KVHD Kern Valley Healthcare District

Where Healthcare and Community Connect

AGENDA FOR FINANCE COMMITTEE MEETING
Administrative Conference Room
Wednesday, October 28, 2026 – 1:00 p.m.
www.kvhd.org

Remote Participation – Microsoft Teams
Meeting ID: 292 992 834 803 057 **Password:** pe6Pm9iq

A. CALL TO ORDER:

B. CHANGES TO AGENDA: *(pages 1-2)*
If there are no changes, the agenda is approved as distributed.

C. APPROVAL OF MINUTES: *(pages 3-4)*
If no corrections, the minutes of September 30, 2026 meeting are approved as distributed.

D. PUBLIC COMMENT: This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda. They may ask a question for clarification, make a referral to staff for factual information, or request staff to report back to the committee at a later meeting. Speakers are limited to three minutes. Please state your name before making your comment.

E. FINANCIAL STATEMENTS:
- Unaudited Financial Statement – September 2026 *(pages 5-15)*
- Narrative Summary *(page 16)*
- 13-Month Statistics *(pgs 17-18)*
- Local Vendor Aging Report *(page 19)*

F. OLD BUSINESS: None

G. NEW BUSINESS:

1. Contract Reviews *(page 20)*
Sally Emery, Compliance Officer
a. ADT Security – Retail Pharmacy
b. AllMed Healthcare Management – External Peer Review
c. Amazon Web Services – Data Back-Up Cold Storage
d. Cyrano Systems – Video Editing Software
e. E-MDs – MVHC Software Support
f. Faxage – Digital Faxing
g. Hospital Council of Northern and Central CA – Dues
h. Hospital Quality Institute – Health Equity Reporting
i. Houchin Blood Bank – Blood/Packed Cells

j. ICAHN – Patient Satisfaction Surveys (HCAPS)
k. Kern Psychiatric Health and Wellness Center – Psychiatric Services SNF
l. Maria Martins, MD – ED Service
m. Joseph Moza, MD – ED Service
n. RLH Fire Protection – Fire Sprinkler Protection
o. Sienna Hospitalist Group – Hospitalist Service
p. Sienna Hospitalist Group – Medical Director Acute Care
q. Sienna Hospitalist Group – Medical Director SNF
r. Touro University CA PA – Clinical Preceptorship PAs
s. VALIC – 401A Retirement Plan
t. Valley Childrens Hospital – Transfer Agreement
u. Western Healthcare – ED Locums

2. Physician Services Agreement (ED) – Scott Carter, MD
John Lovrich, Chief Executive Officer *(pgs 21-34)*

H. ADJOURNMENT

Posted 10-23-26 @ 2:30pm

KVHD Kern Valley Healthcare District

Where Healthcare and Community Connect

MINUTES FOR FINANCE COMMITTEE MEETING
ADMINISTRATIVE CONFERENCE ROOM
Wednesday, September 30, 2026 – 1:00pm

A. CALLED TO ORDER: The meeting was called to order by Director Blythe at 1:01p.m.

PRESENT: Fred Clark, Committee Chair
Deb Hess, Committee Member
John Lovrich, Chief Executive Officer
Amy Smith, Controller
Sherry Jordan, Revenue Cycle Manager
Sally Emery, Compliance Officer
Cassandra Coleman, Human Resources Manager

B. CHANGES TO AGENDA: The agenda was approved as distributed.

C. APPROVAL OF MINUTES: The minutes of August 26, 2026 were approved as distributed.

D. PUBLIC COMMENT: No public comment.

E. FINANCIAL STATEMENT – August 2026:

Unaudited Financial Statements: Mr. Lovrich reported that the census in the SNF is 56. The volume in the clinic is down due to one provider attending conferences and the loss of a provider. Volumes in retail pharmacy are also down for the month. Overall, volumes were down during the month of August. Accounts receivable and Accounts Payable are both down. Mr. Lovrich stressed that the District needs to focus on increasing volumes. For the month of August, there was a loss of $166,978, leaving a YTD loss of $104,403.

Narrative Summary:

Positive takeaways for the month:

- Operating expenses were under budget.
- Long Term Care revenue was over budget.
- Gross AR days decreased by 4.

Negative takeaways for the month:

- Net patient revenue was under budget.
- Clinic revenue was under budget.
- Retail pharmacy revenue was under budget.
- Inpatient revenue was under budget.
- Outpatient revenue 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 9/22/26, the balance was $40,780.03, with none over 30 days.

F. OLD BUSINESS: None

G. NEW BUSINESS:

1. Contract Review/Renewal Summary:

Sally Emery, Compliance Officer

a. Advanced Data Storage – Pick-Up/Destroy PHI
b. Bayer Healthcare – Stellant SX (CT Injector)
c. CompHealth – MVHC Recruitment
d. CPS Patient Safety Organization – Patient Safety
e. Delta Liquid Energy – Propane Delivery
f. Paul Giem, MD – Emergency Service
g. Fangluo Liu, MD – Medical Director Lab
h. Mesa Winds Apartments – 6400 Lynch Canyon, Apts 3, 4, 7
i. Nave Law Offices, PC – Legal Counsel
j. Register.com – Website/Email/Domain – Kern Valley Healthcare
k. Zixcorp Systems, Inc. – Email Encryption Large File Transfer

With the exception of Delta Liquid Energy, which will be removed due to non-use, the contracts were approved by this committee and will be placed on the Board consent agenda for full Board consideration.

3 Capital Expenditure Request – HillRom Service Protection Program: The capital expenditure request for the HillRom Service Protection Program is extend the warranty for an additional three years. This service protection program would kick in at the end of the one-year manufacturer warranty that came with the beds. This request is being presented now as we can receive reduced pricing if we commit within the first 90-days of the bed purchase as it is considered point of sale pricing. After brief discussion, the request was approved by this committee and will be placed on the Board of Directors consent agenda for full Board consideration.

H. ADJOURNMENT: The meeting was adjourned at 1:28p.m.

Submitted by:

_____
Heidi Sage, Executive Assistant

Approved By:

_____
Fred Clark, Committee Chair

KVHD
"We Care For You"
Kern Valley Healthcare District
6412 Laurel Ave - Mt. Mesa - P.O. Box 1628, Lake Isabella, CA 93240 - (760) 379-2681 Fax (760) 379-0066

Unaudited Financial Statements

for

Third Month Ending September 30, 2026

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

KERN VALLEY HEALTHCARE DISTRICT PAGE 1
LAKE ISABELLA, CALIFORNIA
Third Month Ending September 30, 2026

TABLE OF CONTENTS

KEY OPERATING STATISTICS	PAGE 2
EXECUTIVE SUMMARY	PAGE 3
BALANCE SHEET - ASSETS	PAGE 4
BALANCE SHEET - LIABILITIES AND NET ASSETS	PAGE 5
STATEMENT OF OPERATIONS - CURRENT MONTH	PAGE 6
STATEMENT OF OPERATIONS - YEAR-TO-DATE	PAGE 7
STATEMENT OF OPERATIONS - 13 MONTH TREND	PAGES 8,9
STATEMENT OF CASH FLOWS	PAGE 10

Patient Statistics

KERN VALLEY HEALTHCARE DISTRICT **PAGE 2**
LAKE ISABELLA, CALIFORNIA
Third Month Ending September 30, 2026

	Current Month					Year-To-Date			
	Actual 09/30/26	Budget 09/30/26	Positive/ (Negative) Variance	Prior Year 09/30/25	STATISTICS	Actual 09/30/26	Budget 09/30/26	Positive/ (Negative) Variance	Prior Year 09/30/25
					Discharges				
[1]	29	29	0	23	Acute	100	88	12	71
[2]	3	2	1	3	Swing Beds	5	7	(2)	8
[3]	0	0	0	0	Psychiatric/Rehab	0	0	0	0
[4]	0	0	0	0	Respite	0	0	0	0
[5]	32	31	1	26	Total Adult Discharges	105	95	10	79
[6]	0	0	0	0	Newborn	0	0	0	0
[7]	32	31	1	26	Total Discharges	105	95	10	79
					Patient Days:				
[8]	118	141	(23)	91	Acute	355	433	(78)	276
[9]	42	19	23	14	Swing Beds	92	60	32	70
[10]	0	0	0	0	Psychiatric/Rehab	0	0	0	0
[11]	0	0	0	0	Respite	0	0	0	0
[12]	160	161	(1)	105	Total Adult Patient Days	447	493	(46)	346
[13]	0	0	0	0	Newborn	0	0	0	0
[14]	160	161	(1)	105	Total Patient Days	447	493	(46)	346
					Average Length of Stay (ALOS)				
[15]	4.1	4.9	0.9	4.0	Acute	3.6	4.9	1.4	3.9
[16]	14.0	9.1	(4.9)	4.7	Swing Bed	18.4	9.1	(9.3)	8.8
[17]	0.0	0.0	0.0	0.0	Psychiatric/Rehab	0.0	0.0	0.0	0.0
[18]	5.0	5.2	0.2	4.0	Total Adult ALOS	4.3	5.2	1.0	4.4
[19]	0.0	0.0	0.0	0.0	Newborn ALOS	0.0	0.0	0.0	0.0
					Average Daily Census (ADC)				
[20]	3.9	4.7	(0.8)	3.0	Acute	3.9	4.7	(0.8)	3.0
[21]	1.4	0.6	0.8	0.5	Swing Beds	1.0	0.6	0.4	0.8
[22]	0.0	0.0	0.0	0.0	All Other Adult	0.0	0.0	0.0	0.0
[23]	5.3	5.4	(0.0)	3.5	Total Adult ADC	4.9	5.4	(0.5)	3.8
[24]	0.0	0.0	0.0	0.0	Newborn	0.0	0.0	0.0	0.0
					Long Term Care:				
[25]	1,669	1,740	(71)	1,521	SNF/ECF Resident Days	5,257	5,336	(79)	4,776
[26]	5	2	3	2	SNF/ECF Resident Discharges	7	8	(1)	8
[27]	0	0	0	0	CBRF/Assisted Living Days	0	0	0	0
[28]	55.6	58.0	(2.4)	50.7	Average Daily Census	57.1	58.0	(0.9)	51.9
					Emergency Room Statistics				
[29]	29	25	4	23	ER Visits - Admitted	92	78	14	70
[30]	380	290	90	364	ER Visits - Discharged	1,174	870	304	1,073
[31]	242	344	(102)	270	ER - Urgent Care Visits	850	1,054	(204)	868
[32]	651	659	(8)	657	Total ER Visits	2,116	2,002	114	2,011
[33]	4.45%	3.86%		3.50%	% of ER Visits Admitted	4.35%	3.90%		3.48%
[34]	90.63%	88.71%		100.00%	ER Admissions as a % of Total	92.00%	88.71%		98.59%
					Outpatient Statistics:				
[35]	1,034	1,014	20	1,082	Total Outpatients Visits	3,247	3,110	137	3,172
[36]	10	19	(9)	17	Observation Bed Days	46	59	(13)	55
[37]	756	1,219	(463)	922	Clinic Visits - Primary Care	2,708	3,739	(1,031)	3,065
[38]	273	261	12	235	Clinic Visits - Specialty Clinics	670	801	(131)	723
[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]	6,355	7,270	(915)	6,858	Retail Pharmacy Scripts	19,976	22,293	(2,317)	22,156
[43]	0	0	0	0	Clinic Visits-Mobile Van	0	0	0	0
					Productivity Statistics:				
[44]	232.36	232.82	0.46	222.87	FTE's - Worked	233.33	232.82	(0.51)	223.74
[45]	256.23	258.00	1.77	247.12	FTE's - Paid	257.91	258.00	0.09	247.89
[46]	1.0541	0.9609	(0.09)	1.0765	Case Mix Index -Medicare	1.0859	0.9609	(0.13)	1.0004
[47]	0.8981	0.9446	0.05	0.9601	Case Mix Index - All payers	0.9358	0.9446	0.01	0.9643

KERN VALLEY HEALTHCARE DISTRICT

EXECUTIVE FINANCIAL SUMMARY

Third Month Ending September 30, 2026

BALANCE SHEET		
	9/30/2026	6/30/2026
ASSETS		
Current Assets	18,236,730	18,973,027
Assets Whose Use is Limited	8,404,422	8,644,743
Property, Plant and Equipment (Net)	12,511,349	12,439,810
Other Assets	696,509	696,509
Total Unrestricted Assets	**39,849,009**	**40,754,089**
Restricted Assets	0	0
Total Assets	**39,849,009**	**40,754,089**
LIABILITIES AND NET ASSETS		
Current Liabilities	7,467,065	8,313,667
Long-Term Debt	8,607,474	8,717,417
Other Long-Term Liabilities	9,645,377	7,151,496
Total Liabilities	**25,719,916**	**24,182,580**
Net Assets	14,129,093	16,571,509
Total Liabilities and Net Assets	**39,849,009**	**40,754,089**

STATEMENT OF REVENUE AND EXPENSES - YTD		
	ACTUAL	***BUDGET***
Revenue:		
Gross Patient Revenues	35,346,933	38,810,640
Deductions From Revenue	(23,913,860)	(26,946,809)
Net Patient Revenues	11,433,073	11,863,830
Other Operating Revenue	64,494	99,438
Total Operating Revenues	**11,497,567**	**11,963,268**
Expenses:		
Salaries, Benefits & Contract Labor	7,173,703	6,828,190
Purchased Services & Physician Fees	1,703,317	1,676,921
Supply Expenses	2,065,692	2,255,229
Other Operating Expenses	891,529	852,891
Bad Debt Expense	0	0
Depreciation & Interest Expense	168,319	236,744
Total Expenses	**12,002,560**	**11,849,976**
NET OPERATING SURPLUS	**(504,992)**	**113,292**
Non-Operating Revenue/(Expenses)	121,213	142,429
TOTAL NET SURPLUS	**(383,779)**	**255,722**

KEY STATISTICS AND RATIOS - YTD		
	ACTUAL	***BUDGET***
Total Acute Patient Days	355	433
Average Acute Length of Stay	3.6	4.9
Total Emergency Room Visits	2,116	2,002
Outpatient Visits	3,247	3,110
Total Surgeries	0	0
Total Worked FTE's	233.33	232.82
Total Paid FTE's	257.91	258.00
Productivity Index	1.0003	1.0000
EBITDA - YTD	-3.41%	2.45%
Current Ratio		
Days Expense in Accounts Payable	34.13	

Balance Sheet - Assets

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

Third Month Ending September 30, 2026

ASSETS

		Current Month 9/30/2026	Prior Month 8/31/2026	Positive/ (Negative) Variance	Percentage Variance	Prior YR. UNAUDITED 6/30/2026
[1]	**Net to Gross AR %**	31.4%	29.0%			29.4%
[2]	**CASH -ALL SOURCES**	**15,398,989**	**9,231,487**	**6,167,502**		**15,681,572**
	Current Assets					
[3]	Cash and Cash Equivalents	7,748,471	1,584,496	6,163,974	389.02%	8,072,492
[4]	Gross Patient Accounts Receivable	28,983,709	27,970,786	1,012,924	3.62%	29,664,388
[5]	Less: Bad Debt and Allowance Reserves	(19,879,023)	(19,846,249)	(32,774)	-0.17%	(20,952,438)
[6]	Net Patient Accounts Receivable	9,104,686	8,124,537	980,150	12.06%	8,711,949
[7]	Interest Receivable	0	0	0	0.00%	0
[8]	Other Receivables	247,243	3,189,460	(2,942,218)	-92.25%	57,357
[9]	Inventories	379,133	379,164	(31)	-0.01%	99,168
[10]	Prepaid Expenses	757,196	715,961	41,235	5.76%	476,724
[11]	Due From Third Party Payers	0	1,566,916	(1,566,916)	-100.00%	1,555,336
[12]	Due From Affiliates/Related Organizations	0	0	0	0.00%	0
[13]	Other Current Assets	0	0	0	0.00%	0
[14]	**Total Current Assets**	**18,236,730**	**15,560,535**	**2,676,195**	**17.20%**	**18,973,027**
	Assets Whose Use is Limited					
[15]	Auxillary Cash	408,571	393,381	15,190	3.86%	414,249
[16]	Investments -LAIF	301,925	301,925	0	0.00%	299,006
[17]	Debt Payment Fund	345,332	245,112	100,219	40.89%	621,415
[18]	UBS Funds	4,024,275	4,029,431	(5,155)	-0.13%	4,011,367
[19]	Cash Westamerica	52,618	52,618	1	0.00%	52,616
[20]	Project Fund	3,271,700	3,263,018	8,682	0.27%	3,246,091
[21]	Covid Stimulus Cash Assets	0	0	0	0.00%	0
[22]	**Total Limited Use Assets**	**8,404,422**	**8,285,485**	**118,937**	**1.44%**	**8,644,743**
	Property, Plant, and Equipment					
[23]	Land and Land Improvements	383,800	383,800	0	0.00%	383,800
[24]	Building and Building Improvements	14,951,912	14,951,912	0	0.00%	14,951,912
[25]	Equipment	24,086,682	23,999,598	87,084	0.36%	23,962,369
[26]	Construction In Progress	8,508,786	8,452,509	56,276	0.67%	8,393,242
[27]	Capitalized Interest	0	0	0	0.00%	
[28]	Gross Property, Plant, and Equipment	47,931,180	47,787,820	143,361	0.30%	47,691,323
[29]	Less: Accumulated Depreciation	(35,419,832)	(35,365,545)	(54,286)	-0.15%	(35,251,513)
[30]	**Net Property, Plant, and Equipment**	**12,511,349**	**12,422,274**	**89,074**	**0.72%**	**12,439,810**
	Other Assets					
	Unamortized Loan Costs	0	0	0	0.00%	0
[31]	Assets Held for Future Use	0	0	0	0.00%	0
	Investments in Subsidiary/Affiliated Org.	0	0	0	0.00%	0
	Other	696,509	696,509	0	0.00%	696,509
[32]	**Total Other Assets**	**696,509**	**696,509**	**0**	**0.00%**	**696,509**
[33]	**TOTAL UNRESTRICTED ASSETS**	**39,849,009**	**36,964,802**	**2,884,207**	**7.80%**	**40,754,089**
	Restricted Assets	0	0	0	0.00%	0
[34]	**TOTAL ASSETS**	**39,849,009**	**36,964,802**	**2,884,207**	**7.80%**	**40,754,089**

Balance Sheet - Liabilities and Net Assets

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

Third Month Ending September 30, 2026

		LIABILITIES AND FUND BALANCE				
		Current Month 9/30/2026	Prior Month 8/31/2026	Positive/ (Negative) Variance	Percentage Variance	Prior Yr. UNAUDITED 6/30/2026
Current Liabilities						
[1]	Accounts Payable	2,374,784	2,357,946	(16,838)	-0.71%	2,518,553
[2]	Notes and Loans Payable	0	0	0	0.00%	0
[3]	Accrued Payroll	653,734	540,064	(113,670)	-21.05%	999,836
[4]	Accrued Payroll Taxes	(263,105)	(203,840)	59,266	-29.07%	(170,521)
[5]	Accrued Benefits	1,194,660	1,156,023	(38,637)	-3.34%	1,158,142
[6]	Accrued Pension Expense (Current Portion)	(121,232)	(89,003)	32,229	-36.21%	(9,351)
[7]	Other Accrued Expenses	1,261,891	1,145,289	(116,602)	-10.18%	1,221,070
[8]	Patient Refunds Payable	945,242	907,821	(37,421)	-4.12%	820,197
[9]	Property Tax Payable	0	0	0	0.00%	0
[10]	Due to Third Party Payers	835,141	835,141	0	0.00%	835,141
[11]	Advances From Third Party Payers	0	0	0	0.00%	0
[12]	Current Portion of LTD (Bonds/Mortgages)	471,000	471,000	0	0.00%	936,000
[13]	Current Portion of LTD (Leases)	114,950	114,950	0	0.00%	4,602
[14]	Other Current Liabilities	0	0	0	0.00%	0
	Total Current Liabilities	**7,467,065**	**7,235,391**	**(231,674)**	**-3.20%**	**8,313,667**
Long Term Debt						
[15]	Bonds/Mortgages Payable	7,789,000	7,789,000	0	0.00%	8,254,000
[16]	Leases/Notes Payable	1,404,424	1,404,424	0	0.00%	1,404,019
[17]	Less: Current Portion Of Long Term Debt	585,950	585,950	0	0.00%	940,602
	Total Long Term Debt (Net of Current)	**8,607,474**	**8,607,474**	**0**	**0.00%**	**8,717,417**
Other Long Term Liabilities						
[18]	Deferred Revenue	0	0	0	0.00%	0
[19]	Accrued Pension Expense (Net of Current)	269,767	234,404	(35,364)	-15.09%	167,431
[20]	Long Term Settlements	9,375,610	6,479,065	(2,896,545)	-44.71%	6,984,065
	Total Other Long Term Liabilities	**9,645,377**	**6,713,468**	**(2,931,909)**	**-43.67%**	**7,151,496**
[21]	**TOTAL LIABILITIES**	**25,719,916**	**22,556,334**	**(3,163,582)**	**-14.03%**	**24,182,580**
Net Assets:						
[22]	Unrestricted Fund Balance	17,454,009	17,454,009	0	0.00%	17,454,009
[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)	(3,324,917)	(3,045,541)	(279,376)	9.17%	(882,501)
[26]	**TOTAL NET ASSETS**	**14,129,093**	**14,408,469**	**279,376**	**1.94%**	**16,571,509**
[27]	**TOTAL LIABILITIES AND NET ASSETS**	39,849,009	36,964,802	(2,884,207)	-7.80%	40,754,089

Statement of Revenue and Expense

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

Third Month Ending September 30, 2026

		CURRENT MONTH				
		Actual 09/30/26	Budget 09/30/26	Positive (Negative) Variance	Percentage Variance	Prior Year 09/30/25
Gross Patient Revenue						
[1]	Inpatient Revenue	1,212,682	1,585,549	(372,867)	-23.52%	1,043,247
[2]	Clinic Revenue	1,037,872	1,482,717	(444,845)	-30.00%	1,484,378
[3]	Outpatient Revenue	5,547,011	5,839,649	(292,638)	-5.01%	5,901,662
[4]	Long Term Care Revenue	2,986,164	3,105,710	(119,546)	-3.85%	2,716,734
[5]	Retail Pharmacy Revenue	462,363	642,019	(179,655)	-27.98%	625,071
[6]	Total Gross Patient Revenue	11,246,093	12,655,643	(1,409,551)	-11.14%	11,771,092
Deductions From Revenue	%	67%	69%			69%
[7]	Discounts and Allowances (incl IGTs)	(7,433,077)	(8,619,052)	1,185,975	13.76%	(7,923,166)
[8]	Bad Debt Expense (Governmental Providers Only)	(147,053)	(167,951)	20,897	12.44%	(146,919)
		0	0	0	0.00%	0
[9]	Charity Care	0	0	0	0.00%	0
[10]	Total Deductions From Revenue	(7,580,130)	(8,787,003)	1,206,873	13.73%	(8,070,085)
[11]	Net Patient Revenue	3,665,962	3,868,640	(202,678)	-5.24%	3,701,007
[12]	Other Operating Rev (Incl HHS Stimulus)	14,465	33,146	(18,681)	-56.36%	14,349
[13]	**Total Operating Revenue**	**3,680,427**	**3,901,786**	**(221,359)**	**-5.67%**	**3,715,357**
Operating Expenses						
[14]	Salaries and Wages	1,834,634	1,780,418	(54,216)	-3.05%	1,662,964
[15]	Fringe Benefits	399,991	377,802	(22,189)	-5.87%	355,301
[16]	Contract Labor	114,043	68,364	(45,679)	-66.82%	80,271
[17]	Professional & Physician Fees	366,890	390,496	23,606	6.05%	391,393
[18]	Purchased Services	203,030	156,326	(46,704)	-29.88%	158,577
[19]	Supply Expense	697,134	735,401	38,266	5.20%	627,492
[20]	Utilities	81,373	68,812	(12,561)	-18.25%	74,699
[21]	Repairs and Maintenance	9,192	8,563	(630)	-7.35%	8,287
[22]	Insurance Expense	113,843	82,603	(31,240)	-37.82%	105,200
[23]	All Other Operating Expenses	89,999	94,278	4,279	4.54%	105,490
[24]	Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25]	Leases and Rentals	27,076	23,861	(3,215)	-13.48%	39,484
[26]	Depreciation and Amortization	54,286	77,199	22,913	29.68%	59,183
[27]	Interest Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[28]	**Total Operating Expenses**	**3,991,492**	**3,864,123**	**(127,370)**	**-3.30%**	**3,668,341**
Net Operating Surplus/(Loss)		(311,065)	37,664	(348,729)	-925.90%	47,015
Non-Operating Revenue:						
[29]	Contributions/Grants/PPP/ERC	0	8,335	(8,335)	-100.00%	54,552
[30]	Investment Income	4,484	33,899	(29,414)	-86.77%	37,810
[31]	Income Derived from Property Taxes	29,931	29,521	410	1.39%	29,931
[32]	Interest Expense (Governmental Providers Only)	(17,916)	(18,703)	(787)	4.21%	(20,301)
[33]	Other Non-Operating Revenue/(Expenses)	15,190	(6,607)	21,797	-329.91%	(48,902)
[34]	**Total Non Operating Revenue/(Expense)**	**31,689**	**46,444**	**(14,755)**	**-31.77%**	**53,091**
Total Net Surplus/(Loss)		**(279,376)**	**84,108**	**(363,484)**	**-432.16%**	**100,107**
[35]	**Operating Margin**	**-8.45%**	**0.97%**			**1.27%**
[36]	**Total Profit Margin**	**-7.59%**	**2.16%**			**2.69%**
[37]	**EBITDA**	**-7.46%**	**2.46%**			**2.31%**
[38]	**Cash Flow Margin**	**-5.63%**	**4.61%**			**4.83%**

Statement of Revenue and Expense

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

Third Month Ending September 30, 2026

		YEAR-TO-DATE				
		Actual 09/30/26	Budget 09/30/26	Positive (Negative) Variance	Percentage Variance	Prior Year 09/30/25
	Gross Patient Revenue					
[1]	Inpatient Revenue	3,808,149	4,862,350	(1,054,201)	-21.68%	3,430,151
[2]	Clinic Revenue	3,285,464	4,546,999	(1,261,535)	-27.74%	4,533,443
[3]	Outpatient Revenue	17,314,449	17,908,258	(593,809)	-3.32%	17,345,109
[4]	Long Term Care Revenue	9,397,620	9,524,176	(126,556)	-1.33%	8,536,688
[5]	Retail Pharmacy Revenue	1,541,251	1,968,857	(427,606)	-21.72%	2,082,891
[6]	Total Gross Patient Revenue	35,346,933	38,810,640	(3,463,707)	-8.92%	35,928,282
	Deductions From Revenue	68%	69%			69%
[7]	Discounts and Allowances (incl IGTs)	(23,519,818)	(26,431,761)	2,911,943	11.02%	(24,325,637)
[8]	Bad Debt Expense (Governmental Providers Only)	(394,042)	(515,049)	121,007	23.49%	(452,143)
		0	0	0	0.00%	0
[9]	Charity Care	0	0	0	0.00%	0
[10]	Total Deductions From Revenue	(23,913,860)	(26,946,809)	3,032,950	11.26%	(24,777,780)
[11]	Net Patient Revenue	11,433,073	11,863,830	(430,757)	-3.63%	11,150,502
[12]	Other Operating Rev (Incl HHS Stimulus)	64,494	99,438	(34,944)	-35.14%	147,406
[13]	**Total Operating Revenue**	**11,497,567**	**11,963,268**	**(465,701)**	**-3.89%**	**11,297,908**
	Operating Expenses					
[14]	Salaries and Wages	5,647,071	5,459,947	(187,124)	-3.43%	5,255,922
[15]	Fringe Benefits	1,207,873	1,158,594	(49,279)	-4.25%	1,078,246
[16]	Contract Labor	318,759	209,649	(109,109)	-52.04%	217,174
[17]	Professional & Physician Fees	1,159,302	1,197,522	38,219	3.19%	1,143,925
[18]	Purchased Services	544,015	479,399	(64,616)	-13.48%	451,742
[19]	Supply Expense	2,065,692	2,255,229	189,537	8.40%	2,267,712
[20]	Utilities	234,816	211,024	(23,792)	-11.27%	214,959
[21]	Repairs and Maintenance	31,007	26,259	(4,748)	-18.08%	28,950
[22]	Insurance Expense	260,365	253,316	(7,049)	-2.78%	240,057
[23]	All Other Operating Expenses	282,506	289,118	6,612	2.29%	318,129
[24]	Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25]	Leases and Rentals	82,835	73,174	(9,660)	-13.20%	106,224
[26]	Depreciation and Amortization	168,319	236,744	68,426	28.90%	175,866
[27]	Interest Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[28]	**Total Operating Expenses**	**12,002,560**	**11,849,976**	**(152,584)**	**-1.29%**	**11,498,907**
	Net Operating Surplus/(Loss)	**(504,992)**	**113,292**	**(618,285)**	**-545.74%**	**(200,999)**
	Non-Operating Revenue:					
[29]	Contributions/Grants/PPP/ERC	46,889	25,560	21,329	83.44%	67,605
[30]	Investment Income	45,031	103,956	(58,925)	-56.68%	111,683
[31]	Income Derived from Property Taxes	89,794	90,532	(738)	-0.82%	89,794
[32]	Interest Expense (Governmental Providers Only)	(54,822)	(57,357)	2,535	-4.42%	(61,620)
[33]	Other Non-Operating Revenue/(Expenses)	(5,677)	(20,262)	14,584	-71.98%	(34,275)
[34]	**Total Non Operating Revenue/(Expense)**	**121,213**	**142,429**	**(21,216)**	**-14.90%**	**173,186**
	Total Net Surplus/(Loss)	**(383,779)**	**255,722**	**(639,501)**	**-250.08%**	**(27,813)**
		ACTUAL YTD	**BUD YTD**	**ACT FYE 24**	**PROJ FYE 25**	**Prior YTD**
[35]	**Operating Margin**	**-4.39%**	**0.95%**			**-1.78%**
[36]	**Total Profit Margin**	**-3.34%**	**2.14%**			**-0.25%**
[37]	**EBITDA**	**-3.41%**	**2.45%**			**-0.77%**
[38]	**Cash Flow Margin**	**-1.40%**	**4.60%**			**1.86%**

Statement of Revenue and Expense - 13 Month Trend

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

	30	31	31	30	31	30	31	28	31
	Actual 09/30/26	**Actual 08/31/26**	**Actual 07/31/26**	**Actual 06/30/26**	**Actual 05/31/26**	**Actual 04/30/26**	**Actual 03/31/26**	**Actual 02/28/26**	**Actual 01/31/26**
Gross Patient Revenue									
[1] Inpatient Revenue	1,212,682	1,097,204	1,498,262	1,241,056	692,052	1,479,429	975,860	1,178,137	1,127,465
[2] Clinic Revenue	1,037,872	1,068,450	1,179,142	1,081,985	997,936	1,035,646	1,132,674	1,008,996	1,411,784
[3] Outpatient Revenue	5,547,011	5,561,153	6,206,285	6,069,495	5,962,863	6,073,313	6,137,832	5,617,386	5,588,050
[4] Long Term Care Revenue	2,986,164	3,209,394	3,202,063	2,960,843	3,049,246	2,964,174	3,084,785	2,772,263	3,068,793
[5] Retail Pharmacy Revenue	462,363	528,952	549,935	498,274	513,975	545,128	557,843	530,199	527,665
[6] Total Gross Patient Revenue	11,246,093	11,465,153	12,635,688	11,851,653	11,216,072	12,097,691	11,888,995	11,106,980	11,723,756
Deductions From Revenue	67%	68%	68%	73%	67%	68%	66%	70%	68%
[7] Discounts and Allowances (incl IGTs)	(7,433,077)	(7,651,363)	(8,435,378)	(8,453,303)	(7,358,480)	(8,054,568)	(7,753,278)	(7,609,662)	(7,900,876)
[8] Bad Debt Expense (Governmental Providers Only)	(147,053)	(128,320)	(118,668)	(146,451)	(124,535)	(114,987)	(150,821)	(144,121)	(121,526)
[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	(7,580,130)	(7,779,683)	(8,554,046)	(8,599,754)	(7,483,014)	(8,169,555)	(7,904,099)	(7,753,782)	(8,022,401)
[11] Net Patient Revenue	3,665,962	3,685,469	4,081,642	3,251,899	3,733,057	3,928,135	3,984,896	3,353,198	3,701,355
[12] Other Operating Rev (Incl HHS Stimulus)	14,465	12,948	37,081	19,069	11,420	(14,436)	38,438	71,365	17,936
[13] **Total Operating Revenue**	**3,680,427**	**3,698,418**	**4,118,723**	**3,270,968**	**3,744,477**	**3,913,700**	**4,023,334**	**3,424,562**	**3,719,291**
Operating Expenses									
[14] Salaries and Wages	1,834,634	1,853,588	1,958,850	1,718,266	1,865,181	1,781,694	1,781,094	1,597,766	1,725,742
[15] Fringe Benefits	399,991	407,481	400,400	285,117	380,854	378,128	370,749	346,210	385,428
[16] Contract Labor	114,043	103,688	101,027	84,095	106,457	92,829	81,305	68,859	67,280
[17] Professional & Physician Fees	366,890	391,796	400,616	1,481,550	345,740	405,054	457,260	338,625	389,130
[18] Purchased Services	203,030	158,000	182,985	165,268	169,024	180,361	213,126	160,967	173,500
[19] Supply Expense	697,134	627,608	740,950	628,945	577,692	690,402	704,094	601,447	657,859
[20] Utilities	81,373	85,710	67,733	63,187	45,693	67,417	64,340	55,195	68,673
[21] Repairs and Maintenance	9,192	16,650	5,165	7,642	14,899	8,219	7,474	9,672	8,487
[22] Insurance Expense	113,843	73,416	73,107	113,294	67,429	67,428	105,200	67,428	67,428
[23] All Other Operating Expenses	89,999	112,674	79,833	145,760	106,249	90,708	102,704	99,852	111,156
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0	0	0	0	0	0
[25] Leases and Rentals	27,076	27,866	27,892	29,507	34,351	42,166	29,114	33,257	46,529
[26] Depreciation and Amortization	54,286	53,814	60,218	59,828	59,202	59,516	59,516	59,516	59,488
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0	0	0	0	0	0
[28] **Total Operating Expenses**	**3,991,492**	**3,912,290**	**4,098,778**	**4,782,459**	**3,772,771**	**3,863,921**	**3,975,978**	**3,438,795**	**3,760,700**
Net Operating Surplus/(Loss)	**(311,065)**	**(213,873)**	**19,945**	**(1,511,491)**	**(28,294)**	**49,778**	**47,356**	**(14,233)**	**(41,409)**
Non-Operating Revenue:									
[29] Contributions/Grants/PPP/ERC	0	46,889	0	275,250	0	0	0	0	0
[30] Investment Income	4,484	21,811	18,736	(40,373)	36,705	37,309	34,141	35,152	38,512
[31] Income Derived from Property Taxes	29,931	29,931	29,931	29,931	29,931	29,931	29,931	29,931	29,931
[32] Interest Expense (Governmental Providers Only)	(17,916)	(17,949)	(18,957)	(26,205)	(18,957)	(19,011)	(18,990)	(19,076)	(20,045)
[33] Other Non-Operating Revenue/(Expenses)	15,190	(33,787)	12,920	17,220	9,381	16,620	15,694	13,603	10,546
[34] **Total Non Operating Revenue/(Expense)**	**31,689**	**46,895**	**42,629**	**255,822**	**57,060**	**64,849**	**60,776**	**59,611**	**58,944**
Total Net Surplus/(Loss)	**(279,376)**	**(166,978)**	**62,575**	**(1,255,669)**	**28,766**	**114,627**	**108,132**	**45,378**	**17,536**
[35] **Operating Margin**	**-8.45%**	**-5.78%**	**0.48%**	**-46.21%**	**-0.76%**	**1.27%**	**1.18%**	**-0.42%**	**-1.11%**
[36] **Total Profit Margin**	**-7.59%**	**-4.51%**	**1.52%**	**-38.39%**	**0.77%**	**2.93%**	**2.69%**	**1.33%**	**0.47%**
[37] **EBITDA**	**-7.46%**	**-4.81%**	**1.49%**	**-45.18%**	**0.32%**	**2.31%**	**2.18%**	**0.77%**	**-0.05%**
[38] **Cash Flow Margin**	**-5.63%**	**-2.57%**	**3.44%**	**-35.76%**	**2.86%**	**4.94%**	**4.64%**	**3.62%**	**2.61%**

Statement of Revenue and Expense - 13 Month

KERN VALLEY HEALTHCARE DISTRICT **PAGE 9**
LAKE ISABELLA, CALIFORNIA

		31	30	31	30
		Actual 12/31/25	**Actual 11/30/25**	**Actual 10/31/25**	**Actual 09/30/25**
Gross Patient Revenue					
[1]	Inpatient Revenue	1,301,785	916,902	993,847	1,043,247
[2]	Clinic Revenue	1,336,905	1,380,389	1,507,686	1,484,378
[3]	Outpatient Revenue	5,598,512	5,687,840	5,284,368	5,901,662
[4]	Long Term Care Revenue	2,984,831	2,841,120	2,907,090	2,716,734
[5]	Retail Pharmacy Revenue	687,725	456,862	674,168	625,071
[6]	Total Gross Patient Revenue	11,909,758	11,283,113	11,367,159	11,771,092
Deductions From Revenue		65%	66%	68%	69%
[7]	Discounts and Allowances (incl IGTs)	(7,664,622)	(7,263,153)	(7,626,640)	(7,923,166)
[8]	Bad Debt Expense (Governmental Providers Only)	(122,829)	(163,337)	(131,266)	(146,919)
[7B]	Medi-Cal Deductions due to IGTs	0	0	0	0
[9]	Charity Care	0	0	0	0
[10]	Total Deductions From Revenue	(7,787,451)	(7,426,491)	(7,757,906)	(8,070,085)
[11]	Net Patient Revenue	4,122,307	3,856,622	3,609,253	3,701,007
[12]	Other Operating Rev (Incl HHS Stimulus)	20,062	13,656	16,934	14,349
[13]	**Total Operating Revenue**	**4,142,369**	**3,870,278**	**3,626,188**	**3,715,357**
Operating Expenses					
[14]	Salaries and Wages	1,741,873	1,729,861	1,731,138	1,662,964
[15]	Fringe Benefits	364,001	360,838	354,691	355,301
[16]	Contract Labor	80,731	104,784	92,882	80,271
[17]	Professional & Physician Fees	406,358	361,262	378,156	391,393
[18]	Purchased Services	163,716	170,788	157,456	158,577
[19]	Supply Expense	982,808	890,936	692,858	627,492
[20]	Utilities	70,970	65,742	62,128	74,699
[21]	Repairs and Maintenance	18,030	5,082	11,403	8,287
[22]	Insurance Expense	105,425	67,428	70,271	105,200
[23]	All Other Operating Expenses	103,443	85,330	76,037	105,490
[24]	Bad Debt Expense (Non-Governmental Providers)	0	0	0	0
[25]	Leases and Rentals	37,110	29,952	30,044	39,484
[26]	Depreciation and Amortization	59,488	59,435	59,183	59,183
[27]	Interest Expense (Non-Governmental Providers)	0	0	0	0
[28]	**Total Operating Expenses**	**4,133,954**	**3,931,468**	**3,716,248**	**3,668,341**
Net Operating Surplus/(Loss)		**8,415**	**(61,190)**	**(90,060)**	**47,015**
Non-Operating Revenue:					
[29]	Contributions/Grants/PPP/ERC	0	0	171,089	54,552
[30]	Investment Income	35,963	37,933	35,714	37,810
[31]	Income Derived from Property Taxes	29,931	29,931	29,931	29,931
[32]	Interest Expense (Governmental Providers Only)	(27,627)	(20,009)	(20,049)	(20,301)
[33]	Other Non-Operating Revenue/(Expenses)	13,256	8,793	(155,179)	(48,902)
[34]	**Total Non Operating Revenue/(Expense)**	**51,522**	**56,648**	**61,505**	**53,091**
Total Net Surplus/(Loss)		**59,937**	**(4,542)**	**(28,555)**	**100,107**
[35]	**Operating Margin**	**0.20%**	**-1.58%**	**-2.48%**	**-3.51%**
[36]	**Total Profit Margin**	**1.45%**	**0.12%**	**0.79%**	**-1.95%**
[37]	**EBITDA**	**0.97%**	**-0.56%**	**-1.40%**	**-2.50%**
[38]	**Cash Flow Margin**	**3.55%**	**1.94%**	**1.40%**	**0.11%**

Statement of Cash Flows

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

Third Month Ending September 30, 2026

	CASH FLOW	
	Current Month 9/30/2026	Current Year-To-Date 9/30/2026
CASH FLOWS FROM OPERATING ACTIVITIES:		
[1] Net Income (Loss)	(279,376)	(383,779)
[2] Adjustments to Reconcile Net Income to Net Cash		
[3] Provided by Operating Activities:		
[4] Depreciation	54,286	168,319
[5] (Increase)/Decrease in Net Patient Accounts Receivable	(980,150)	(392,737)
[6] (Increase)/Decrease in Other Receivables	2,942,218	(189,886)
[7] (Increase)/Decrease in Inventories	31	(279,965)
[8] (Increase)/Decrease in Pre-Paid Expenses	(41,235)	(280,472)
[9] (Increase)/Decrease in Other Current Assets	0	0
[10] Increase/(Decrease) in Accounts Payable	16,838	(143,769)
[11] Increase/(Decrease) in Notes and Loans Payable	0	0
[12] Increase/(Decrease) in Accrued Payroll and Benefits	60,812	(514,048)
[13] Increase/(Decrease) in Accrued Expenses	116,602	40,821
[14] Increase/(Decrease) in Patient Refunds Payable	37,421	125,045
[15] Increase/(Decrease) in Third Party Advances/Liabilities	1,566,916	1,555,336
[16] Increase/(Decrease) in Other Current Liabilities	0	0
[17] **Net Cash Provided by Operating Activities:**	**3,494,364**	**(295,135)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
[18] Purchase of Property, Plant and Equipment	(143,361)	(239,857)
[19] (Increase)/Decrease in Limited Use Cash and Investments	(15,190)	2,759
[20] (Increase)/Decrease in Other Limited Use Assets	(103,747)	237,563
[21] (Increase)/Decrease in Other Assets	0	0
[22] **Net Cash Used by Investing Activities**	**(262,298)**	**464**
CASH FLOWS FROM FINANCING ACTIVITIES:		
[23] Increase/(Decrease) in Bond/Mortgage Debt	0	(465,000)
[24] Increase/(Decrease) in Capital Lease Debt	0	405
[25] Increase/(Decrease) in Other Long Term Liabilities	2,931,909	435,244
[26] **Net Cash Used for Financing Activities**	**2,931,909**	**(29,350)**
(INCREASE)/DECREASE IN RESTRICTED ASSETS	**0**	**0**
[27] **Net Increase/(Decrease) in Cash**	**6,163,974**	**(324,022)**
[28] Cash, Beginning of Period	1,584,496	8,072,492
[29] **Cash, End of Period**	7,748,471	7,748,471

Kern Valley Healthcare District
Financial Report
For the month of September 2026 (3rd month in FY 27)

Profit/Loss Summary
Net loss in September was ($279,376) (a (7.59%) total profit margin), and $363,484 below budget.

Net Patient Revenue- MTD negative
Month-The Net Patient Revenue in September was $3,665,962 (5.24% below budget). The volume was up in the acute areas where patient days were up 55 from August and under budget (1 day under budget), Gross Inpatient Revenues were below budget ($372,867). Skilled Nursing revenues were under budget by $119,546. The average daily census was 55.6. Outpatient revenues were $292,638 under budget (5.01%) Outpatient visits were under budget by 20 and ER Visits were under budget by 8. Retail Pharmacy revenue was 27.98% under budget for the month (prescriptions were 915 under budget, and 243 below prior month). Clinic Revenue was $444,845 below budget (visits were 451 under budget).

Operating Expenses- MTD Positive
Month-Operating Expenses in September were $ (3.3%) over budget (unfavorable). Labor expenses were over budget with September salaries and wages and fringe benefits above budget by $76,405 and contract labor was $45,679 over budget. Supply expense was under budget by $38,266. Professional and Physician fees are under budget by $23,606. Purchased services were over budget by $46,704 due to the repairs to the chiller of $56,208. Insurance expense was over budget by $31,240 due to a quarterly payment of $40,736 to BETA. Utilities were over budget by $12,561.

Balance Sheet/Cash Flow
Patient cash collections were down from $2,617,917 in August to $2,294,905 in September. The Gross AR Days increased to 75 days in September from 72 in August. Gross AR increased by $1,012,924. We are still reviewing all of the accounts to get the AR days down. Cash Balances (all sources) increased to $15,398,989 compared to $9,231,487 in August primarily due to receiving an IGT payment of $8 million.

The Accounts Payable balances increased by $16,838 in September.

Concluding Summary
Positive takeaways for the month:

1) **Clean claim rate increased to 69%.**
2) **Denials decreased by $1.1 million.**
3) **Received IGT payment of $8 million.**

Negative takeaways for the month:

1) **Net patient revenue was under budget**.
2) **Clinic revenue was under budget.**
3) **Retail pharmacy revenue was under budget.**
4) **Inpatient revenue was under budget.**
5) **Outpatient revenue was under budget**.
6) **Operating expenses were over budget**
7) **Long term Care revenue was under budget.**
8) **Gross AR days increased by 3.**

Prepared by John Lovrich, CEO
October 23, 2026

KVHD
Patient Statistics
Thirteen Months Ended September 30, 2026

	STATISTICS	Actual 9/30/2025	Actual 10/31/2025	Actual 11/30/2025	Actual 12/31/2025	Actual 1/31/2026	Actual 2/28/2026	Actual 3/31/2026	Actual 4/30/2026	Actual 5/31/2026	Actual 6/30/2026	Actual 7/31/2026	Actual 8/31/2026	Actual 9/30/2026
	Discharges													
[1]	Acute	23	27	20	32	29	28	22	31	27	31	45	24	29
[2]	Swing Beds	3	2	2	2	3	2	0	0	0	1	0	2	3
[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	26	29	22	34	32	30	22	31	27	32	45	26	32
[6]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[7]	Total Discharges	26	29	22	34	32	30	22	31	27	32	45	26	32
	Patient Days:													
[8]	Acute	91	88	86	122	97	94	83	120	61	113	148	89	118
[9]	Swing Beds	14	39	5	35	44	24	0	0	0	17	34	16	42
[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	105	127	91	157	141	118	83	120	61	130	182	105	160
[13]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[14]	Total Patient Days	105	127	91	157	141	118	83	120	61	130	182	105	160
	Average Length of Stay (ALOS)													
[15]	Acute	4.0	3.3	4.3	3.8	3.3	3.4	3.8	3.9	2.3	3.6	3.3	3.7	4.1
[16]	Swing Bed	4.7	19.5	2.5	17.5	14.7	12.0	0.0	0.0	0.0	17.0	0.0	8.0	14.0
[17]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[18]	Total Adult ALOS	4.0	4.4	4.1	4.6	4.4	3.9	3.8	3.9	2.3	4.1	4.0	4.0	5.0
[19]	Newborn ALOS	0	0	0	0	0	0	0	0	0	0	0	0	0
[1]														
	Average Daily Census (ADC)													
[20]	Acute	3.0	2.8	2.9	3.9	3.1	3.4	2.7	4.0	2.0	3.8	4.8	2.9	3.8
[21]	Swing Beds	0.5	1.3	0.2	1.1	1.4	0.9	0.0	0.0	0.0	0.6	1.1	0.5	1.4
[22]	All Other Adult	0	0	0	0	0	0	0	0	0	0	0	0	0
[23]	Total Adult ADC	3.5	4.1	3.0	5.1	4.5	4.2	2.7	4.0	2.0	4.3	5.9	3.4	5.3
[24]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
	Long Term Care:													
[25]	SNF/ECF Resident Days	1521	1628	1584	1667	1728	1548	1735	1660	1716	1661	1781	1807	1669
[26]	SNF/ECF Resident Discharges	2	2	1	3	1	2	0	1	1	1	0	0	5
[27]	CBRF/Assisted Living Days	0	0	0	0	0	0	0	0	0	0	0	0	0
[28]	Average Daily Census	50.7	52.5	51.1	53.8	55.7	55.3	56.0	55.3	55.4	53.6	57.5	58.3	55.6
	Emergency Room Statistics													
[29]	ER Visits - Admitted	23	24	19	30	23	23	22	32	27	30	43	20	29
[30]	ER Visits - Discharged	364	360	307	323	354	381	378	384	376	383	406	388	380
[31]	ER - Urgent Care Visits	270	241	274	261	302	273	278	218	262	265	262	321	242
[32]	Total ER Visits	657	625	600	614	679	676	678	634	665	678	711	729	651
[33]	% of ER Visits Admitted	3.50%	3.84%	3.17%	4.89%	3.39%	3.40%	3.24%	5.05%	4.06%	4.42%	6.05%	2.74%	4.45%
[34]	ER Admissions as a % of Total	85.19%	88.89%	86.36%	88.24%	71.88%	76.67%	100.00%	96.97%	100.00%	93.75%	95.56%	76.92%	90.63%

KVHD
Patient Statistics
Thirteen Months Ended September 30, 2026

	STATISTICS	Actual 9/30/2025	Actual 10/31/2025	Actual 11/30/2025	Actual 12/31/2025	Actual 1/31/2026	Actual 2/28/2026	Actual 3/31/2026	Actual 4/30/2026	Actual 5/31/2026	Actual 6/30/2026	Actual 7/31/2026	Actual 8/31/2026	Actual 9/30/2026
	Outpatient Statistics:													
[35]	Total Outpatients Visits	1082	1090	840	929	901	901	996	1136	1107	1138	1178	1035	1034
[36]	Observation Bed Days	17	15	18	19	20	23	22	24	32	22	17	19	10
[37]	Clinic Visits - Primary Care	922	1039	906	864	843	725	932	980	779	844	1074	878	756
[38]	Clinic Visits - Specialty Clinics	235	263	190	207	286	202	236	231	212	244	246	151	273
[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	6858	7121	6220	7096	6796	6768	6838	6767	6438	6885	7023	6598	6355
[43]	Clinic Visits-Mobile Van	0	0	0	0	0	0	0	0	0	0	0	0	0
[44]	FTE's - Worked	222.87	224.62	223.66	214.91	210.62	218.76	225.60	228.57	228.15	227.55	233.96	233.68	232.36
[45]	FTE's - Paid	247.12	248.82	246.99	247.08	244.68	245.15	250.43	254.61	252.45	255.66	259.44	258.07	256.23
[46]	Case Mix Index -Medicare	1.0765	0.9313	0.8826	0.9107	0.9234	1.0715	0.7624	0.9983	0.9820	1.0670	0.8975	1.3061	1.0541
[47]	Case Mix Index - All payers	0.9601	0.9654	0.9045	0.8898	0.9443	1.0821	1.0035	0.8868	0.8474	0.9190	0.9021	1.0073	0.8981

KERN VALLEY HEALTHCARE DISTRICT

AP LOCAL VENDOR AGING AS OF 10/22/2026

VENDOR NAME	VEND#	CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS	BALANCE
BIOMED GUY	04491	1,250.00	0.00	0.00	0.00	0.00	1,250.00
BUILDERS MART	01367	2,775.97	0.00	0.00	0.00	0.00	2,775.97
C R PEST CONTROL	52172	790.00	0.00	0.00	0.00	0.00	790.00
CROSSROADS MINI MART	53131	233.53	0.00	0.00	0.00	0.00	233.53
KERN VALLEY EXCHANGE CLUB NC	53724	45.00	0.00	0.00	0.00	0.00	45.00
KERN VALLEY SUN	53519	2,959.41	0.00	0.00	0.00	0.00	2,959.41
MOUNTAIN MESA WATER CO 3036	52953	147.88	0.00	0.00	0.00	0.00	147.88
MOUNTAIN MESA WATER CO 3039	52950	162.08	0.00	0.00	0.00	0.00	162.08
MOUNTAIN MESA WATER CO 3041	52951	8,221.77	0.00	0.00	0.00	0.00	8,221.77
MOUNTAIN MESA WATER CO 3042	52955	3,624.69	0.00	0.00	0.00	0.00	3,624.69
MOUNTAIN MESA WATER CO 3055	52952	131.70	0.00	0.00	0.00	0.00	131.70
MOUNTAIN MESA WATER CO 3122	52956	114.34	0.00	0.00	0.00	0.00	114.34
MOUNTAIN MESA WATER CO 3126	52954	136.98	0.00	0.00	0.00	0.00	136.98
MOUNTAIN MESA WATER CO 3127	52949	135.84	0.00	0.00	0.00	0.00	135.84
MOUNTAIN MESA WATER CO 3596	53406	141.03	0.00	0.00	0.00	0.00	141.03
MT MESA SHELL	02343	1,621.48	0.00	0.00	0.00	0.00	1,621.48
THOMAS REFUSE SERVICE 123195	52815	279.35	0.00	0.00	0.00	0.00	279.35
THOMAS REFUSE SERVICE 123623	02118	3,974.85	0.00	0.00	0.00	0.00	3,974.85
THOMAS REFUSE SERVICE 123624	52817	359.12	0.00	0.00	0.00	0.00	359.12
THOMAS REFUSE SERVICE 125578	52816	175.94	0.00	0.00	0.00	0.00	175.94
		27,280.96	0.00	0.00	0.00	0.00	27,280.96

KERN VALLEY HEALTHCARE DISTRICT

October 2026

CONTRACT	VEN #	CONTRACT TYPE	DESCRIPTION	COST		BEGIN	RENEW	NEXT FINANCE REVIEW	TERMS	DEPT	MANAGER
ADT SECURITY SERVICE	51959	SERVICE	RETAIL PHARMACY SECURITY PROTECTION	$ 52.99	MO	02/23/24	01/22/27	10/01/26		RETAIL PHARMACY	RAI
ALLMED HEALTHCARE MANAGEMENT INC	52970	SERVICE	EXTERNAL PEER REVIEW SERVICE AGREEMENT	VARIOUS RATES	PER CASE	01/01/19	OPEN	10/01/26	INITIAL TERM 2 YEARS MAY RENEW FOR ADDITIONAL ONE YEAR PERIODS WITH MUTUAL CONSENT. 60 DAY WRITTEN NOTICE TO TERM	ADMINISTRATION	LOVRICH
AWS (AMAZON WEB SERVICES)	53020	SERVICE	DATA BACK-UP COLD STORAGE	$ 428.00	MO	01/01/26	12/31/26	10/01/26		IS	B.JIMERSON
CYRANO SYSTEMS	53188	SERVICE	VIDEO EDITING SOFTWARE	$ 9,720.00	ANN	01/01/26	12/31/26	10/01/26	60 DAY WRITTEN NOTICE	PUBLIC AFFAIRS	CAVER
E-MDS	04109	SERVICE	MVHC SOFTWARE SUPPORT	$ 22,791.72	ANN	01/01/26	12/31/26	10/01/26		MVHC	DAVIS
FAXAGE	53453	SERVICE	DIGITAL FAXING	$ 1,114.44	ANN	01/03/26	01/02/27	10/01/26		IS	B.JIMERSON
HOSPITAL COUNCIL OF NORTHERN AND CENTRAL CA/CHA	02710	MEMBERSHIP	DUES	$ 2,401.25	MO	01/13/14	OPEN	10/01/26	AUTO RENEWS FOR 1 YEAR TERM UNLESS EITHER PARTY PROVIDES NOTICE OF NO-RENEWAL AT LEAST 120 DAYS BEFORE EXPIRATION OF CURRENT TERM.	ADMINISTRATION	LOVRICH
HOSPITAL QUALITY INSTITUTE	53655	SERVICE	HEALTH EQUITY REPORTING	$ 2,500.00	ANN	01/01/26	12/31/26	10/01/26	ONE YEAR AUTO RENEWAL SUBEQUENT ONE YEAR TERMS - 30 DAY WRITTEN NOTICE	UTILIZATION REVIEW	GRIFFITH
HOUCHIN BLOOD BANK	01281	SUPPLY	BLOOD/PACKED CELLS	VARIOUS		01/01/26	12/31/26	10/01/26		LABORATORY	TALAMPAS
ICAHN	52109	SERVICE	PATIENT SATISFACTION SURVEYS (HCAHPS)	$ 2,500.00	ANN	01/01/26	12/31/26	10/01/26		NURSING	JIMERSON
KERN PSYCHIATRIC HEALTH AND WELLNESS CENTER		PHYSICIAN	PSYCHIATRIC SERVICES SNC	$ 2,000.00	MO	01/23/23	OPEN	10/01/26	MONTH TO MONTH	ADMINISTRATION	LOVRICH
MARTINS, MARIA M.D.		PHYSICIAN	EMERGENCY SERVICE	75.00 PER VISIT 70.00 S.B. MIN 250.00 HR	MO	01/17/25	01/16/28	10/01/26	ONE YEAR TERM MAY EXTEND FOR TWO ADD'L ONE YEAR TERMS	ADMINISTRATION	LOVRICH
MOZA, JOSEPH M.D.		PHYSICIAN	ED PHYSICIAN	75.00 per pt visit / 70.00 per stand by hr. Minimum pay 285.00 per hour	MO	01/01/26	12/31/30	10/01/26	90 DAY WRITTEN NOTICE	ADMINISTRATION	LOVRICH
RLH FIRE PROTECTION	52254	SERVICE	FIRE SPRINKLER INSPECTION	$ 7,740.00	ANN	01/01/25	12/31/27	10/01/26		PLANT OPERATIONS	EASTERDAY
SIENNA HOSPITALIST GROUP	04649	PHYSICIAN	HOSPITALIST	$75.HR PHYSICIAN $60. HR MID LEVEL STANDBY/ MUST BE ON SITE 11 HR MIN. 90% OF COLLECTIONS ON ACUTE 55.00 VISIT IN SNF. PAY MINIMUM OF 70,000 A MONTH	MO	01/01/24	12/31/26	10/01/26	90 DAY WRITTEN NOTICE	ADMINISTRATION	LOVRICH
SIENNA HOSPITALIST GROUP	04649	PHYSICIAN	MEDICAL DIRECTOR ACUTE CARE	$200. HR NOT TO EXCEED $6,000	MO	01/01/24	12/31/26	10/01/26	60 DAY WRITTEN NOTICE	ADMINISTRATION	LOVRICH
SIENNA HOSPITALIST GROUP	04649	PHYSICIAN	MEDICAL DIRECTOR SNC	$200. HR NOT TO EXCEED $5,000	MO	01/01/24	12/31/26	10/01/26	60 DAY WRITTEN NOTICE	ADMINISTRATION	LOVRICH
TOURO UNIV CA PA		AGREEMENT	CLINICAL PRECEPTORSHIP PHYSICIAN ASSISTANTS			01/13/25	OPEN	10/01/26	INITIAL 1 YEAR TERM THEN RENEW ANNUALLY FOR 1 YEAR TERMS	MVHC	DAVIS
VALIC		INSURANCE	401A RETIREMENT PLAN			01/01/98	OPEN	10/01/26	AFTER 1 YEAR MAY BE RENEWED FOR TWO ONE YEAR TERMS ENDING 1/31/23. 60 DAY PRIOR WRITTEN NOTICE TO TERM WITHOUT CAUSE.	ADMINISTRATION	LOVRICH
VALLEY CHILDRENS HOSPITAL		SERVICE	TRANSFER AGREEMENT	$ -		01/02/26	01/02/27	10/01/26	AUTO RENEWS FOR 1 YEAR TERMS UNLESS TERMINATED NO LESS THAN 30 DAYS IN ADVANCE	ADMINISTRATION	LOVRICH
WESTERN HEALTHCARE		SERVICE	ED LOCUM	CONTRACT RATES		01/23/23	OPEN	10/01/26		ADMINISTRATION	LOVRICH

PHYSICIAN SERVICES AGREEMENT

This Physician Services Agreement ("Agreement") is entered into as of November 13, 2026 ("Effective Date"), by Kern Valley Healthcare District, a California local health care district ("District"), and Scott Carter, MD, Inc, a California licensed physician ("Physician"). District and Physician are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

Whereas District operates Mountain View Health Center (“Clinic”) and Kern Valley Hospital (“Hospital”) located at Mountain Mesa, Kern County, California; and

Whereas District desires to retain Physician to provide medical services on an independent contractor basis; and

Whereas Physician is a duly licensed physician in the State of California and desires to provide such services to District on the terms and conditions set forth herein.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE 1. SERVICES

1.1. Scope of Services. Physician shall provide professional medical services ("Services") to patients of District as mutually agreed upon in writing by both Parties. The specific Services to be provided shall be documented in writing and attached as Exhibit A to this Agreement.

1.2. Professional Standards. Physician shall perform all Services in accordance with:

a. Applicable standards of care and professional conduct expected of physicians practicing in the same or similar specialty;

b. All applicable federal, state, and local laws, regulations, and ordinances;

c. District policies, procedures, bylaws, and rules and regulations; and

d. All applicable accreditation standards.

1.3. Medical Staff Membership and Clinical Privileges. Physician shall obtain and maintain membership in District's Medical Staff and clinical privileges appropriate to the Services to be performed within thirty (30) days of the Effective Date, or such other period as agreed to in writing by District. This Agreement does not guarantee or create any right to Medical Staff membership or clinical privileges. Physician's Medical Staff membership and clinical privileges shall be subject to the District's Medical Staff Bylaws, policies, and procedures, and all applicable credentialing and peer review processes. Physician acknowledges that failure to obtain or maintain such membership and privileges shall constitute grounds for immediate termination of this Agreement without liability to District, including without obligation to pay compensation for any period during which Physician lacks the necessary privileges to perform Services.

1.4. Scheduling. Physician acknowledges and agrees that assignment to the emergency department clinical schedule is determined by the Medical Staff in accordance with Medical Staff Bylaws, rules, and policies, and in the Medical Staff's sole and exclusive discretion. Physician has no guaranteed minimum number of shifts. Removal or adjustment of Physician's scheduled shifts, including immediate removal from the schedule, shall not constitute termination of this Agreement or corrective or disciplinary action, and shall not give rise to any right to notice, hearing, or appeal unless and until formal Medical Staff corrective action is initiated pursuant to the Medical Staff Bylaws.

ARTICLE 2. TERM AND TERMINATION

2.1. Initial Term. This Agreement shall commence on the Effective Date and continue for a period of one (1) year ("Initial Term"), unless earlier terminated as provided herein.

2.2. Renewal. Upon expiration of the Initial Term, this Agreement shall renew upon mutual agreement for three (3) successive one-year periods unless either Party terminates this Agreement as provided herein.

2.3. Termination Without Cause. Either Party may terminate this Agreement without cause upon ninety (90) days prior written notice to the other Party.

2.4. Termination for Cause. Either Party may terminate this Agreement immediately upon written notice for cause, including but not limited to:

a. Material breach of this Agreement that remains uncured for thirty (30) days after written notice, provided that if the breach cannot reasonably be cured within thirty (30) days, the breaching party shall have such additional time as is reasonably necessary to cure the breach, so long as the breaching party commences cure within the thirty (30) day period and diligently pursues cure to completion;

b. Loss, suspension, or restriction of Physician's medical license or DEA registration;

c. Exclusion, debarment, or suspension from participation in Medicare, Medicaid, or other federal or state health care programs;

d. Loss, suspension, denial, or restriction of Medical Staff membership or clinical privileges;

e. Conviction of a felony or any crime involving moral turpitude;

f. Violation of federal or state fraud and abuse laws, including the Stark Law, Anti-Kickback Statute, or False Claims Act; or

g. Conduct that threatens patient safety or quality of care.

2.5. Effect of Termination. Upon termination or expiration of this Agreement:

a. Physician shall cooperate in the orderly transition of patient care;

b. Physician shall complete all medical records and other documentation;

c. District shall pay Physician for all Services properly performed through the termination date; and

d. Insurance coverage provided by District shall cease upon loss of privileges and/or termination of this Agreement, unless otherwise provided by law or the BETA RMA policy.

ARTICLE 3. COMPENSATION

3.1. Payment Structure. In consideration for Services rendered under this Agreement, District shall pay Physician as follows, which compensation is fixed and set in advance for the Term of this Agreement, and shall not be modified based on the volume or value of any referrals or other business generated between the Parties. District agrees to pay the following fees to Physician:

a. 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.

b. Emergency Department Patient Visit Fees. District will pay PHYSICIAN $75.00 per visit for all patients treated with their charts completed by the end of that ER physician's shift and $70.00 per visit for charts not completed by the end of the shift but that are completed within 24 hours of completion of the shift.

c. Stand By Hours. In addition to the compensation in 6.1.2, District will compensate PHYSICIAN at $70.00 per hour for all hours worked on site covering the Emergency Department.

d. Minimum Payment. The total amount of monthly fees compensation for the combined patient visits and stand-by hours by PHYSICIAN will be compared to the total hours worked by PHYSICIAN times three hundred dollars ($300.00) per hour and the physician will be paid the greater of these two methodologies.

e. Holiday Minimum. The minimum payment for the following holidays will be at time and one-half per hour of the minimum hourly rate: New Year's Day, Easter Sunday, Memorial Day, 4th of July, Labor Day, Thanksgiving Day, and Christmas Day.

3.2. Fair Market Value Certification. The Parties acknowledge and agree that the compensation set forth in this Agreement:

a. Has been determined to constitute fair market value for the Services to be provided;

b. Is commercially reasonable;

c. Does not take into account the volume or value of any referrals or other business generated between the Parties;

d. Is consistent with compensation paid for similar services in similar geographic areas; and

e. Is not determined in a manner that takes into account the volume or value of any referrals or other business generated between the Parties or any other entity with which either Party has a financial relationship.

3.3. Payment. Hospital will pay Physician monthly by the 15th day of the next month following that month in which the services are rendered. Hospital is responsible for the payments due to Physician. Therefore, physician should only look to the Hospital for amounts due and not to Medical Director.

3.4. Expenses. Physician is responsible for his own expenses incurred in providing the Services, except as otherwise agreed to in writing by District.

3.5. Withholding and Taxes. As an independent contractor, Physician is solely responsible for all federal, state, and local taxes on compensation received under this Agreement. District shall not withhold income taxes, social security, or other payroll taxes, and Physician shall indemnify and hold District harmless from any claims, liabilities, or penalties related to such taxes.

3.6. Billing and Collection. District shall be responsible for billing and collecting payment for all Services rendered by the Physician under this Agreement. Physician shall provide District with accurate and complete documentation necessary for billing purposes in a timely manner, but no later than 2 days of the date of service. District shall retain all funds collected for Services performed by the Physician, and the Physician shall have no claim or entitlement to any portion of such funds.

ARTICLE 4. INDEPENDENT CONTRACTOR RELATIONSHIP

4.1. Independent Contractor Status. Physician is an independent contractor and not an employee, partner, or agent of District. Nothing in this Agreement shall be construed to create an employment relationship, partnership, joint venture, or agency relationship between the Parties.

4.2. Control and Supervision. Physician retains sole control over the manner and means of performing the Services, and District shall not interfere with or control Physician's independent medical judgment. Physician will be subject to:

a. Applicable standards of medical care and professional conduct;

b. District policies and procedures necessary to ensure patient safety, quality of care, administrative, and regulatory compliance;

c. Medical Staff bylaws, rules, and regulations; and

d. Applicable federal and state laws and regulations.

4.3. No Employee Benefits. Physician acknowledges that, as an independent contractor, Physician is not entitled to any employee benefits, including but not limited to health insurance, retirement benefits, paid time off, workers' compensation, or unemployment insurance.

4.4. Right to Engage in Other Activities. Physician retains the right to provide medical services to other persons or entities and to engage in other professional activities, provided such activities do not interfere with Physician's obligations under this Agreement or create a conflict of interest with District.

ARTICLE 5. REGULATORY COMPLIANCE

5.1. Stark Law Compliance. The Parties acknowledge that this Agreement may be subject to the federal physician self-referral law, 42 U.S.C. § 1395nn (the "Stark Law"). The Parties represent and warrant that:

a. This Agreement is intended to comply with an exception to the Stark Law, including the personal service arrangements exception at 42 C.F.R. § 411.357(d);

b. The compensation paid to Physician is set in advance, does not exceed fair market value, and is not determined in a manner that takes into account the volume or value of any referrals or other business generated by Physician for District;

c. The Services to be provided are reasonable and necessary for the legitimate business purposes of District;

d. This Agreement does not violate any federal or state law or regulation governing billing or claims submission; and

e. The Parties shall comply with all requirements of the applicable Stark Law exception throughout the term of this Agreement.

5.2. Anti-Kickback Statute Compliance. The Parties acknowledge that this Agreement may be subject to the federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b) (the "AKS"). The Parties represent and warrant that:

a. This Agreement is intended to satisfy a safe harbor under the AKS, specifically the personal services and management contracts safe harbor at 42 C.F.R. § 1001.952(d);

b. The compensation methodology is set in advance and consistent with fair market value in an arm's-length transaction;

c. The compensation is not determined in a manner that takes into account the volume or value of any referrals or business otherwise generated between the Parties for which payment may be made under Medicare, Medicaid, or other federal health care programs;

d. The Services are commercially reasonable and do not involve counseling or promotion of illegal activities;

e. No payment is made, directly or indirectly, to induce Physician to refer patients to District or to induce District to refer patients to Physician; and

f. The Parties shall comply with all requirements of the applicable AKS safe harbor throughout the term of this Agreement.

5.3. California PORA Compliance. The Parties acknowledge that this Agreement may be subject to California's Physician Ownership and Referral Act ("PORA"), Business and Professions Code §§ 650 et seq. The Parties represent and warrant that:

a. Neither Party shall make or receive any payment or other consideration for the referral of patients, except as expressly permitted under PORA;

b. The compensation paid under this Agreement is consistent with fair market value for the actual services rendered and is not conditioned upon or related to referrals;

c. This Agreement is intended to comply with PORA's exception for contracts for the provision of professional medical services at fair market value;

d. Physician maintains professional liability insurance as required by California law; and

e. The Parties shall comply with all applicable requirements of PORA throughout the term of this Agreement.

5.4. Medicare and Medicaid Participation. Physician represents and warrants that:

a. Physician is currently eligible to participate in Medicare, Medicaid, and other federal and state health care programs;

b. Physician has not been excluded, debarred, or suspended from participation in any federal or state health care program;

c. Physician is not subject to any ongoing investigations by any governmental agency related to fraud, waste, or abuse;

d. Physician shall immediately notify District in writing if Physician becomes excluded, debarred, suspended, or otherwise ineligible to participate in any federal or state health care program; and

e. Physician shall comply with all applicable Medicare and Medicaid regulations, conditions of participation, and coverage requirements.

5.5. False Claims Act and Fraud Prevention. Physician agrees to:

a. Comply with all applicable federal and state laws regarding false claims, including the federal False Claims Act (31 U.S.C. §§ 3729-3733);

b. Not submit or cause to be submitted any false or fraudulent claims for payment;

c. Accurately document all Services provided and ensure appropriate coding and billing;

d. Report to District any suspected fraud, waste, or abuse; and

e. Cooperate fully with any governmental investigation or audit.

5.6. General Regulatory Compliance. Physician shall comply with all applicable federal, state, and local laws, regulations, and requirements, including but not limited to:

a. HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164);

b. EMTALA requirements (42 U.S.C. § 1395dd);

c. California Confidentiality of Medical Information Act (Civil Code §§ 56 et seq.);

d. Controlled Substances Act and California Uniform Controlled Substances Act;

e. Clinical Laboratory Improvement Amendments (CLIA), if applicable;

f. OSHA and Cal/OSHA safety requirements; and

g. All applicable professional practice acts and regulations.

ARTICLE 6. CREDENTIALS AND QUALIFICATIONS

6.1. Licensure and Certification. Physician represents and warrants that Physician currently holds and shall maintain throughout the term of this Agreement:

a. A current, valid, unrestricted license to practice medicine in the State of California;

b. Current DEA registration, if applicable to Services;

c. Current BLS and/or ACLS certification, as applicable to Services; and

d. Any other licenses, certifications, or permits required to perform the Services.

6.2. Notification of Changes. Physician shall immediately notify District in writing of any:

a. Suspension, restriction, revocation, investigation, or adverse action regarding Physician's medical license, DEA registration, or any other professional certification or registration required to perform Services, including any pending investigations or inquiries;

b. Loss of hospital privileges or Medical Staff membership at any facility;

c. Malpractice claims, lawsuits, settlements, or judgments filed or threatened against Physician;

d. Criminal charges, convictions, or plea agreements (including no contest pleas);

e. Exclusion or debarment from any federal or state health care program; or

f. Any other circumstance that could materially affect Physician's ability to perform Services.

ARTICLE 7. INSURANCE AND INDEMNIFICATION

7.1. Professional Liability Insurance. District shall provide professional liability insurance coverage for Physician for Services performed under this Agreement exclusively through BETA RMA and subject to BETA RMA terms and exclusions. Coverage applies only to services performed within the scope of the Agreement while Physician is credentialed and privileged, and does not include tail coverage, except as provided by the BETA RMA policy. To the extent tail coverage is not provided by BETA RMA, District shall obtain such coverage to include Physician.

7.2. Indemnification by Physician. To the extent permitted by law, Physician shall indemnify, defend, and hold harmless District, its officers, directors, employees, agents, and affiliates from and against any and all claims, liabilities, losses, damages, and expenses (including reasonable attorneys' fees and costs of investigation and defense) arising out of or resulting from:

a. Physician's negligence or willful misconduct in performing Services not covered by District's insurance through BETA RMA;

b. Physician's breach of any representation, warranty, or obligation under this Agreement;

c. Physician's violation of any law, regulation, or professional standard;

d. Claims by any third party or governmental authority that Physician is an employee of District entitled to employment benefits, including but not limited to claims for workers' compensation, unemployment insurance, or employee benefits; or

e. Any tax liability arising from compensation paid to Physician under this Agreement.

7.3. Indemnification by District. District shall indemnify, defend, and hold harmless Physician from and against any and all claims, liabilities, losses, damages, and expenses (including reasonable attorneys' fees) arising out of District's negligence or willful misconduct, except to the extent caused by Physician's negligence or willful misconduct.

ARTICLE 8. CONFIDENTIALITY AND MEDICAL RECORDS

8.1. HIPAA Compliance. Physician acknowledges that Physician is a "business associate" of District as defined under HIPAA and shall comply with all applicable requirements of HIPAA, the HITECH Act, and the California Confidentiality of Medical Information Act (CMIA). The Parties shall execute a separate Business Associate Agreement in the form required by HIPAA within ten (10) days of the Effective Date, which shall be incorporated into this Agreement by reference. Physician shall immediately notify District of any breach or suspected breach of protected health information.

8.2. Patient Confidentiality. Physician shall maintain the confidentiality of all patient information in accordance with:

a. HIPAA Privacy and Security Rules;

b. California Confidentiality of Medical Information Act;

c. District policies and procedures; and

d. Applicable professional and ethical standards.

8.3. Medical Records. Physician shall:

a. Prepare and maintain accurate, complete, legible, and timely medical records for all patients in accordance with applicable federal and state laws, professional standards, and District policies;

b. Complete all required documentation within the time limits specified by District Medical Staff bylaws and policies;

c. Ensure all entries are legible, dated, timed, and authenticated as required;

d. Use District's electronic health record system in accordance with District policies and training; and

e. Acknowledge that all medical records are the property of District.

8.4. Proprietary Information. Physician acknowledges that Physician may have access to District's proprietary and confidential information, including business practices, financial information, and strategic plans. Physician agrees to maintain such information in strict confidence and not to disclose or use such information except as necessary to perform Services under this Agreement.

8.5. Survival. The obligations of confidentiality set forth in this Article shall survive the termination or expiration of this Agreement.

ARTICLE 9. GENERAL PROVISIONS

9.1. Entire Agreement. This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written.

9.2. Amendments. This Agreement may not be amended, modified, or supplemented except by a written instrument signed by both Parties.

9.3. Assignment. Neither Party may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other Party, except that District may assign this Agreement to a successor entity in connection with a merger, consolidation, or sale of substantially all of its assets.

9.4. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflicts of law principles. Any action or proceeding arising out of or relating to this Agreement shall be brought exclusively in the state or federal courts located in Kern County, California, and the Parties hereby consent to the personal jurisdiction of such courts. In any legal action or proceeding arising from this Agreement, the prevailing party shall be entitled to recover its costs, expenses, and fees, including reasonable attorney fees.

9.5. Severability. If any provision of this Agreement is held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby, and the Parties shall negotiate in good faith to replace such provision with a valid, legal, and enforceable provision that achieves, to the greatest extent possible, the original intent of the Parties.

9.6. Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. No failure or delay by either Party in exercising any right, power, or remedy shall operate as a waiver thereof, nor shall any single or partial exercise

preclude any other or further exercise or the exercise of any other right, power, or remedy.

9.7. Notices. All notices, requests, consents, and other communications required or permitted under this Agreement shall be in writing and shall be deemed given when delivered personally, when transmitted by confirmed facsimile or email (followed by hard copy sent by certified mail), or three (3) business days after being sent by certified mail, return receipt requested, postage prepaid, to the addresses set forth below (or to such other address as a Party may designate by notice):

If to District:

Attn: Administration
P.O. Box 1628
Lake Isabella, CA 93240
Administration@kvhd.org

If to Physician:

Scott Carter, MD
[redacted]

9.8. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute the same instrument. Electronic signatures shall have the same force and effect as original signatures.

9.9. Survival. The following provisions of this Agreement shall survive termination: Articles 4 (Independent Contractor Relationship), 5 (Regulatory Compliance), 7 (Insurance and Indemnification), 8 (Confidentiality and Medical Records), and 9 (General Provisions), along with any other provisions that by their nature should survive termination, for a period of seven (7) years or as required by applicable law, whichever is longer.

9.10. Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their permitted successors and assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever.

9.11. Relationship of the Parties. Physician is an independent contractor and not an employee, partner, or agent of the District. Nothing in this Agreement shall be construed to create a partnership, joint venture, employment, or agency relationship between the Parties.

a. Neither Party shall have any authority to bind or commit the other Party in any manner whatsoever.

b. Physician shall be solely responsible for all taxes, withholdings, workers' compensation insurance, and other statutory obligations of an independent contractor.

c. Physician acknowledges that they will not be entitled to any employee benefits provided by the District, including but not limited to health insurance, retirement benefits, paid time off, or unemployment insurance.

9.12. Force Majeure. Neither Party shall be liable for any failure or delay in performance under this Agreement due to causes beyond its reasonable control, including but not limited to acts of God, war, terrorism, labor disputes, governmental actions, pandemic, epidemic, or natural disasters.

In witness whereof, the Parties have executed this Agreement as of the date first written above.

Date: Kern Valley Healthcare District

By: _____
John Lovrich, CEO

Date: Physician

By _____
Scott Carter, MD

EXHIBIT A

PHYSICIAN SERVICES

Physician shall provide the following services under this Agreement:

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 ED.

Patient Transfers. Except in circumstances of immediate jeopardy for the life of the patient, PHYSICIAN shall consult with the hospitalist of the Hospital prior to the permanent transfer of patients from the ED to other hospitals or health care providers.

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

Medical Records. PHYSICIAN shall be responsible for the development and maintenance of an adequate medical record in the ED. This shall include assuring that the appropriate medical record entries are made by PHYSICIAN concerning all medical procedures and other services performed in the ED on the electronic medical record system of HOSPITAL within 2 days of the date of service.

Service and Equipment Adequacy. PHYSICIAN shall advise the Medical Director concerning 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, facility bed availability, intra-facility transfer problems, and patient status.

Responses to Nursing Questions. PHYSICIAN shall be available to assist with nursing questions at the ED, including questions regarding patient transfers and patient clinical status.

Responses to Patient Problems. PHYSICIAN, when on duty, shall be available to respond to patient problems in the ED by means of chart review and patient visits, as appropriate, and respond to all in-house 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 ED Medical Director and Hospital CEO.

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