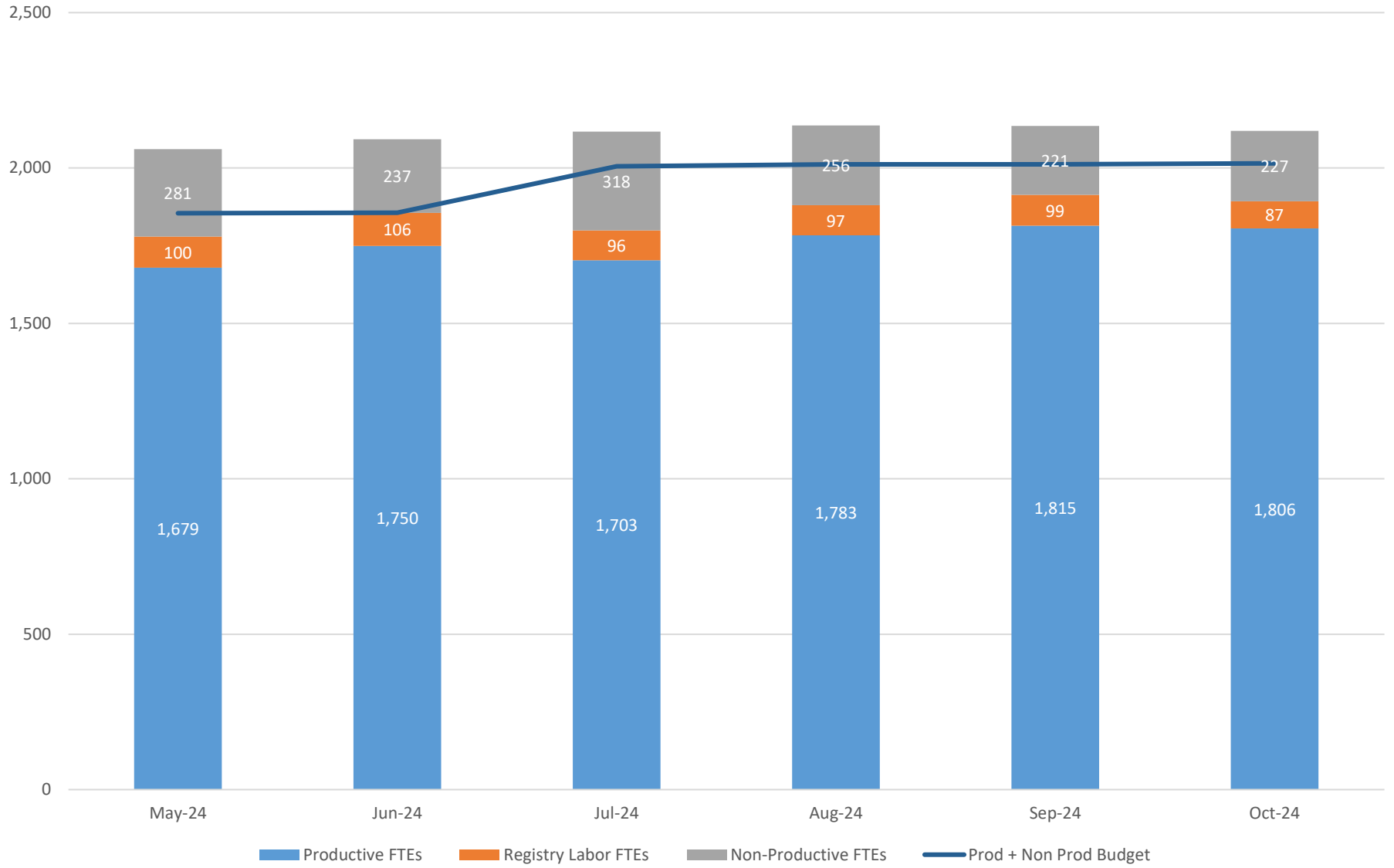
Clinic Visits



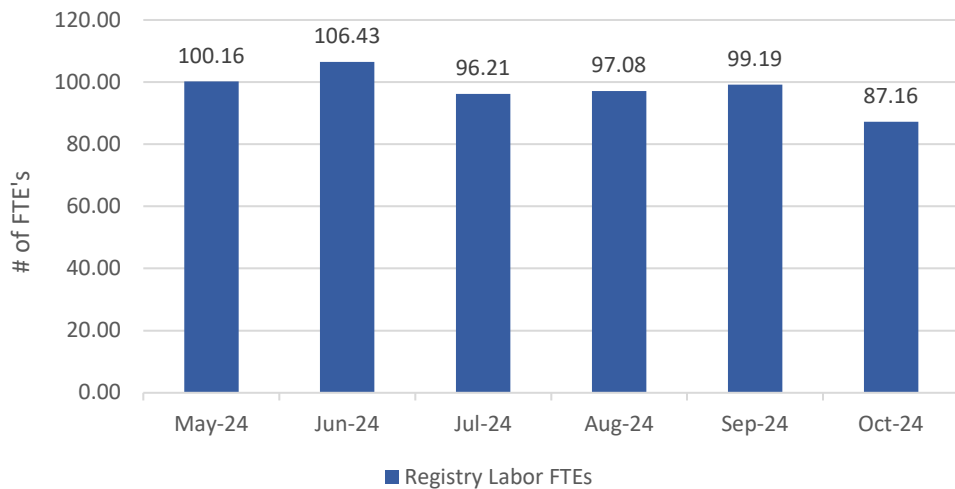
Labor Metrics



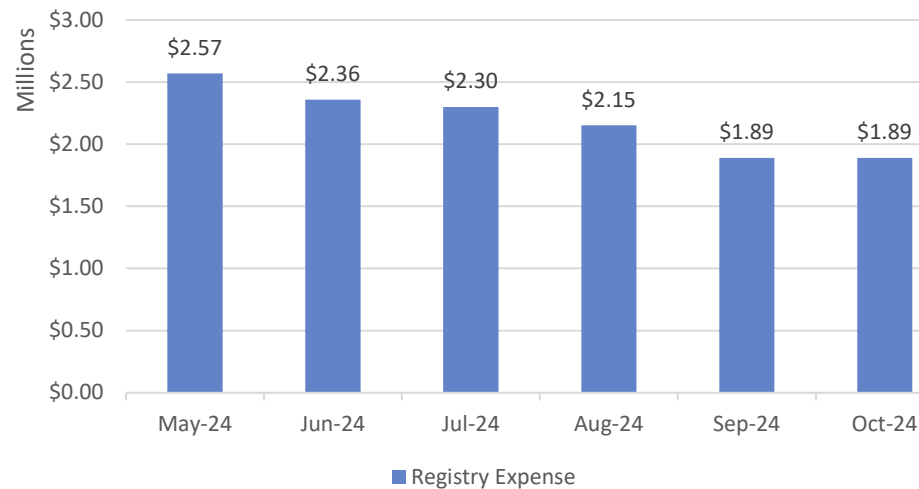
Productivity



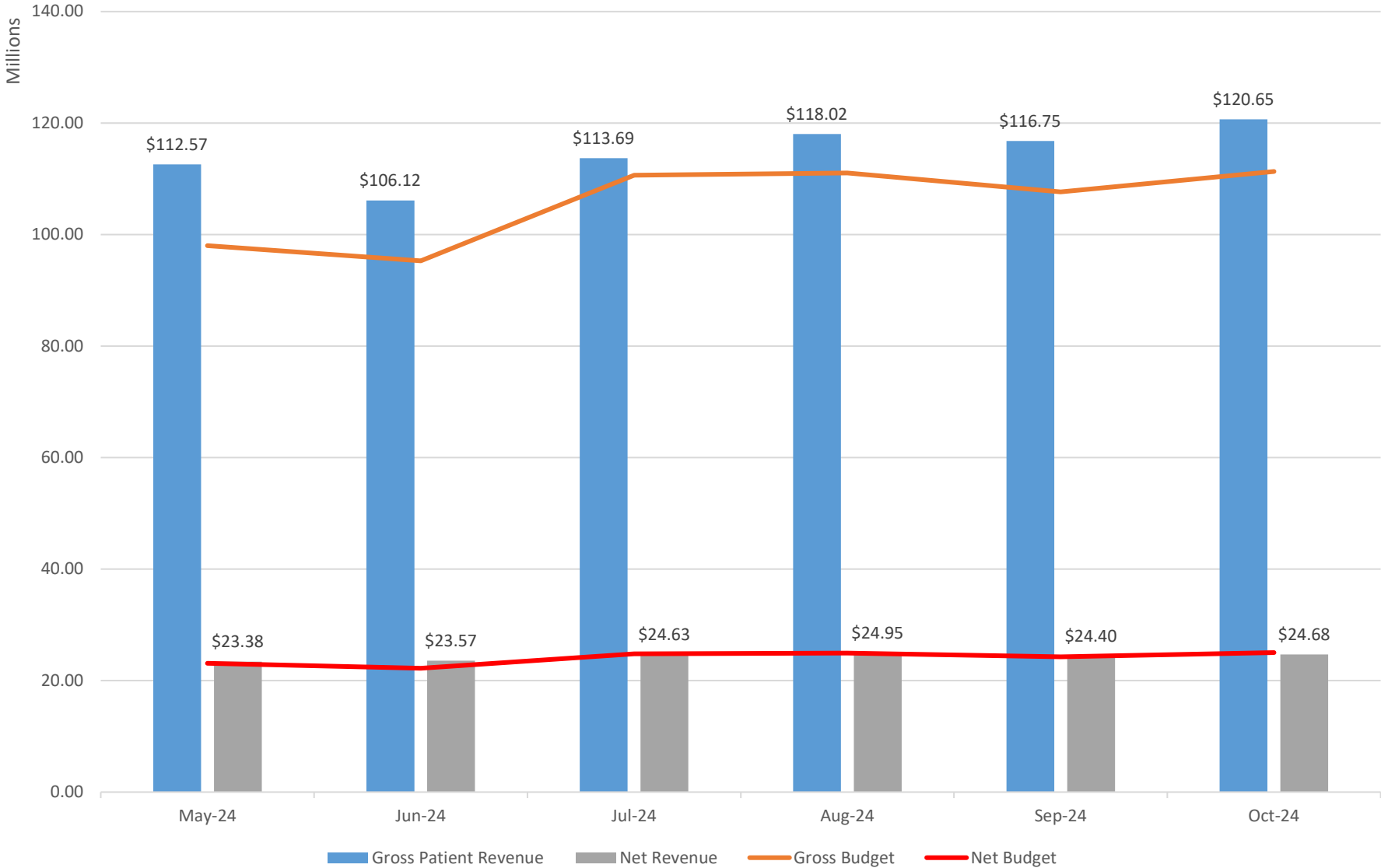
Registry FTE's



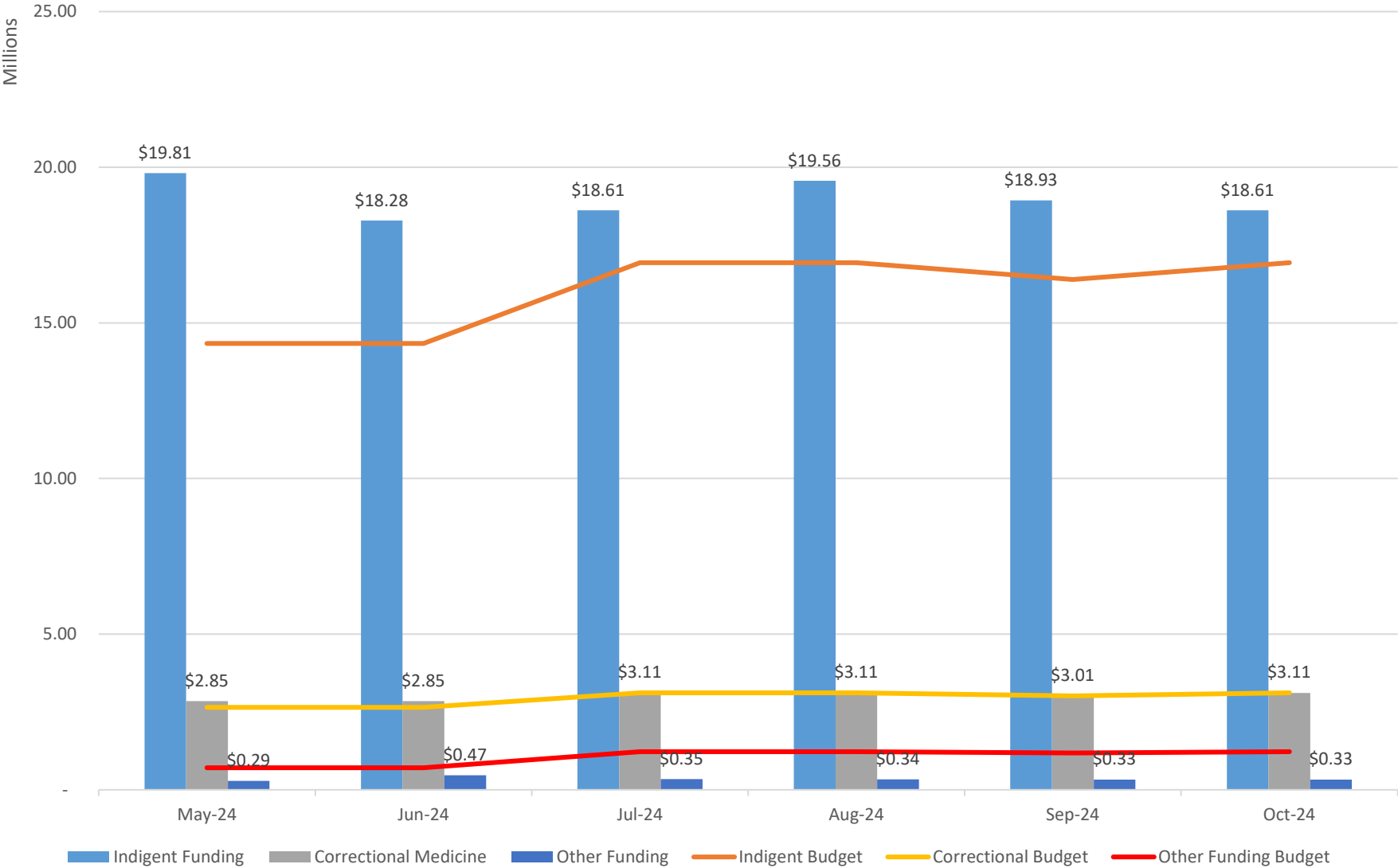
Registry Expense



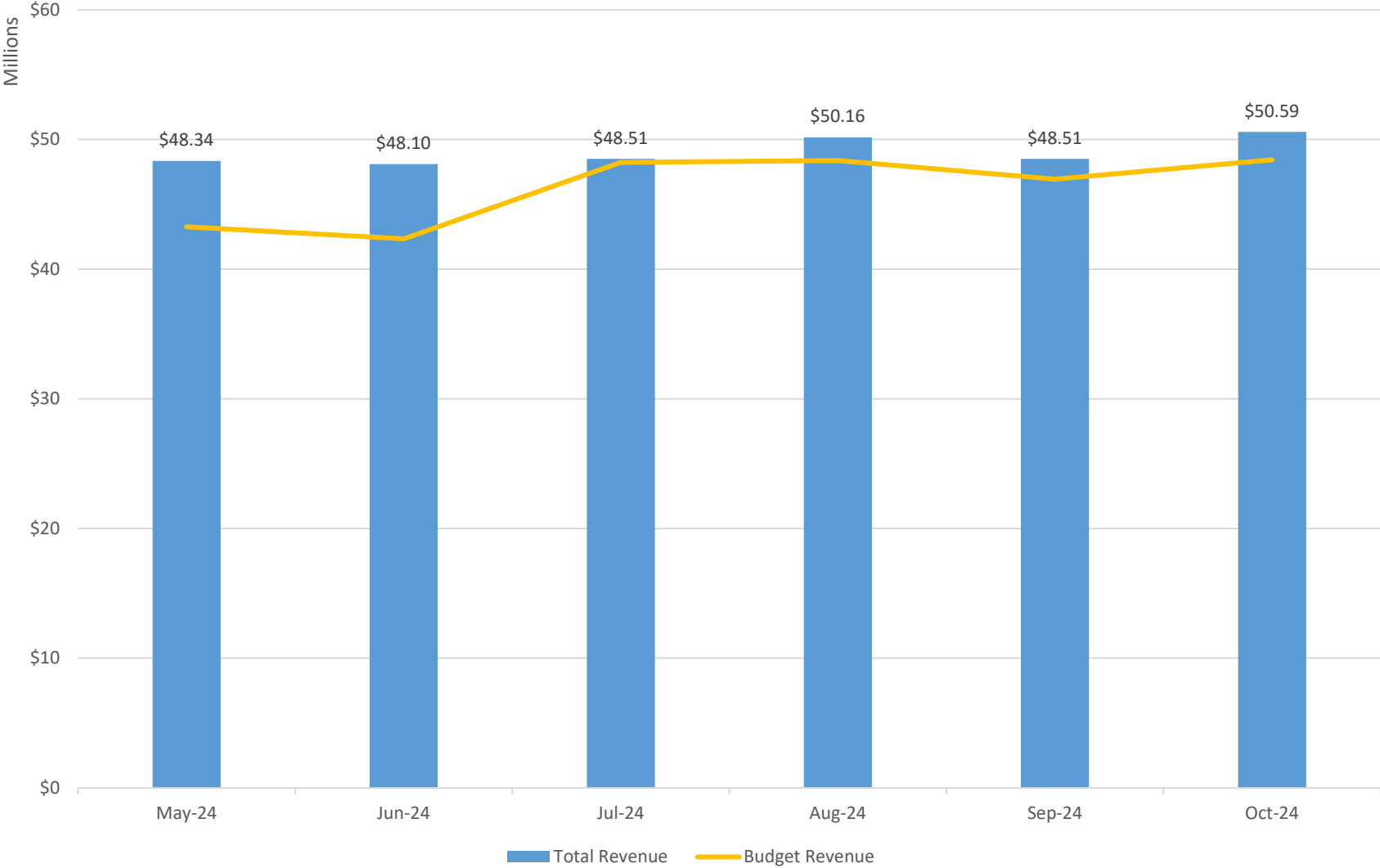
Patient Revenue



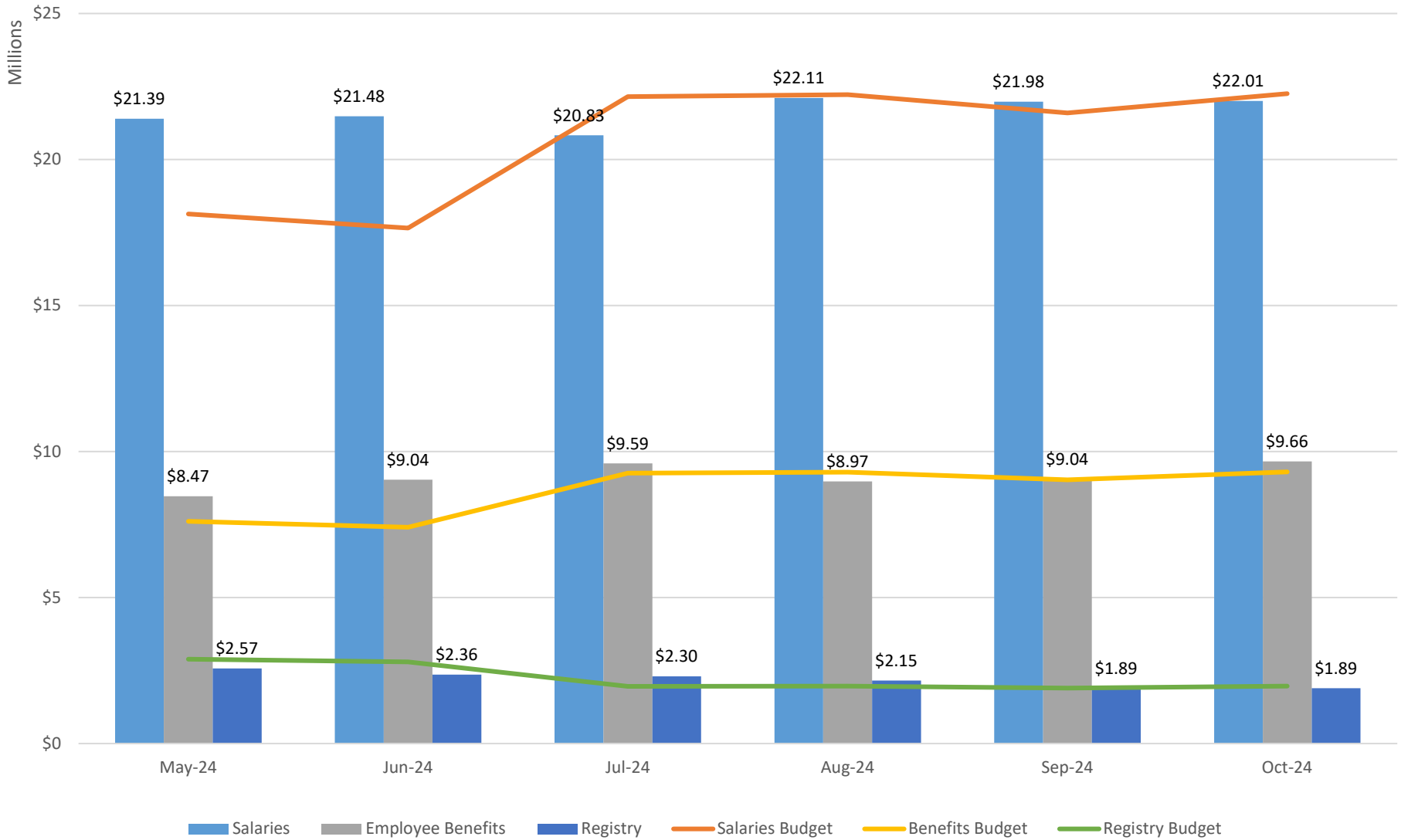
Indigent & Correctional Revenue



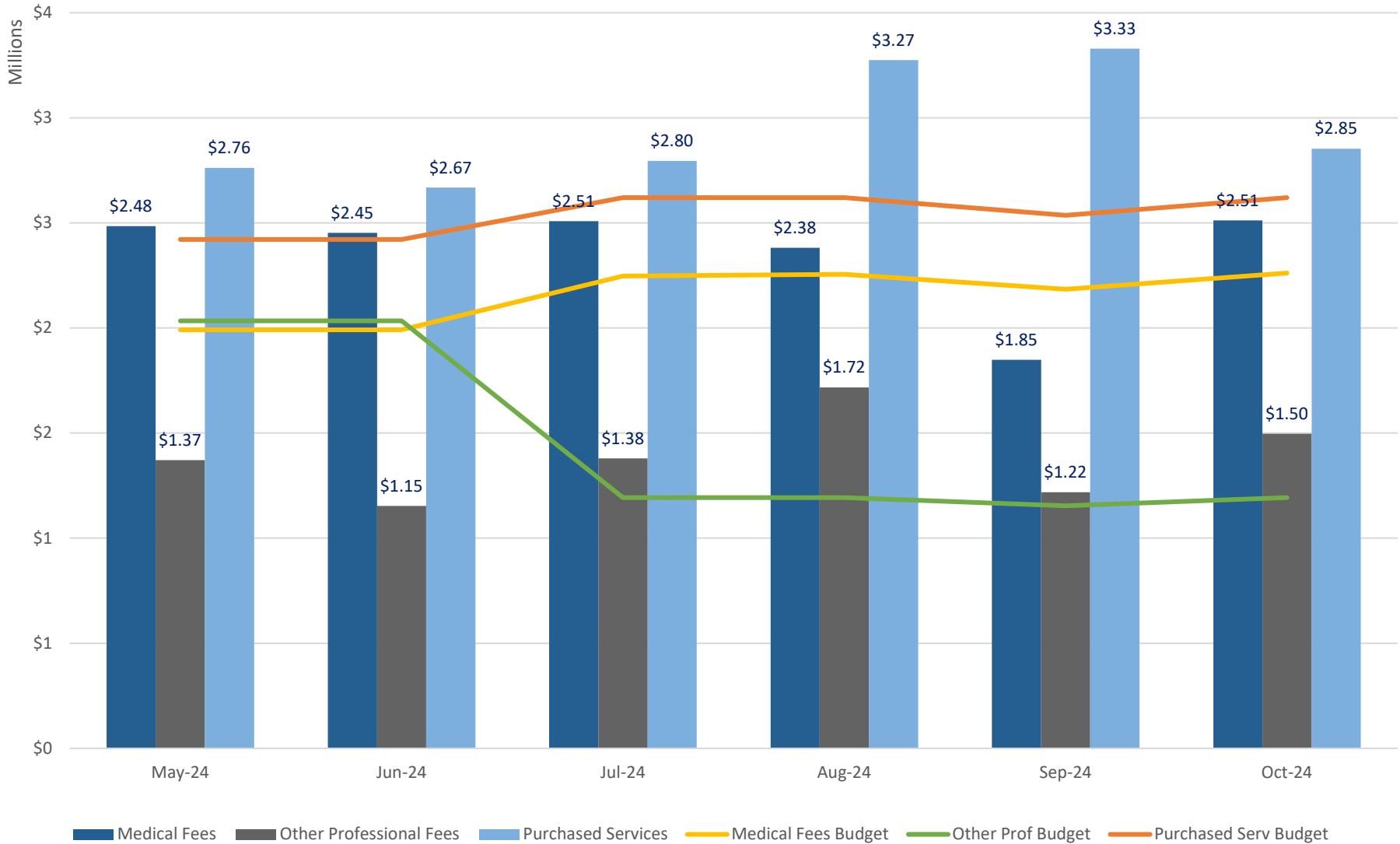
Total Revenue



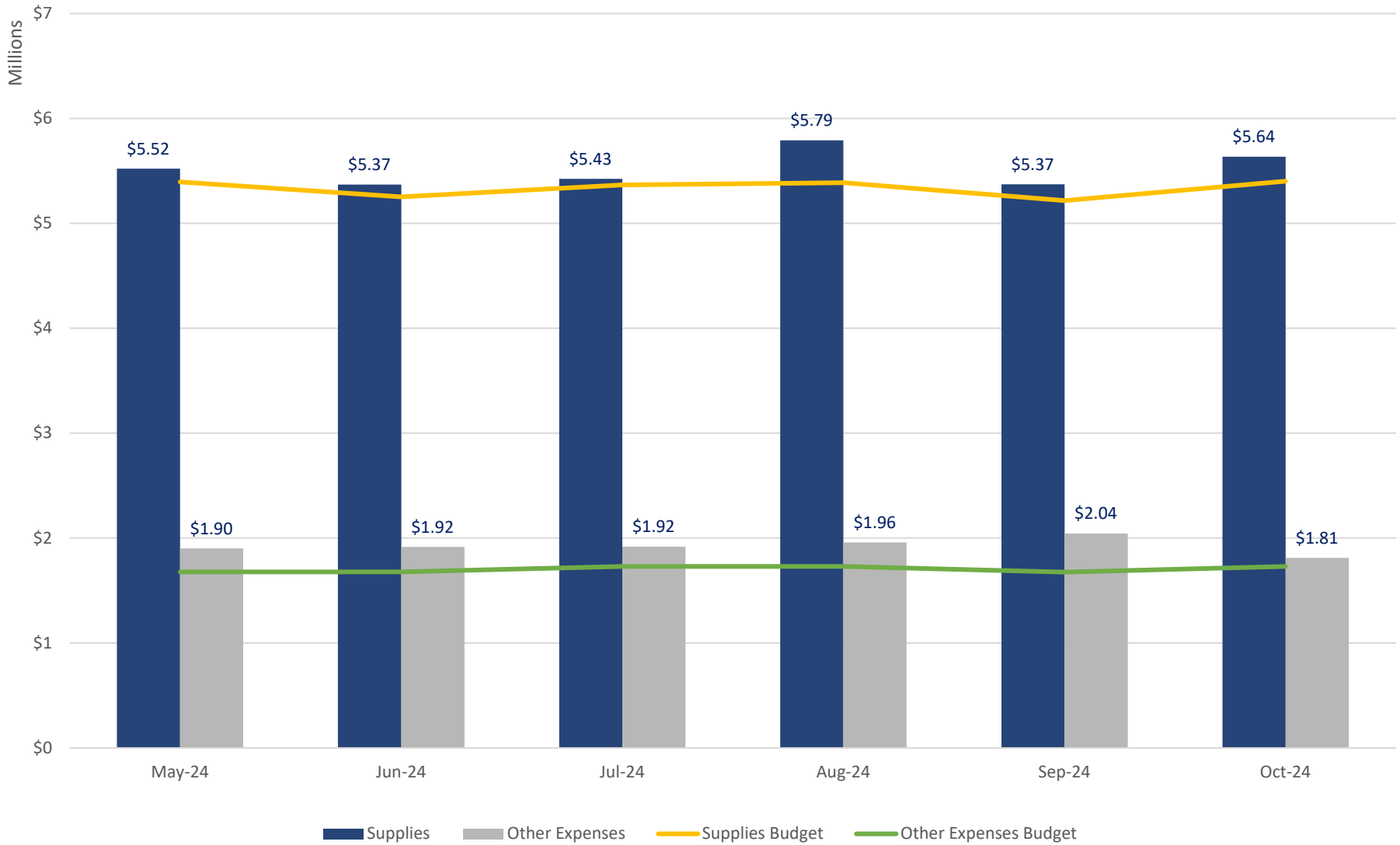
Expenses



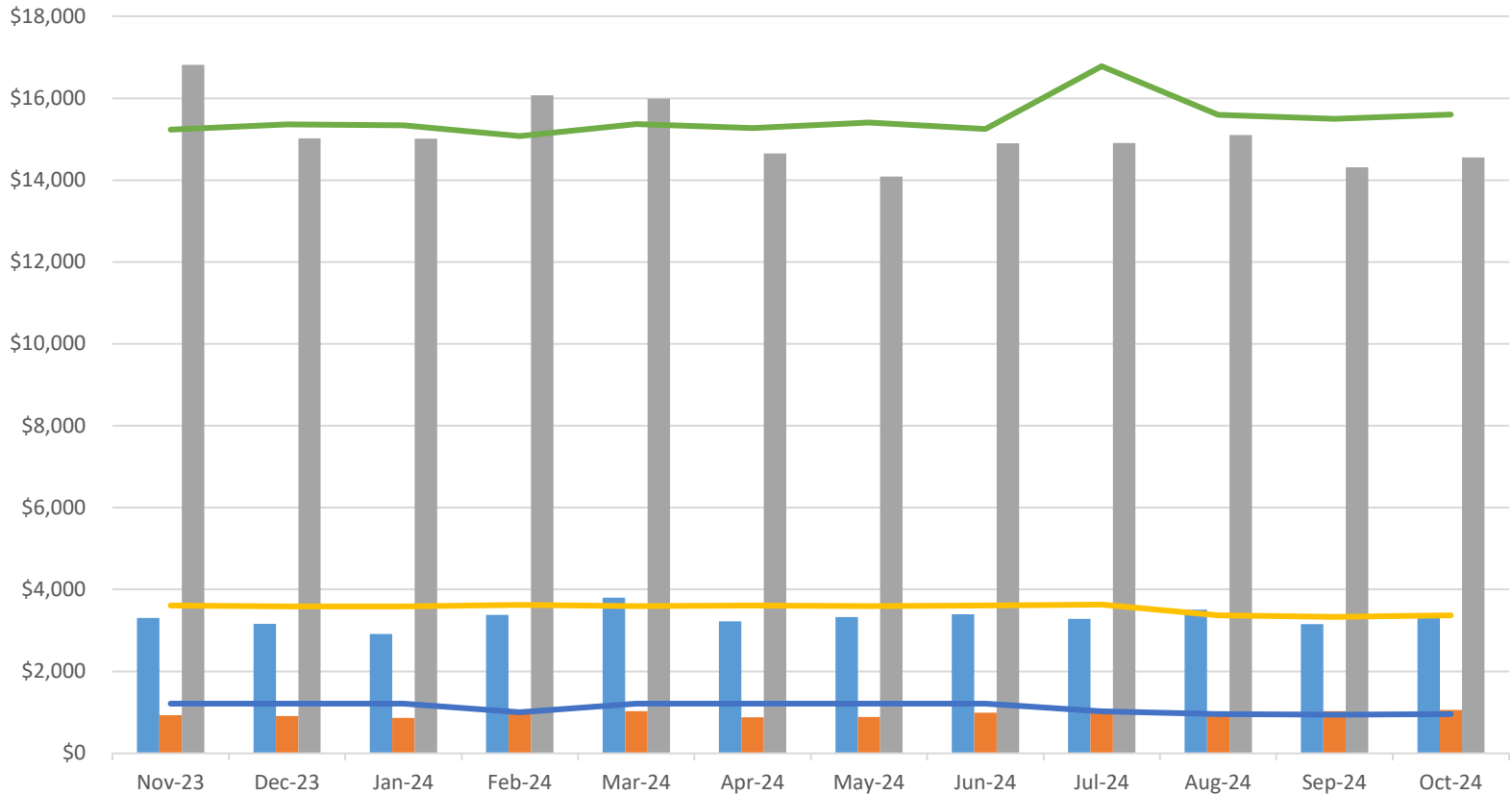
Expenses



Expenses

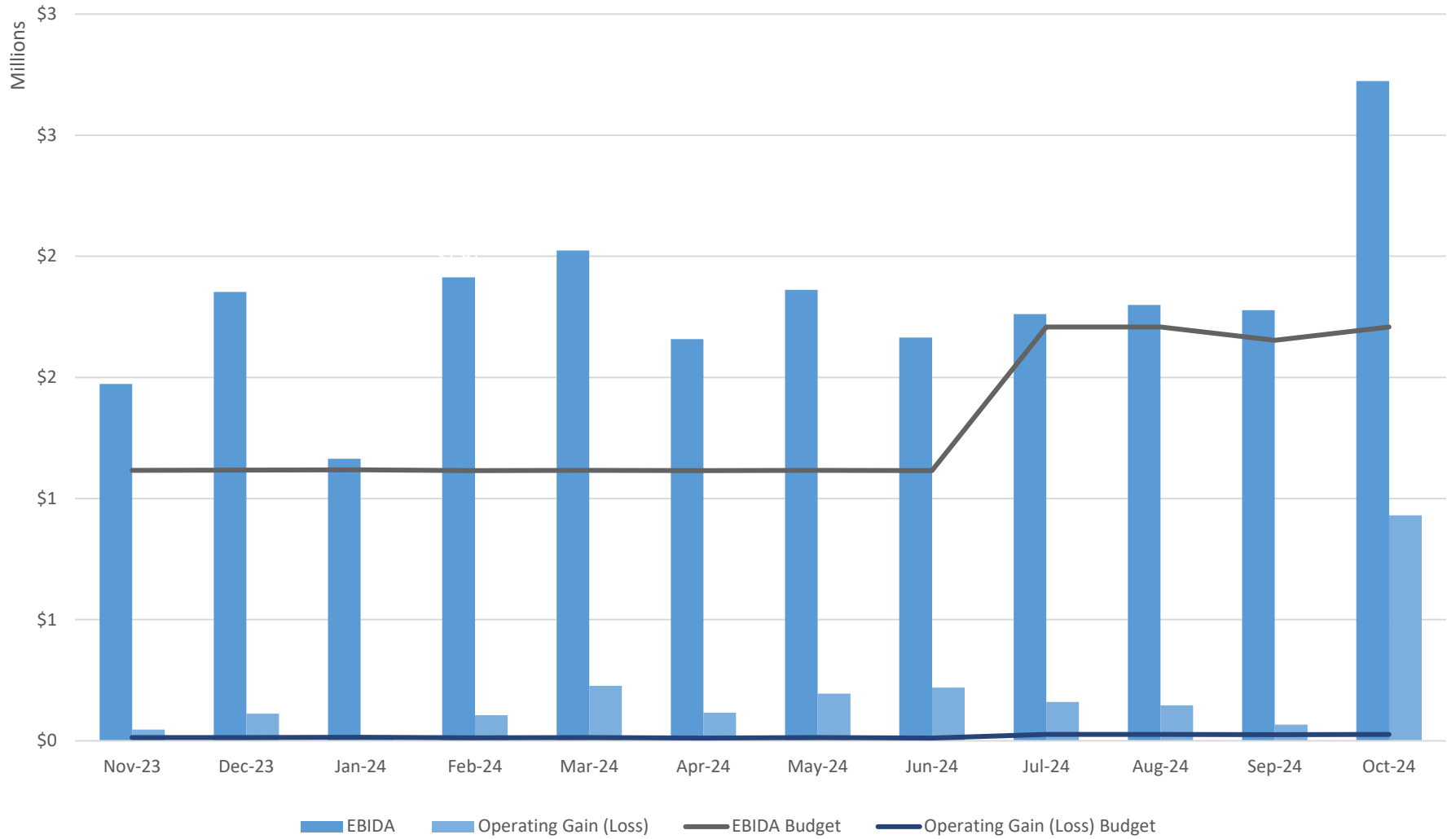


Operating Metrics

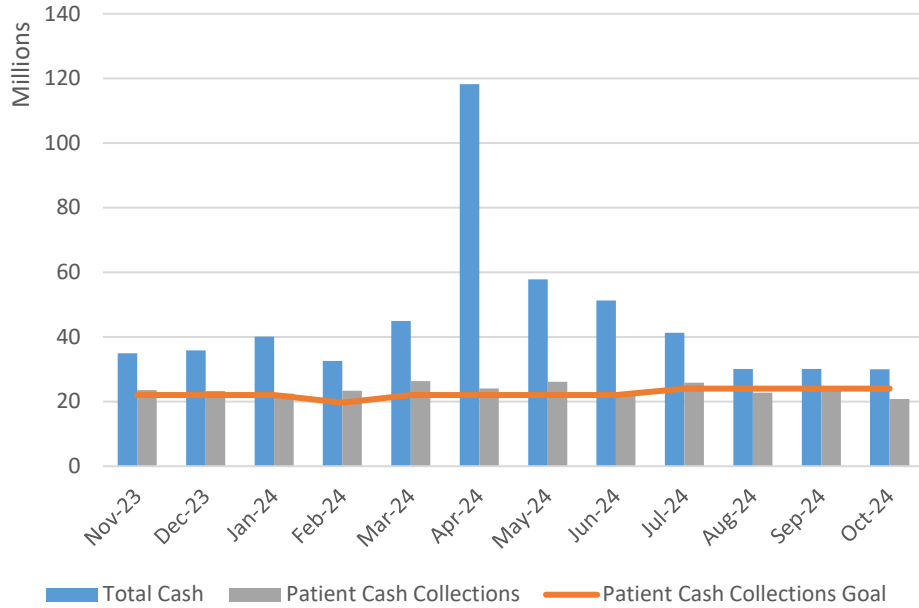


	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Supply Expense per AA	\$3,303	\$3,161	\$2,910	\$3,383	\$3,803	\$3,223	\$3,327	\$3,394	\$3,284	\$3,506	\$3,152	\$3,323
Pharm Cost per AA	\$932	\$904	\$865	\$1,011	\$1,023	\$877	\$885	\$986	\$1,006	\$982	\$1,023	\$1,057
Net Revenue Per AA	\$16,817	\$15,020	\$15,012	\$16,073	\$15,992	\$14,649	\$14,086	\$14,898	\$14,906	\$15,102	\$14,315	\$14,556
Budget Supp/AA	\$3,606	\$3,589	\$3,589	\$3,621	\$3,590	\$3,610	\$3,596	\$3,608	\$3,630	\$3,369	\$3,331	\$3,369
Budget Pharm/AA	\$1,210	\$1,210	\$1,211	\$999	\$1,210	\$1,210	\$1,211	\$1,210	\$1,027	\$953	\$942	\$953
Budget Net Rev/AA	\$15,235	\$15,361	\$15,341	\$15,077	\$15,368	\$15,272	\$15,407	\$15,252	\$16,780	\$15,593	\$15,495	\$15,601

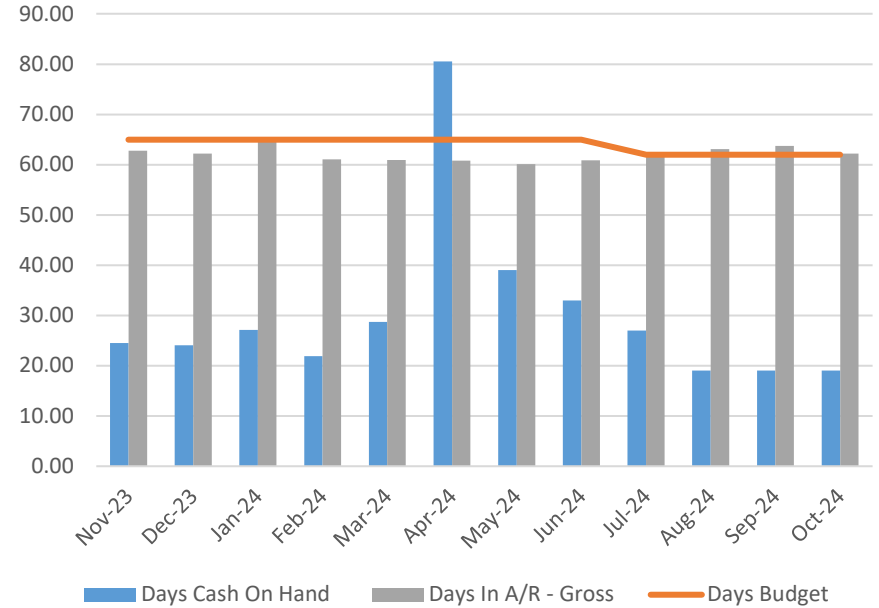
EBIDA Rolling Year



Cash Rolling Year



AR Days Rolling Year



KERN MEDICAL
3-Month Trend Analysis: Revenue & Expenses
October 31, 2024

	AUGUST	SEPTEMBER	OCTOBER	BUDGET OCTOBER	VARIANCE POS (NEG)	PY OCTOBER
Gross Patient Revenue	\$ 118,020,779	\$ 116,750,736	\$ 120,646,817	\$ 111,299,185	8%	\$ 105,907,704
Contractual Deductions	(93,073,447)	(92,353,482)	(95,965,726)	(86,284,486)	11%	(80,881,082)
Net Revenue	24,947,332	24,397,253	24,681,091	25,014,699	(1%)	25,026,623
Indigent Funding	19,560,940	18,929,942	18,614,303	16,935,500	10%	14,175,409
Correctional Medicine	3,114,656	3,014,183	3,114,656	3,114,656	0%	2,608,481
County Contribution	276,178	285,211	285,211	290,681	(2%)	285,211
Incentive Funding	60,706	44,431	44,069	934,247	(95%)	0
Net Patient Revenue	47,959,813	46,671,020	46,739,331	46,289,782	1%	42,095,724
Other Operating Revenue	2,187,714	1,824,236	3,833,497	2,133,502	80%	1,779,247
Other Non-Operating Revenue	11,804	11,766	14,863	18,997	(22%)	13,500
Total Revenue	50,159,331	48,507,022	50,587,692	48,442,281	4%	43,888,470
Expenses						
Salaries	22,110,133	21,982,828	22,009,425	22,257,806	(1%)	20,133,061
Employee Benefits	8,971,277	9,044,281	9,658,770	9,303,302	4%	8,105,568
Registry	2,152,923	1,890,280	1,888,540	1,965,167	(4%)	2,233,409
Medical Fees	2,381,665	1,848,647	2,511,651	2,261,230	11%	2,086,701
Other Professional Fees	1,717,388	1,219,003	1,496,909	1,192,702	26%	1,136,886
Supplies	5,792,345	5,372,273	5,635,003	5,402,056	4%	4,788,661
Purchased Services	3,274,927	3,329,294	2,853,854	2,621,054	9%	2,200,599
Other Expenses	1,959,211	2,042,731	1,810,564	1,730,380	5%	1,666,668
Operating Expenses	48,359,869	46,729,337	47,864,715	46,733,696	2%	42,351,552
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 1,799,462	\$ 1,777,685	\$ 2,722,977	\$ 1,708,586	59%	\$ 1,536,918
EBIDA Margin	4%	4%	5%	4%	53%	4%
Interest	337,180	393,353	389,426	259,646	50%	230,779
Depreciation	679,421	682,547	766,807	738,089	4%	646,291
Amortization	636,786	634,662	636,078	684,113	(7%)	564,436
Total Expenses	50,013,256	48,439,900	49,657,026	48,415,545	3%	43,793,059
Operating Gain (Loss)	\$ 146,075	\$ 67,123	\$ 930,666	\$ 26,737	3,381%	\$ 95,412
Operating Margin	0.29%	0.14%	1.84%	0.06%	3,233.2%	0.2%

KERN MEDICAL
Year to Date Analysis: Revenue & Expenses
October 31, 2024

	ACTUAL	BUDGET	VARIANCE	PY	PY VARIANCE
	FYTD	FYTD	POS (NEG)	FYTD	POS (NEG)
Gross Patient Revenue	\$ 469,103,940	\$ 440,567,048	6%	\$ 424,939,915	10%
Contractual Deductions	(370,448,924)	(341,531,750)	8%	(326,915,215)	13%
Net Revenue	98,655,017	99,035,299	0%	98,024,700	
Indigent Funding	75,719,142	67,195,694	13%	62,017,659	22%
Correctional Medicine	12,358,152	12,358,152	0%	10,433,922	18%
County Contribution	1,140,844	1,153,346	(1%)	1,140,844	0.00%
Incentive Funding	202,331	3,706,849	(95%)	0	0.0%
Net Patient Revenue	188,075,485	183,449,339	3%	171,617,125	10%
Other Operating Revenue	9,635,188	8,465,187	14%	7,145,264	35%
Other Non-Operating Revenue	50,709	75,375	(33%)	114,645	(56%)
Total Revenue	197,761,382	191,989,901	3%	178,877,033	11%
Expenses					
Salaries	86,932,634	88,230,591	(1.5%)	77,957,502	12%
Employee Benefits	37,264,529	36,883,691	1.0%	32,887,733	13%
Registry	8,230,176	7,775,151	6%	9,743,612	(16%)
Medical Fees	9,250,494	8,948,852	3%	8,531,728	8%
Other Professional Fees	5,813,104	4,732,333	23%	7,323,762	(21%)
Supplies	22,225,399	21,375,394	4%	19,996,213	11%
Purchased Services	12,253,821	10,399,666	18%	9,746,765	26%
Other Expenses	7,729,673	6,865,700	13%	6,654,659	16%
Operating Expenses	189,699,829	185,211,377	2%	172,841,974	10%
Earnings Before Interest, Depreciation, and Amortization (EBIDA)	\$ 8,061,553	\$ 6,778,524	19%	\$ 6,035,059	34%
EBIDA Margin	4%	4%	15%	3%	21%
Interest	1,402,291	1,030,209	36%	911,756	54%
Depreciation	2,810,504	2,928,548	(4%)	2,730,989	3%
Amortization	2,544,313	2,714,385	(6%)	2,148,254	18%
Total Expenses	196,456,936	191,884,519	2%	178,632,973	10%
Operating Gain (Loss)	\$ 1,304,446	\$ 105,382	1,138%	\$ 244,060	434%
Operating Margin	0.7%	0.1%	1,101.7%	0.1%	383%

**KERN MEDICAL
BALANCE SHEET**

	OCTOBER 2024	OCTOBER 2023
ASSETS:		
<i>Total Cash</i>	\$ 29,978,969	\$ 26,605,687
Patient Receivables Subtotal	247,718,755	248,388,591
Contractual Subtotal	(205,550,897)	(185,603,875)
<i>Net Patient Receivable</i>	42,167,858	62,784,716
Total Indigent Receivable	254,758,439	235,758,129
Total Other Receivable	32,097,745	19,515,077
Total Prepaid Expenses	6,735,900	5,546,451
Total Inventory	4,738,119	5,564,118
<i>Total Current Assets</i>	370,477,029	355,774,178
Deferred Outflows of Resources	112,536,013	105,241,458
Total Land, Equipment, Buildings and Intangibles	269,515,510	254,689,047
Total Construction in Progress	11,220,541	13,409,853
<i>Total Property, Plant & Equipment</i>	280,736,050	268,098,900
Total Accumulated Depr & Amortization	(173,526,338)	(160,287,348)
<i>Net Property, Plant, and Equipment</i>	107,209,713	107,811,552
<i>Total Long Term Assets</i>	112,536,013	105,241,458
<i>Total Assets</i>	\$ 590,222,755	\$ 568,827,188

**KERN MEDICAL
BALANCE SHEET**

	OCTOBER 2024	OCTOBER 2023
LIABILITIES & EQUITY:		
Total Accounts Payable	\$ 14,310,308	\$ 10,468,454
Total Accrued Compensation	24,060,108	28,032,839
Total Due Government Agencies	4,672,433	15,489,016
Total Other Accrued Liabilities	51,672,616	27,704,094
<i>Total Current Liabilities</i>	94,715,464	81,694,403
Unfunded Pension Liability	345,399,109	284,243,193
Other Long-Term Liabilities	80,853,482	134,837,243
<i>Total Long-Term Liabilities</i>	426,252,591	419,080,436
<i>Total Liabilities</i>	520,968,056	500,774,839
<i>Total Net Position</i>	69,254,699	68,052,349
<i>Total Liabilities and Net Position</i>	\$ 590,222,755	\$ 568,827,188

**KERN MEDICAL
STATEMENT OF CASH FLOWS**

	Fiscal Year-to-Date October 2024	Fiscal Year-End June 2024	Fiscal Year-to-Date October 2023	Fiscal Year-End June 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for patient/current services	\$ 104,361,049	\$ 293,523,533	\$ 92,655,627	\$ 264,388,064
Cash received for other operations	46,000,127	233,602,712	35,575,614	236,708,950
Cash paid for salaries and benefits	(122,337,198)	(339,411,493)	(103,845,489)	(202,912,375)
Cash paid for services and supplies	(65,209,937)	(186,981,598)	(61,081,789)	(292,069,170)
Net cash (used in) provided by operating activities	<u>(37,185,959)</u>	<u>733,154</u>	<u>(36,696,037)</u>	<u>6,115,469</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash (provided to) received from various County funds	-	-	-	2,070,094
Interest paid - pension obligation bond	-	420,331	-	(365,334)
Principal paid - pension obligation bond	-	(1,062,281)	-	(2,938,587)
Interest paid - line of credit	-	-	-	(262,368)
Line of credit payment	20,000,000	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>20,000,000</u>	<u>(641,950)</u>	<u>-</u>	<u>(1,496,195)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition or construction of capital assets	(2,877,186)	(18,896,864)	(3,619,580)	(12,141,601)
Payments on right-of-usage lease liability	(995,989)	3,896,089	-	(3,034,901)
Interest paid - right-of-usage lease liability	(3,086)	31,211	-	-
Payments on SBITA liability	(251,410)	(752,150)	-	(782,410)
Interest paid - SBITA	(209)	2,013	-	-
Net cash used by capital and related financing activities	<u>(4,127,879)</u>	<u>(15,719,700)</u>	<u>(3,619,580)</u>	<u>(15,958,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on bank deposits and investments	-	-	-	181,109
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(21,313,838)</u>	<u>(15,628,497)</u>	<u>(40,315,617)</u>	<u>(11,158,529)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>51,292,807</u>	<u>66,921,303</u>	<u>66,921,303</u>	<u>78,079,832</u>
CASH AND CASH EQUIVALENTS, year-to-date	<u>\$ 29,978,969</u>	<u>\$ 51,292,807</u>	<u>\$ 26,605,687</u>	<u>\$ 66,921,303</u>



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

December 11, 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**

December 11, 2024

Subject: Monthly report on What's Happening at Kern Medical Center

Recommended Action: Receive and File

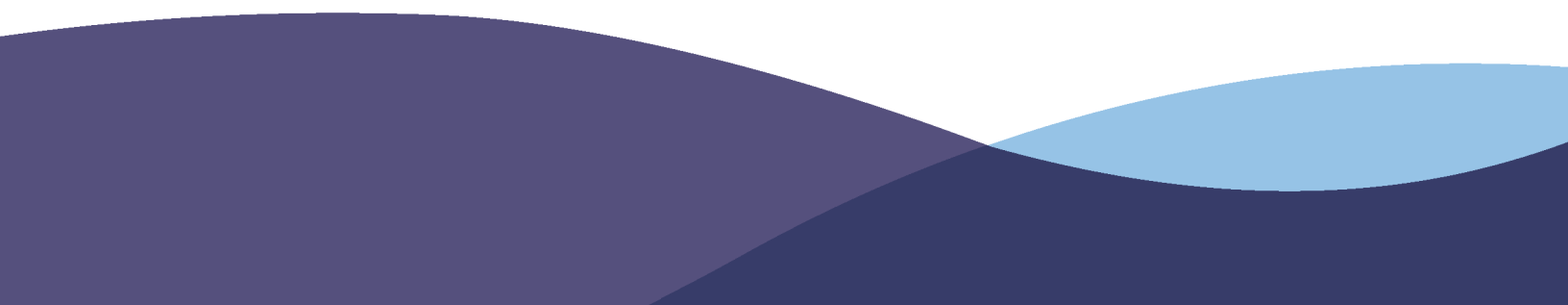
Summary:

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.



What's Happening?



Kern Medical Health Fair



Kern Medical hosted a fun-filled health event at its Columbus Clinic on November 9th. There were a variety of vendors, food and health information available to the community.

Epilepsy Awareness at Disneyland



Adora Calistro, EEG Technician (left) and Charles Y Liu, MD, PhD (right) with USC and Kern Medical Neurosurgery.

The 14th Annual Epilepsy Awareness & Education Expo and Epilepsy Awareness Day was held at Disneyland in November. There were 600 participating organizations.

Kern Medical attended and distributed information on its Epilepsy program, which is part of the USC Epilepsy Care Consortium, a unique and unprecedented patient care partnership comprised of four additional comprehensive epilepsy centers. Our Dr. Veedu is the only epileptologist in the Central Valley. Kern Medical is a level III epilepsy center.

Thanksgiving Gift for Staff

Kern Medical would like to recognize its hard working staff during this holiday season!

Kern Medical employees will be receiving a \$20 gift certificate to **Flame and Skewers**.

You may pick up your gift certificate at the following locations and times:

Thursday, November 21	Kern Medical Café	9 am - 11 am
Friday, November 22	Kern Medical Café	1 pm - 3 pm
Monday, November 25	Office Park	10 am - 11 am
Monday, November 25	M Street	2 pm - 3 pm
Tuesday, November 26	Kern Medical Café	9 am - 11 am
Tuesday, November 26	Columbus (ITCR)	2 pm - 3 pm
Wednesday, November 27	Kern Medical Café	6 am - 9 am

Arrangements for off-campus deliveries will be coordinated with Marketing.

You may **NOT** pick up for another individual. Other arrangements can be made by emailing Marketing@KernMedical.com



Annual Toy Drive

The **OUTLAWZ** Car Club presents the
17th Annual **Christmas Toy Drive**
at **6725 White Lane**
Saturday Dec. 7, 2024
8A.M. – 2P.M. at



Rain or Shine!



The **OUTLAWZ** Car Club has been collecting toys for **Kern Medical Pediatrics** for 17 years. The toys are gifted to the children to bring them joy in less than favorable circumstances throughout the year. They are also given to children when they are scared to help build trust with the nurses.

All donations benefit
Kern Medical Pediatrics



For more information contact:
Bill (661) 912-4037
or Jeff (661) 477-2055

Winter Wellness Wonderland



**Kern Family
Health Care®**

**Winter Wellness
WONDERLAND**

**Saturday,
December 7th, 2024**
4 PM - 8PM

 **Kern Family Health Care**
2900 Buck Owens Blvd.
Bakersfield, CA 93308

Kern Medical's mobile clinic will be at Kern Family Health Care's "Winter Wellness Wonderland," a free and festive community wellness event for families to enjoy. Entry to the event and participation in activities are free of charge.

Simulation Center Escape Room



NIGHTMARE BEFORE CHRISTMAS ESCAPE ROOM



Friday, December 20th, 2024
Simulation Center, Room 2336
(across from Employee Health)



SCAN TO SIGN UP

or email sairie.felix@kernmedical.com

Two sessions available! (Each slot is 30 minutes)

Morning (8AM-11AM):

Foundations of Hospital Safety Challenge (open to all hospital staff)

Afternoon (1PM-4PM):

Advanced Patient Care Simulation (for clinical staff)

National Recognitions - November

- American Diabetes Month
- Lung Cancer Awareness Month
- Bladder Health Month
- COPD Awareness Month
- Epilepsy Awareness Month
- Hospice and Palliative Care Month
- Pancreatic Cancer Awareness Month
- Nurse Practitioner Week (November 12 - 18)
- Antibiotic Awareness Week (November 18 – 24)

National Recognitions - December

- World AIDS Day: (December 1)
- National Influenza Vaccination Week (2nd week of December)
- Crohn's and Colitis Awareness Week: (December 1–7)
- National Handwashing Awareness Week: (December 2–8)
- International Day of Persons With Disabilities: (December 3)
- Seasonal Affective Disorder Awareness Month (SAD)



Kern Medical Surgery Center, LLC
9300 Stockdale Hwy, Suite 200
Bakersfield, CA. 93311
661-964-2470

**BOARD OF MANAGERS
REGULAR MEETING
KERN MEDICAL SURGERY CENTER, LLC**

December 11, 2024

Subject: Administrative Report for Two-Months Ended October 31, 2024

Recommended Action: Receive and File

Summary:

Kern Medical Surgery Center Operations

Key Performance Indicators:

- September resulted in an operating loss of \$17,594; \$34,811 favorable to a budgeted loss of \$52,405
- September volume of 214 surgeries is 8 below the September budget of 222 due to the holiday
- October resulted in an operating loss of \$86,293; \$35,386 unfavorable to plan
- Total surgeries were 280 for October; 51 above the October budget of 229

The following items have budget variances for the months of September and October 2024:

Patient Revenue:

For September, gross patient revenue was 13% favorable to budget for the month, with the budget at \$1,573,972 and the actual gross patient revenue at \$1,774,519. September net revenue of \$506,173 is \$81,201 greater than the September budgeted net revenue of \$424,972.

For October gross patient revenue had a 24% favorable budget variance with actual gross patient revenue of \$2,014,014 compared to the budget of \$1,626,438. October net revenue of \$517,077 is \$77,939 greater than the budget of \$439,138.

On a fiscal year-to-date basis, gross patient revenue of \$7,288,417 is 13% higher than the budget of \$6,453,286.

Supplies Expense:

September supplies were over budget due to the purchase of ophthalmology supplies. October was also over budget related to an increase in volume of approximately 60 cases above the monthly average.

Salary and Benefit Expense:

Salary expenses for September were \$157,971. This was \$4,945 over the budgeted amount of \$153,026. October salary expenses were \$168,766 which was \$10,639 over the October budget of \$158,127 due to overtime to cover increased volume. Benefit expenses for September were \$22,230 which was \$16,026 below the budget of \$38,256. Benefit expenses for October were \$21,058 which was \$18,474 below the budget of \$39,532.

Purchased Services:

September purchased services in the amount of \$99,789 was over budget by \$10,029 due to repair of the medical gas system. October purchased services of \$91,849 was over budget by \$1,400 due to support for equipment and instrumentation.

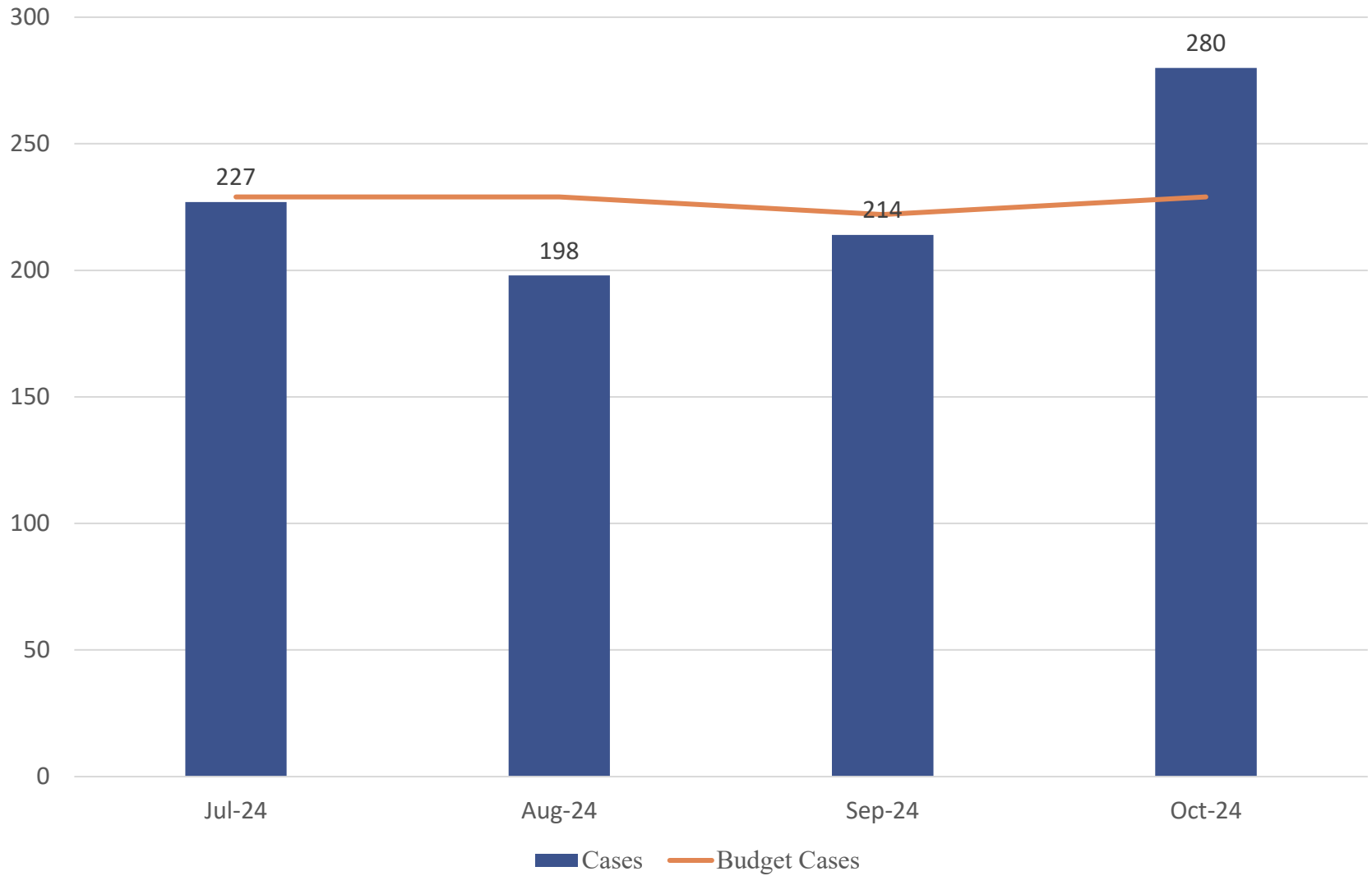
Initiatives for Marketing and Growth:

The Director of Nursing has been meeting with community orthopedic surgeons and is actively working toward a total joint program in the ASC.

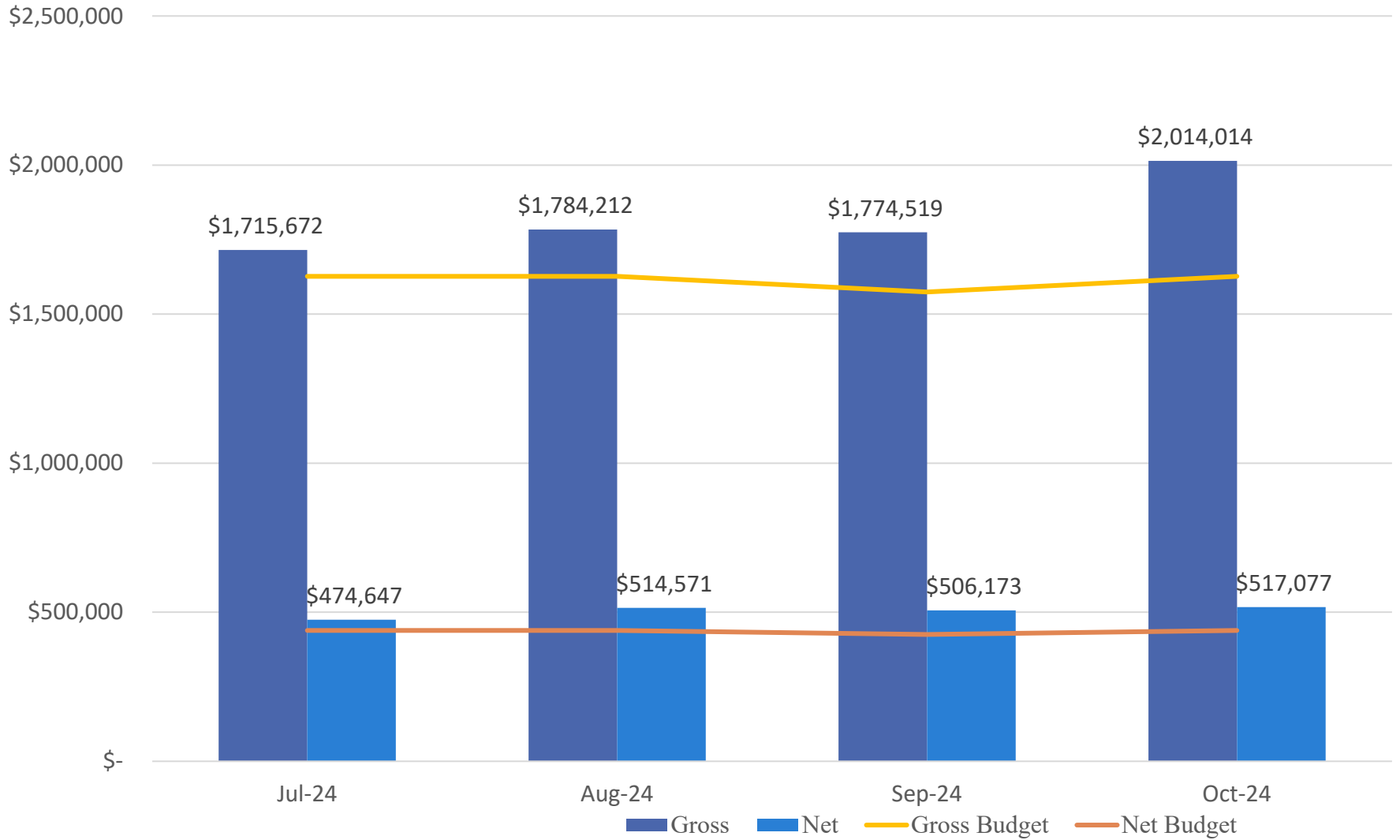


**BOARD OF MANAGERS' REPORT
SEPTEMBER 2024 – OCTOBER 2024**

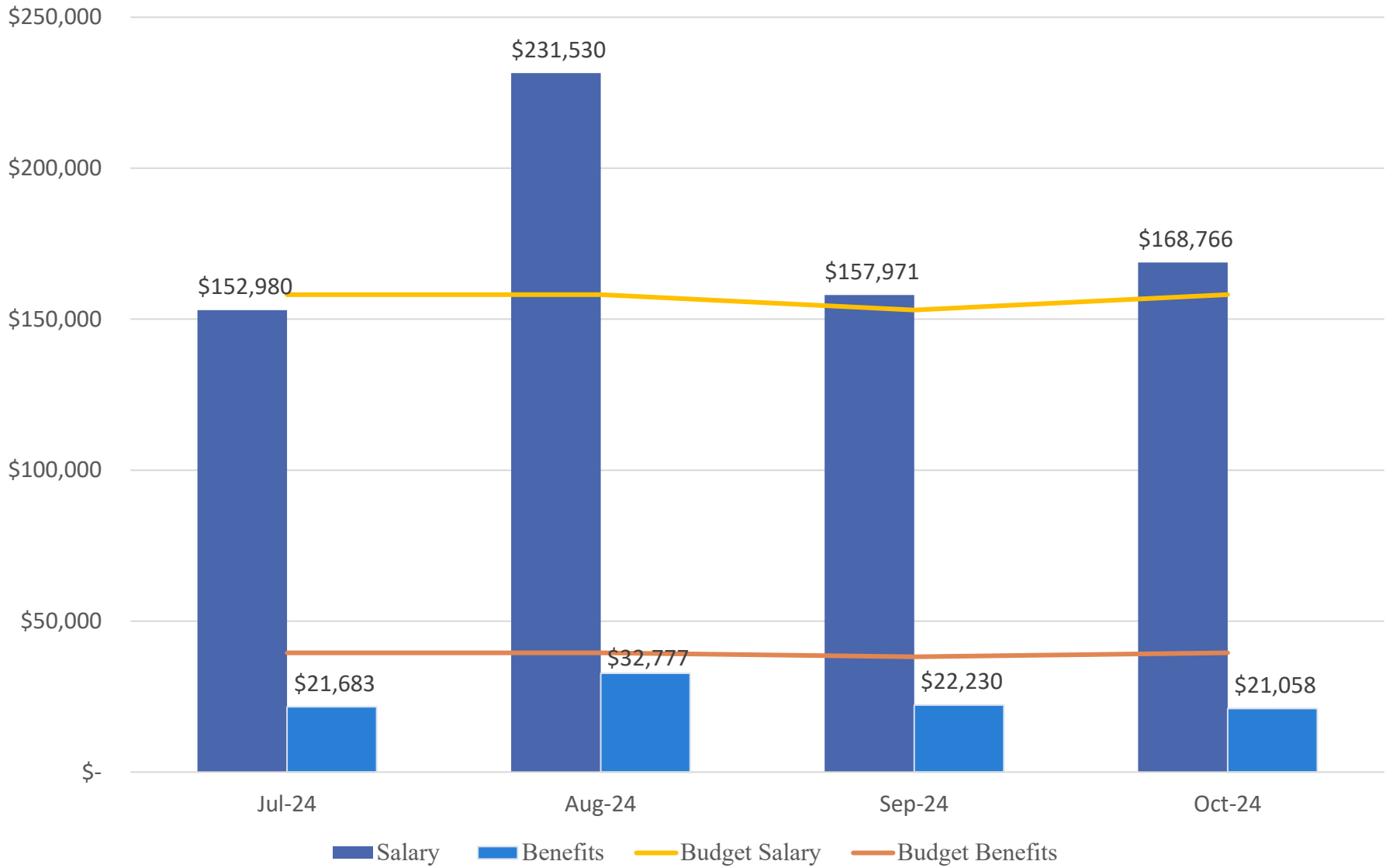
Case Volume



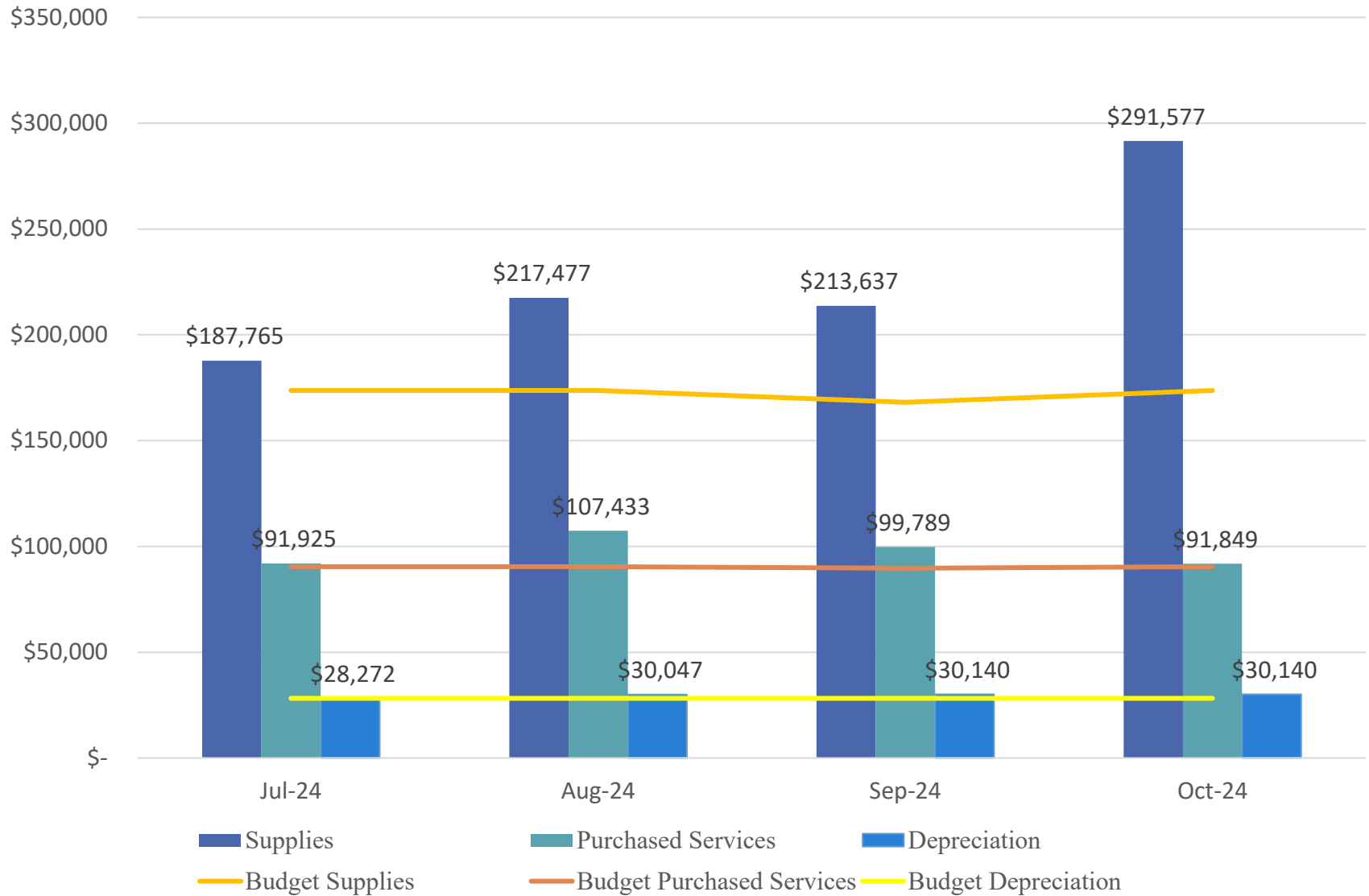
Total Revenue



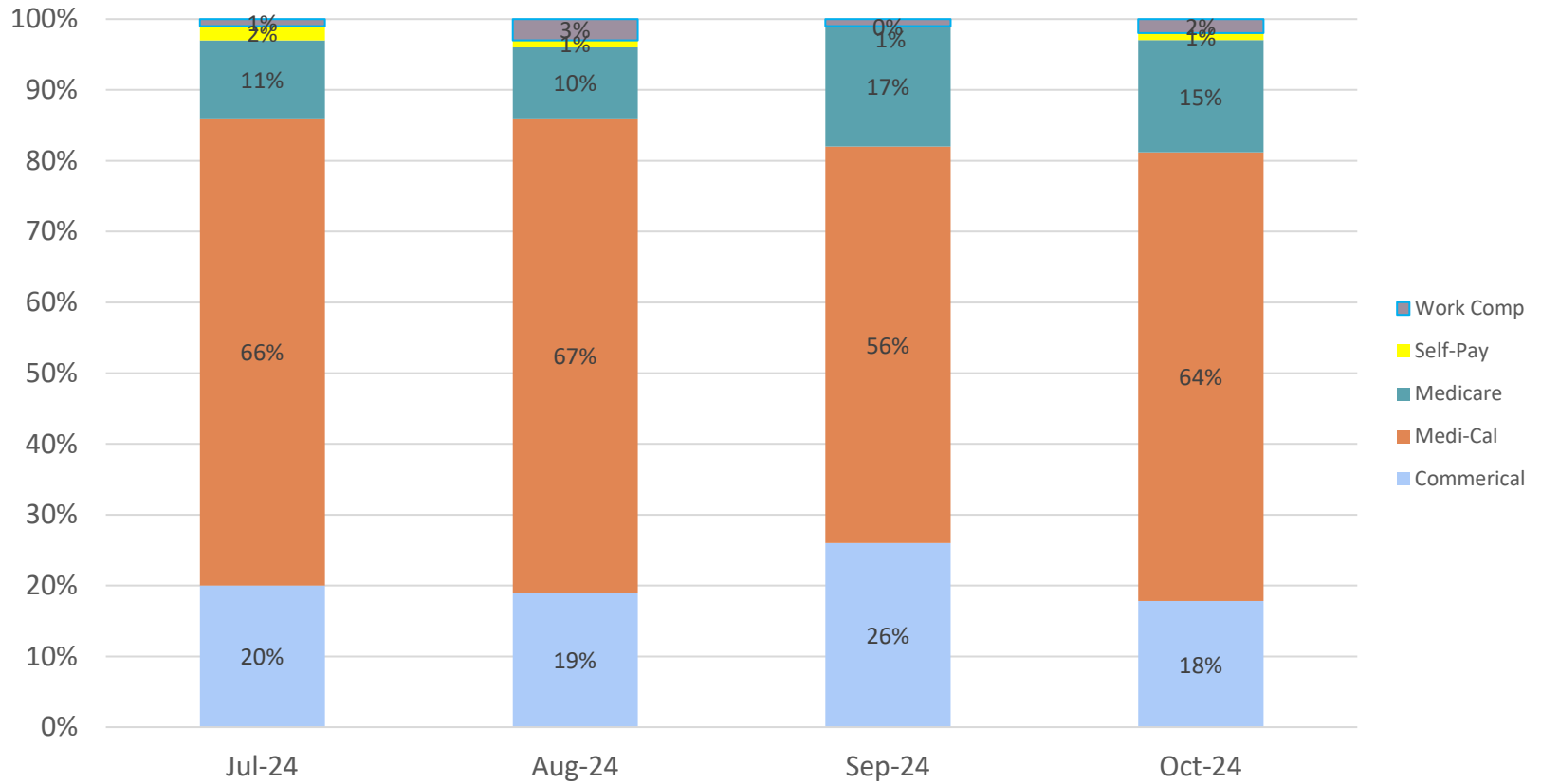
Expenses



Expenses



PAYER MIX



**Kern Medical Surgery Center, LLC.
Profit and Loss**

	Sept-24	Oct-24	Budget Oct-24	Variance
Gross Revenue	\$ 1,774,519	\$ 2,014,014	\$ 1,626,438	\$ (387,576)
Net Revenue	506,173	517,077	439,138	77,939
Salaries	157,971	168,766	158,127	(10,639)
Benefits	22,230	21,058	39,532	18,474
Supplies	213,637	291,557	173,650	(117,907)
Purchased Services	99,789	91,849	90,449	(1,400)
Depreciation	30,140	30,140	28,287	(1,853)
Total Expenses	523,767	603,370	490,045	(113,325)
Net Operating Gain (Loss)	\$ (17,594)	\$ (86,293)	\$ (50,907)	(35,386)

**Kern Medical Surgery Center, LLC.
Profit and Loss
Fiscal Year to Date**

	Actual FYTD	Budget FTYD
Gross Revenue	\$ 7,288,417	\$ 6,453,286
Net Revenue	2,012,468	1,742,386
Salaries	711,247	627,407
Benefits	97,748	156,852
Supplies	910,435	688,998
Purchased Services	390,996	361,107
Depreciation	118,599	113,148
Total Expenses	\$ 2,229,025	\$ 1,947,511
Net Operating Gain (Loss)	\$ (216,557)	\$ (205,126)

Balance Sheet
As of October 31, 2024

	Sept -24	Oct -24
ASSETS		
Total Cash on Hand	\$ 155,150	\$ 133,355
Gross Patient Receivables	2,126,839	1,935,407
Contractual Reserve	(1,510,056)	(1,374,139)
Net Patient Receivables	616,783	561,268
Other Receivables	-	-
Total Accounts Receivable	648,261	572,052
Total Other Current Assets	756	2,246
Total Current Assets	804,167	707,653
Total Fixed Assets	778,725	748,584
TOTAL ASSETS	1,582,891	1,456,237
Liabilities and Equity		
Total Accounts Payable	2,795,767	2,757,721
TOTAL LIABILITIES	2,945,801	2,905,440
Total Equity	(1,362,910)	(1,449,203)
TOTAL LIABILITIES AND EQUITY	\$ 1,582,891	\$ 1,456,237



**BOARD OF MANAGERS
REGULAR MEETING
KERN MEDICAL SURGERY CENTER, LLC**

December 11, 2024

Subject: Proposed credentialing recommendations

Recommended Action: Approve

Summary:

It is recommended that your Board approve the attached credentialing recommendations for Kern Medical Surgery Center, LLC.

**CREDENTIALING RECOMMENDATIONS TO BOARD OF MANAGERS
DECEMBER 11, 2024**

Initial Appointments: The following practitioner(s) are recommended for initial appointment and clinical privileges as delineated by the respective department chair:

Moh'd Sbeih, MD, General Surgery

APP Initial Appointments:

Gina Yan, CRNA

Leeshy Levi, CRNA

Reappointments: The following practitioner(s) are recommended for reappointment and clinical privileges as delineated by the respective department chair:

David Bowen, MD, Hand Surgery

Shahab Hillyer, MD, Urology

Leo Langlois, MD, Pain Management

Pavel Moldavskiy, MD, Hand Surgery

Chou Yang, MD, Anesthesia

Stephanie Liu, Podiatric Medical Resident, Podiatry

APP Reappointments:

None

**BOARD OF SUPERVISORS
COUNTY OF KERN**

SUPERVISORS

PHILLIP PETERS
Vacant
JEFF FLORES
DAVID COUCH
LETICIA PEREZ

District 1
District 2
District 3
District 4
District 5



KATHLEEN KRAUSE
CLERK OF THE BOARD OF SUPERVISORS
Kern County Administrative Center
1115 Truxtun Avenue, 5th Floor
Bakersfield, CA 93301
Telephone (661) 868-3585
TTY (800) 735-2929
www.kerncounty.com

November 5, 2024

Kern Medical Surgery Center, LLC
Attention: Mona Allen
mona.allen@kernmedical.com

Re: Initial Conflict of Interest Code for Kern Medical Surgery Center, LLC

As the code reviewing body for Kern County agencies, special districts and County departments, and pursuant to Government Code Section 87303, the Board of Supervisors took action on November 5, 2024, and approved the Initial Conflict of Interest Code for Kern Medical Surgery Center, LLC.

A copy of the approved code is attached for your information along with the Tracking Page. If you have any questions, or if we can be of further assistance, please let us know.

Sincerely,

KATHLEEN KRAUSE
Clerk of the Board of Supervisors

A handwritten signature in black ink, appearing to read "SR", is written over a horizontal line.

By: Susan Rodriguez
Deputy Clerk

Enclosure
KK/sr

BOARD OF SUPERVISORS
COUNTY OF KERN

TRACKING PAGE

9:00 A.M.

TUESDAY - November 5, 2024

CLERK OF THE BOARD

CA-31) Initial Conflict of Interest Code for Kern Medical Surgery Center, LLC (Fiscal Impact: None) - APPROVED

Flores-Peters: All Ayes

**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 December 11, 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 practitioners (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 December 11, 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: Jeffry Huffman, an individual, Plaintiff, v. Kern County Hospital Authority, a California Public Entity; and DOES 1-25, inclusive, Defendants, Kern County Superior Court Case No. BCV-23-103540 –

**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 December 11, 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**

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

On the recommendation of the Chief Executive Officer, the Board of Governors will hold a closed session on December 11, 2024, the premature disclosure of which would create a substantial probability of depriving the authority of a substantial economic benefit or opportunity. The closed session involves:

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