



PUBLIC NOTICE
KERN VALLEY HEALTHCARE DISTRICT
AGENDA FOR BOARD OF DIRECTORS
September 11, 2025 – 2:00 p.m.
Location: Administrative Conference Room
www.kvhd.org

REMOTE PARTICIPATION: Microsoft Teams
Meeting ID: 224 833 051 525 0 Passcode: Dp6oh2Yi

A. CALL TO ORDER

B. APPROVAL OF AGENDA

(pages 1-4)

1. Flag Salute

2. Invocation

3. Mission Statement: We will provide high quality, efficient patient-care services that respond to community and provider needs. We will provide leadership in health promotion and education for our patients, residents, medical staff, employees and community throughout the district.

C. PUBLIC COMMENT: 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. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. The Board cannot take action on items not listed on the agenda for action. Speakers are limited to three minutes. Please state your name before making your comment.

D. CONSENT AGENDA: The following items are considered routine and non-controversial by Hospital Staff. Consent items are listed as **ACTION** items 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, the item will be removed from the Consent Agenda and will be considered separately.

1. Board of Directors Meeting Minutes – August 14, 2025

(pages 5-9)

Recommendation – Approve minutes as presented

2. Board Governance Meeting Minutes – August 26, 2025

(pages 10-11)

Recommendation – Accept minutes pending committee approval

3. Building & Planning Meeting Minutes – August 26, 2025

(pages 12-14)

Recommendation – Accept minutes pending committee approval

4. **Finance Committee Meeting Minutes – August 28, 2025** (pages 15-17)
Recommendation – Accept minutes pending committee approval
5. **Unaudited Financial Statement – July 2025** (pages 18-28)
Recommendation – Accept financial statement as presented
6. **13-Month Patient Statistics – July 2025** (pages 29-30)
Recommendation – Accept report as presented
7. **Financial Report Narrative Summary – July 2025** (page 31)
Recommendation - Accept report as presented
8. **Contracts:** (page 32)
Recommendation – Continue with contracts
 - a. Clinicians Telemed Medical Group – Telemedicine Services
 - b. CPSI – EHR
 - c. Digi International (Smart Sense) – Asset Monitoring by Device
 - d. Go Daddy (VPN) – Secure Certificates VPN (kvhd.org)
 - e. Managed Care Advisory Group (MCAG) – Dispute Resolution
 - f. MCG Healthcare – Interqual Criteria
 - g. RLDatix (Quantros0 – Safety and Risk Program
 - h. Serenity Med Search – Professional Services
 - i. TeleHealth Docs – Specialty Providers
9. **Board Personnel & Policy Meeting Minutes – August 25, 2025** (pages 33-35)
Recommendation – Accept minutes pending committee approval
10. **Human Resources Report – July 2025** (page 36)
Recommendation – Accept report as presented
11. **Policies:**
Recommendation – Approve policies as presented
 - Administration:
 - Grievances/Complaints
 - Just Culture
 - General Accounting:
 - Contracts
 - Housekeeping:
 - Cubicle Curtain and Shower Curtain Cleaning
 - Human Resources:
 - Bereavement Leave (Death in the Family)
 - Criminal Records Verification
 - Employee Pre-Placement Medical Screening
 - Immigration Law Compliance
 - Introductory Period
 - Social Media, Networking, and Other Web-Based Communications
 - Work Rule Guidelines – Rules of Conduct
 - Infection Control:
 - IC Surveillance Program – Acute Care

Materials Management:

Purchase Orders
 Purchasing Policy
 Shipping Services
 Back Orders
 Delivery of Items

12. Manuals:

Recommendation – Approve manuals as presented

Administration
 Nursing
 Safety

13. Medical Appointments:

Recommendation – Approve appointments as presented

Michael Green, MD – Provisional – Emergency Services
 Benjamin Mati, MD – Locum Tenens – Emergency Services

14. Medical Reappointments: None**15. Chief of Medical Staff Report**

Handout

Recommendation – Review report

16. Chief Nursing Officer Report

(page 37)

Recommendation – Review report

17. Chief Information Officer Report

(page 38)

Recommendation - Review report

18. Foundation/Auxiliary Report

(page 39)

Recommendation – Review report

19. Capital Expenditure Request – Maxi-Move Lift (SNF)

(pages 40-43)

Recommendation – Approve CER as presented

20. Medical Director Services Agreement – Gary Finstad, MD

(pages 44-49)

Recommendation – Approve agreement as presented

21. Podiatric Physician Services Agreement – Holly Spohn, DPM

(pages 50-57)

Recommendation – Approve agreement as presented

22. RHC Medical Director Agreement – Samantha Mongar, DO

(pages 58-63)

Recommendation – Approve agreement as presented

E. REPORTS:**1. Chief Executive Officer**

John Lovrich, Chief Executive Officer
Recommendation – Hear report

Information

F. OLD BUSINESS: None

G. NEW BUSINESS:

- 1. Resolution 25-08 – Resolution Authorizing and Accepting the Purchase of Surplus Generators**
John Lovrich, Chief Executive Officer
Recommendation – Adopt resolution to purchase generators as presented
Action
(pages 64-65)
- 2. Resolution 25-09 – Resolution Appointing the Chief Executive Officer as District Representative to Execute and Submit an Application to the California State Board of Pharmacy for Relocation of the Retail Pharmacy**
John Lovrich, Chief Executive Officer
Recommendation – Adopt resolution as presented
Action
(page 66)
- 3. Revenue Cycle Services Agreement – PMNagle Consulting, LLC**
John Lovrich, Chief Executive Officer
Recommendation – Approve agreement as presented
Action
(pages 67-69)
- 4. Voluntary Rate Range IGT Consulting Agreement – SCA Consulting**
John Lovrich, Chief Executive Officer
Recommendation – Approve agreement as presented
Action
(pages 70-77)
- 5. District Hospital Directed Payment Program – SCA Consulting**
John Lovrich, Chief Executive Officer
Recommendation – Approve agreement as presented
Action
(pages 78-84)

H. DIRECTORS COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**I. CLOSED SESSION:**

- Medical Quality Report
- Existing Litigation – Benson/Lao v. KVHD
- Existing Litigation – Volkava v. KVHD
- Existing Litigation – Rostad v. KVHD

J. CLOSED SESSION REPORT

Scott Nave, Legal Counsel

K. ADJOURNMENT



**KERN VALLEY HEALTHCARE DISTRICT
MINUTES FOR BOARD OF DIRECTORS MEETING**

Location: Administrative Conference Room/Teams
Thursday, August 14, 2025 – 2:00pm

PRESENT: John Blythe, Board Chair
Katheryn Elconin, 1st Vice Chair
Fred Clark, 2nd Vice Chair
Ross Elliott, Secretary
Gene Parks, Treasurer
John Lovrich, Chief Financial Officer
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Amy Smith, Controller
Scott Nave, Legal Counsel
Dena Griffith, Risk Manager
Deb Hess, Marketing/Public Relations
Greg Davis, Director of Population Health

ABSENT: Timothy McGlew, Chief Executive Officer

- A. CALL TO ORDER:** The meeting was called to order at 2:00pm by Director Blythe.
- B. APPROVAL OF THE AGENDA:** A motion was made by Director Clark to approve the agenda as presented. The motion was seconded by Director Parks. The motion passed unanimously.
- 1. FLAG SALUTE:** Director Clark
 - 2. INVOCATION:** Director Elconin
 - 3. MISSION STATEMENT:** We will provide high quality, efficient patient-care services that respond to community and provider needs. We will provide leadership in health promotion and education for our patients, residents, medical staff, employees and community throughout the district.
- C. PUBLIC COMMENT:** No Public Comment, but Director Blythe took this opportunity to introduce the new reporter for the Kern Valley Sun, Spencer, who will be covering the Board meetings.
- D. CONSENT AGENDA:**
1. Board of Directors Meeting Minutes –July 10, 2025
 2. Governance Committee Meeting Minutes – July 29, 2025
 3. Compliance Committee Meeting Minutes – July 29, 2025
 4. Building & Planning Committee Meeting Minutes – July 29, 2025
 5. Finance Committee Meeting Minutes – July 29, 2025

6. Unaudited Financial Statement – June 2025
7. 13-Month Patient Statistic – June 2025
8. Financial Report Narrative Summary – June 2025
9. Contracts:
 - a. Autoremind – RHC Messaging
 - b. Kevin J. Chamas, MD – Emergency Services
 - c. Diagnostica Stago – Stage Lease Agreement
 - d. eRad – RIS/PACS/Teleradiology
 - e. Gary Finstad, MD – Critical Access/Medical Staff
 - f. Jaime and Doris LeeHo Trust – 4308 Birch Rental
 - g. Kern River Propane – Gas for 18,000 Gallon Tank
 - h. Sarah Lopez, DO – Supervisory Agreement RHC
 - i. MSDS Online – Material Safety Data Sheets
 - j. Peter Newell, MD – Emergency Services
 - k. Qliq Soft – Secure Messaging Subscription
 - l. Time Clock Plus (TCP) – Schedule Anywhere
 - m. Trane Building Services – Service for Chiller 19
 - n. T-Systems (Corro Health) – EHR in Emergency Department
 - o. Andy Werking – Health Plan Contract Consulting
 - p. Kris Hall, MD – Medical Director ED
10. Board Personnel & Policy Meeting Minutes – July 28, 2025
11. Human Resources Report – June 2025
12. Policies:
 - Administration:
 - Non-Discrimination Policy
 - Central Service:
 - Lint-Free Towels, Preparation of
 - Emergency Department:
 - Nursing Staffing Plan – Emergency Department
 - Infection Control:
 - Hand Hygiene Program
 - Mesa Clinical Pharmacy:
 - Duty to Consult – Outpatient
 - Nursing:
 - Staff Nursing Competency
 - Radiology:
 - Code Brown Disaster Event Recall Roster
 - Respiratory:
 - Replacement Schedule of Disposable RT Equipment and Supplies
 - Scope of Services
 - Ventilator Set-Up and Management
 - Skilled Nursing Facility:
 - Resident Representative
 - Staffing Sufficient and Competent Nursing
13. Manuals:
 - Housekeeping
 - Radiology
 - Skilled Nursing

SNF Social Services

SNF Pharmacy

14. Medical Appointments and Reappointments: None
15. Chief of Medical Staff Report
16. Chief Nursing Officer Report – *Pulled by Director Elliott*
17. Chief Information Officer Report
18. Foundation/Auxiliary Report
19. Capital Expenditure Request – Baxter Smart Pumps
20. Employee Pension Contributions
21. Nurse Practitioner Agreement for ED Services – Todd Rowland

Director Elliot requested that item 16, the Chief Nursing Officer Report, be pulled from consent for further discussion. This item will be placed under New Business as item G4. A motion was made by Director Parks to approve the consent agenda as amended. The motion was seconded by Director Elliott. The motion passed unanimously.

E. REPORTS:

1. **Chief Executive Officer:** The CEO Report was given by John Lovrich as Mr. McGlew was absent today. Mr. Lovrich reported that the Kern County Board of Supervisors unanimously agreed to submit the HMGP grant on our behalf. The pharmacy expansion project is coming along, and Mesa Clinical Pharmacy plans to begin home delivery service next week. Mr. Lovrich reported that we are also working with USPS for postal delivery of prescriptions, but due to space limitations this will likely have to wait until the pharmacy moves location. Medical Records is close to moving into their new space. The District continues to work on the Corro Health project. The claims review portion was completed, and we have some work to do in this area. A new Marketing Manager has been hired and is scheduled to start next Monday. The District is in the middle of a MediCal audit for FY2024. We are also beginning to prepare for the audit with JWT which will begin in August. Mr. Lovrich is working with Andy Working on a VA pharmacy agreement. The CNA graduation ceremony was held yesterday, and we graduated 8 students. Mr. Lovrich spoke with the county Assessors Office about the vacant lot next to our new building. The taxes are four years in arrears, but it takes six years before it goes up for auction so it will not be available until 2027. The Auxiliary has agreed to fund the purchase of a truck for the Maintenance Department. The District was informed that Tehachapi was willing to gift KVHD two generators that will assist with our recurring power outages.

F. OLD BUSINESS: None.

G. NEW BUSINESS:

1. **Resolution 25-06 – Resolution Declaring Surplus Property:** The resolution declaring surplus property was presented by Mr. Lovrich. The resolution would surplus several pieces of IT equipment. After brief discussion, a motion was made by Director Clark to adopt the resolution as presented. The motion was seconded by Director Elconin. Motion carried with a vote of 5/0.
2. **Resolution 25-07 – Resolution Affirming Its Investment Policy and Approving a Budget for the Fiscal Year Commencing July 1, 2025:** Considering that the budget was presented and discussed at the last Board meeting, there was no further discussion today. A motion was

made by Director Parks to adopt the resolution as presented. The motion was seconded by Director Elconin. Motion carried with a vote of 5/0.

- 3. Concerns About Medicaid Cuts (HR1) and its impact on Kern Valley Healthcare District:** Director Elliott expressed his concern about the potential financial impact down the road. Director Elliott feels the District may be facing 20-25% reduction in income in 2027-28. Director Elliott stated although no one knows for sure yet what will happen, he is very concerned and the District needs to start taking action to be prepared for the storm. Director Elliott suggested the District consider several actions including a hiring freeze (except essential staff), potential layoffs, job sharing, continue process improvement efforts to increase efficiency, potential salary freezes, make use of AI, look for new services/revenue streams, and greater use of mid-level providers in the ER. Director Clark stated he hears the concerns and stated there is still a lot of negotiating underway with regard to the budget. Director Clark does not want to see the District make poor decisions as a reaction to potential cuts. Director Elliott stated the District needs to start planning now in order to be prepared down the road. Director Blythe thanked Director Elliott for sharing his concerns, the healthy discussion, and would like the District to continue to plan ahead. Director Elconin agreed that she was concerned, but asked that she not be grouped into “the other Board member” comments. Mr. Lovrich stated he is also very concerned about the potential changes coming, but feels there are still a lot of negotiations occurring that will change the actual impact on the District.

- 4. Chief Nursing Officer Report:** This item was pulled from the Consent Agenda by Director Elliott for further discussion. Director Elliott inquired about the comment about increased staffing in the ER and requested an estimated cost of this proposed increase. A motion was then made by Director Elliott to accept the report. The motion was seconded by Director Clark. Motion passed with a vote of 5/0.

H. DIRECTOR’S COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA:

Director Elliott: Director Elliott had no additional comments today.

Director Clark: Director Clark thanked everyone for being here.

Director Elconin: Director Elconin thanked the staff who organized and participated in the CNA graduation ceremony and is looking forward to the next graduation ceremony. Director Elconin also thanked Director Elliott for putting together the information regarding his concerns.

Director Parks: Director Parks stated we need to look for ways to stay proactive.

Director Blythe: Director Blythe thanked everyone for coming and for the productive meeting.

I. CLOSED SESSION: The Board went into closed session at 3:05pm.

- Existing Litigation – Benson/Lao v. KVHD
- Existing Litigation – Volkava v. KVHD
- Existing Litigation – Rostad v. KVHD

The Board came out of closed session at 3:19pm.

J. CLOSED SESSION REPORT: The closed session report was given by Scott Nave, Legal Counsel. In closed session, Counsel updated the Board on Benson, Volkava, and Rostad existing litigation. No action was taken. No other items were discussed.

K. ADJOURNMENT: The meeting was adjourned at 3:20pm by Director Blythe.

Approved by:

Ross Elliott, Secretary

John Blythe, Chair



BOARD OF DIRECTORS GOVERNANCE MEETING MINUTES

Tuesday, August 26, 2025 – 9:00a.m.

Location: Administrative Conference Room

In Attendance: John Blythe, Committee Chair
Katheryn Elconin, Committee Member
Tim McGlew, Chief Executive Officer
Cary Zuber, Chief Information Officer

- A. CALL TO ORDER:** The meeting was called to order at 9:00am by Director Blythe.
- B. APPROVAL OF AGENDA:** The agenda was approved as distributed.
- C. APPROVAL OF MINUTES:** The minutes of the July 29, 2025 meeting were approved as distributed.
- D. PUBLIC COMMENT:** No public comment this morning.
- E. REPORTS:**
 - 1. Chairman's Report:** Director Blythe reported that Congressman Vince Fong will be coming to the valley at the end of September (9/25). There was discussion about potentially moving the Building & Planning meeting to the 25th if Mr. Fong is available to attend to give the full Board the opportunity to meet him to discuss legislative issues affecting KVHD. Director Blythe is expecting a call back from the office coordinator. Director Blythe stated he had not had the opportunity to speak with Legal Counsel about changes to the Brown Act but will follow up for the next meeting.
 - 2. CEO Report:** Mr. McGlew reported that there has been a COVID outbreak in the Skilled Nursing Facility with 10 residents and 5 staff members testing positive. The unit has been on expanded precautions until we get past the outbreak. The Board of Tehachapi Valley Healthcare District approved the sale of two surplus generators to our facility for \$1.00 each. Legal Counsel is drafting the resolution and bill of sale, which will go to our next Board meeting. Work continues on the new location for retail pharmacy. We are waiting on the arrival of the cabinets for the work stations. Mr. McGlew also reported that he is working on finishing up his outstanding evaluations and will begin clearly out his office next week.
 - 3. CIO Marketing Report:** Mr. Zuber updated the committee on the marketing efforts for the last month, both internally and externally. Highlights included an update on "Our Patient Stories". Should have stories going up on social media shortly.

- 4. Strategic Plan Update:** Mr. McGlew gave a brief update on implementation of the strategic plan. There are not any significant changes since last month's update. Work continues on the new location for retail pharmacy. Getting the census up remains a big focus, as well as controlling costs and identifying new revenue streams.

F. OLD BUSINESS: None

G. NEW BUSINESS: None

H. ADJOURNMENT: The meeting was adjourned at 9:30am.

Submitted By: _____

Approved By: _____



**BUILDING AND PLANNING COMMITTEE
AND SPECIAL MEETING OF THE BOARD OF DIRECTORS MINUTES
Tuesday, August 26, 2025 – 1:00pm
Administrative Conference Room**

In Attendance: John Blythe, Chairman
Katheryn Elconin, 1st Vice Chair
Fred Clark, 2nd Vice Chair
Gene Parks, Treasurer
Tim McGlew, Chief Executive Officer
John Lovrich, Chief Financial Officer
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Bob Easterday, Plant Operations Manager
Greg Davis, MVHC Manager
Ross Elliott, Secretary (joined remotely at 1:28pm, but did not participate in the meeting)

- A. **Call to Order:** The meeting was called to order at 1:01pm by Director Blythe. Director Blythe stated he needed to leave
- B. **Approval of Agenda:** The agenda was approved as distributed. FC, KE 4/0.
- C. **Public Comment:** Mrs. Hess took this opportunity to introduce the new Marketing/PR Manager, Nicolas Caver, who will be taking over for her when she retires next month.
- D. **Approval of Minutes from July 29, 2025 Meeting:** The minutes of the July 29, 2025 meeting were approved as distributed. FC, KE, 4/0.
- E. **Project Update:** The project update summary was given by Mr. Easterday.
 - 1. **Master Plan:** Kern County Board of Supervisors voted to approve submitting the grant application to CalOES/FEMA on behalf of KVHD. The consultants are going through all of the documents to make sure they are in order and meet the criteria for the HMPG grant process. The application will officially be submitted at the end of the week. Mr. Easterday also reported that all applications are due by January and ours will be evaluated with all other applications. They are unable to fast-track our application. Mr. Easterday reported that he also had a lengthy conversation with the architect/engineer about what our potential options are if we do not get the seismic grant. There were loose conversations about potentially using Surgery for a new

Emergency Department and proceeding with moving the inpatient pharmacy to the old Medical Records department.

2. **New Administration Building:** Work continues on suites D and E for the retail pharmacy. Framing has been completed and they are beginning to work on the drywall. Cabling is scheduled to start today. Mr. Easterday updated the Board on the rolling shutters stating the lead time is approximately 4 weeks and can change to interior mount at no extra cost. Director Parks asked if the rolling shutters were necessary, and if security cameras can be used as an alternative. Mr. Easterday stated we are continuing to discuss option. Mr. Easterday also reported that he still needs to follow up with Legal Counsel about the possibility of paving the lot between our building and the Red Rooster and will report back.
3. **Emergency Generator:** The drawings for the bracing of the conduits are going to HCAI for approval. Once approved, the contractor will proceed with installation of the bracing and with the ACD to run power to the maintenance shop. After completion of these two items, the project will be closed with OSHPD/HCAI. Also, Tehachapi Valley Healthcare District has two surplus generators that they would like to sell to KVHD for \$1.00. Legal Counsel is drafting the resolution and bill of sale which will go to the next Board of Directors meeting for approval.
4. **NPC Seismic Upgrade of Dietary, Surgery, and Central Plant Buildings:** Mr. Easterday reported that the District is proceeding with the drawings, but it does not make sense to proceed with the work unless our seismic continues to move forward. There was also discussion about emergency water. Mr. Easterday stated it makes more sense for the District to have our own well on the lot at the corner of Laurel and Birch rather
5. **Skilled Nursing Building Reclassification:** Mr. Easterday walked this job with the architect and engineer to determine exactly which utilities currently have seismic give at the building separation. Most utilities have seismic give, but the domestic water and heating/cooling water do not. Solutions were worked out for this to be addressed.
6. **Dietary Area Cosmetic Work:** Mr. Easterday has a part-time staff member working on some of the cosmetic work identified in dietary.
7. **Acute Care Restrooms:** Mr. Easterday is getting a proposal to replace the shower doors in the AC restrooms.

F. **Mesa Clinical Pharmacy Upgrade:** This item was covered under the project update.

Director Blythe left at this point in the meeting and handed the meeting over to Director Elconin.

- G. **Capital Expenditure Request – Maintenance Truck:** The capital expenditure request for the truck for maintenance was presented by Mr. Lovrich. Mr. Lovrich stated this vehicle would replace one of the maintenance vehicles that has been in the shop several times recently. This is a panel truck with a lift that will allow the maintenance department to more easily and safely move various items. Mr. Lovrich reported that the Auxiliary has agreed to fund this purchase. After lengthy discussion, a motion was made by Director Parks to approve the request. Motion was seconded by Director Clark. Motion passed with a vote of 3/0.

- H. Invoice Review/Approval:** The invoice was reviewed and discussed. A motion was made by Director Clark to approve the invoice for payment. The motion was seconded by Director Parks. Using a roll call vote, the motion passed with a vote of 3/0.
1. Greenbough Design – Inv.# 994 – Dietary Stove - \$1,665.00

- I. Adjournment:** The meeting was adjourned at approximately 2:00pm by Director Blythe.

Submitted By: _____

Approved By: _____



**MINUTES FOR FINANCE COMMITTEE MEETING
ADMINISTRATIVE CONFERENCE ROOM
Thursday, August 28, 2025 – 10:00am**

A. CALLED TO ORDER: The meeting was called to order by Director Parks at 10:00a.m.

PRESENT: Gene Parks, Committee Chair
Fred Clark, Committee Member
John Lovrich, Chief Financial Officer
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Amy Smith, Controller
Greg Davis, Director of Population Health
Cassandra Coleman, Human Resources Manager
Deb Hess, Marketing/PR Manager
Nicolas Caver, Incoming Marketing/PR Manager

B. CHANGES TO AGENDA: Director Parks requested to table item G6, Advertising Budget, The agenda was approved as amended.

C. APPROVAL OF MINUTES: The minutes of the July 30, 2025 meeting were approved as distributed.

D. PUBLIC COMMENT: No public comment.

E. FINANCIAL STATEMENT – July 2025:

Unaudited Financial Statements: Mr. Lovrich presented the financial report for July. Mr. Lovrich reported that he has increased the contractuals by 2% in anticipation of potential cuts. This resulted in a loss for the month of July. Until we know for sure, Mr. Lovrich plans on being very conservative. For the month, the District had a net loss of \$53,058.

Narrative Summary:

Positive takeaways for the month:

- Long Term Care revenue was over budget.
- Net patient revenue was over budget.
- Retail Pharmacy revenue was over budget.
- Clinic revenue was over budget.
- Outpatient revenue over budget.
- Most volumes were over budget.

Negative takeaways for the month:

- There was a net loss for the month.
- Operating expenses were over budget.
- Clinic volumes was under budget.

13-Month Statistics: Reviewed and discussed.

Local Vendor Aging Report: The Local Vendor Aging Report was presented by Ms. Smith. As of 8/20/25, the balance was \$12, 681.45, with none over 30 days.

F. OLD BUSINESS: None

G. NEW BUSINESS:

1. Contract Review/Renewal Summary:

Sally Emery, Compliance Officer

- a. Clinicians Telemed Medical Group – Telemedicine Specialties
- b. CPSI – EHR
- c. Digi International (Smart Sense) – Asset Monitoring by Device
- d. Go Daddy (VPN) – Secure Certificates VPN (kvhd.org)
- e. Managed Care Advisory Group (MCAG) – Dispute Resolution (Hospital Council)
- f. MCG Healthcare – Interqual Criteria
- g. RLDatix (Quantros) – Safety and Risk Program
- h. Serenity Med Search – Professional Services
- i. TeleHealth Docs – Specialty Providers

The contracts were reviewed, discussed and approved by this committee and will be placed on the Board consent agenda for full Board consideration.

2. Capital Expenditure Request – Maxi-Move Lift (SNF): The capital expenditure request for the Maxi-Move Lifts for SNF was submitted by Sally Markman, SNF DON. The request is for two lifts to replace the current ones that are becoming obsolete so it is becoming increasingly difficult to obtain parts for repairs. The request was approved by this committee and will be placed on the Board of Directors consent agenda for full Board consideration.

3. Medical Director Services Agreement – Gary Finstad, MD: This Medical Director Services Agreement for Dr. Finstad is essentially a renewal of an existing agreement that recently expired. There were no changes made to the hourly rates or other terms. The committee approved this agreement and will be placed on the Board of Directors consent agenda for full Board consideration.

4. Podiatric Physician Services Agreement – Holly-Spohn-Gross, DPM: The Podiatric Physician Services Agreement for Dr. Spohn-Gross is also a renewal of an existing agreement, with an increase in the per patient rate. After brief discussion, this agreement was approved by this committee and will be placed on the Board of Directors consent agenda for full Board consideration.

5. Rural Health Clinic Medical Director Agreement – Samantha Mongar, DO: The Rural Health Clinic Medical Director Agreement for Dr. Mongar is essentially a renewal of an existing agreement that recently expired. There were no changes made to the hourly rates or other terms. The committee approved this agreement and will be placed on the Board of Directors consent agenda for full Board consideration.

6. Advertising Budget: This item was tabled by Director Parks.

H. ADJOURNMENT: The meeting was adjourned at 10:19a.m.

Submitted by:

Heidi Sage, Executive Assistant

Approved By:

Gene Parks, Treasurer



Unaudited Financial Statements

for

One Month Ending July 31, 2025

Certification Statement:

To the best of my knowledge, I certify for the hospital that the attached financial statements do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

Amy Smith
Controller

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KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2025

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Patient Statistics

KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2025

PAGE 2

Current Month					Year-To-Date				
	Actual 07/31/25	Budget 07/31/25	Positive/ (Negative) Variance	Prior Year 07/31/24	STATISTICS	Actual 07/31/25	Budget 07/31/25	Positive/ (Negative) Variance	Prior Year 07/31/24
Discharges									
[1]	27	30	(3)	25	Acute	27	30	(3)	25
[2]	4	2	2	4	Swing Beds	4	2	2	4
[3]	0	0	0	0	Psychiatric/Rehab	0	0	0	0
[4]	0	0	0	0	Respite	0	0	0	0
[5]	31	32	(1)	29	Total Adult Discharges	31	32	(1)	29
[6]	0	0	0	0	Newborn	0	0	0	0
[7]	31	32	(1)	29	Total Discharges	31	32	(1)	29
Patient Days:									
[8]	109	98	11	72	Acute	109	98	11	72
[9]	39	46	(7)	58	Swing Beds	39	46	(7)	58
[10]	0	0	0	0	Psychiatric/Rehab	0	0	0	0
[11]	0	0	0	0	Respite	0	0	0	0
[12]	148	144	4	130	Total Adult Patient Days	148	144	4	130
[13]	0	0	0	0	Newborn	0	0	0	0
[14]	148	144	4	130	Total Patient Days	148	144	4	130
Average Length of Stay (ALOS)									
[15]	4.0	3.3	(0.7)	2.9	Acute	4.04	3.3	(0.7)	2.9
[16]	9.8	20.8	11.1	14.5	Swing Bed	9.8	20.8	11.1	14.5
[17]	0.0	0.0	0.0	0.0	Psychiatric/Rehab	0.0	0.0	0.0	0.0
[18]	4.8	4.5	(0.3)	4.5	Total Adult ALOS	4.8	4.5	(0.3)	4.5
[19]	0.0	0.0	0.0	0.0	Newborn ALOS	0.0	0.0	0.0	0.0
[1]									
Average Daily Census (ADC)									
[20]	3.5	3.2	0.4	2.3	Acute	3.5	3.2	0.4	2.3
[21]	1.3	1.5	(0.2)	1.9	Swing Beds	1.3	1.5	(0.2)	1.9
[22]	0.0	0.0	0.0	0.0	All Other Adult	0.0	0.0	0.0	0.0
[23]	4.8	4.6	0.1	4.2	Total Adult ADC	4.8	4.6	0.1	4.2
[24]	0.0	0.0	0.0	0.0	Newborn	0.0	0.0	0.0	0.0
Long Term Care:									
[25]	1,662	1,637	25	1,421	SNF/ECF Resident Days	1,662	1,637	25	1,421
[26]	0	3	(3)	6	SNF/ECF Resident Discharges	0	3	(3)	6
[27]	0	0	0	0	CBRF/Assisted Living Days	0	0	0	0
[28]	53.6	52.8	0.8	45.8	Average Daily Census	53.6	52.8	0.8	45.8
Emergency Room Statistics									
[29]	27	26	1	25	ER Visits - Admitted	27	26	1	25
[30]	381	290	91	408	ER Visits - Discharged	381	290	91	408
[31]	316	355	(39)	306	ER - Urgent Care Visits	316	355	(39)	306
[32]	724	671	53	739	Total ER Visits	724	671	53	739
[33]	3.73%	3.92%		3.38%	% of ER Visits Admitted	3.73%	3.92%		3.38%
[34]	87.10%	88.71%		100.00%	ER Admissions as a % of Total	100.00%	88.71%		100.00%
Outpatient Statistics:									
[35]	1,135	931	204	927	Total Outpatients Visits	1,135	931	204	927
[36]	17	17	0	20	Observation Bed Days	17	17	0	20
[37]	1,168	1,260	(92)	1,390	Clinic Visits - Primary Care	1,168	1,260	(92)	1,390
[38]	264	270	(6)	265	Clinic Visits - Specialty Clinics	264	270	(6)	265
[39]	0	0	0	0	IP Surgeries	0	0	0	0
[40]	0	0	0	0	OP Surgeries	0	0	0	0
[41]	0	0	0	0	Outpatient Scopes	0	0	0	0
[42]	7,799	6,489	1,310	3,989	Retail Pharmacy Scripts	7,799	6,489	1,310	3,989
[43]	0	0	0	0	Clinic Visits-Mobile Van	0	0	0	0
Productivity Statistics:									
[44]	220.73	209.97	(10.76)	204.38	FTE's - Worked	220.73	209.97	(10.76)	204.38
[45]	248.21	239.06	(9.15)	233.51	FTE's - Paid	248.21	239.06	(9.15)	233.51
[46]	0.9978	1.0550	0.06	1.1386	Case Mix Index -Medicare	0.9978	1.0550	0.06	1.1386
[47]	1.0036	0.9968	(0.01)	1.1197	Case Mix Index - All payers	1.0036	0.9968	(0.01)	1.1197

KERN VALLEY HEALTHCARE DISTRICT

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EXECUTIVE FINANCIAL SUMMARY

One Month Ending July 31, 2025

BALANCE SHEET		
	7/31/2025	6/30/2025
ASSETS		
Current Assets	7,596,467	7,584,064
Assets Whose Use is Limited	15,820,432	15,669,268
Property, Plant and Equipment (Net)	11,777,495	11,735,542
Other Assets	624,276	624,276
Total Unrestricted Assets	35,818,671	35,613,150
Restricted Assets	0	0
Total Assets	35,818,671	35,613,150
LIABILITIES AND NET ASSETS		
Current Liabilities	5,846,337	5,508,276
Long-Term Debt	9,681,318	9,790,571
Other Long-Term Liabilities	2,707,088	2,677,318
Total Liabilities	18,234,743	17,976,165
Net Assets	17,583,927	17,636,985
Total Liabilities and Net Assets	35,818,671	35,613,150
STATEMENT OF REVENUE AND EXPENSES - YTD		
	ACTUAL	BUDGET
Revenue:		
Gross Patient Revenues	12,666,849	11,607,809
Deductions From Revenue	(8,998,392)	(8,066,002)
Net Patient Revenues	3,668,456	3,541,807
Other Operating Revenue	75,849	28,836
Total Operating Revenues	3,744,306	3,570,643
Expenses:		
Salaries, Benefits & Contract Labor	2,174,951	2,046,204
Purchased Services & Physician Fees	527,087	543,573
Supply Expenses	801,965	654,821
Other Operating Expenses	295,974	309,588
Bad Debt Expense	0	0
Depreciation & Interest Expense	57,774	81,614
Total Expenses	3,857,750	3,635,800
NET OPERATING SURPLUS	(113,445)	(65,157)
Non-Operating Revenue/(Expenses)	60,387	102,553
TOTAL NET SURPLUS	(53,058)	37,397
KEY STATISTICS AND RATIOS - YTD		
	ACTUAL	BUDGET
Total Acute Patient Days	109	98
Average Acute Length of Stay	4.0	3.3
Total Emergency Room Visits	724	671
Outpatient Visits	1,135	931
Total Surgeries	0	0
Total Worked FTE's	220.73	209.97
Total Paid FTE's	248.21	239.06
Productivity Index	0.9631	1.0000
EBITDA - YTD	-2.05%	-0.14%
Current Ratio		
Days Expense in Accounts Payable	29.16	

Balance Sheet - Assets

KERN VALLEY HEALTHCARE DISTRICT

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LAKE ISABELLA, CALIFORNIA

One Month Ending July 31, 2025

		ASSETS			
[1]	Net to Gross AR %	37.6%	34.5%		34.5%
[2]	CASH -ALL SOURCES	19,402,700	20,764,508	-1,361,808	20,764,508
		Current Month 7/31/2025	Prior Month 6/30/2025	Positive/ (Negative) Variance	Percentage Variance
					Prior YR. UNAUDITED 6/30/2025
Current Assets					
[3]	Cash and Cash Equivalents	4,764,178	6,160,678	(1,396,500)	-22.67%
[4]	Gross Patient Accounts Receivable	25,979,798	25,088,793	891,004	3.55%
[5]	Less: Bad Debt and Allowance Reserves	(16,216,942)	(16,444,711)	227,768	1.39%
[6]	Net Patient Accounts Receivable	9,762,855	8,644,083	1,118,773	12.94%
[7]	Interest Receivable	0	0	0	0.00%
[8]	Other Receivables	(4,727,063)	(4,756,524)	29,461	-0.62%
[9]	Inventories	393,513	388,816	4,696	1.21%
[10]	Prepaid Expenses	709,244	453,271	255,973	56.47%
[11]	Due From Third Party Payers	(3,306,260)	(3,306,260)	0	0.00%
[12]	Due From Affiliates/Related Organizations	0	0	0	0.00%
[13]	Other Current Assets	0	0	0	0.00%
[14]	Total Current Assets	7,596,467	7,584,064	12,403	0.16%
Assets Whose Use is Limited					
[15]	Auxillary Cash	513,569	498,591	14,979	3.00%
[16]	Investments -LAIF	286,699	286,699	0	0.00%
[17]	Debt Payment Fund	668,341	566,847	101,494	17.90%
[18]	UBS Funds	11,151,887	11,126,887	25,000	0.22%
[19]	Cash Westamerica	52,606	52,605	1	0.00%
[20]	Project Fund	3,147,330	3,137,639	9,691	0.31%
[21]	Covid Stimulus Cash Assets	0	0	0	0.00%
[22]	Total Limited Use Assets	15,820,432	15,669,268	151,164	0.96%
Property, Plant, and Equipment					
[23]	Land and Land Improvements	383,800	383,800	0	0.00%
[24]	Building and Building Improvements	14,947,912	14,947,912	0	0.00%
[25]	Equipment	23,573,935	23,478,028	95,907	0.41%
[26]	Construction In Progress	7,470,096	7,466,276	3,820	0.05%
[27]	Capitalized Interest	0	0	0	0.00%
[28]	Gross Property, Plant, and Equipment	46,375,742	46,276,015	99,727	0.22%
[29]	Less: Accumulated Depreciation	(34,598,247)	(34,540,473)	(57,774)	-0.17%
[30]	Net Property, Plant, and Equipment	11,777,495	11,735,542	41,953	0.36%
Other Assets					
	Unamortized Loan Costs	0	0	0	0.00%
[31]	Assets Held for Future Use	0	0	0	0.00%
	Investments in Subsidiary/Affiliated Org.	0	0	0	0.00%
	Other	624,276	624,276	0	0.00%
[32]	Total Other Assets	624,276	624,276	0	0.00%
[33]	TOTAL UNRESTRICTED ASSETS	35,818,671	35,613,150	205,521	0.58%
Restricted Assets					
		0	0	0	0.00%
[34]	TOTAL ASSETS	35,818,671	35,613,150	205,521	0.58%

Balance Sheet - Liabilities and Net Assets

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

One Month Ending July 31, 2025

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		LIABILITIES AND FUND BALANCE				
		Current Month 7/31/2025	Prior Month 6/30/2025	Positive/ (Negative) Variance	Percentage Variance	Prior Yr. UNAUDITED 6/30/2025
Current Liabilities						
[1]	Accounts Payable	1,722,926	1,688,097	(34,829)	-2.06%	1,688,097
[2]	Notes and Loans Payable	0	0	0	0.00%	0
[3]	Accrued Payroll	1,081,015	881,879	(199,136)	-22.58%	881,879
[4]	Accrued Payroll Taxes	232,833	211,249	(21,584)	-10.22%	211,249
[5]	Accrued Benefits	1,351,708	1,342,995	(8,712)	-0.65%	1,342,995
[6]	Accrued Pension Expense (Current Portion)	(28,569)	(1,089)	27,480	-2522.71%	(1,089)
[7]	Other Accrued Expenses	318,497	295,335	(23,162)	-7.84%	295,335
[8]	Patient Refunds Payable	833,334	828,636	(4,698)	-0.57%	828,636
[9]	Property Tax Payable	0	0	0	0.00%	0
[10]	Due to Third Party Payers	(683,422)	(652,210)	31,212	-4.79%	(652,210)
[11]	Advances From Third Party Payers	0	0	0	0.00%	0
[12]	Current Portion of LTD (Bonds/Mortgages)	910,000	910,000	0	0.00%	910,000
[13]	Current Portion of LTD (Leases)	108,016	3,384	(104,632)	-3092.28%	3,384
[14]	Other Current Liabilities	0	0	0	0.00%	0
	Total Current Liabilities	5,846,337	5,508,276	(338,062)	-6.14%	5,508,276
Long Term Debt						
[15]	Bonds/Mortgages Payable	9,164,000	9,164,000	0	0.00%	9,164,000
[16]	Leases/Notes Payable	1,535,334	1,539,955	4,621	0.30%	1,539,955
[17]	Less: Current Portion Of Long Term Debt	1,018,016	913,384	(104,632)	-11.46%	913,384
	Total Long Term Debt (Net of Current)	9,681,318	9,790,571	109,253	1.12%	9,790,571
Other Long Term Liabilities						
[18]	Deferred Revenue	0	0	0	0.00%	0
[19]	Accrued Pension Expense (Net of Current)	178,619	148,849	(29,770)	-20.00%	148,849
[20]	Long Term Settlements	2,528,469	2,528,469	0	0.00%	2,528,469
	Total Other Long Term Liabilities	2,707,088	2,677,318	(29,770)	-1.11%	2,677,318
[21]	TOTAL LIABILITIES	18,234,743	17,976,165	(258,578)	-1.44%	17,976,165
Net Assets:						
[22]	Unrestricted Fund Balance	16,640,302	16,640,302	0	0.00%	16,640,302
[23]	Inter-Departmental Transfer (DSH)	0	0	0	0.00%	0
[24]	Restricted Fund Balance	0	0	0	0.00%	0
[25]	Net Revenue/(Expenses)	943,626	996,683	(53,058)	-5.32%	996,683
[26]	TOTAL NET ASSETS	17,583,927	17,636,985	53,058	0.30%	17,636,985
[27]	TOTAL LIABILITIES AND NET ASSETS	35,818,671	35,613,150	(205,521)	(0)	35,613,150

Statement of Revenue and Expense
KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2025

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	CURRENT MONTH				Prior Year 07/31/24
	Actual 07/31/25	Budget 07/31/25	Positive (Negative) Variance	Percentage Variance	
Gross Patient Revenue					
[1] Inpatient Revenue	1,412,918	1,197,198	215,720	18.02%	1,052,797
[2] Clinic Revenue	1,614,079	1,530,341	83,738	5.47%	1,535,213
[3] Outpatient Revenue	5,958,538	5,509,427	449,111	8.15%	5,622,346
[4] Long Term Care Revenue	2,962,842	2,803,508	159,334	5.68%	2,560,370
[5] Retail Pharmacy Revenue	718,471	567,335	151,136	26.64%	339,070
[6] Total Gross Patient Revenue	12,666,849	11,607,809	1,059,039	9.12%	11,109,796
Deductions From Revenue %	71%	69%			70%
[7] Discounts and Allowances (incl IGTs)	(8,846,846)	(7,903,428)	(943,419)	-11.94%	(7,506,862)
[8] Bad Debt Expense (Governmental Providers Only)	(151,546)	(162,575)	11,029	6.78%	(227,141)
	0	0	0	0.00%	0
[9] Charity Care	0	0	0	0.00%	0
[10] Total Deductions From Revenue	(8,998,392)	(8,066,002)	(932,390)	-11.56%	(7,734,003)
[11] Net Patient Revenue	3,668,456	3,541,807	126,649	3.58%	3,375,793
[12] Other Operating Rev (Incl HHS Stimulus)	75,849	28,836	47,013	163.04%	24,621
[13] Total Operating Revenue	3,744,306	3,570,643	173,663	4.86%	3,400,414
Operating Expenses					
[14] Salaries and Wages	1,763,370	1,661,664	(101,706)	-6.12%	1,550,270
[15] Fringe Benefits	346,415	321,810	(24,605)	-7.65%	256,789
[16] Contract Labor	65,166	62,730	(2,436)	-3.88%	113,177
[17] Professional & Physician Fees	377,397	400,464	23,067	5.76%	352,314
[18] Purchased Services	149,690	143,109	(6,581)	-4.60%	135,516
[19] Supply Expense	801,965	654,821	(147,144)	-22.47%	525,406
[20] Utilities	66,288	78,379	12,091	15.43%	80,412
[21] Repairs and Maintenance	10,855	5,843	(5,011)	-85.76%	9,818
[22] Insurance Expense	67,428	87,559	20,131	22.99%	102,017
[23] All Other Operating Expenses	114,613	103,722	(10,891)	-10.50%	80,537
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25] Leases and Rentals	36,790	34,084	(2,706)	-7.94%	24,455
[26] Depreciation and Amortization	57,774	81,614	23,840	29.21%	62,498
[27] Interest Expense (Non-Governmental Providers)	0	0.00	0	0.00%	0
[28] Total Operating Expenses	3,857,750	3,635,800	(221,951)	-6.10%	3,293,208
Net Operating Surplus/(Loss)	(113,445)	(65,157)	(48,288)	74.11%	107,206
Non-Operating Revenue:					
[29] Contributions/Grants/PPP/ERC	0	14,007	(14,007)	-100.00%	0
[30] Investment Income	36,594	79,434	(42,839)	-53.93%	96,261
[31] Income Derived from Property Taxes	29,931	28,511	1,421	4.98%	27,974
[32] Interest Expense (Governmental Providers Only)	(21,117)	(21,403)	(286)	1.33%	(23,717)
[33] Other Non-Operating Revenue/(Expenses)	14,979	2,005	12,974	647.21%	9,516
[34] Total Non Operating Revenue/(Expense)	60,387	102,553	(42,166)	-41.12%	110,034
Total Net Surplus/(Loss)	(53,058)	37,397	(90,454)	-241.88%	217,240
[35] Operating Margin	-3.03%	-1.82%			3.15%
[36] Total Profit Margin	-1.42%	1.05%			6.39%
[37] EBITDA	-2.05%	-0.14%			4.29%
[38] Cash Flow Margin	0.69%	3.93%			8.92%

Statement of Revenue and Expense
KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2025

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YEAR-TO-DATE					
	Actual 07/31/25	Budget 07/31/25	Positive (Negative) Variance	Percentage Variance	Prior Year 07/31/24
Gross Patient Revenue					
[1] Inpatient Revenue	1,412,918	1,197,198	215,720	18.02%	1,052,797
[2] Clinic Revenue	1,614,079	1,530,341	83,738	5.47%	1,535,213
[3] Outpatient Revenue	5,958,538	5,509,427	449,111	8.15%	5,622,346
[4] Long Term Care Revenue	2,962,842	2,803,508	159,334	5.68%	2,560,370
[5] Retail Pharmacy Revenue	718,471	567,335	151,136	26.64%	339,070
[6] Total Gross Patient Revenue	12,666,849	11,607,809	1,059,039	9.12%	11,109,796
Deductions From Revenue	71%	69%			70%
[7] Discounts and Allowances (incl IGTs)	(8,846,846)	(7,903,428)	(943,419)	-11.94%	(7,506,862)
[8] Bad Debt Expense (Governmental Providers Only)	(151,546)	(162,575)	11,029	6.78%	(227,141)
	0	0	0	0.00%	0
[9] Charity Care	0	0	0	0.00%	0
[10] Total Deductions From Revenue	(8,998,392)	(8,066,002)	(932,390)	-11.56%	(7,734,003)
[11] Net Patient Revenue	3,668,456	3,541,807	126,649	3.58%	3,375,793
[12] Other Operating Rev (Incl HHS Stimulus)	75,849	28,836	47,013	163.04%	24,621
[13] Total Operating Revenue	3,744,306	3,570,643	173,663	4.86%	3,400,414
Operating Expenses					
[14] Salaries and Wages	1,763,370	1,661,664	(101,706)	-6.12%	1,550,270
[15] Fringe Benefits	346,415	321,810	(24,605)	-7.65%	256,789
[16] Contract Labor	65,166	62,730	(2,436)	-3.88%	113,177
[17] Professional & Physician Fees	377,397	400,464	23,067	5.76%	352,314
[18] Purchased Services	149,690	143,109	(6,581)	-4.60%	135,516
[19] Supply Expense	801,965	654,821	(147,144)	-22.47%	525,406
[20] Utilities	66,288	78,379	12,091	15.43%	80,412
[21] Repairs and Maintenance	10,855	5,843	(5,011)	-85.76%	9,818
[22] Insurance Expense	67,428	87,559	20,131	22.99%	102,017
[23] All Other Operating Expenses	114,613	103,722	(10,891)	-10.50%	80,537
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25] Leases and Rentals	36,790	34,084	(2,706)	-7.94%	24,455
[26] Depreciation and Amortization	57,774	81,614	23,840	29.21%	62,498
[27] Interest Expense (Non-Governmental Providers)	0	0.00	0	0.00%	0
[28] Total Operating Expenses	3,857,750	3,635,800	(221,951)	-6.10%	3,293,208
Net Operating Surplus/(Loss)	(113,445)	(65,157)	(48,288)	74.11%	107,206
Non-Operating Revenue:					
[29] Contributions/Grants/PPP/ERC	0	14,007	(14,007)	-100.00%	0
[30] Investment Income	36,594	79,434	(42,839)	-53.93%	96,261
[31] Income Derived from Property Taxes	29,931	28,511	1,421	4.98%	27,974
[32] Interest Expense (Governmental Providers Only)	(21,117)	(21,403)	286	-1.33%	(23,717)
[33] Other Non-Operating Revenue/(Expenses)	14,979	2,005	12,974	647.21%	9,516
[34] Total Non Operating Revenue/(Expense)	60,387	102,553	(42,166)	-41.12%	110,034
Total Net Surplus/(Loss)	(53,058)	37,397	(90,454)	-241.88%	217,240
	ACTUAL YTD	BUD YTD	ACT FYE 24	PROJ FYE 25	Prior YTD
[35] Operating Margin	-3.03%	-1.82%			3.15%
[36] Total Profit Margin	-1.42%	1.05%			6.39%
[37] EBITDA	-2.05%	-0.14%			4.29%
[38] Cash Flow Margin	0.69%	3.93%			8.92%

Statement of Revenue and Expense - 13 Month Trend

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

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	31 Actual 07/31/25	30 Actual 06/30/25	31 Actual 05/31/25	30 Actual 04/30/25	31 Actual 03/31/25	28 Actual 02/28/25	31 Actual 01/31/25	31 Actual 12/31/24	31 Actual 11/30/24
Gross Patient Revenue									
[1] Inpatient Revenue	1,412,918	878,031	919,766	1,178,765	1,284,233	1,211,376	1,135,510	1,306,206	988,923
[2] Clinic Revenue	1,614,079	1,443,923	1,506,100	1,454,900	1,455,217	1,337,711	1,539,352	1,464,884	1,450,778
[3] Outpatient Revenue	5,958,538	5,822,291	5,131,157	4,937,503	5,087,083	4,787,593	5,179,894	4,968,077	4,910,316
[4] Long Term Care Revenue	2,962,842	2,813,800	2,794,698	2,657,872	2,731,394	2,484,620	2,678,085	2,622,111	2,545,925
[5] Retail Pharmacy Revenue	718,471	716,476	594,645	528,898	488,497	494,336	512,293	485,298	428,228
[6] Total Gross Patient Revenue	12,666,849	11,674,521	10,946,365	10,757,938	11,046,425	10,315,637	11,045,134	10,846,577	10,324,169
Deductions From Revenue									
[7] Discounts and Allowances (incl IGTs)	71% (8,846,846)	69% (7,964,781)	68% (7,294,455)	68% (7,225,317)	68% (7,333,013)	68% (6,828,153)	68% (7,373,039)	68% (7,153,760)	68% (6,875,691)
[8] Bad Debt Expense (Governmental Providers Only)	(151,546)	(95,513)	(108,897)	(140,024)	(133,860)	(141,973)	(129,120)	(237,723)	(148,462)
[7B] Medi-Cal Deductions due to IGTs	0	0	0	0	0	0	0	0	0
[9] Charity Care	0	0	0	0	0	0	0	0	0
[10] Total Deductions From Revenue	(8,998,392)	(8,060,294)	(7,403,352)	(7,365,340)	(7,466,872)	(6,970,126)	(7,502,159)	(7,391,483)	(7,024,153)
[11] Net Patient Revenue	3,668,456	3,614,226	3,543,013	3,392,597	3,579,553	3,345,511	3,542,974	3,455,094	3,300,016
[12] Other Operating Rev (Incl HHS Stimulus)	75,849	12,398	13,869	15,316	14,822	13,026	37,551	16,291	18,404
[13] Total Operating Revenue	3,744,306	3,626,624	3,556,882	3,407,913	3,594,375	3,358,537	3,580,525	3,471,386	3,318,420
Operating Expenses									
[14] Salaries and Wages	1,763,370	1,656,279	1,648,035	1,654,167	1,702,621	1,449,506	1,596,692	1,528,996	1,502,965
[15] Fringe Benefits	346,415	326,522	326,902	332,810	338,337	309,541	333,485	305,656	303,150
[16] Contract Labor	65,166	78,264	79,951	95,657	92,401	92,061	90,138	120,093	121,450
[17] Professional & Physician Fees	377,397	354,404	384,120	377,024	381,284	345,689	346,313	382,994	361,950
[18] Purchased Services	149,690	119,935	169,025	150,363	136,423	144,838	177,262	97,464	135,518
[19] Supply Expense	801,965	785,215	677,345	583,304	610,130	657,134	587,830	604,025	549,141
[20] Utilities	66,288	61,519	92,322	67,955	71,311	87,258	69,307	83,915	61,188
[21] Repairs and Maintenance	10,855	11,241	(1,411)	20,186	13,905	2,474	3,498	6,888	6,771
[22] Insurance Expense	67,428	106,726	67,043	39,371	102,241	67,042	143,408	66,818	66,818
[23] All Other Operating Expenses	114,613	93,575	125,211	89,736	126,676	122,447	116,907	102,655	92,438
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0	0	0	0	0	0
[25] Leases and Rentals	36,790	24,052	21,687	33,523	19,438	48,534	30,076	35,006	33,070
[26] Depreciation and Amortization	57,774	59,348	60,983	61,216	62,599	62,511	63,250	63,250	63,250
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0	0	0	0	0	0
[28] Total Operating Expenses	3,857,750	3,677,079	3,651,213	3,505,312	3,657,368	3,389,037	3,558,166	3,397,761	3,297,709
Net Operating Surplus/(Loss)	(113,445)	(50,455)	(94,331)	(97,399)	(62,992)	(30,499)	22,359	73,625	20,711
Non-Operating Revenue:									
[29] Contributions/Grants/PPP/ERC	0	11,335	50,000	35,372	0	0	60,239	67,285	0
[30] Investment Income	36,594	24,384	73,241	71,937	71,922	75,712	76,592	72,436	72,573
[31] Income Derived from Property Taxes	29,931	57,491	27,974	27,974	27,974	27,974	27,974	27,974	27,974
[32] Interest Expense (Governmental Providers Only)	(21,117)	(29,005)	(23,657)	(21,252)	(21,219)	(21,357)	(22,295)	(30,435)	(22,342)
[33] Other Non-Operating Revenue/(Expenses)	14,979	185	(26,297)	10,157	12,755	10,214	10,738	(56,167)	10,315
[34] Total Non Operating Revenue/(Expense)	60,387	64,390	101,261	124,187	91,431	92,543	153,247	81,093	88,520
Total Net Surplus/(Loss)	(53,058)	13,935	6,930	26,789	28,439	62,043	175,606	\$154,718	\$109,231
[35] Operating Margin	-3.03%	-1.39%	-2.65%	-2.86%	-1.75%	-0.91%	0.62%	2.12%	0.62%
[36] Total Profit Margin	-1.42%	0.38%	0.19%	0.79%	0.79%	1.85%	4.90%	4.46%	3.29%
[37] EBITDA	-2.05%	-0.55%	-1.60%	-1.69%	-0.60%	0.32%	1.77%	3.07%	1.86%
[38] Cash Flow Margin	0.69%	2.82%	2.57%	3.21%	3.12%	4.34%	7.29%	7.16%	5.87%
	0								

Statement of Revenue and Expense - 13 Month
KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA

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	30 Actual 10/31/24	31 Actual 09/30/24	31 Actual 08/31/24	30 Actual 07/31/24
Gross Patient Revenue				
[1] Inpatient Revenue	1,270,022	1,036,009	1,141,085	1,052,797
[2] Clinic Revenue	1,507,298	1,435,735	1,662,901	1,535,213
[3] Outpatient Revenue	5,196,913	5,140,305	5,972,852	5,622,346
[4] Long Term Care Revenue	2,941,872	2,110,792	2,601,232	2,560,370
[5] Retail Pharmacy Revenue	471,467	448,086	420,392	339,070
[6] Total Gross Patient Revenue	11,387,573	10,170,927	11,798,462	11,109,796
Deductions From Revenue				
[7] Discounts and Allowances (incl IGTs)	(7,866,012)	(7,026,774)	(8,340,866)	(7,506,862)
[8] Bad Debt Expense (Governmental Providers Only)	(125,840)	(130,120)	(112,199)	(227,141)
[7B] Medi-Cal Deductions due to IGTs	0	0	0	0
[9] Charity Care	0	0	0	0
[10] Total Deductions From Revenue	(7,991,852)	(7,156,895)	(8,453,065)	(7,734,003)
[11] Net Patient Revenue	3,395,721	3,014,032	3,345,397	3,375,793
[12] Other Operating Rev (Incl HHS Stimulus)	50,999	38,944	27,916	24,621
[13] Total Operating Revenue	3,446,720	3,052,977	3,373,313	3,400,414
Operating Expenses				
[14] Salaries and Wages	1,522,753	1,466,275	1,511,053	1,550,270
[15] Fringe Benefits	305,569	307,619	317,239	256,789
[16] Contract Labor	91,485	93,817	107,531	113,177
[17] Professional & Physician Fees	361,819	361,856	348,842	352,314
[18] Purchased Services	195,948	153,417	122,262	135,516
[19] Supply Expense	610,698	501,058	619,942	525,406
[20] Utilities	82,582	72,185	106,849	80,412
[21] Repairs and Maintenance	13,906	3,278	1,970	9,818
[22] Insurance Expense	74,824	66,818	66,818	102,017
[23] All Other Operating Expenses	73,727	97,345	70,425	80,537
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0
[25] Leases and Rentals	35,178	30,572	24,400	24,455
[26] Depreciation and Amortization	62,882	62,487	62,437	62,498
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0
[28] Total Operating Expenses	3,431,371	3,216,728	3,359,768	3,293,208
Net Operating Surplus/(Loss)	15,350	(163,751)	13,545	107,206
Non-Operating Revenue:				
[29] Contributions/Grants/PPP/ERC	0	0	13,312	0
[30] Investment Income	75,310	74,289	76,545	96,261
[31] Income Derived from Property Taxes	27,974	27,974	27,974	27,974
[32] Interest Expense (Governmental Providers Only)	(22,821)	(22,492)	(22,476)	(23,717)
[33] Other Non-Operating Revenue/(Expenses)	9,862	9,373	11,884	9,516
[34] Total Non Operating Revenue/(Expense)	90,326	89,144	107,239	110,034
Total Net Surplus/(Loss)	\$105,676	(74,607)	120,784	217,240
[35] Operating Margin	0.45%	-5.36%	0.40%	3.15%
[36] Total Profit Margin	3.07%	-2.44%	3.58%	6.39%
[37] EBITDA	1.61%	-4.05%	1.59%	4.29%
[38] Cash Flow Margin	5.55%	0.34%	6.10%	8.92%

Statement of Cash Flows

KERN VALLEY HEALTHCARE DISTRICT LAKE ISABELLA, CALIFORNIA One Month Ending July 31, 2025

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	CASH FLOW	
	Current Month 7/31/2025	Current Year-To-Date 7/31/2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
[1] Net Income (Loss)	(53,058)	(53,058)
[2] Adjustments to Reconcile Net Income to Net Cash		
[3] Provided by Operating Activities:		
[4] Depreciation	57,774	57,774
[5] (Increase)/Decrease in Net Patient Accounts Receivable	(1,118,773)	(1,118,773)
[6] (Increase)/Decrease in Other Receivables	(29,461)	(29,461)
[7] (Increase)/Decrease in Inventories	(4,696)	(4,696)
[8] (Increase)/Decrease in Pre-Paid Expenses	(255,973)	(255,973)
[9] (Increase)/Decrease in Other Current Assets	0	0
[10] Increase/(Decrease) in Accounts Payable	34,829	34,829
[11] Increase/(Decrease) in Notes and Loans Payable	0	0
[12] Increase/(Decrease) in Accrued Payroll and Benefits	201,952	201,952
[13] Increase/(Decrease) in Accrued Expenses	23,162	23,162
[14] Increase/(Decrease) in Patient Refunds Payable	4,698	4,698
[15] Increase/(Decrease) in Third Party Advances/Liabilities	(31,212)	(31,212)
[16] Increase/(Decrease) in Other Current Liabilities	0	0
[17] Net Cash Provided by Operating Activities:	(1,170,758)	(1,170,758)
CASH FLOWS FROM INVESTING ACTIVITIES:		
[18] Purchase of Property, Plant and Equipment	(99,727)	(99,727)
[19] (Increase)/Decrease in Limited Use Cash and Investments	(14,979)	(14,979)
[20] (Increase)/Decrease in Other Limited Use Assets	(136,186)	(136,186)
[21] (Increase)/Decrease in Other Assets	0	0
[22] Net Cash Used by Investing Activities	(250,891)	(250,891)
CASH FLOWS FROM FINANCING ACTIVITIES:		
[23] Increase/(Decrease) in Bond/Mortgage Debt	0	0
[24] Increase/(Decrease) in Capital Lease Debt	(4,621)	(4,621)
[25] Increase/(Decrease) in Other Long Term Liabilities	29,770	29,770
[26] Net Cash Used for Financing Activities	25,149	25,149
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	0
[27] Net Increase/(Decrease) in Cash	(1,396,500)	(1,396,500)
[28] Cash, Beginning of Period	6,160,678	6,160,678
[29] Cash, End of Period	4,764,178	4,764,178

KVHD
Patient Statistics
Thirteen Months Ended July 31, 2025

STATISTICS		Actual 7/31/2024	Actual 8/31/2024	Actual 9/30/2024	Actual 10/31/24	Actual 11/31/24	Actual 12/31/2024	Actual 1/31/2025	Actual 2/28/2025	Actual 3/31/2025	Actual 4/30/2025	Actual 5/31/2025	Actual 6/30/2025	Actual 7/31/2025
Discharges														
[1]	Acute	25	32	22	27	18	26	31	27	28	29	24	22	27
[2]	Swing Beds	4	3	2	3	1	4	1	2	1	1	0	0	4
[3]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[4]	Respite	0	0	0	0	0	0	0	0	0	0	0	0	0
[5]	Total Adult Discharges	29	35	24	30	19	30	32	29	29	30	24	22	31
[6]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[7]	Total Discharges	29	35	24	30	19	30	32	29	29	30	24	22	31
Patient Days:														
[8]	Acute	72	92	80	98	76	102	90	84	103	93	73	79	109
[9]	Swing Beds	58	52	44	51	24	54	24	20	34	13	0	0	39
[10]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[11]	Respite	0	0	0	0	0	0	0	0	0	0	0	0	0
[12]	Total Adult Patient Days	130	144	124	149	100	156	114	104	137	106	73	79	148
[13]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[14]	Total Patient Days	130	144	124	149	100	156	114	104	137	106	73	79	148
Average Length of Stay (ALOS)														
[15]	Acute	2.9	2.9	3.6	3.6	4.2	3.8	2.9	3.1	3.7	3.2	3.0	3.6	4.0
[16]	Swing Bed	14.5	17.3	22.0	17.0	24.0	13.5	24.0	10.0	34.0	13.0	0.0	0.0	9.8
[17]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[18]	Total Adult ALOS	4.5	4.1	5.2	5.0	5.3	5.2	3.6	3.6	4.7	3.5	3.0	3.6	4.8
[19]	Newborn ALOS	0	0	0	0	0	0	0	0	0	0	0	0	0
[1]														
Average Daily Census (ADC)														
[20]	Acute	2.3	3	2.7	3.16	2.5	3.3	2.9	3.0	3.3	3.1	2.4	2.6	3.5
[21]	Swing Beds	1.9	1.7	1.5	1.64	0.8	1.7	0.8	0.7	1.1	0.4	0.0	0.0	1.3
[22]	All Other Adult	0	0	0	0	0	0	0	0	0	0	0	0	0
[23]	Total Adult ADC	4.2	4.6	4.1	4.8	3.3	5.0	3.7	3.7	4.4	3.5	2.4	2.6	4.8
[24]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[24]														
Long Term Care:														
[25]	SNF/ECF Resident Days	1421	1456	1390	1441	1425	1463	1487	1393	1531	1487	1571	1573	1662
[26]	SNF/ECF Resident Discharges	6	4	4	1	0	1	1	1	1	1	2	1	0
[27]	CBRF/Assisted Living Days	0	0	0	0	0	0	0	0	0	0	0	0	0
[28]	Average Daily Census	45.8	47.0	46.3	46.5	47.5	47.2	48.0	49.8	49.4	49.6	50.7	52.4	53.6
Emergency Room Statistics														
[29]	ER Visits - Admitted	25	27	23	24	17	22	29	22	28	25	23	22	27
[30]	ER Visits - Discharged	408	414	358	352	330	355	308	302	343	311	324	344	381
[31]	ER - Urgent Care Visits	306	287	261	264	277	299	330	288	310	322	310	312	316
[32]	Total ER Visits	739	728	642	640	624	676	667	612	681	658	657	678	724
[33]	% of ER Visits Admitted	3.38%	3.71%	3.58%	3.75%	2.72%	3.36%	4.35%	3.59%	4.11%	3.80%	3.50%	3.24%	3.73%
[34]	ER Admissions as a % of Total	86.21%	77.14%	95.83%	80.00%	89.47%	70.97%	85.29%	75.86%	87.50%	86.21%	79.31%	75.86%	96.43%
[34]														
Outpatient Statistics:														
[35]	Total Outpatients Visits	927	1054	945	1047	935	874	1001	846	868	1047	1025	1055	1135
[36]	Observation Bed Days	20	19	16	21	14	16	22	18	11	27	19	25	17
[37]	Clinic Visits - Primary Care	1390	1244	1146	1342	1199	1145	1276	1138	1253	1054	1145	976	1168
[38]	Clinic Visits - Specialty Clinics	265	266	199	256	222	228	223	228	248	264	222	261	264

KVHD
Patient Statistics
Thirteen Months Ended July 31, 2025

		Actual 7/31/2024	Actual 8/31/2024	Actual 9/30/2024	Actual 10/31/24	Actual 11/31/24	Actual 12/31/2024	Actual 1/31/2025	Actual 2/28/2025	Actual 3/31/2025	Actual 4/30/2025	Actual 5/31/2025	Actual 6/30/2025	Actual 7/31/2025
[39]	IP Surgeries	0	0	0	0	0	0	0	0	0	0	0	0	0
[40]	OP Surgeries	0	0	0	0	0	0	0	0	0	0	0	0	0
[41]	Outpatient Scopes	0	0	0	0	0	0	0	0	0	0	0	0	0
[42]	Retail Pharmacy Scripts	3989	4926	4710	5340	4871	5360	5620	5167	5101	5541	5858	6654	7799
[43]	Clinic Visits-Mobile Van	0	0	0	11	0	0	0	0	0	0	0	0	0
[44]	FTE's - Worked	204.38	213.21	211.50	212.15	211.24	211.30	221.42	217.79	222.25	223.42	220.81	216.58	220.73
[45]	FTE's - Paid	233.51	237.06	235.46	234.5	234.03	234.69	240.10	239.27	241.63	247.25	246.07	242.25	248.21
[46]	Case Mix Index -Medicare	1.1386	0.9526	0.9464	1.1602	1.0987	0.9632	0.8510	0.9070	1.0770	1.1230	1.3689	1.0734	0.9978
[47]	Case Mix Index - All payers	1.1197	0.9707	0.9893	0.9767	1.0204	0.9527	0.9030	0.9520	1.0170	0.9990	1.1085	0.9517	1.0036

**Kern Valley Healthcare District
Financial Report**

For the month of July 2025 (1st month in FY 26)

Profit/Loss Summary

Net loss in July was \$ 53,058, a (1.42%) total profit margin, and \$90,454 below budget.

Net Patient Revenue- MTD positive-

Month-The Net patient Revenue in July was \$3,668,456 (3.58%) above budget. The volume was higher in the acute areas where patient days were up by 69 from June and over budget (4 days above budget), Gross Inpatient Revenues were above budget (\$215,720). Skilled Nursing revenues increased in June (\$149,042 above prior month) (days were up by 89, and census was up by 1.2 days and revenues were over budget by \$159,334. Outpatient revenues were \$449,111 above budget (8.15%) Outpatient visits were over budget by 204 and ER Visits were over budget by 53. Retail Pharmacy revenue was 26.64% over budget for the month (prescriptions were 1,310 over budget, and 1,145 above prior month).

Operating Expenses- MTD Negative

Month-Operating Expenses in July were \$221,951(6.1%) above budget (unfavorable). Labor expenses were over budget with salaries and wages and fringe benefits above budget by \$126,311 and contract labor was \$2,436 above budget. Supply expense was over budget by \$147,144 primarily due to the increase in retail pharmacy drug expenses related to the increase in prescriptions filled.

Balance Sheet/Cash Flow

Patient cash collections in June were down from \$2,613,000 in June to \$2,518,690 in July. The Gross AR Days remained at 68 days in July. Gross AR increased by \$891,004 due primarily to an increase in revenue We are still reviewing all of the accounts to get the AR days down. Cash Balances (all sources) decreased to \$19,402,700 compared to \$20,764,508 in June.

The Accounts Payable balances increased by \$34,829 in July.

Concluding Summary

Positive takeaways for the month:

- 1) Long Term Care revenue was over budget
- 2) Net patient revenue was over budget.
- 3) Retail pharmacy revenue was over budget.
- 4) Clinic Revenue was over budget.
- 5) Outpatient Revenue was over budget.
- 6) Most volumes were over budget.

Negative takeaways for the month:

- 1) There was a net loss for the month.
- 2) Operating expenses were over budget.
- 3) Clinic volumes were under budget.

**Prepared by John Lovrich, CFO
August 23, 2025**

KERN VALLEY HEALTHCARE DISTRICT											
Aug-25											
CONTRACT	VEN #	CONTRACT TYPE	DESCRIPTION	COST		BEGIN	RENEW	NEXT FINANCE REVIEW	TERMS	DEPT	MANAGER
CLINICIANS TELEMED MEDICAL GROUP INC		PHYSICIAN	TELEMEDICINE SPECIALITIES	\$ 275.00	HR	11/01/24	11/01/27	08/01/25	AMENDMENT EXTENDS TERM OF AGREEMENT	MVHC	DAVIS
CPSI		SOFTWARE	EHR			10/31/11	OPEN	08/01/25		IS	ZUBER
DIGI INTERNATIONAL - SMART SENSE	52771	SERVICE	ASSET MONITORING BY DEVICE	\$ 2,550.00	ANN	11/01/24	10/31/25	08/01/25	30 DAY WRITTEN NOTICE	IS	ZUBER
GO DADDY-VPN	51827	SERVICE	SECURE CERTIFICATES VPN KVHD.ORG	\$ 199.98	2YRS	11/03/24	11/02/26	08/01/25		IS	ZUBER
MANAGED CARE ADVISORY GROUP (MCAG)		SERVICE	DISPUTE RESOLUTIONS IN CONJUNCTION WITH HOSPITAL COUNCIL OF NORTHERN AND CENTRAL CALIF	0 RETAIN 20% OF ANY SETTLEMENT		11/01/16	OPEN	08/01/25		ADMINISTRATION	MCGLEW
MCG HEALTHCARE	52473	SERVICE	INTERQUAL CRITERIA	\$ 17,787.73	RATE INCREASE ANNUALLY	11/05/20	11/14/25	08/01/25	INITIAL 5 YEAR TERM WILL THEN RENEW ANNUALLY FOR 1 YEAR TERMS	UTILIZATION REVIEW	GRAY
RLDATIX NORTH AMERICA INC (QUANTROS)	53142	SOFTWARE	SAFETY AND RISK PROGRAM	\$ 15,472.17	ANN	11/01/24	10/31/25	08/01/25	ANNUAL AUTO RENEWAL UNLESS GIVEN 30 DAY WRITTEN NOTICE	RISK MANAGEMENT	GRIFFITH
SERENITY MED SEARCH		REGISTRY	PROFESSIONAL SERVICES	VARIOUS RATES		10/27/24	10/27/25	08/01/25	TERM WITH 60 DAY PRIOR WRITTEN NOTICE.	ADMINISTRATION	MCGLEW
TELE HEALTH DOCS	52386	PHYSICIAN	SPECIALITY PROVIDERS	VARIOUS RATES		11/01/14	OPEN	08/01/25	EITHER PARTY MAY TERMINATE AT ANY TIME WITH 10 DAY WRITTEN NOTICE	MVHC	DAVIS



**MINUTES FOR
BOARD PERSONNEL AND POLICY COMMITTEE
Monday, August 25, 2025 – 9:00 A.M.**

1. **CALL TO ORDER:** The meeting was called to order by Fred Clark, Committee Chair, at 9:00am in the Administrative Conference Room.

PRESENT: Fred Clark, Committee Chair
Ross Elliott, Committee Member
Tim McGlew, Chief Executive Officer
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Cassandra Coleman, Human Resources Manager
Greg Davis, Director of Population Health
Heidi Sage, Executive Assistant

2. **APPROVAL OF AGENDA:** The agenda was approved as distributed.

3. **APPROVAL OF MINUTES:** The minutes of the July 28, 2025 meeting were approved as distributed.

4. **REPORTS:**

A. Human Resources Report: The HR report for July 2025 was presented by Cassandra Coleman. Ms. Coleman updated the committee on hires and terminations for the month. There was discussion about turnover in certain departments. Director Elliott gave direction to Mr. Lovrich and Mr. Gordon to investigate dissatisfaction with recent SNF staff that have termed.

B. FTE Report: The FTE reports for pay periods ending 7/26/25 and 8/09/25 were reviewed and discussed. For PPE 7/26/25, the District was 10.28 FTEs under target based on actual volume. For PPE 8/09/25, the District was 1.35 FTEs under target based on actual volume. Mr. Lovrich stated he needs to adjust the square footage for Housekeeping which will bring their FTE's in line. Director Elliott suggested the District reach out to Kern Health Systems as they are offering AI technology to their providers. Mr. Zuber stated he will make contact and see if this will be helpful to the District.

C. Chief Nursing Officer Report: Mr. Gordon reported that he is planning to adjust the staffing in the Emergency Department by scheduling an extra nurse on the night shift. Mr. Gordon reported that he implemented a continuing education program every month for all licensed nurses. Mr. Gordon stated that he changed the program to every two months to give some of the nurses more time to complete the module. Mr. Gordon stated he, along with Education, will be developing a skills lab for nursing staff. Mr. Gordon reported that Security has been moved from retail pharmacy back to the hospital. Mr. Lovrich stated retail pharmacy has requested security on site on Fridays. Mr. Gordon stated he can accommodate this request. COVID numbers are increasing both in the community and within the hospital. We have several positive residents and staff members in the Skilled Nursing Facility.

D. Chief Executive Officer Report: Mr. McGlew reported that the SNF is on expanded precautions due to a COVID outbreak. Although several residents have tested positive, there have been no

serious issues and only mild symptoms. The retail pharmacy has expanded their hours and are now open during the lunch hour Monday through Friday as well as open Saturdays from 9am to 5pm (closed for lunch). Tehachapi Hospitals' Board approved the sale of the two generators to KVHD for \$1.00. Legal Counsel is preparing the documents that will go to our Board for approval. This will allow us to get rid of the two rental units that are being used for retail pharmacy and Mountain View Health Clinic. Mr. McGlew reported that he will be out of the office this week due to medical issues but plans to work from home to catch up on evaluations.

5. POLICY/PROCEDURES FOR REVIEW:

Manuals:

Nursing – The Nursing manual was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.

Administration – The Administration manual was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.

Safety – The Safety manual was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.

Policies:

Administration:

- Grievances/Complaints (add "Patient") Approved – Will place on consent agenda
- Just Culture (leadership to mgrs., add Policy Statment) Approved – Will place on consent agenda

General Accounting:

- Contracts Approved – Will place on consent agenda

Housekeeping:

- Cubicle Curtain and Shower Curtain Cleaning Approved – Will place on consent agenda

Human Resources:

- Bereavement Leave (Death in the Family) Approved – Will place on consent agenda
- Criminal Records Verification Approved – Will place on consent agenda
- Employee Annual Physical Requirements Return to manager for changes
- Employee Pre-Placement Medical Screening Approved – Will place on consent agenda
- Immigration Law Compliance Approved – Will place on consent agenda
- Internal Promotions and Transfers Return to manager for changes
- Introductory Period Approved – Will place on consent agenda
- Social Media, Networking, and Other Web-Based Com. Approved – Will place on consent agenda
- Work Rule Guidelines – Rules of Conduct (delete #27) Approved – Will place on consent agenda

Infection Control:

- IC Surveillance Program – Acute Care Approved – Will place on consent agenda

Materials Management:

- Purchase Orders Approved – Will place on consent agenda
- Purchasing Policy Approved – Will place on consent agenda
- Shipping Services Approved – Will place on consent agenda
- Back Orders Approved – Will place on consent agenda
- Delivery of Items Approved – Will place on consent agenda

Mesa Clinical Pharmacy:

- Mesa Pharmacy Home Delivery Service Return to manager for changes

Policy Tracking Form: The tracking forms for both clinical and non-clinical policies were briefly reviewed.

6. OLD BUSINESS:

A. Review of Evaluation Tracking Form: The evaluation tracking form was reviewed and discussed.

7. NEW BUSINESS:

A. Termination Trending Detail: Mrs. Coleman provided some additional information that Administration will follow up on.

B. Nectar Usage Report: Mr. Zuber updated the committee on Nectar Usage for the last 30 days. In addition, Mr. Zuber provided a quarterly report on manager usage.

C. Criteria Testing and Hiring Process: Director Elliott asked if the criteria testing is addressed in any policy and asked who is qualified to interpret the results. Does Legal Counsel know we are using this criteria testing and is he okay with it? Per staff, there is not currently a policy. Director Elliott requested that the District develop a policy, with Legal Counsel input. Mr. Lovrich stated this is just one small piece of information that is used in the overall evaluation of applicants. Director Elliott stated he would like to understand how this testing works and perhaps see a demonstration, and make sure that the other Board members are aware that we are using this tool. Director Elliott also expressed concern about the PR/Marketing Manager position being filled by someone that does not live locally. Director Elliott feels that it is important for this person to live locally and be integrated in the community. Director Elliott requested adding that it is "preferred" or "highly desirable" that this individual live locally.

8. ADJOURNMENT: The meeting was adjourned at 10:39am.

Submitted by: _____
Heidi Sage, Executive Assistant

Approved by: _____
Fred Clark, Committee Chair

**KERN VALLEY HALTCARE DISTRICT
HUMAN RESOURCES REPORT
JULY 2025 – FY 25**

	JUL '25	JUN '25	MAY '25	JUL '24	
FULL TIME:	226	210	275	269	
PART TIME:	27	18	41	37	
PART TIME W/O BENEFITS:	9	8	27	27	
PER DIEM:	41	37	94	86	
TEMPORARY:	23	24	33	29	
HEADCOUNT:	275	276	277	271	
TURNOVER RATE:	2.18%	4%	1.8%	1.48%	
OPEN POSITIONS:	16	OPEN		DEPARTMENT	POSITION
	2			SKILLED NURSING	CNA
	2			SKILLED NURSING	LVN
	1			SKILLED NURSING	RN/CHARGE NURSE
	1			ACUTE	LVN
	1			MVHC	CLINICAL PHYSICIAN
	1			RADIOLOGY	RAD TECH
	1			ULTRASOUND	ULTRASOUND TECH
	1			REHAB	PTA
	1			REHAB	PHARMACIST
	2			REHAB	PHARM TECH
	2			NUTRITION	KITCHEN LEAD
	1			FINANCE	CFO
NEW HIRES:	12	NEW			
	1			HUMAN RESOURCES	HR GEN. BENEFITS
	1			RETAIL	PHARMACIST
	2			RETAIL	PHARM TECH
	1			RETAIL	PHARM CLERK
	1			ACUTE	RN
	1			SNF	RESIDENT MONITOR
	1			SNF	LVN
	1			SNF	ACTIVITIES ASST
	1			ACUTE	TELEMETRY TECH
	1			LAB	MANAGER
	1			NUTRITION	DT/COOK
SEPARATION FROM EMPLOYMENT:	6	VOL	INVOL	DEPARTMENT	
			1	STAFF DEVELOPMENT	STUDENT
	1			SNF	LVN
	1			NUTRITION	KITCHEN SUPERVISOR
		1		ACUTE	LVN
	1			SNF	CNA
	1			SNF	CNA
WORKERS' COMPENSATION NEW CLAIMS:				DEPARTMENT	LOST TIME?
					RTW?
WC OPEN/CLOSED:	OPEN FY 24-30 10	CLOSED FY 24-30 7	TOTAL CLAIMS FY 24-30 17	TOTAL OPEN CLAIMS 10	
(FY24) 7/1/24 – 6/30/25	10	7	17		
(FY25) 7/1/25 – 6/30/26	0	0	0		

CHIEF NURSING OFFICER

Board Report 09/11/2025

We had a planning meeting to discuss the process for bringing the census up on the skilled nursing center. We also discussed a mentorship program to begin giving the CNA's the tools necessary to succeed.

I have implemented a continuing education program every other month for all licensed nurses in acute care and in the emergency room. We are also developing a nursing skills lab that can be made available to nurses to become familiar with the latest hands-on procedure materials and techniques. Such as Assisting the physician with chest tube insertion, assisting with peritoneal drainage, NG tube insertion among other things.

The count for COVID affected residents was 17 as of 9/4/2025 with 8 staff members who were placed on leave during their brief illness. COVID numbers were increasing in the schools and community, however, not too many actually came in to the hospital for treatment.

John and I will be meeting with Brynn Carrigan, Jeff Farriss and George Baker from Kern County EMS to introduce the new CEO on 9/30/2025.

KVHD CIO Report 09/11/2025

- Windows 10 is reaching end-of-life in October, we must migrate all PCs to Windows 11 by then. So far, we have upgraded 212 out of 234 workstations. Our goal is to be completed by the end of September.
- Our new HPE servers are now in production. These have replaced all the old servers running the hospital that reached end-of-life on Aug 31st. The new servers have an approximate 10-year life expectancy with double the storage speed capacity and 10x the network speed capacity.
- Additional iPads have been purchased for the SNF and are now in production. Nursing staff will be able to use the iPads to perform their documentation in a more mobile manner. The iPads will also allow for us to obtain signatures for residents and patients to move towards reducing paper usage in the SNF.
- The Process Improvement Team is working on streamlining workflows in the SNF. Ben Torres recently completed an updated inventory list that is managed within the EHR. The inventory list allows for digital signature and inventory of SNF residents personal items. We are also working on paper reduction goals for the SNF that include various consent forms that are currently being tested.
- “Our Patients Stories” marketing campaign is still in production. Nicolas Caver, our new Marketing Manger is pushing to get something out in the coming weeks.
- Our Marketing team is working with SNF to come up with ways to advertise to increase our census. We will be making in person visits to various Bakersfield hospital discharge planning teams to ensure they know what services we can provide.

FOUNDATION/AUXILIARY REPORT – September 2025

Foundation:

We don't have a final update on River Rhythms. The community did enjoy the concerts. We will be sending out a survey to the community asking what they liked and what genre of music they would like to hear next year. We had a few hiccups due to the lead singer in one of the bands who had car troubles which caused us to start the concert later and concerns from comments made by another band, whom we did remind this was a family event.

Crabfest is just around the corner. We have sold out and are busy putting together silent auction items.

Auxiliary:

I don't have the final income for August, it will be reported at the next board meeting. The Auxiliary is doing well. They are currently voting for a Board of Directors and that outcome will also be reported at the next board meeting. We are waiting for the information from the check signors so we can move forward with training on the credit card machine.

3. Comparable Services Analysis

(Provide a breakdown of costs from comparable vendors Please attach quotes

Vendor	Recommended Vendor (Y/N)	Amount \$

4. Authorization

Involves Facilities: ☒ Yes* ☐ No Involves Nursing: ☒ Yes* ☐ No Involves Technology: ☒ Yes* ☐ No

** Yes to either of the above requires Plant Operations Manager, CNO, and/or CIO approval.*

Signatures:

Legal Counsel

Date

Plant Operations Manager (if required)

Date

CIO (if required)

Date

CFO

Date

CNO (If required)

Date

CEO

Sally Markman

Department Manager

Date

8/21/2015

Date

5. Administration Use Only

Finance Committee Approval Date: _____

Board of Directors Approval Date: _____

Notes:

Quote date: August 15, 2025

Quote number: Q-231370

Purchase order:

Contact: Christine Pulido

Location: 6412 Laurel Ave

Lake Isabella CA 93240
United States

Quotation overview

BILLING INFORMATION

KERN VALLEY HEALTH CARE
PO BOX 1628
LAKE ISABELLA, CA, 93240-1628

Attention: Christine Pulido
Email: pulidoch@kvhd.org
Phone: (760) 379-2681


SHIPPING INFORMATION

KERN VALLEY HEALTH CARE
6412 LAUREL AVE
LAKE ISABELLA, CA, 93240-9529

Sales Contact: James Thompson
Email: james.thompson@arjo.com
Phone: (650) 339-0944

QUOTE DETAILS

Customer#: 2042663
Validity Date: 11/13/2025
Delivery Terms: FOB - SHIPPING POINT
Payment Terms: net 30 days

PRODUCT #	PRODUCT DESCRIPTION	CONTRACT	NET UNIT PRICE	QTY	NET TOTAL
KMESLU-0-D-01	Maxi Move 5, 500 lbs SWL, Low Base, Scale, Med-PDPS	PREMIER PHD PP-NS-2000	\$7,480.28	1	\$7,480.28
					

Grand Total:

\$ 7,480.28

Disclaimer: All products are subject to availability. Shipping and tax to be added on later and are an approximation and subject to change.
IN WITNESS WHEREOF, the undersigned have executed this quote and attached terms and conditions agreeing to be bound upon the date below.

KERN VALLEY HEALTH CARE

Signature: _____
Printed Name: _____
Title: _____
Date: _____

By signing this quote, customer agree to be bound by Arjo's Standard Terms and Conditions located at: <https://www.arjo.com/en-us/order/terms-and-conditions/>. Arjo may change the Terms and Conditions at any time. In the event a customer is a GPO customer, the GPO Terms and Conditions ("GPO T&Cs") shall govern the applicable sale

At Arjo, we believe that empowering movement within healthcare environments is essential to quality care. Our products & solutions are designed to promote a safe & dignified experience through patient handling, medical beds, personal hygiene, disinfection, diagnostics, & the prevention of pressure injuries & venous thromboembolism.

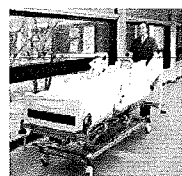
Products



Patient mobility and falls prevention



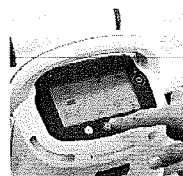
Hygiene and wellness



Medical beds



Pressure injury prevention



VTE prevention



Disinfection



Diagnostics

Clinical solutions



Arjo MOVE[®] Clinical Consulting



Pressure injury and bariatric care



Early mobility for ICU and critical care



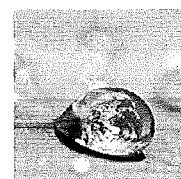
Anxiety and dementia care



Arjo Rental



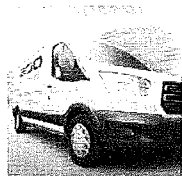
Financial services



Arjo ReNu[™]

Financial solutions

Operational solutions



Equipment services



Arjo Express



Facility planning

Confidential and proprietary information of Arjo. All pricing shall be considered confidential.

Only Arjo designed parts, which are designed specifically for the purpose, should be used on the equipment and products supplied by Arjo. As our policy is one of continuous development we reserve the right to modify designs and specifications without prior notice. ® and ™ are trademarks belonging to the Arjo group of companies. Copyright, trademarks and logos are the intellectual property of Bruin Biometrics LLC, this includes the following: Provizio[®] SEM Scanner and SEM Scanner[®]. Bruin Biometrics LLCs copyright materials cannot be used or reproduced without Bruin Biometrics LLCs written consent. © Arjo, 2022

MEDICAL DIRECTOR SERVICES AGREEMENT

This Medical Director Services Agreement ("Agreement") is entered into by Kern Valley Healthcare District ("District"), a California public entity, and Gary A. Finstad, M.D. ("Provider") as of October 1, 2025.

Section 1. Engagement of Provider.

District hereby agrees to engage Provider, and Provider consents so to be engaged, as its Critical Access Hospital Medical Director and Chief of Staff for the services described in Attachment "A", attached hereto and incorporated herein as though set forth in full during the Term (the "Services").

Section 2. Compensation.

In consideration of the Provider's agreement to be engaged by District and in further consideration of the time, expense and effort undertaken by Provider to provide the Services, District agrees to pay Provider in accordance with Section 6 of this agreement.

Section 3. Initial Term and Extensions.

The initial term of this Agreement is one year commencing October 1, 2025, and expiring September 30, 2026 (the "Initial Term"). Upon completion of the Initial Term, this Agreement shall become renewable for two one-year terms (the "Renewal Term") upon written agreement of the parties. (The Initial Term and Renewal Term, if any, are together the "Term".)

Section 4. Termination of Agreement Without Cause.

This Agreement may be terminated by either party, without cause, upon sixty days' advance, written notice to the other party.

Section 5. Termination of this Agreement With Cause.

Either party may terminate this Agreement with for cause if the other party is in "material default" under the terms and conditions of this Agreement and the default is not cured within seven (7) days of receipt of written notice specifying the material default.

Section 6. Consideration.

District agrees to pay Provider a fee of \$100.00 per hour not to exceed \$2,000 (two thousand and no/100 dollars) in consideration for the services. The fee shall be due and payable by the fifteenth day of the month following service after submission by the Provider of a signed attestation of the administrative hours provided.

Section 7. Medical Director Duties.

In addition to the Services stated in Attachment "A", the Medical Director shall implement and provide the following services:

7.1 Hours of service. The Services shall be provided at least twenty hours per month at the DISTRICT facility. The hours provided to be at the discretion of the Provider.

7.2 Licensure. Medical Director will have all appropriate and necessary licensure with the State of California and be in good standing.

7.3 Medical Staff Committee participation. Medical Director will be required to participate in designated committees, including the annual medical staff meetings, and shall be a member of the Medical Executive Committee.

7.4 Continuing Medical Education. Medical Director is required to fulfill, at his sole cost, the continuing medical education requirements necessary to maintain active state licensure.

7.5 Reports and Medical Records. Medical Director shall complete all medical records and other documentation as may be reasonably required by DISTRICT in a timely fashion.

Section 8. Compliance With Laws

8.1. General Compliance. Medical Director and DISTRICT shall comply with all applicable provisions of law, and other valid rules and regulations of all governmental agencies having jurisdiction over: (i) the Hospital; (ii) the licensing of health care practitioners; and (iii) the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive services at the Hospital. This shall specifically include, but not by way of limitation: (i) compliance with applicable provisions of Title 22, California Administrative Code; (ii) compliance with Medicare billing, time allocation, record keeping, and record access requirements; and HIPAA and the HITECH Act.

8.2. DISTRICT Ethics and Compliance Program. Medical Director understands and acknowledges that DISTRICT has implemented an Ethics and Compliance Program for the Hospital in order to ensure compliance with laws, rules and regulations, including without limitation: Department of Health & Human Services regulations to prevent financial fraud, abuse and conflicts of interest and quality of patient care, and similar state laws; the Stark Law and similar state law; the Anti-Kickback Statute and similar state laws; and CMS Conditions of Participation. Medical Director agrees to abide by the Ethics and Compliance Program, and to alert the DISTRICT'S Compliance Officer immediately in the event Medical Director becomes aware of a violation of any applicable law, regulation or rule.

Section 9. Appointment of the Medical Director.

The parties intend that an independent contract and not an employer/employee relationship be created by this Agreement. The Medical Director is not considered to be an agent or employee of the District for any purpose, but rather is an appointed official whose capacity as an appointed Medical Director may be revoked by the District at any time.

Section 10. Relationship of the Parties.

It is understood the Medical Director is in no way vicariously liable for the conduct of the District employees. It is also understood that the District is in no way vicariously liable for the conduct of the Medical Director. It is understood that the District may use other medical advisors from time to time. It is further understood that Provider and Medical Director are free to contract for similar services to be formed for other entities while under contract with the District.

Section 11. Insurance and Liability.

The District's general liability insurance shall be limited to the medical and administrative services provided by the Medical Director and Provider exclusively for the District.

Section 12. Method and Delivery of Written Notice.

All notices permitted or required under this Agreement shall be made by personal delivery or via U. S. certified mail, postage prepaid to the other party at their address set out on the signature page hereto.

Section 13. Amendment or Modification.

This Agreement may be amended or modified from time to time only by a written instrument adopted by the parties hereto.

Section 14. Severability.

Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement, and the illegal or invalid provision shall be enforced to the maximum extent possible to still be legal and valid.

Section 15. Governing Law and Venue.

This Agreement is governed by and shall be construed in accordance with the laws of the State of California, without regard to its conflict of law provisions. The parties understand and agree that this Agreement is made, and Provider will be performing this contract, in Kern County, California.

Section 16. Counterparts.

This Agreement may be executed in any number of counterparts with the same effect as if the Members had all signed the same document. All counterparts shall be construed together and shall constitute one instrument.

Section 17. Successors and Assigns.

Each and every covenant, term, provision, and agreement herein contained shall be binding upon each of the parties and their respective legal representatives, successors, and assigns, and shall inure to the benefit of each of the parties. Neither party may assign or transfer this Agreement without the express written approval of the other party.

Section 18. Entire Agreement.

This Agreement sets forth the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior arrangements and understandings, if any, related hereto.

**KERN VALLEY HEALTHCARE
DISTRICT**

PROVIDER

By _____
John Lovrich, CEO

By _____
Gary A. Finstad, M.D.

Schedule A

Medical Director/Chief of Staff

Administrative Responsibilities of the Medical Director:

Medical Director shall devote sufficient time and his or her best abilities to the responsibility of that office in accordance with the normal and customary hours of operation of the critical access hospital services as heretofore conducted or as hereinafter established by the Administration of the District in consultation with the medical staff, such as to permit ample time for the performance of all of the duties usually and normally associated with the conduct of the critical access hospital services, including but not limited to the performance of services described below so as to meet the needs of the patients of the District. Without restricting or limiting the Medical Director's general responsibilities, the Medical Director shall be obliged to assure performance of the following specific responsibilities:

1. Medical Director shall ensure that quality physician services are provided, shall establish procedures to evaluate the consistency and quality of all services provided in the Hospital, and shall actively and effectively assist the District in the performance of utilization review and cost containment functions.
2. Medical Director shall participate in the development and review of a system for providing a care plan for each patient.
3. Medical Director will supervise any mid-level practitioner employees or contractors if not assigned to a physician providing services at the Hospital.
4. Medical Director shall develop liaison with all primary care physicians in order to ensure effective medical care to all patients of the critical access hospital. If necessary, the Medical Director will provide direct patient care.
5. Medical Director shall participate in the medical development and annual review of written policies and procedures governing the medical, nursing, and related health services in the critical access hospital.
6. Medical Director shall participate in the development and implementation of an effective program of utilization review.
7. Medical Director shall participate in the development and implementation of an effective program of quality assurance. This shall include preparing and presenting quality assurance reports to the Hospital Administration or elsewhere, as appropriate.
8. Medical Director shall be available for consultation on the development and maintenance of an adequate medical record system for critical access hospital services. This shall include assuring that the appropriate medical record entries are made by all physicians concerning all procedures and other services performed.
9. Medical Director shall advise the Administrator of the Hospital concerning the adequacy of the patient care services and medical equipment.

10. Medical Director shall be available for consultation with the Administrator of the Hospital on all issues regarding the health care program of the critical access hospital.
11. Medical Director shall be available to respond to administrative questions regarding clinical services.
12. Medical Director shall be available to assist with nursing questions.
13. Medical Director shall be available for consultations with other physicians at reasonable times and with reasonable promptness.
14. Medical Director shall evaluate the critical access hospital clinical services to insure that they are provided in a manner consistent with the standard of care required by this Agreement, the medical staff by-laws and subject to budgetary systems and constraints established by the Hospital, otherwise assist the Hospital Administration in containing service costs (e.g., demonstrating the reduction of expenses through standardization of drugs, implants and supplies).
15. Medical Director shall maintain and provide the Hospital with an adequate time record to allow for the appropriate allocation of the administrative services furnished under this contract and any other services furnished by the Provider under other agreements with the Hospital. In addition, the Provider shall submit a monthly time record listing time spent on administrative services.

PODIATRIC PHYSICIAN AGREEMENT

This Rural Health Clinic Physician Agreement (“Agreement”) is entered into by and between Kern Valley Healthcare District (“District”) and Holly Spohn-Gross, D.P.M. (“PHYSICIAN”), as of September 1, 2025.

RECITALS

A. District owns and operates Kern Valley Hospital (“Hospital”) located in Mountain Mesa, California, a Critical Access Hospital, and desires to retain Physician to provide rural health clinic podiatry services in Hospital’s Skilled Nursing Unit (“SNF”) and Rural Health Clinic (“RHC”).

B. Physician is duly licensed in California with a background and experience in providing podiatric medical services, and desires to be retained by District.

NOW, THEREFORE, the parties agree as follows:

TERMS

1. SCOPE OF SERVICES

District retains Physician, and Physician agrees to provide those services identified in Exhibit A, attached hereto and incorporated by reference (the “Services”).

2. PHYSICIAN’S REPRESENTATIONS AND WARRANTIES

Physician represents and warrants at the time of signing this Agreement, and at all times during the term of this Agreement, that:

2.1 Physician is duly licensed, registered and in good standing, or will become duly licensed, registered and in good standing under the laws of the State of California, to engage in the practice of medicine, and that said license and registration have not been suspended, revoked, or restricted in any manner.

2.2 Physician is qualified for and has applied for or will apply for within a reasonable time after the signing of this Agreement, and has obtained, or will obtain within a reasonable time after the signing of this Agreement, membership (including appropriate clinical privileges) in good standing with the Medical Staff of District.

2.3 Physician has disclosed and will at all times during the term of this Agreement promptly disclose to the District: (a) the existence and basis of any legal, regulatory, professional or other proceeding against Physician instituted by any person, organization, governmental agency, health care facility, peer review organization, or professional society which involves any allegation of substandard care or professional misconduct raised against Physician and (b) any allegation of substandard care or professional misconduct raised against Physician by any person, organization, governmental agency, health care facility, peer review organization or professional society;

2.4 Physician is board certified, or board qualified in podiatry medicine, or possesses knowledge and skill in podiatric medicine comparable to other physicians practicing podiatric medicine in the District's service area.

2.5 Physician shall at all times render the Services in a competent, professional, and ethical manner, in accordance with prevailing standards of medical care and practice, and all applicable statutes, regulations, rules, orders, and directives of any and all applicable governmental and regulatory bodies having competent jurisdiction.

2.6 In connection with the provision of the Services, Physician shall use the equipment, instruments, electronic medical record system and supplies of the District for the purposes for which they are intended and in a manner consistent with sound medical practice.

2.7 Physician shall complete and maintain, in a timely manner and on the electronic medical record system, adequate, legible and proper medical records, claims and correspondence with respect to the Services.

2.8 Physician shall participate in Medicare, Medi-Cal and other federal and state reimbursement programs, commercial insurance reimbursement programs, health maintenance organization, preferred provider organizations, self-insured employer reimbursement programs and any other health benefit program with which the District may contract for the provision of professional medical services.

2.9 Physician shall abide by the Medical Staff Bylaws, rules, regulations and policies.

2.10 Physician shall participate in continuing medical education and training programs required to maintain skills comparable with the standards of care in podiatry medicine in the District's service area.

2.11 Physician shall satisfy all qualifications of insurability for professional liability policy or policies required, maintained or reimbursed by the District.

2.12 Physician shall deliver to the District promptly upon request copies of all certificates, registrations, certificates of insurance and other evidence of Physician's compliance with the foregoing as reasonably requested by the District.

3. RESPONSIBILITIES OF HOSPITAL

3.1 HOSPITAL shall provide appropriate space and necessary equipment within the rural health clinic and SNF for the use of Physician in the performance of the Services under this Agreement.

3.2 HOSPITAL shall make all reasonable efforts to make available ancillary services necessary for effective operation of the RHC and SNF, including laboratory, imaging, pharmacy, etc.

3.3 HOSPITAL shall not involve itself in those aspects of Physician's professional practice of medicine for which a license to practice medicine is required.

4. COVERAGE.

PHYSICIAN will provide podiatry physician coverage in the RHC and SNF as scheduled by the SNF Director of Nursing and RHC Manager.

5. COMPLIANCE WITH LAWS

PHYSICIAN shall comply with all applicable provisions of law, and other valid rules and regulations of all governmental agencies having jurisdiction over: (i) the operation of the SNF and RHC; (ii) the licensing of health care practitioners; and (iii) the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive services at HOSPITAL. This shall specifically include, but not by way of limitation: (i) compliance with applicable provisions of Title 22, California Administrative Code; and (ii) compliance with Medicare billing, time allocation, record keeping, and record access requirements.

6. PHYSICIAN COMPENSATION.

6.1 District agrees to pay the following fees to Physician:

6.1.1 Patient Visits. District will bill patients and their payors for services provided by PHYSICIAN to those patients. Such charges shall be consistent with prevailing community charges.

6.1.2 Patient Visit Fees. District will pay PHYSICIAN \$65.00 per visit for all SNF or rural health clinic patients treated.

6.1.3 HOSPITAL is responsible for the payments due to PHYSICIAN. Therefore, physician should only look to the HOSPITAL for amounts due.

6.2 Timing of Payment. HOSPITAL will pay PHYSICIAN monthly by the 15th day of the next month following that month in which the services are rendered.

6.3 Holiday Minimum. The Rural Health Clinic is closed on all observed holidays.

7. INDEPENDENT CONTRACTOR

7.1 PHYSICIAN is an independent contractor, and is not, by virtue of this Agreement, an employee, partner of, or joint venturer with District.

7.2 Physician may not make any claim against District under this Agreement for social security benefits, worker's compensation benefits, unemployment insurance benefits, health benefits, vacation pay, sick leave, or any other employee benefits of any kind.

7.3 District shall not exercise any direct control over any medical decisions made by Physician in the course of performing the Services at the Rural Health Clinic or SNF.

8. INSURANCE AND INDEMNIFICATION

8.1. Coverage. PHYSICIAN will be covered by the District's Professional and Liability Insurance through BETA Healthcare Group ("BETA") for a minimum of \$1,000,000 per occurrence, \$3,000,000 aggregate, for the Services rendered under this Agreement. It is understood and agreed that BETA provides Continuous Coverage for departed providers, except the coverage is limited to claims made and reported against the provider for Services provided during the term of this Agreement. PHYSICIAN may, at their own discretion, use their personal professional liability insurance coverage for the provision of the Services rendered under this agreement.

8.2. Indemnification. Each party ("Indemnitor") agrees to defend, indemnify and hold the other party ("Indemnitee") and its representatives, agents, successors and assigns harmless from any and all damages, claims, judgments, losses, costs and expenses, including attorney's fees, which may hereinafter at any time be incurred, suffered, sustained by or imposed upon Indemnitee or its representatives, agents, successors or assigns, which may be due or required to be paid or performed by reason of, arising out of, by virtue of, or incident to the performance or the rendering of any of the obligations of Indemnitor hereunder, including but not limited to, any such damages, claims, judgments, losses, costs or expenses attributable to bodily injury, sickness, disease or death or injury or to destruction of tangible property which is caused in whole or in part by the negligent act or omission of Indemnitor, or anyone directly employed by or acting on behalf of Indemnitor but not as a result of the negligence of Indemnitee, its representatives, servants or agents.

9. NONDISCRIMINATION

Services are to be available to all patients, in accordance with District's nondiscrimination policies, and in accordance with any established policies relating to free or charity care. Physician shall not refuse to provide services to any patient at the Hospital, regardless of ability to pay.

10. TERM AND TERMINATION

10.1 Term. This Agreement shall be effective as of September 1, 2025, and shall terminate on August 31, 2026. Upon mutual agreement, not later than 90 days prior to expiration of the current term, the District and Physician may extend this Agreement for two additional one-year terms.

10.2 Termination without cause. During the initial 120 days of this Agreement, either party may, without cause, terminate this Agreement with 30-days written notice to the other party. Thereafter, this Agreement may be terminated upon 60-days written notice to the other party. This agreement may be terminated at any time by the mutual consent of both parties.

10.3 Termination for cause. Either party may terminate this Agreement for cause if the other party is in material breach of this Agreement and the default is not cured within seven days of receipt of written notice specifying the material breach.

10.4 Other grounds for termination. This Agreement may be terminated immediately for the following reasons:

10.4.1 Physician's loss or restriction of their license for any reason.

10.4.2 Physician becomes legally incompetent; is convicted of a felony; or uses, possesses, or is found under the influence of alcohol, drugs, or other controlled substances while performing his duties under this Agreement.

10.4.3 Physician fails to maintain a professional standard of conduct in accordance with District policies.

10.4.4 Physician becomes ineligible to participate in the Medical or Medicare programs for any reason.

10.4.5 A fraud control unit of a state or federal agency determines Physician has or may be placing the health and safety of a patient at risk.

10.4.6 Loss or restriction of DISTRICT'S license to operate the Hospital.

10.5 Change in Law. In the event that any federal, state or local law or regulation, or any final, non-appealable interpretation of law or regulations by a court of law or governmental agency, makes or will make substantial performance of this Agreement illegal or renders any provision hereof illegal or unenforceable, the parties shall meet and negotiate and use best efforts to modify the Agreement to resolve the concern. If the parties are unable to resolve the issue within ten (10) days after it arose, either party may elect to terminate this Agreement on ten (10) days prior written notice.

10.6 Rights on Expiration or Termination. Custody of all District records, including patient medical records, equipment, and supplies shall be turned over to District upon termination for any reason. Duplicate copies of records may be retained by PHYSICIAN, at their own expense.

11. GENERAL PROVISIONS

11.1. Other Agreements. No other agreements between the parties exist at this time.

11.2. Assignment. Neither party may assign, delegate or transfer any rights, obligations or duties hereunder without the express written approval of the other party, which approval shall not be unreasonably withheld.

11.3. Notice. All notices required by this Agreement shall be in writing, and shall be deemed effective when personally delivered; when mailed by certified or registered mail, return receipt requested; or when deposited with a comparably reliable postage delivery service (such as Federal Express); addressed to the other party as follows:

IF TO PHYSICIAN:

Holy Spohn-Gross, D.P.M.

[REDACTED]

IF TO DISTRICT:

Kern Valley Healthcare District
Attn: CEO
P.O. Box 1628
Lake Isabella, CA 93240

11.4. Records. Until the expiration of four (4) years after the furnishing of any service pursuant to this Agreement, PHYSICIAN shall make available upon written request, to the Secretary of the United States Department of Health and Human Services, or upon written request to the United States Comptroller, or any of their duly authorized representatives, under 42 C.F.R. & 420.300 et seq., or the California Department of Health Services, this Agreement, and such books, documents and records of the Physician that are necessary to certify the nature and extent of the reasonable costs of services.

11.5. No Third-Party Beneficiaries. Nothing contained in this Agreement is intended, nor shall it be construed, to create rights running to the benefit of third parties.

11.6. Attorney's Fees. In the event of a legal action or proceeding between the parties arising from this Agreement, the prevailing party shall be entitled to receive reasonable attorney's fees, costs, and other expenses, including those incurred on appeal and in the enforcement of a judgment, in addition to whatever other relief may be awarded.

11.7 Force Majeure. Neither party shall be liable or deemed in default of this Agreement for any delay or failure to perform caused by acts of God, war, disasters, strikes, or any cause reasonably beyond the control of the non-performing party.

11.8 Severability. In the event any portion of this Agreement is declared invalid or void by a court or arbitrator, such portion shall be severed from this Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to substantially alter the agreement or obligations of the parties, or would place either party in violation of its articles of in District or its bylaws, in which case the Agreement may be immediately terminated.

11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws principles, and is made and to be performed in the County of Kern, California.

11.10 No Referrals. Nothing in this Agreement is intended to obligate, and shall not obligate, any party to this Agreement to refer patients to any other party.

11.11 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

11.12 Entire Agreement; Modification. This Agreement contains the entire agreement of the parties relating to this subject matter. The Agreement may only be modified in writing, signed by both parties, effective on the date set forth therein.

11.13 Execution. By their signatures below, each of the following represent that they have authority to execute this Agreement and to bind the party on whose behalf their execution is made.

Kern Valley Healthcare District

Holly Spohn-Gross, D.P.M.

By _____
Tim McGlew, CEO

Holly Spohn-Gross, D.P.M.

EXHIBIT A

SCOPE OF SERVICES

PHYSICIAN shall devote sufficient time and his or her best abilities to the responsibility of treating patients in the normal and customary hours of operation of the Rural Health Clinic and SNF.

Patient Referrals. PHYSICIAN shall make referrals of Rural Health Clinic and SNF patients in accordance with patient's insurance and established Rural Health Clinic and SNF networks in place.

Medical Care Plan System. PHYSICIAN shall participate in the development and review of a system for providing a medical care plan for RHC or SNF patient covering medications, nursing care, ancillary services, admission, discharge or transfer planning, and other relevant services related to podiatric care.

Medical Records. PHYSICIAN shall be responsible for the development and maintenance of an adequate medical record in the RHC and SNF. This shall include assuring that the appropriate medical record entries are made by PHYSICIAN, including using the existing electronic medical system in the RHC concerning all medical procedures and other services performed in the RHC and SNF.

Service and Equipment Adequacy. PHYSICIAN shall ensure the adequacy of the patient care services and medical equipment.

Responses to Administrative Questions. PHYSICIAN shall be available to respond to administrative questions regarding patients, referral problems, and patient status.

Responses to Nursing Questions. PHYSICIAN shall be available to assist with nursing or mid-level practitioner questions at the RHC, including questions regarding patient referrals and patient clinical status.

Responses to Patient Problems. PHYSICIAN, when consulted, shall be available to respond to patient podiatry problems in the RHC and SNF by means of chart review and patient visits, as appropriate, and respond to all patient emergencies when required.

Medical Staff Commitments. Physician shall serve on such committees of Medical Staff of the District as may be appropriate after consultation with the Chief of Staff and Hospital CEO.

Utilization Review Services. Physician shall, as requested by the District, assist in the RHC and SNF utilization review program of the District.

RURAL HEALTH CLINIC MEDICAL DIRECTOR SERVICES AGREEMENT

This Medical Director Services Agreement (“Agreement”) is entered into by Kern Valley Healthcare District (“District”), a California public entity, and Samantha Mongar, D.O. (“Provider”) as of September 1, 2025.

Section 1. Engagement of Provider.

District hereby agrees to engage Provider, and Provider consents so to be engaged, as its Medical Director for the services described in Attachment “A”, attached hereto and incorporated herein as though set forth in full during the Term (the “Services”).

Section 2. Compensation.

In consideration for Provider’s agreement to be engaged by District and in further consideration of the time, expense and effort undertaken by Provider to provide the Services, District agrees to pay Provider in accordance with Section 6 of this agreement.

Section 3. Initial Term and Extensions.

The term of this Agreement is one year commencing September 1, 2025, and expiring August 31, 2026 (the “Initial Term”). Upon completion of the Initial Term, this Agreement shall become renewable for two one year terms (the “Renewal Term”) upon written agreement of the parties. (The Initial Term and Renewal Term, if any, are together the “Term”).

Section 4. Termination of Agreement Without Cause.

This Agreement may be terminated by either party, without cause, upon thirty days’ advance, written notice to the other party.

Section 5. Termination of this Agreement With Cause.

Either party may terminate this Agreement for cause if the other party is in “material default” under the terms and conditions of this Agreement and the default is not cured within seven (7) days of receipt of written notice specifying the material default.

5.1 “Material Default” encompasses the following:

5.1.1 Medical Director’s loss or restriction of (his/her) license for any reason.

5.1.2 Medical Director becomes legally incompetent, is convicted of a felony; or uses, possesses, or is found under the influence of alcohol, drugs, or other controlled substances while performing her duties under this Agreement.

5.1.3 Medical Director fails to maintain a professional standard of conduct in accordance with DISTRICT policies.

5.1.4 Medical Director becomes ineligible to participate in the Medi-Cal or Medicare programs for any reason.

5.1.5 A fraud control unit of a state or federal agency determines Medical Director has or may be placing the health and safety of a patient at risk.

5.1.6 Loss or restriction of DISTRICT’S license to operate the Hospital.

Section 6. Consideration.

6.1 District agrees to pay Provider a fee of \$167.00 per hour not to exceed \$5,000 (five thousand and no/100 dollars) per month in consideration for the services. The fee shall be due and payable by the fifteen day of the month following service after submission by the Provider of a signed attestation of the administrative hours provided.

6.2 PHYSICIAN may participate in the District employee group health plan at the same premium rate as other District employees.

Section 7. Medical Director Duties.

In addition to the Services stated in Attachment “A”, the Medical Director shall implement and provide the following services:

7.1 Hours of service. The Administrative Services shall be provided at least twenty hours per month at a DISTRICT facility. The hours provided to be at the discretion of the Provider.

7.2 Licensure. Medical Director will have all appropriate and necessary licensure with the State of California and be in good standing.

7.3 Medical Staff Committee participation. Medical Director will be required to participate in designated committees, including quarterly medical staff meetings.

7.4 Continuing Medical Education. Medical Director is required to fulfill the continuing medical education requirements necessary to maintain active state licensure.

7.5 Reports and Medical Records. Medical Director shall complete all medical records and other documentation as may be reasonably required by DISTRICT in a timely fashion.

7.6 Compliance with Clinic Policy. Medical Director will fulfill other duties as outlined in RHC policy “MEDICAL DIRECTOR / SUPERVISING PHYSICIAN”

Section 8. Compliance With Laws

8.1. General Compliance. Medical Director and DISTRICT shall comply with all applicable provisions of law, and other valid rules and regulations of all governmental agencies having jurisdiction over: (i) the Hospital; (ii) the licensing of health care practitioners; and (iii) the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive services at the Hospital. This shall specifically include, but not by way of limitation: (i) compliance with applicable provisions of Title 22, California Administrative Code; (ii) compliance with Medicare billing, time allocation, record keeping, and record access requirements; and HIPAA and the HITECH Act.

8.2. DISTRICT Ethics and Compliance Program. Medical Director understands and acknowledges that DISTRICT has implemented an Ethics and Compliance Program for the Hospital in order to ensure compliance with laws, rules and

regulations, including without limitation: Department of Health & Human Services regulations to prevent financial fraud, abuse and conflicts of interest and quality of patient care, and similar state laws; the Stark Law and similar state law; the Anti-Kickback Statute and similar state laws; and CMS Conditions of Participation. Medical Director agrees to abide by the Ethics and Compliance Program, and to alert the DISTRICT'S Compliance Officer immediately in the event Medical Director becomes aware of a violation of any applicable law, regulation or rule.

Section 9. Appointment of the Medical Director.

The parties intend that an independent contract and not an employer/employee relationship be created by this Agreement. The Medical Director is not considered to be an agent or employee of the District for any purpose, but rather is an appointed official whose capacity as an appointed Medical Director may be revoked by the District at any time.

Section 10. Relationship of the Parties.

It is understood the Medical Director is in no way vicariously liable for the conduct of the District employees. It is also understood that the District is in no way vicariously liable for the conduct of the Medical Director. It is understood that the District may use other medical advisors from time to time. It is further understood that Provider and Medical Director are free to contract for similar services to be formed for other entities while under contract with the District.

Section 11. Insurance and Liability.

The District's general liability insurance shall be limited to the medical and administrative services provided by the Medical Director and Provider exclusively for the District.

Section 12. Method and Delivery of Written Notice.

All notices permitted or required under this Agreement shall be made by personal delivery or via U. S. certified mail, postage prepaid to the other party at their address set out on the signature page hereto.

Section 13. Amendment or Modification.

This Agreement may be amended or modified from time to time only by a written instrument adopted by the parties hereto.

Section 14. Severability.

Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement and the illegal or invalid provision shall be enforced to the maximum extent possible to still be legal and valid.

Section 15. Governing Law and Venue.

This Agreement is governed by and shall be construed in accordance with the laws of the State of California, without regard to its conflict of law provisions. The parties understand and

agree that this Agreement is made, and Provider will be performing this contract, in Kern County, California.

Section 16. Counterparts.

This Agreement may be executed in any number of counterparts with the same effect as if the Members had all signed the same document. All counterparts shall be construed together and shall constitute one instrument.

Section 17. Successors and Assigns.

Each and every covenant, term, provision, and agreement herein contained shall be binding upon each of the parties and their respective legal representatives, successors, and assigns, and shall inure to the benefit of each of the parties. Neither party may assign or transfer this Agreement without the express written approval of the other party.

Section 18. Entire Agreement.

This Agreement sets forth the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior arrangements and understandings, if any, related hereto.

**KERN VALLEY HEALTHCARE
DISTRICT**

PHYSICIAN

By _____
John Lovrich, CEO
P.O. Box 1628
Lake Isabella, CA 93240

By _____
Samantha Monar, D.O.
[REDACTED]

Schedule A

Medical Director

Administrative Responsibilities of the Medical Director:

Medical Director shall devote sufficient time and his or her best abilities to the responsibility of that office in accordance with the normal and customary hours of operation of the rural health clinic services as heretofore conducted or as hereinafter established by the Administration of the District in consultation with the medical staff, such as to permit ample time for the performance of all of the duties usually and normally associated with the conduct of rural health clinic services, including but not limited to the performance of services described below so as to meet the needs of the patients of the District. Without restricting or limiting the Medical Director's general responsibilities, the Medical Director shall be obliged to assure performance of the following specific responsibilities:

1. Medical Director shall ensure that quality rural health clinic services are provided, shall establish procedures to evaluate the consistency and quality of all services provided in the rural health clinic, and shall actively and effectively assist the District in the performance of utilization review and cost containment functions.
2. Medical Director shall participate in the development and review of a system for providing a care plan for each rural health clinic patient.
3. Medical Director will supervise rural health clinic physicians and any mid-level practitioner employees of the rural health clinic, including PA-Cs or NPs.
4. Medical Director shall develop liaison with all specialist physicians in order to ensure effective medical care to all patients of the rural health clinic. If necessary, the Medical Director will provide direct patient care and will perform electronic medical record documentation for his services to rural health clinic patients.
5. Medical Director shall participate in the medical development and annual review of written policies and procedures governing the medical, nursing, and related health services in the rural health clinic.
6. Medical Director shall participate in the development and implementation of an effective program of utilization review for the rural health clinic.
7. Medical Director shall participate in the development and implementation of an effective program of quality assurance for the rural health clinic. This shall include preparing and presenting quality assurance reports to the Hospital Administration or elsewhere, as appropriate.
8. Medical Director shall be available for consultation on the development and maintenance of an adequate electronic medical record system for rural health clinic services. This shall include assuring that the appropriate electronic medical record entries are made by all providers concerning all rural health clinic procedures.
9. Medical Director shall advise the Administrator of the Hospital concerning the adequacy of the patient care services and medical equipment in the rural health clinic.
10. Medical Director shall be available for consultation with the Administrator of the Hospital on all issues regarding the health care program in the rural health clinic.

11. Medical Director shall be available to respond to administrative questions regarding rural health clinic services.
12. Medical Director shall be available to assist with nursing questions on rural health clinic services.
13. Medical Director shall be available for consultations with other physicians at reasonable times and with reasonable promptness.
14. Medical Director shall conduct the rural health clinic services in a cost-efficient and effective manner, consistent with the standard of care required by this Agreement and subject to budgetary systems and constraints established by the Hospital, and otherwise assist the Hospital Administration in containing rural health clinic service costs (e.g., demonstrating the reduction of expenses through standardization of drugs and supplies).
15. Medical Director shall maintain and provide the Hospital with an adequate time record to allow for the appropriate allocation of the administrative services furnished under this contract and any other services furnished by the Provider under other agreements with the Hospital. In addition, the Provider shall submit a monthly time record listing time spent on administrative services.

RESOLUTION NO. 25-08

**A RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING
AND ACCEPTING THE PURCHASE OF SURPLUS GENERATORS**

Whereas Tehachapi Valley Healthcare District (“Seller”) is the sole owner of certain surplus property consisting of two (2) generators (“Property”) and has the full right and authority to sell the Property free and clear of all liens, hypothecations, and other encumbrances to title;

Whereas Seller has offered to sell the Property to Kern Valley Healthcare District (“District”) for the total purchase price of One Dollar (\$1.00);

Whereas the District has reviewed the Property and determined that the offer is satisfactory and in the best interest of the District;

Whereas the purchase of the Property is not a project under the California Environmental Quality Act because the proposed action does not involve any commitment to a specific project that may result in a significant physical impact on the environment; and

Whereas all legal prerequisites to the adoption of this Resolution have occurred;

Now, therefore, the Board of Directors of Kern Valley Healthcare District resolves as follows:

1. The Board of Directors finds and determines the above recitals are true and correct, and hereby incorporates them into this resolution.
2. The District authorizes and approves the purchase of two (2) generators from Tehachapi Valley Healthcare District for the total purchase price of One Dollar (\$1.00) pursuant to the Bill of Sale attached as Exhibit 1.
3. The Board of Directors authorizes and directs the District’s Chief Executive Officer (or designee) to execute such agreements and documents as may be necessary or convenient to effectuate the purchase and acceptance of the Property.

Approved and adopted by the Board of Directors of Kern Valley Healthcare District on the 11th day of September 2025.

Ayes:

Noes:

Abstain:

Absent:

President

Secretary

BILL OF SALE

This Bill of Sale ("Agreement") is entered into on September 11, 2025, by Tehachapi Valley Healthcare District ("Seller") and Kern Valley Healthcare District, ("Buyer").

1. Sale and Transfer of Property

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller hereby sells, transfers, conveys, and delivers to Buyer all of Seller's right, title, and interest in and to two (2) generators, together with any accessories, attachments, and related equipment owned by Seller and used in connection therewith (the "Property").

2. Purchase Price

The total purchase price for the Property is One Dollar (\$1.00) paid by Buyer to Seller contemporaneously with the execution and delivery of this Bill of Sale.

3. Condition of Property

Buyer acknowledges and agrees that the Property is sold "AS IS, WHERE IS, AND WITH ALL FAULTS" without warranty of any kind, express or implied, including but not limited to any warranty of merchantability or fitness for a particular purpose.

4. Authority

Each party represents and warrants that it has full power and lawful authority to enter into this Bill of Sale and to consummate the transactions contemplated herein.

5. Governing Law

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of California.

6. Entire Agreement

This Bill of Sale constitutes the entire agreement between the parties with respect to the transfer of the Property and supersedes all prior or contemporaneous agreements or understandings, whether written or oral.

IN WITNESS WHEREOF, the parties have executed this Bill of Sale as of the date first above written.

Tehachapi Valley Healthcare District

Kern Valley Healthcare District

By _____
Peggy Mendiburu
Chief Executive Officer

By _____
John Lovrich
Chief Executive Officer

RESOLUTION NO. 25-09

**A RESOLUTION APPOINTING THE CHIEF EXECUTIVE OFFICER
AS DISTRICT REPRESENTATIVE TO EXECUTE AND SUBMIT AN APPLICATION TO
THE CALIFORNIA STATE BOARD OF PHARMACY
FOR RELOCATION OF THE RETAIL PHARMACY**

Whereas Kern Valley Healthcare District (“District”) owns and operates a retail pharmacy licensed by the California State Board of Pharmacy that the District intends to relocate its licensed retail pharmacy from 12608 Mt. Mesa Road, Lake Isabella, CA to a new location at 12424 Mt. Mesa Road, Lake Isabella, CA that will better serve the needs of the community; and

Whereas the California State Board of Pharmacy requires that an application be completed, executed, and submitted by an authorized representative of the District in order to approve the relocation of the retail pharmacy license; and

Whereas the Board of Directors finds it in the best interest of the District to designate the Chief Executive Officer (“CEO”) as the District’s authorized representative for purposes of executing, verifying, and submitting the relocation application and all related documents to the California State Board of Pharmacy.

Now, therefore, be it resolved by the Board of Directors of Kern Valley Healthcare District as follows:

1. The Board hereby appoints and authorizes the Chief Executive Officer, or his/her designee, to act as the District’s representative in all matters relating to the relocation of the District’s retail pharmacy license.
2. The Chief Executive Officer is authorized to execute, verify, and submit the required application and any supporting documents to the California State Board of Pharmacy.
3. The Chief Executive Officer is further authorized to take such additional actions as may be necessary and appropriate to obtain approval from the California State Board of Pharmacy for the relocation of the District’s retail pharmacy.

PASSED AND ADOPTED this 11th day of September 2025, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

By _____
President, Board of Directors

ATTEST

Secretary, Board of Directors

**Revenue Cycle Services Agreement between Kern Valley Healthcare District
and
PMNagle Consulting, LLC.**

This Agreement is made in Kern County, effective September 1, 2025, between Kern Valley Healthcare District ("KVHD") and PMNagle Consulting, LLC ("CONTRACTOR").

The parties agree as follows:

Description of Services: Commencing September 1, 2025, CONTRACTOR shall provide the following services (collectively, the "Services"):

SCOPE of Services:

1. Audit the 29,150 -claim inventory in Denial Manager against the CPSI system to determine if the claim has been corrected and resubmitted to the payer. If there is no evidence of a correction and rebill, the claim will be assigned to specific Queue for correction and submission. If it has been resolved the claim will be marked as such in the DM system.
2. Audit the 8,562 claims in error status pending correction against the CPSI system to determine if the claim has been corrected and resubmitted to the payer. If there is no evidence of a corrected claim with a status of corrected claim, the claim will be assigned to a Queue for correction and resubmission.
3. Audit CPSI Commercial Financial Class greater than 120 days as there are 900 accounts with a gross amount of \$3.9 mil. PMNagle will rebill where necessary and seek a zero-balance resolution.
4. Provide a reporting dashboard for Key Revenue Cycle metrics.

Performance of Services: The CONTRACTOR will set the method and hours for completing the Services. "KVHD" shall expect the CONTRACTOR to work the required hours to fulfill the CONTRACTOR'S obligations under this Agreement.

Price and Payment Terms:

The "CONTRACTOR" estimates the total cost for all services will be \$14,500 payable upon receipt of monthly invoice.

Term/Termination: This agreement will become effective September 1, 2025, and will remain in effect until project completed or January 31, 2026.

Relationship of Parties: The parties agree that the CONTRACTOR is an independent contractor and not an employee of "KVHD". "KVHD" shall not provide fringe benefits, including health insurance, holidays, paid vacation, or any other employee benefit, for the benefit of the CONTRACTOR.

Compliance with Health Insurance Portability and Accountability Act of 1996: CONTRACTOR acknowledges and agrees that it is subject to and bound by the provisions of the Health Insurance Portability and Accountability Act of 1996 (hereinafter "HIPAA") in performing its obligations under this Agreement. Pursuant to 45 C.F.R. 164.314(a)(2)(I), the CONTRACTOR agrees that:

A. Shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that CONTRACTOR creates, receives, maintains, or transmits on behalf of the "KVHD".

B. Assured that all third parties that CONTRACTOR provide protected health information agree to implement reasonable and appropriate safeguards to protect said information.

C. Shall immediately report to "KVHD" any security incident involving any electronic protected health information that CONTRACTOR creates, receives, maintains, or transmits on behalf of "KVHD".

D. Shall promptly inform KVHD of the measures to protect the health information in paragraph A.

Confidentiality: CONTRACTOR recognizes that "KVHD" has protected health information and other proprietary information (collectively, "Information"), which are valuable, special, and unique assets of "KVHD." CONTRACTOR shall not divulge, disclose, or communicate in any manner any Information to any third party without prior written consent. The CONTRACTOR should protect the Information and treat it as strictly confidential. The CONTRACTOR shall abide by the requirements of 42 CFR, Part 164.506, Standards for Privacy of Individually Identifiable Health Information: Proposed Rule. A violation of this paragraph shall be a material violation of this Agreement.

Legal Fees and Court Costs: The prevailing party in any legal action to enforce this Agreement may recover reasonable attorney's fees and court costs.

All communications must be in writing and are considered delivered when personally handed over or sent by mail with prepaid postage to the specified address:

Kern Valley Healthcare District 6412 Laurel Avenue Mountain Mesa, CA 93240

PMNagle Consulting, LLC PO Box 1056 Stevensville, MT 59870

Either party may change this address by giving written notice to the other as described above.

Entire Agreement: This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties. The parties hereby agree and acknowledge that they are not relying on any promises or representations that are not set forth herein.

Amendment: This Agreement can only be changed in writing and must be signed by both parties.

Severability: If any provision of this Agreement is found to be invalid or unenforceable for any reason, the remaining provisions will remain valid and enforceable. If a court determines any

provision of this Agreement to be invalid but subject to modification, the modified provision shall be enforceable.

Waiver of Contractual Right: The failure of either party to enforce any part of this Agreement does not waive their right to enforce all provisions later.

Applicable Law: The Laws of the State of California shall govern this Agreement.

Venue: This Agreement is executed in Kern County, CA, and any disputes will be resolved in that jurisdiction.

Signature Party Receiving Service

Date _____

John Lovrich, Chief Financial Officer

A handwritten signature in black ink, appearing to read 'P M Nagle', written over a horizontal line.

Signature Party Providing Service

Date _____

Phillip Michael Nagle

September 2, 2025

Mr. John Lovrich
Chief Executive Officer
Kern Valley Healthcare District
6412 Laurel Avenue
Mountain Mesa, CA 93240

Dear Mr. Lovrich:

We are pleased to submit this letter for your review and signature (the "*Agreement*"), which sets forth the terms according to which SCA Consulting, Inc., will provide you with certain consulting services. The term of this contract is from September 15, 2025 through December 31, 2026, subject to the termination provisions described in section "5" below. This proposal is to provide financial and reimbursement expertise on the Voluntary Rate Range Intergovernmental Transfer (IGT) Program. We look forward to working with you in reaching your objectives and ask that you review this letter to ensure that we understand and agree upon the terms governing the provision of our services. For convenience, this letter will refer to SCA Consulting, Inc., as "*Consultant*" and to Kern Valley Healthcare District as "*Client*."

The terms and conditions of our Agreement are as follows:

- 1. Consulting Services.** Consultant agrees to provide the consulting services described on Exhibit A attached hereto. Exhibit A will be referred to as the "*Services*." Consultant further agrees to consult with Client regarding the Services during the term of this Agreement.
- 2. Performance Standards.** Consultant agrees to perform the duties required by this Agreement in good faith, and in a timely manner that Consultant believes to be consistent with the needs of the Client. Consultant is not an agent or employee of Client, and has no fiduciary duty, nor any duty of care, disclosure or inquiry, other than as expressly set forth in this Agreement. Consultant shall be entitled to rely on the completeness and accuracy of all information, documents and materials provided by Client to Consultant in connection with the Services and this Agreement.
- 3. Compensation and Expenses.** In return for the Services provided by Consultant and specified in Exhibit A, Client agrees to pay Consultant 15% (fifteen percent) of the net benefit

amount of the additional revenue generated from this engagement related to Kern Family Health Care (refer to Exhibit B for sample calculation). In addition, in return for the Services provided by Consultant and specified in Exhibit A, Client agrees to pay Consultant 4% (four percent) of the total net benefit amount related to Kaiser Permanente & Anthem Blue Cross (refer to Exhibit C for sample calculation).

Any work performed by Consultant outside the scope of services described in Exhibit A shall be approved in advance by Client and will be billed on an hourly basis at \$395/hour and are billable in fifteen (15) minute increments for each hour or portion thereof performed by Consultant hereunder. Billable time includes all travel time, both local and out-of-town.

Client agrees to reimburse Consultant for all out-of-pocket costs incurred in the course of performance of the Services hereunder.

4. Payment Terms. Consultant agrees to furnish to Client an invoice for services rendered after Client receives the Calendar Year 2025 rate range payment (currently expected to occur at the end of Calendar Year 2026). Client agrees to pay Consultant within thirty (30) days from the date Client receives the invoice, with payment sent to Consultant at the letterhead address set forth above. If Consultant does not receive complete payment within the foregoing time frame, then Client shall be in material breach of this Agreement. In such case, Client agrees (i) that Consultant may immediately and indefinitely discontinue providing the Services hereunder; and, (ii) that all working papers, documents and materials prepared by Consultant for which payment has not been received shall be and remain the sole and exclusive property of Consultant, and shall not be released by Consultant until complete payment of all fees and expenses due hereunder has been received by Consultant. The foregoing remedies shall be in addition to (and not exclusive of) any other remedies to which Consultant may be entitled as a result of Client's breach of this Agreement.

5. Termination. Either party may terminate this Agreement at any time without cause upon the provision of thirty (30) days prior written notice to the other. Following receipt of any notice of termination without cause, Consultant may, but shall not be obligated to, continue to provide the Services to Client pursuant to this Agreement. Either party also may terminate this Agreement immediately as a result of a material breach by the other party, upon the provision of written notice to the other. If this Agreement is terminated by either party, either with or without cause, all fees and expenses due Consultant, up to and including the effective date of the termination, shall be paid immediately to Consultant. Client further agrees, if this Agreement is terminated by either party in accordance with this section, that all work papers, confidential information, literature and any other documentation acquired or developed by Consultant

directly related to this Agreement, shall not be provided to Client by Consultant until all fees and expenses have been paid to Consultant.

6. Confidential Information. Client agrees to provide Consultant with all information in its possession or reasonably available to it that is necessary for Consultant to provide the Services. Consultant shall, under all circumstances, have the right to rely, without independent investigation or verification, on all such information provided by Client to Consultant. Consultant agrees not to disclose any confidential documents or information provided to Consultant by Client pursuant to this Agreement, except: (i) to the directors, officers, employees, subcontractors and legal counsel of Consultant who have a need to know such information for the purpose of assisting Consultant in the performance of this Agreement; and (ii) when required by law to do so, but only if Consultant first notifies Client and affords Client a reasonable opportunity to oppose such disclosure by such means as Client deems necessary or appropriate. Notwithstanding the foregoing, confidential information shall not include any information which (i) is on the date hereof, or hereafter becomes, generally available to the public other than as a result of a disclosure, directly or indirectly, by Consultant; (ii) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Client, or its representatives; or (iii) becomes available to Consultant on a non-confidential basis from a source other than Client or its representatives.

7. Representations and Warranties of Client. Client represents and warrants to Consultant that: (i) Client owns or has the legal right to use all patents, copyrights, trademarks, trade names, service marks, service names, and other intangible property or property rights relating to the Services (collectively, the "*Intellectual Property*"); (ii) each item of Intellectual Property may be disclosed to and used by Consultant within the course and scope of performing the Services on behalf of Client; (iii) Client's disclosure or Consultant's use of the Intellectual Property as permitted under this Agreement will not infringe upon, misappropriate, or otherwise conflict with any property rights of third parties; (iv) all information provided by Client shall be complete and accurate in all material respects, and not misleading; and (v) Client shall be solely responsible for the accuracy and completeness of all information provided by Client to Consultant.

8. Disclaimer of Warranties. Client acknowledges that the conduct of its business involves substantial regulatory risks, including but not limited to, risks relating to existing and future federal and state laws affecting governmental reimbursement policies. Client assumes sole responsibility for the assessment and assumption of any and all such risks, and for the compliance of its business and operations with applicable laws. Consultant warrants only that Consultant will perform the Services provided under this Agreement, in a competent manner. Except for the foregoing limited warranty, Consultant makes no warranty, express or implied, and expressly

disclaims: (i) any implied warranty of merchantability or fitness for a particular purpose; (ii) any warranty of any assumption or projection; and (iii) any warranty of the results or success of any strategy or recommendation made or otherwise included as part of the Services provided by Consultant to Client.

9. Limitation of Liability. In no event will either Party be liable to the other, or any third party, for any special damages, including any lost profits, lost savings, or other incidental or consequential damages, even if such Party has been advised of the possibility of such damages. Such Party's entire liability and the other's exclusive remedy for any breach of this Agreement by such Party shall be the replacement of any materials not meeting such Party's obligations hereunder that are returned by the other, or if such Party is unable to deliver replacement materials, the refund by such Party of the fees (but not the expenses) paid by the other for the Services.

10. Indemnification. Each Party agrees to indemnify, defend and hold the other harmless from and against any and all liability, loss, damage, claim, cause of action or cost (including, but not limited to, court costs and attorneys' fees) which may result directly or indirectly, from any act, error, or omission of such Party, or from any information, documents or materials provided by such Party.

11. Proprietary Rights. Subject to Consultant's receipt of complete and timely payment as required by this Agreement, all work products prepared for Client by Consultant shall belong exclusively to Client. All work products prepared by Consultant for others, for itself, or prior to or after the term of this Agreement, shall remain the exclusive property of Consultant.

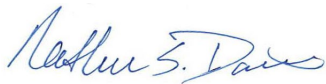
12. Non-Exclusivity. This Agreement shall be non-exclusive. Consultant may provide consulting services to Consultant's existing clients, and to any other persons or entities that may in the future become clients of Consultant.

13. General Terms. Consultant shall act as an independent contractor and not as an agent or employee of Client and Consultant shall make no representation that it is an agent or employee of Client. Consultant is responsible for all taxes as an independent contractor. Consultant shall not have the authority to bind Client or incur other obligations on behalf of Client, unless Client so directs Consultant in writing. Either party without the written consent of the other party may not assign this Agreement. Consultant, however, may utilize the services of its Associates in providing Client services under this Agreement; however, the Consultant remains responsible for the services under this contract. This Agreement will be retroactive to the date Consultant first performed the Services for Client. California law will govern the interpretation and enforcement

of this Agreement, and each party consents to the jurisdiction of the courts of California in any action or proceeding with respect to this Agreement. The prevailing party in any such proceeding shall be entitled to recover its attorneys' fees and costs of suit.

If you are in agreement with the terms of this letter of Agreement, please print out a copy of the Agreement page, sign/date and return one copy to us by e-mail.

Sincerely,



Nathan S. Davis
Managing Partner

Agree to terms of the September 2, 2025 contract proposal to engage SCA Consulting, Inc. to provide financial and reimbursement expertise on the Voluntary Rate Range Intergovernmental Transfer Program as specified in Exhibit A, below, for Kern Valley Healthcare District and accepted by:

Signed: _____ Date: _____

Title: _____

EXHIBIT A

Project Description

Voluntary Rate Range Intergovernmental Transfer Program Revenue Improvement for Calendar Year 2025

Consultant will:

- Work with staff responsible for managing the contractual relationship(s) with the hospital's third party Medi-Cal managed care plan(s) to seek additional revenue from the participation in the Voluntary Rate Range IGT Program for Calendar Year 2025.
- Determine an appropriate amount of funding that could be warranted and sought under this program through data, service offerings, and other analysis.
- Create talking points and strategies to access additional rate range from health plan(s).
- At request of the Client, Consultant will serve as a liaison between managed care plans(s) and the Client for the rate range program.
- At the request of the Client, Consultant will serve as a liaison between the Department of Health Care Services and the Client for the Program
- Provide information on timelines and milestones for inclusion in the Program.
- Utilize outside connections to assist as deemed beneficial for Client.
- Provide Client with a summary statement of net benefit from the program and an excel file which will include the final fiscal calculation of net benefit both in total from rate range from each plan(s) and new net benefit as a result of this contract.

EXHIBIT B

Kern Family Health Care Calculation of Additional Revenue

All numbers below are for illustrative purposes only and are not actual results

Sample Calculation for Determining Consultant Fee Amount for **Kern Family Health Care**

Client informed Consultant that Kern Family Health Care allocates its VRRP funding based on a 90%/10% split between Kern Medical Center and Client, with Client receiving 10% of the VRRP funding available in a given program year. Consultant will perform a data review analysis to determine the appropriateness of the 90%/10% split between the two healthcare providers based on most recent publicly available data. If Consultant is able to improve the existing split, for the benefit of the Client, then Consultant payment will be calculated as shown in the example below.

Calendar Year 2025 Rate Range (Kern Family Health Care)

10% of Managed Care Plan IGT Allocation	\$100,000	Utilizing 90/10 split between providers
Federal Funds	\$200,000	Federal matching funds
Total Funds back to Client	\$300,000	Sum of IGT + Federal Funds
DHCS Fee	\$ 20,000	20% of IGT Amount
Plan Fee	\$ 9,000	3% of Total Funds
Net Benefit	\$171,000	Federal funds minus DHCS fee & plan fee

Calendar Year 2025 Rate Range (Kern Family Health Care) with Consultant Assistance

20% of Managed Care Plan IGT Allocation	\$200,000	Improved to an 80/20 split between providers
Federal Funds	\$400,000	Federal matching funds
Total Funds back to Client	\$600,000	Sum of IGT + Federal Funds
DHCS Fee	\$ 40,000	20% of IGT Amount
Plan Fee	\$ 18,000	3% of Total Funds
Net Benefit	\$342,000	Federal funds minus DHCS fee & plan fee
Improved Revenue	\$171,000	CY25 Improved Net Benefit minus CY25 90/10 Formula Net Benefit

Consultant Fee: 15% of \$171,000 = \$25,650

** If Consultant is unable to increase the existing 90/10 split between the providers, then no payment will be due to the consultant related to Kern Family Health Care component of this contract.*

EXHIBIT C

Kaiser Permanente & Anthem Blue Cross Fee Calculation Example *All numbers below are for illustrative purposes only and are not actual results*

Sample Calculation for Determining Consultant Fee Amount for Anthem Blue Cross & Kaiser Permanente

The Medi-Cal program replaced Health Net Community Solutions, Inc. managed care plan with Anthem Blue Cross & Kaiser Permanente in 2024. Consultant assisted Client with increasing the funding from the new managed care plans for Program Year 2024. Consultant will continue to assist Client with the VRRP for Calendar Year 2025 for 4% of the total net benefit from the two plans, after subtracting DHCS and Plan fees and the IGT amount.

Calendar Year 2025 Rate Range (Anthem & Kaiser) with Consultant Assistance

Hospital IGT	\$150,000	Client IGT
Federal Funds	\$300,000	Federal matching funds
Total Funds back to Client	\$450,000	Sum of IGT + Federal Funds
DHCS Fee	\$ 30,000	20% of IGT Amount
Plan Fee	\$ 13,500	3% of Total Funds
Net Benefit	\$256,500	Federal funds minus DHCS fee & plan fee

Consultant Fee: 4% of \$256,500 = \$10,260

September 2, 2025

Mr. John Lovrich
Chief Executive Officer
Kern Valley Healthcare District
6412 Laurel Avenue
Mountain Mesa, CA 93240

Dear Mr. Lovrich:

We are pleased to submit this letter for your review and signature (the "*Agreement*"), which sets forth the terms according to which SCA Consulting, Inc., will provide you with certain consulting services. The term of this contract is from September 15, 2025 through August 31, 2025, subject to the termination provisions described in section "5" below. This proposal is to provide you with our Medi-Cal District Hospital Directed Payment consulting services. We look forward to working with you in reaching your objectives and ask that you review this letter to ensure that we understand and agree upon the terms governing the provision of our services. For convenience, this letter will refer to SCA Consulting, Inc., as "*Consultant*" and to Kern Valley Healthcare District as "*Client*."

The terms and conditions of our Agreement are as follows:

- 1. Consulting Services.** Consultant agrees to provide the consulting services described on Exhibit A attached hereto. Exhibit A will be referred to as the "*Services*." Consultant further agrees to consult with Client regarding the Services during the term of this Agreement.
- 2. Performance Standards.** Consultant agrees to perform the duties required by this Agreement in good faith, and in a timely manner that Consultant believes to be consistent with the needs of the Client. Consultant is not an agent or employee of Client, and has no fiduciary duty, nor any duty of care, disclosure or inquiry, other than as expressly set forth in this Agreement. Consultant shall be entitled to rely on the completeness and accuracy of all information, documents and materials provided by Client to Consultant in connection with the Services and this Agreement.
- 3. Compensation and Expenses.** In return for the Services provided by Consultant and specified in Exhibit A, Client agrees to pay Consultant a monthly fee of \$3,500.

Any work performed by Consultant outside the scope of services described in Exhibit A shall be approved in advance by Client and will be billed on an hourly basis at \$395/hour and are billable in fifteen (15) minute increments for each hour or portion thereof performed by Consultant hereunder. Billable time includes all travel time, both local and out-of-town.

Client agrees to reimburse Consultant for all out-of-pocket costs incurred in the course of performance of the Services hereunder.

4. Payment Terms. Consultant agrees to furnish to Client an invoice for services rendered each month. Client agrees to pay Consultant within thirty (30) days from the date Client receives the invoice, with payment sent to Consultant at the letterhead address set forth above. If Consultant does not receive complete payment within the foregoing time frame, then Client shall be in material breach of this Agreement. In such case, Client agrees (i) that Consultant may immediately and indefinitely discontinue providing the Services hereunder; and, (ii) that all working papers, documents and materials prepared by Consultant for which payment has not been received shall be and remain the sole and exclusive property of Consultant, and shall not be released by Consultant until complete payment of all fees and expenses due hereunder has been received by Consultant. The foregoing remedies shall be in addition to (and not exclusive of) any other remedies to which Consultant may be entitled as a result of Client's breach of this Agreement.

5. Termination. Either party may terminate this Agreement at any time without cause upon the provision of thirty (30) days prior written notice to the other. Following receipt of any notice of termination without cause, Consultant may, but shall not be obligated to, continue to provide the Services to Client pursuant to this Agreement. Either party also may terminate this Agreement immediately as a result of a material breach by the other party, upon the provision of written notice to the other. If this Agreement is terminated by either party, either with or without cause, all fees and expenses due Consultant, up to and including the effective date of the termination, shall be paid immediately to Consultant. Client further agrees, if this Agreement is terminated by either party in accordance with this section, that all work papers, confidential information, literature and any other documentation acquired or developed by Consultant directly related to this Agreement, shall not be provided to Client by Consultant until all fees and expenses have been paid to Consultant.

6. Confidential Information. Client agrees to provide Consultant with all information in its possession or reasonably available to it that is necessary for Consultant to provide the Services. Consultant shall, under all circumstances, have the right to rely, without independent

investigation or verification, on all such information provided by Client to Consultant. Consultant agrees not to disclose any confidential documents or information provided to Consultant by Client pursuant to this Agreement, except: (i) to the directors, officers, employees, subcontractors and legal counsel of Consultant who have a need to know such information for the purpose of assisting Consultant in the performance of this Agreement; and (ii) when required by law to do so, but only if Consultant first notifies Client and affords Client a reasonable opportunity to oppose such disclosure by such means as Client deems necessary or appropriate. Notwithstanding the foregoing, confidential information shall not include any information which (i) is on the date hereof, or hereafter becomes, generally available to the public other than as a result of a disclosure, directly or indirectly, by Consultant; (ii) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Client, or its representatives; or (iii) becomes available to Consultant on a non-confidential basis from a source other than Client or its representatives.

7. Representations and Warranties of Client. Client represents and warrants to Consultant that: (i) Client owns or has the legal right to use all patents, copyrights, trademarks, trade names, service marks, service names, and other intangible property or property rights relating to the Services (collectively, the "*Intellectual Property*"); (ii) each item of Intellectual Property may be disclosed to and used by Consultant within the course and scope of performing the Services on behalf of Client; (iii) Client's disclosure or Consultant's use of the Intellectual Property as permitted under this Agreement will not infringe upon, misappropriate, or otherwise conflict with any property rights of third parties; (iv) all information provided by Client shall be complete and accurate in all material respects, and not misleading; and (v) Client shall be solely responsible for the accuracy and completeness of all information provided by Client to Consultant.

8. Disclaimer of Warranties. Client acknowledges that the conduct of its business involves substantial regulatory risks, including but not limited to, risks relating to existing and future federal and state laws affecting governmental reimbursement policies. Client assumes sole responsibility for the assessment and assumption of any and all such risks, and for the compliance of its business and operations with applicable laws. Consultant warrants only that Consultant will perform the Services provided under this Agreement, in a competent manner. Except for the foregoing limited warranty, Consultant makes no warranty, express or implied, and expressly disclaims: (i) any implied warranty of merchantability or fitness for a particular purpose; (ii) any warranty of any assumption or projection; and (iii) any warranty of the results or success of any strategy or recommendation made or otherwise included as part of the Services provided by Consultant to Client.

9. Limitation of Liability. In no event will either Party be liable to the other, or any third party, for any special damages, including any lost profits, lost savings, or other incidental or consequential damages, even if such Party has been advised of the possibility of such damages. Such Party's entire liability and the other's exclusive remedy for any breach of this Agreement by such Party shall be the replacement of any materials not meeting such Party's obligations hereunder that are returned by the other, or if such Party is unable to deliver replacement materials, the refund by such Party of the fees (but not the expenses) paid by the other for the Services.

10. Indemnification. Each Party agrees to indemnify, defend and hold the other harmless from and against any and all liability, loss, damage, claim, cause of action or cost (including, but not limited to, court costs and attorneys' fees) which may result directly or indirectly, from any act, error, or omission of such Party, or from any information, documents or materials provided by such Party.

11. Proprietary Rights. Subject to Consultant's receipt of complete and timely payment as required by this Agreement, all work products prepared for Client by Consultant shall belong exclusively to Client. All work products prepared by Consultant for others, for itself, or prior to or after the term of this Agreement, shall remain the exclusive property of Consultant.

12. Non-Exclusivity. This Agreement shall be non-exclusive. Consultant may provide consulting services to Consultant's existing clients, and to any other persons or entities that may in the future become clients of Consultant.

13. General Terms. Consultant shall act as an independent contractor and not as an agent or employee of Client and Consultant shall make no representation that it is an agent or employee of Client. Consultant is responsible for all taxes as an independent contractor. Consultant shall not have the authority to bind Client or incur other obligations on behalf of Client, unless Client so directs Consultant in writing. Either party without the written consent of the other party may not assign this Agreement. Consultant, however, may utilize the services of its Associates in providing Client services under this Agreement; however, the Consultant remains responsible for the services under this contract. This Agreement will be retroactive to the date Consultant first performed the Services for Client. California law will govern the interpretation and enforcement of this Agreement, and each party consents to the jurisdiction of the courts of California in any action or proceeding with respect to this Agreement. The prevailing party in any such proceeding shall be entitled to recover its attorneys' fees and costs of suit.

If you are in agreement with the terms of this letter of Agreement, please print out a copy of the Agreement page, sign/date and return one copy to us by e-mail.

Sincerely,



Nathan S. Davis
Managing Partner

Agree to terms of the September 2, 2025 contract proposal to engage SCA Consulting, Inc. to provide financial and reimbursement expertise on the District Hospital Directed Payment Program as specified in Exhibit A, below, for Kern Valley Healthcare District and accepted by:

Signed: _____ Date: _____

Title: _____

EXHIBIT A
Consulting Services

District Hospital Directed Payment Program (DHDP)

1. Provide client periodic updates on status of DHDP CMS approvals, directed payment next steps, and timelines/deadlines. At request of Client, Consultant will host conference calls to discuss the DHDP program, status, and updates.
2. Consultant will assist client with cash flow projections, timelines, understanding and evaluating changes in funding between program years, and budgeting as requested by Client.
3. Provide education to new staff as requested by client. Consultant will also provide education/expertise to external entities as requested such as auditors, financial institutions, and/or board of directors.
4. Review client's current payor utilization and encounter data to identify if any significant opportunities exist to increase DHDP revenues by procuring additional contracts with Medi-Cal managed care plans. Work with client's managed care team and provide talking points and strategies to assist client in gaining additional contracts.
5. Consultant will also review DHCS issued final payment files for accuracy and provide a recap to Client including payment amounts by plan and amount of intergovernmental payment required of Client.
6. Encounter Data Review and Improvement
 - a. Objective: It will be important to determine if the paid managed care claims (both inpatient and outpatient) in the hospital records match those same claims submitted by the Health Plans to the Department of Health Care Services (DHCS). While the hospital may have been paid for such claims, the same claims may have been either not submitted by the Health Plan or rejected by DHCS. The patient days and visits from these claims will be used to determine the payment amount under DHDP.

- b. Process: DHCS provides each hospital data files to review roughly every three months. Consultant will need to match the DHCS data with hospital internal paid claims information to determine if any claims are missing. Client will provide Consultant with internal records and allow access to the DHCS SFTP or provide the DHCS uploaded files such that Consultant will then compare and match the two sources of information. This information needs to be reviewed with all discrepancies identified. A paid claim does not mean that it included all required fields by DHCS for acceptance and thus could be excluded for directed payment purposes.

Once discrepancies are identified, Consultant will report back to Client as to its findings. Consultant will explain the next steps for Client/Consultant to take to make sure identified missing claims get into the DHCS database. It will then be important for Client (or Consultant at request of client) to work with each Health Plan to review, determine, and correct any issues with the identified claims before resubmitting to DHCS to update their files. Consultant can be on these calls/e-mails to assist in explaining the resubmissions and provide any support needed in helping the Plan to accept and submit for approval from DHCS. This entire exercise will be repeated with additional data release throughout the year.

It will also be important to monitor the submission of these claims on a go-forward basis to avoid future situations where these claims may not be included in the DHCS database. Once claims are reprocessed and DHCS provides updates to Hospitals, Consultant will once again compare the resubmitted claims against Clients internal data to ensure discrepancies have been resolved. Consultant will then review with Client those key fields that will need to be addressed ongoing such that claims are submitted from Client to DHCS for approval and accepted.

Consultant will also assist Client with contract flagging files. Contract flagging is a crucial step in the process as only contracted encounters will generate a directed payment. Contract flagging involves identifying contracted encounters for each Plan.