



**KERN HEALTH
SYSTEMS**

**FINANCE COMMITTEE
MEETING**

Friday, April 5, 2019

at

8:00 a.m.

**Kern Health Systems
5701 Truxtun Avenue, Suite 201
Bakersfield, CA 93309**

For more information, call (661) 664-5000

AGENDA

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
5701 Truxtun Avenue, Suite 201
Bakersfield, California 93309

Friday, April 5, 2019

8:00 A.M.

All agenda item supporting documentation is available for public review at Kern Health Systems in the Administration Department, 9700 Stockdale Highway, Bakersfield, 93311 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

PLEASE REMEMBER TO TURN OFF ALL CELL PHONES, PAGERS OR ELECTRONIC DEVICES DURING MEETINGS.

COMMITTEE TO RECONVENE

Members: Deats, McGlew, Melendez, Rhoades

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))
- 3) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of Kern Health Systems for the year ending December 31, 2018 (Fiscal Impact: None) – **RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS**
- 4) Proposed Amendment No. 22 to Physicians Service Agreement and Amendment No. 42 to Hospital and Other Facility Services Agreement with Kern Medical for Medi-Cal Managed Care Capitation Rate Increases pursuant to Intergovernmental Transfers (“IGTs”) provided for the period July 1, 2017 through June 30, 2018, pursuant to the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) – **APPROVE; REFER TO KHS BOARD OF DIRECTORS**
- 5) Proposed Amendment to Hospital and Other Facility Services Agreement with Kern Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Transfers (“IGTs”) provided for the period July 1, 2017 through June 30, 2018, pursuant to the transfer of public funds between Kern Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) – **APPROVE; REFER TO KHS BOARD OF DIRECTORS**
- 6) Proposed Amendment to Hospital and Other Facility Services Agreement with Tehachapi Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Transfers (“IGTs”) provided for the period July 1, 2017 through June 30, 2018, pursuant to the transfer of public funds between Tehachapi Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) – **APPROVE; REFER TO KHS BOARD OF DIRECTORS**

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- 7) Report on New Office Building Expenditures (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 8) Report on 2018 Annual Travel Report (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 9) Report on 2018 Annual Report of Disposal Assets (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 10) Proposed Agreement with Healthx, Inc., to provide a hosted software solution for a
 Provider and Member Portal, from May 12, 2019 through May 12, 2022 (Fiscal Impact:
 \$1,411,200 per three year agreement; Budgeted) –
 APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 11) Proposed Agreement with Optum, Inc., for the APR DRG Pricing Tool, from April 16,
 2019 through April 15, 2024 (Fiscal Impact: \$1,923,007 per five year agreement;
 Budgeted) –
 APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 12) Report on Kern Health Systems financial statements for December 2018 and January
 2019 (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 13) Report on Accounts Payable Vendor Report, Administrative Contracts between
 \$30,000 and \$100,000 for December 2018 and January 2019 and IT Technology
 Consulting Resources for January 2019 and February 2019 (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, JUNE 7, 2019 AT 8:00 A.M.

AMERICANS WITH DISABILITIES ACT
(Government Code Section 54953.2)

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the KHS Finance Committee may request assistance at the Kern Health Systems office, 9700 Stockdale Highway, Bakersfield, California, or by calling (661) 664-5000. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.



To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 5, 2019

Re: Report by Daniells Phillips Vaughan & Bock Regarding the 2018 Audit

Representatives from the accounting firm Daniells Phillips Vaughan & Bock will be present to report on the 2018 audit. Attached for your review are the December 31, 2018 audited financial statements for Kern Health Systems.

Requested Action

Approve audited financial statements; Refer to the KHS Board of Directors.



FINANCIAL REPORT

DECEMBER 31, 2018

KERN HEALTH SYSTEMS

FINANCIAL REPORT

DECEMBER 31, 2018

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NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Health Systems
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of **Kern Health Systems**, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

-1-

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Kern Health Systems**, as of December 31, 2018 and 2017, and the changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of pension contributions on pages 3-9 and 35-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the **Kern Health Systems'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Kern Health Systems'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Kern Health Systems'** internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
March 28, 2019

KERN HEALTH SYSTEMS

Management's Discussion and Analysis

Our discussion and analysis of Kern Health Systems' ("KHS", "We", "Us", "Our") financial performance provides an overview of KHS' financial activities for the calendar years ended December 31, 2018 and 2017. Presentation of balances in the financial tables may differ from prior periods. Account balances have been reclassified to better present financial categories. Please read the discussion and analysis in conjunction with the KHS financial statements, which begin on page 10.

Overview:

KHS is a County health authority established for the purpose of providing health care services to meet the health care needs of low-income families and individuals in Kern County, California. As a managed care health plan, KHS manages health care services for an enrolled population that qualifies for Medi-Cal, which is California's Medicaid health care program. Medicaid was established in 1965 under the U.S. Social Security Act to provide health care and long-term care services and support to low-income Americans. Although jointly funded by federal and state governments, Medicaid is a state-operated and state-implemented program. Subject to federal laws and regulations, states have significant flexibility to structure their own programs in terms of eligibility, benefits, delivery of services, and provider payments. The Department of Health Care Services ("DHCS") is the single state agency responsible for administering Medi-Cal. In 2018 and 2017, KHS received over 99% of its operating revenue from the State of California. KHS is committed to continually improving the quality of care and service to its members, and to help them access the right care at the right time in the appropriate setting.

In general, KHS members are required to use the KHS provider network to receive care. KHS contracts with various health care providers for the provision of medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. Primary Care Physicians (PCPs) play an integral role in coordinating and managing the care of KHS members by delivering preventive services as well as referring members to other providers for medically necessary services. PCPs are typically trained in internal medicine, pediatrics, family practice and general practice. KHS compensates most of its providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided and incurs costs based on the actual utilization of services. Additionally, KHS works with the provider network to operate efficiently by providing financial and utilization information, physician and patient educational programs, and disease and medical management programs. In 2018 and 2017, KHS paid approximately 94% and 92%, respectively, of its revenue to providers.

KHS seeks to improve the quality of care delivered by its network providers by continual focus on:

- Provider access
- Preventive health and wellness
- Care and disease management
- Provider credentialing
- Provider education and incentives for closing care gaps
- Member education and outreach
- Information technology initiatives related to the above activities
- Advocacy and community-based programs.

KHS' mission is dedicated to improving the health status of its members through an integrated managed health care delivery system. KHS is focused on preventive health, wellness and a population health management model that coordinates medical, behavioral, social, and pharmacy programs to provide quality care.

Financial Highlights:

- ❖ Our net position increased in 2018 by \$11,089,149 or approximately 5.8% while in 2017 our net position increased by \$19,326,247 or 11.3%. The Expansion population, which began to phase in as of 2014, experienced a 2.9% membership growth from the end of 2017 to the end of 2018, compared to a 5.0% membership growth from the end of 2016 to the end of 2017.
- ❖ Our Medi-Cal enrollment growth showed an average monthly increase of 5,800 members or 2.4% in 2018 compared to 2017. This compared to an average monthly increase of 12,444 members or 5.5% in 2017 compared to 2016. The decrease in average monthly membership was largely due to the continued declining growth of the Expansion population in 2018. During 2018 we added approximately 1,667 additional Expansion members compared to 2017, which added approximately 2,734 additional Expansion members compared to 2016.
- ❖ We have a capitated arrangement required by the California Department of Health Care Services (DHCS) with another health plan which allows for that plan to provide health care services for assigned members. Assigned membership to this other health plan was approximately 8,286 members at the end of 2018 compared to 7,890 members at the end of 2017. As we have no obligation to provide care for this population, the Premiums earned amount reported for the years ended December 31, 2018 and 2017 is net of the \$16.1 million and \$14.4 million, respectively, of associated capitated expense and the member months shown have been adjusted to remove capitated member months.
- ❖ We reported an operating income of \$8,476,595 or \$2.89 PMPM in 2018 and operating income of \$18,321,527 or \$6.36 PMPM in 2017. The operating income in 2018 is largely due to the adequate reimbursement rate received for Expansion members from DHCS. The revenue received for Expansion members was \$297.0 million or approximately 37.6% of Premiums earned in 2018 compared to \$282.2 million or approximately 38.5% of Premium revenue in 2017. The MLR for the Expansion population was 92.0% for 2018 and 82.8% for 2017.
- ❖ Managed Care Organization (MCO) Tax Revenues of \$94,833,087 or \$32.16 PMPM are included in premiums earned in 2018 and \$90,964,541 or \$31.60 PMPM in 2017. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax methodology changed from a 3.9375% of premium revenue to a fixed PMPM rate. The rate was \$30.87 PMPM for the period July 1, 2017 to June 30, 2018 and \$31.50 PMPM for the period July 1, 2018 to June 30, 2019. The tax amounts are based on projected membership and MCO expense is payable quarterly. MCO Tax Expense is reported as an operating expense and was \$94,216,985 or \$31.95 PMPM in 2018 and \$89,469,376 or \$31.08 PMPM in 2017.
- ❖ The increase in nonoperating income (expenses) of \$1,607,834 between 2018 and 2017 is primarily attributable to an increase in investment and other income of \$2,564,837 and an increase in Community Grant expense of \$974,409 for a net increase of \$1,590,428. The increase in Community Grant expense was due to continued payments made in 2018 to contracted providers under the Health Home program.
- ❖ We continued with incentives and accrued approximately \$5.9 million to reward providers who demonstrate improved Healthcare Effectiveness Data and Information (HEDIS) outcomes.

Operational Highlights:

As part of fulfilling our mission KHS engaged in the following activities during 2018:

- ❖ Continued working with Kern Medical Authority, Clinica Sierra Vista, Omni Family Health and selected other local providers to establish Health Home Delivery sites in geographically desirable areas throughout Kern County. Dignity Health and Premier Medical group opened sites in 2018. The Health Home program is improving the quality of care and services provided to KHS members and assists them in accessing the right care at the right time in the appropriate setting by offering preventive health, wellness and integrated care management models incorporating medical, behavioral, social, and pharmacy programs. The DHCS State Health Home program is slated to go live for Kern County on July 1, 2019. We continue to work with the State to ensure KHS is in compliance with all requirements.
- ❖ Finalized implementation of five clinical departments into the Medical Management system to provide a member centric, single integrated patient care platform towards total population health management.
- ❖ Implemented the new State mandated Palliative Care benefit consisting of patient and family-centered care that optimizes quality of life by anticipating, preventing, and treating suffering. KHS provides palliative care through a multi-disciplinary approach that addresses the medical and psychosocial needs of both adult and pediatric KHS membership.
- ❖ Expanded access to offer Transitional Care programs. The programs are designed to create robust post-acute discharge coordination and develop cross-system transfer of care protocols. The programs have demonstrated improved quality and cost outcomes for high-risk adults through reductions in preventable hospital readmissions; improvements in health outcomes; enhanced patient experience with care; and a reduction in total health care costs.
- ❖ Improved our claims editing software which integrates with our core system (QNXT) and has increased configuration options and will assist KHS to increase claims auto adjudication rates.
- ❖ Enhanced our Member Portal to allow for KHS members calling the Member Services Department to be managed entirely by the member using the self-help tools in the portal.
- ❖ Continued to strengthen access to quality care by expanding our physician network throughout Kern County.
- ❖ Finalized several technology and system implementations that have allowed the organization to dynamically and seamlessly grow its operations. Additionally, the Information Technology team continued its support for the organization's 2018 project portfolio. The centralized Business Intelligence (BI) department provides analytics and reporting for KHS and delivered an external dashboard solution to the provider network that the Clinical Engagement team will use during provider outreach to promote clinical outcomes.
- ❖ Awarded grant funds to six public schools in Kern County to implement School Wellness Programs. Program successes included student improvement in the areas of physical fitness, obesity, water consumption, student discipline, and knowledge on nutrition, physical activity and safety.

- ❖ Donated funds and participated in 66 community events throughout Kern County. Through our support of these activities, we brought value enhanced benefits to our enrolled population as many of our members receive assistance from programs and services made possible by our sponsorship of these community-based events.
- ❖ Continued construction on the new corporate office which is expected to be completed during the fall of 2019.

Using this Annual Report

Our financial statements consist of three statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These financial statements and related notes provide information about the activities of KHS.

The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about our finances is, "Is KHS as a whole better or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about our resources and activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report our net position and changes in it. Our net position, the difference between the assets and liabilities, is one way to measure our financial health. Over time, increases or decreases in net position indicate whether our financial health is improving or deteriorating. Non-financial factors, however, such as changes in member base and measures of the quality of service to members should be considered in evaluating the overall health of KHS.

The Statements of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Condensed Financial Information**Statements of Net Position**

KHS' net position is the difference between its assets and liabilities reported in the Statement of Net Position. Our net position increased in 2018 and 2017 by \$11,089,149 and \$19,326,247, respectively. Our Statements of Net Position as of December 31, 2018, 2017, and 2016 are as follows:

	2018	2017	2016
Assets			
Current assets	\$ 327,383,667	\$ 308,163,303	\$ 320,753,234
Capital assets, net	55,937,228	27,805,377	22,243,033
Other assets	1,004,750	985,084	300,000
Total Assets	\$ 384,325,645	\$ 336,953,764	\$ 343,296,267
Deferred Outflows of Resources	\$ 2,657,573	\$ 2,890,063	\$ 4,540,339
Liabilities			
Accrued medical services payable	\$ 142,516,255	\$ 133,579,261	\$ 110,076,289
Accrued expenses	36,606,228	9,369,046	59,935,224
Net pension liability	5,865,463	6,082,752	4,769,187
Total Liabilities	\$ 184,987,946	\$ 149,031,059	\$ 174,780,700
Deferred Inflows of Resources	\$ 364,304	\$ 270,949	\$ 1,840,334
Net Position			
Net investment in capital assets	\$ 55,937,228	\$ 27,805,377	\$ 22,243,033
Restricted	300,000	300,000	300,000
Unrestricted	145,393,740	162,436,442	148,672,539
Total Net Position	\$ 201,630,968	\$ 190,541,819	\$ 171,215,572

KHS' net position for 2018, 2017, and 2016 exceeded all regulatory requirements for Tangible Net Equity (TNE).

Statements of Revenues, Expenses and Changes in Net Position

Operating results and changes in our net position show an increase in net position of \$11,089,149 and \$19,326,247 for the years ended December 31, 2018 and 2017, respectively. The increases are made up of various different components as outlined below:

	2018	2017	2016	2018	2017	2016
Enrollment						
Total member months				3,047,435	2,970,826	2,804,130
Less non-risk capitated member months				(99,006)	(92,005)	(74,638)
Net member months				<u>2,948,429</u>	<u>2,878,821</u>	<u>2,729,492</u>
Average monthly members				245,702	239,902	227,458
Per Member Per Month in Dollars						
Operating Revenue						
Premiums earned	\$ 790,046,475	\$ 733,671,864	\$ 673,829,781	\$ 267.96	\$ 254.85	\$ 246.87
Other operating revenue	<u>1,859,982</u>	<u>2,247,354</u>	<u>647,403</u>	<u>0.63</u>	<u>0.78</u>	<u>0.24</u>
Total operating revenue	<u>791,906,457</u>	<u>735,919,218</u>	<u>674,477,184</u>	<u>268.59</u>	<u>255.63</u>	<u>247.11</u>
Operating Expenses						
Medical and hospital	652,587,721	592,656,870	524,098,088	221.33	205.87	192.01
MCO premium tax	94,216,985	89,469,376	58,966,477	31.95	31.08	21.60
Administrative	35,094,430	33,936,895	28,817,033	11.90	11.79	10.56
Depreciation	<u>1,530,726</u>	<u>1,534,550</u>	<u>1,474,642</u>	<u>0.52</u>	<u>0.53</u>	<u>0.54</u>
Total operating expenses	<u>783,429,862</u>	<u>717,597,691</u>	<u>613,356,240</u>	<u>265.70</u>	<u>249.27</u>	<u>224.71</u>
Operating income	<u>8,476,595</u>	<u>18,321,527</u>	<u>61,120,944</u>	<u>2.89</u>	<u>6.36</u>	<u>22.40</u>
Nonoperating Revenue (Expenses)						
Investment and other income	4,981,825	2,416,988	384,617	1.69	0.84	0.14
(Loss) on sale of assets	(2,315)	(19,721)	(3,011)	(0.00)	(0.01)	(0.00)
Community grants	<u>(2,366,956)</u>	<u>(1,392,547)</u>	<u>(220,405)</u>	<u>(0.80)</u>	<u>(0.48)</u>	<u>(0.08)</u>
Total nonoperating revenue (expenses)	<u>2,612,554</u>	<u>1,004,720</u>	<u>161,201</u>	<u>0.89</u>	<u>0.35</u>	<u>0.06</u>
Changes in net position	11,089,149	19,326,247	61,282,145	3.78	6.71	22.46
Net position, beginning	<u>190,541,819</u>	<u>171,215,572</u>	<u>109,933,427</u>	<u>64.62</u>	<u>59.47</u>	<u>40.28</u>
Net position, ending	<u>\$ 201,630,968</u>	<u>\$ 190,541,819</u>	<u>\$ 171,215,572</u>	<u>\$ 68.40</u>	<u>\$ 66.18</u>	<u>\$ 62.74</u>

Operating Income and Losses

The first component of the overall change in net position is our operating income. This is the difference between the premiums earned and the cost of medical services. We earned operating income for the years ended December 31, 2018 and 2017 of \$8,476,595 and \$18,321,527, respectively.

The primary components of the operating income for 2018 are:

- ◆ Premiums earned increased \$56,374,611 or \$13.11 PMPM in 2018. Approximately \$26.9 million or \$9.13 PMPM is attributed to Proposition 56 tobacco tax revenue received in 2018 for the purpose of providing supplemental payments to providers for qualifying categories of health expenditures and was payable for dates of service beginning July 1, 2017. Approximately \$23.2 million or \$3.09 PMPM is due to increases in monthly premium capitation rates between 2018 and 2017 and approximately \$4.5 million or \$1.45 PMPM is due to increases in prior year retroactive rate adjustments, including AB85 to cost adjustments.

- ❖ The Medi-Cal average monthly membership increased by 5,800 members or 2.4% over 2017 due primarily to increased Expansion membership.
- ❖ The medical and hospital services costs increased by \$59,930,851 and \$15.46 PMPM between 2018 and 2017. This increase is attributed to supplemental provider payments payable under Proposition 56, increased utilization of services, provider contract rate increases, and new requirements to cover new benefits and expand services. The Medical Loss ratio (Medical and Hospital Services expense as a percentage of Total Operating Revenue excluding MCO tax revenue) was 93.6% in 2018 and 91.9% in 2017.
- ❖ Administrative expenses increased by \$1,157,535 or \$0.11 PMPM over 2017 which is attributed to the increase in salaries and benefits for additional staff needed to meet the needs of the organization and regulatory requirements in 2018. Administrative expense as a percentage of total Operating Revenue (excluding MCO tax revenue) was 5.0% in 2018 compared to 5.3% in 2017.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consisted primarily of investment income and community grants. In 2018, interest and dividend earnings, as well as unrealized gains from investments increased resulting in a \$2,564,837 increase from 2017. Community grant expense increased \$974,409 in 2018 from 2017 due to additional payments made to contracted providers under the Health Home program.

KHS' Cash Flow

Changes in KHS' cash flows are consistent with changes in operating income and nonoperating revenues and expenses and are reflective of timing differences pertaining to payment of accrued medical services and paid rates.

General Economic and Political Environment Factors

Our continued growth may be affected by a variety of factors, including macro-economic conditions and enacted health care reforms that could affect our results of operations. Our operations depend primarily on the continuation of our contract with and funding by the State for the Two-Plan Model of the Medi-Cal Managed Care Program. We believe that the State and Federal Governments are committed to keeping these programs in place, but they will continue to look for budgetary savings through reductions in health care costs.

Contacting KHS' Financial Management

This financial report is designed to provide our members, providers, suppliers, regulatory agencies, taxpayers, and creditors with a general overview of KHS' finances and show KHS' accountability for the money it receives. If you have questions about this report or need additional financial information please contact Robert Landis, CFO, Kern Health Systems, at 9700 Stockdale Hwy, Bakersfield, California 93311.

KERN HEALTH SYSTEMS**STATEMENTS OF NET POSITION
December 31, 2018 and 2017**

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 90,795,197	\$ 103,754,489
Investments (Notes 2 and 3)	140,111,838	148,230,601
Premiums receivable	93,261,229	53,282,986
Other receivables (Note 4)	1,523,542	1,649,590
Prepaid expenses	1,691,861	1,245,637
Total current assets	327,383,667	308,163,303
Capital Assets (Note 5)		
Land	4,876,562	4,876,562
Buildings and improvements	10,323,166	10,323,166
Furniture and equipment	20,218,585	15,702,228
Capital projects in process	34,609,177	9,713,334
	70,027,490	40,615,290
Less accumulated depreciation	14,090,262	12,809,913
	55,937,228	27,805,377
Other Assets		
Restricted investments (Notes 2, 3 and 9)	300,000	300,000
Split dollar life insurance (Note 6)	704,750	685,084
	1,004,750	985,084
Total assets	384,325,645	336,953,764
Deferred Outflows of Resources (Note 10)	2,657,573	2,890,063
Total assets and deferred outflows of resources	\$ 386,983,218	\$ 339,843,827
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued medical services payable (Note 7)	\$ 142,516,255	\$ 133,579,261
Accrued expenses (Note 8)	36,606,228	9,369,046
Total current liabilities	179,122,483	142,948,307
Noncurrent Liabilities		
Net pension liability (Note 10)	5,865,463	6,082,752
Commitments and Contingencies (Note 12)		
Deferred Inflows of Resources (Note 10)	364,304	270,949
Net Position		
Net investment in capital assets	55,937,228	27,805,377
Restricted (Note 9)	300,000	300,000
Unrestricted	145,393,740	162,436,442
Total net position	201,630,968	190,541,819
Total liabilities, deferred inflows of resources and net position	\$ 386,983,218	\$ 339,843,827

See Notes to Financial Statements.

KERN HEALTH SYSTEMS**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenue		
Premiums earned	\$ 790,046,475	\$ 733,671,864
Stop-loss insurance recoveries (Note 11)	1,859,982	2,247,354
Total operating revenue	791,906,457	735,919,218
Operating Expenses		
Medical and hospital	652,587,721	592,656,870
MCO premium tax	94,216,985	89,469,376
Administrative	35,094,430	33,936,895
Depreciation	1,530,726	1,534,550
Total operating expenses	783,429,862	717,597,691
Operating income	8,476,595	18,321,527
Nonoperating Revenue (Expenses)		
Investment and other income	4,981,825	2,416,988
(Loss) on sale of assets	(2,315)	(19,721)
Community grants	(2,366,956)	(1,392,547)
Total nonoperating revenue (expenses)	2,612,554	1,004,720
Change in net position	11,089,149	19,326,247
Net position, beginning	190,541,819	171,215,572
Net position, ending	\$ 201,630,968	\$ 190,541,819

See Notes to Financial Statements.

KERN HEALTH SYSTEMS**STATEMENTS OF CASH FLOWS**
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Premiums received	\$ 751,339,951	\$ 688,438,391
Stop-loss insurance recoveries	2,641,061	1,531,159
Medical and hospital payments	(644,111,994)	(568,944,398)
Administrative expenses paid	(33,796,809)	(38,927,294)
MCO premium tax expense paid	(69,868,803)	(113,624,620)
Net cash provided by (used in) operating activities	6,203,406	(31,526,762)
Cash Flows From Noncapital Financing Activities		
Community grants	(2,366,956)	(1,392,547)
Nonoperating income	244,964	633
Net cash (used in) noncapital financing activities	(2,121,992)	(1,391,914)
Cash Flows From Capital And Related Financing Activities		
Acquisition of capital assets -		
Net cash (used in) capital and related financing activities	(29,664,892)	(7,116,615)
Cash Flows From Investing Activities		
Net purchases of investments	(932,229,626)	(1,438,858,903)
Proceeds from maturities of investments	944,873,478	1,381,137,890
Payment for split dollar life insurance	(19,666)	(774,526)
Net cash provided by (used in) investing activities	12,624,186	(58,495,539)
Net (decrease) in cash and cash equivalents	(12,959,292)	(98,530,830)
Cash and cash equivalents:		
Beginning	103,754,489	202,285,319
Ending	\$ 90,795,197	\$ 103,754,489

See Notes to Financial Statements.

	2018	2017
Reconciliation of operating activities to net cash provided by (used in) operating activities		
Operating income	\$ 8,476,595	\$ 18,321,527
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	1,530,726	1,534,550
Loss on sale of assets	2,315	19,721
Changes in:		
Deferred outflows of resources	232,490	1,650,276
Net pension liability	(217,289)	1,313,565
Deferred inflows of resources	93,355	(1,569,385)
Changes in working capital components:		
(Increase) in:		
Premiums receivable and other receivables	(39,642,738)	(25,373,768)
Prepaid expenses	(446,224)	(360,042)
Increase (decrease) in:		
Accrued medical services payable	8,936,994	23,502,972
Accrued expenses	27,237,182	(50,566,178)
Net cash provided by (used in) operating activities	\$ 6,203,406	\$ (31,526,762)

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: Kern Health Systems (KHS) was originally formed on August 17, 1993, as a non-profit public benefit corporation. It was later dissolved and converted into a County health authority for the purpose of establishing and operating a comprehensive managed care system to provide health care services; to meet the health care needs of low-income families and individuals in the County of Kern; to demonstrate ways of promoting quality care and cost efficiency; to negotiate and enter into contracts authorized by Welfare and Institutions Code Section 14087.3; to arrange for the provision of health care services provided pursuant to Chapter 7, of Part 3, of Division 9 (commencing with Section 14000) of the Welfare and Institutions Code; and to do all things reasonably related or incidental to those purposes. On December 6, 1994, the County of Kern Board of Supervisors enacted Chapter 2.94 of the Ordinance Code, creating KHS as the County health authority.

A summary of KHS' significant accounting policies follows:

Accounting policies: KHS uses the accrual basis of accounting. The accompanying financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB). In addition, KHS follows the provisions of the American Institute of Certified Public Accountants *Audit and Accounting Guide, Health Care Organizations*.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates with respect to KHS' financial statements include the various components of accrued medical services payable, the deferred outflows and inflows of resources, and the net pension liability.

Cash and cash equivalents: Cash and cash equivalents include highly liquid instruments with an original maturity of three months or less when purchased.

Investments valuation and income recognition: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion of fair value measurements.

Capital assets: Capital assets are stated at cost. Depreciation is computed by the straight-line method over the estimated service lives of the related assets, which are as follows:

	<u>Years</u>
Buildings and improvements	10-40
Furniture and equipment	3-5

KHS' capitalization policy is to capitalize all items with a unit cost greater than \$1,000 with the exception of computer software which has a per unit capitalization of \$5,000 and an expected useful life of greater than one year. Items that do not meet KHS' capitalization policy and that do not have a useful life of greater than one year are expensed in the period incurred.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Accrued compensated absences: KHS employees earn personal time off (PTO) on a bi-weekly or bi-monthly basis at various rates based on continuous years of service. Employees are allowed to accumulate up to two times their annual benefit rate before accruals cease. Unused PTO is carried forward into subsequent years. Any unused accumulated balance will be paid to the employee upon separation of service. Compensated balances are accrued and recorded in accordance with GASB Codification Section C60.

Net position: The basic financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ❖ *Net investment in capital assets* consists of capital assets net of accumulated depreciation, reduced by the current balance of any outstanding borrowings used to finance the purchase or construction of those assets.
- ❖ *Restricted* net position is non-capital net position that must be used for a particular purpose, as specified by regulators, creditors, grantors, or contributors external to KHS.
- ❖ *Unrestricted* net position is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating revenues and expenses: KHS distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering services in connection with KHS' principal ongoing operations. The principal operating revenues of KHS are premium revenue received from the California Department of Health Care Services (DHCS). Operating expenses include the cost of medical and hospital services provided to members and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In 2013, KHS entered into a capitated agreement required by the DHCS with another Health Plan which allows for that plan to provide health care services for their assigned members. As KHS had no obligation to provide care for this population, the Premiums earned amount included as part of operating revenue is reported net of the capitated expense associated with assigned members. Capitated expense was \$16.1 million for 8,286 members assigned for the year ended December 31, 2018 and was \$14.4 million for 7,890 members assigned for the year ended December 31, 2017.

Premiums revenue: Premiums are due monthly from DHCS and are recognized as revenues during the period in which KHS is obligated to arrange pay for manage health care services provided to KHS members. Premium revenue is fixed in advance of the periods covered on a per member per month (PMPM) basis and are generally not subject to significant accounting estimates. Premium payments received from DHCS are based on an eligibility list produced by DHCS. Premium payments are required to be returned if DHCS later discovers that the eligibility list contains individuals who were not eligible. KHS' PMPM rates are typically adjusted annually. KHS receives premium revenue in the form of a "maternity kick payment" which is a one-time payment for the delivery of a child. For the years ended December 31, 2018 and 2017 maternity kick payments in the amount of \$30.2 million or 3.8% and \$31.1 million or 4.2%, respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Hepatitis C kick payment" based on the utilization of certain classes of Hepatitis C drugs prescribed. For the years ended December 31, 2018 and 2017 Hepatitis C payments in the amount of \$7.3 million or 0.9% and \$11.8 million or 1.6%, respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Behavioral Health Treatment kick payment" based on the utilization by its members diagnosed with specific Autism criteria. For the years ended December 31, 2018 and 2017 Behavioral Health Treatment payments in the amount of \$7.9 million or 1.0% and \$4.5 million or 0.6%, respectively, of total premium revenue were recognized. KHS also receives revenue in the form of a "Proposition 56 Supplemental Payment" derived from tobacco tax funds to be paid for certain specified eligible CPT procedure codes. For the year ended December 31, 2018 Proposition 56 payments in the amount of \$26.9 million or 3.4% of total premium revenue were recognized. No Proposition 56 payments were recognized for the year ended December 31, 2017.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Premiums are also subject to prior year retroactive rate adjustments based on actual and expected health care costs and are recognized when known in the current year. For the years ended December 31, 2018 and 2017 KHS recognized \$15.3 million or 1.9% and \$10.8 million or 1.5%, respectively, of premium revenue as a result of retroactive rate adjustments.

KHS' premiums may be periodically amended to include or exclude certain health benefits such as pharmacy and behavioral health services or to cover a new population of members such as seniors and persons with disabilities (SPD) or expansion members.

Health care service cost recognition: KHS contracts with various health care providers for the provision of certain medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. KHS compensates most of these providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided along with the costs incurred based on the actual utilization of services. The cost of health care services provided but unpaid is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not reported to KHS. KHS also includes certain medically-related administrative costs such as preventative health and wellness, care management, and other quality improvement costs under medical care services. KHS funds a provider performance quality incentive pool on a per member per month basis (PMPM). Provider participation is based on the similar Healthcare Effectiveness Data and Information Set (HEDIS) scores that DHCS uses to measure KHS in determining member assignment. KHS determines the level of provider participation based on HEDIS scores, with any remaining funds in the pool allocated to the following year incentive pool, community grants, or other quality improvement projects. Additionally, for the years ended December 31, 2018 and 2017, KHS recognized \$1.8 million and \$1.4 million, respectively, in pharmacy rebates from its pharmacy benefit manager that were received from pharmaceutical manufacturers which have been subtracted from pharmacy expense amounts.

Income taxes: KHS is exempt from Federal and State income taxes pursuant to Internal Revenue Code (IRC) Section 115 and similar provisions of the California Franchise Tax Code and is also exempt from Federal and State income tax filing requirements.

Managed Care Organization Premium taxes: In 2009 California enacted the Managed Care Organization (MCO) tax under Senate Bill 78 (SB 78). Effective July 1, 2013, under Assembly Bill 1422 (AB 1422), the MCO tax rate was increased to 3.9375% and payable to the California State Board of Equalization. Premium taxes were assessed based on the premium revenue collected. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax rate is payable to DHCS on a quarterly basis based on projected annual membership. MCO Tax Revenue is received from DHCS monthly based on actual membership on a per member per month fixed dollar amount. This change in MCO tax methodology puts KHS at risk if the assumed membership used in the calculated tax expense is different than the actual membership KHS experiences during the rate year. The premium revenues received include the premium tax assessment. These amounts are reported on a gross basis and are included in total operating revenues with the MCO tax expense presented separate from all other medical and administrative expense.

Risk management: KHS is exposed to various risks of loss from Health Insurance Portability and Accountability Act (HIPAA) violations; data breaches from cyber-attacks; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Pass-through funding from DHCS: During the years ended December 31, 2018 and 2017, KHS received \$69.2 million and \$124.3 million, respectively, of supplemental fee revenue from DHCS. KHS passes these funds through to the designated hospitals and providers. This amount is not reflected in the statements of revenues, expenses and changes in net position for the years ended December 31, 2018 and 2017, as this pass-through amount does not meet the requirements for revenue recognition under Government Accounting Standards.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Advertising: KHS expenses advertising costs as they are incurred. Advertising expense totaled \$574,916 and \$549,671 for the years ended December 31, 2018 and 2017, respectively.

Subsequent events: KHS has evaluated subsequent events through March 28, 2019, the date on which the financial statements were available to be issued. Management has identified a subsequent event which is described in Note 14.

Reclassifications: Certain items in the 2017 financial statements have been reclassified to conform to the 2018 presentation, with no effect on change in net position.

The Coordination of Benefits (COB) process relates to members having one or more additional sources of health care coverage that has been identified where Medi-Cal is not primary. KHS previously reported COB at gross in both the total operating revenue and the cost of claims included in medical and hospital operating expenses. In 2018, KHS began reporting medical expenses net of COB to show the actual net cost of claim expenses recognized by the Plan. COB/subrogation revenue of \$45 million reported for the year ended December 31, 2017 has been reclassified and included as a reduction in medical and hospital expenses to conform to the 2018 presentation, with no effect on change in net position.

Authoritative pronouncements not yet adopted: The following statements issued by the Governmental Accounting Standards Board (GASB) are effective for years ending after December 31, 2018 and management is evaluating the impact of the implementation of these statements on their financial statements.

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this Statement.
 - This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs;
 - This Statement requires that recognition occur when the liability is both incurred and reasonably estimable;
 - This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred;
 - This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement;
 - This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually;
 - This Statement requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays;
 - This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early implementation is encouraged.

- In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Note 2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments at December 31, 2018 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:		
Deposits		\$ 1,755,806
LAIF and money market funds		89,039,191
Cash on hand		200
Total cash and cash equivalents		<u>\$ 90,795,197</u>
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Unrestricted:		
Certificates of deposit	\$ 712,374	\$ 715,656
Corporate bonds and notes	26,483,186	27,337,005
Municipal bonds and notes	6,681,192	6,666,656
Government agency bonds and notes	105,728,920	105,392,521
Total unrestricted	<u>139,605,672</u>	<u>140,111,838</u>
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	<u>\$139,905,672</u>	<u>\$140,411,838</u>

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Cash, cash equivalents and investments at December 31, 2017 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:		
Deposits		\$ 9,138,986
LAIF and money market funds		94,615,303
Cash on hand		200
Total cash and cash equivalents		<u>\$103,754,489</u>
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Unrestricted:		
Certificates of deposit	\$ 2,250,000	\$ 2,245,565
Corporate bonds and notes	48,224,288	48,156,079
Municipal bonds and notes	7,773,074	7,807,906
Government agency bonds and notes	90,808,760	90,021,051
Total unrestricted	<u>149,056,122</u>	<u>148,230,601</u>
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	<u>\$149,356,122</u>	<u>\$148,530,601</u>

Investments are principally held in debt securities and are classified as current assets without regard to the securities' contractual dates because they may be readily liquidated. The securities are recorded at fair value with unrealized gains and losses, if any, recorded on a quarterly basis.

Deposits are carried at cost plus accrued interest. The bank balances are protected by a combination of FDIC insurance and the bank's collateral pool, in accordance with California Government Code.

Investments Authorized by KHS' Investment Policy

The investment portfolio is managed by KHS' Chief Financial Officer (CFO) to meet the short and long-term obligations of the business while maintaining liquidity and financial flexibility. Investments managed by the CFO are invested in accordance with KHS' investment policy and are reviewed by the KHS Board of Directors and the KHS Finance Committee quarterly. The investment policy stipulates the following order of investment objectives:

- Preservation of principal
- Liquidity
- Yield

Permitted investments are subject to a maximum maturity of five years. The investment portfolio is designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. Additionally, under the supervision of the CFO, a portion of the investment portfolio is managed by an investment manager that adheres to the KHS investment policy.

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

The table below identifies the *cash equivalent and investment types* that are authorized by the KHS investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment of Portfolio of One Issuer	Allowed or Maximum Ratings
U.S. Treasury Obligations	5 years	100%	None	Not Rated
Federal Agencies and U.S. Government Enterprises	5 years	100%	35%	Not Rated
State of California and Local Agency Obligations	5 years	100%	5%	A-1
State and Local Agency Obligations outside of California	5 years	20%	5%	A-1
Banker's Acceptances	180 days	40%	(1)	A-1
Commercial Paper	270 days	25%	(2)	A-1
Negotiable Certificates of Deposit	5 years	30%	5% (7)	A-1
Government Repurchase Agreements	1 year	100%	(3)	A-1
Corporate Debt Securities	5 years	30%	(5)	A
Money Market Funds	5 years	20%	(4)	AAA
Mortgage or Asset-Backed Securities	5 years	20%	5%	(6)
Variable and Floating Rate Securities	5 years	30%	5%	AAA
Local Agency Investment Fund (LAIF)	5 years	50%	5%	Not Rated

- (1) May not exceed the 5% limit of any one commercial bank and may not exceed the 5% limit for any security on any bank.
- (2) May not exceed more than 10% of the outstanding commercial paper of the issuing corporation.
- (3) May not exceed 50% if maturity is less than or equal to 7 days; 25% if maturity is greater than 7 days.
- (4) May not exceed more than 10% of the money market fund's assets.
- (5) Medium-term notes or other corporate security of any one corporate issuer must not exceed more than 5% of the portfolio.
- (6) Rated AAA by a nationally recognized rating service and issued by an issuer having an A or better rating for its long-term debt.
- (7) Maturities greater than one year and less than five years may not exceed the FDIC Insurance maximum at the time of purchase.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. Generally, investments will decrease in value if interest rates increase.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. KHS is required to disclose the rating for all investments. Cash invested in the Local Agency Investment Fund (LAIF) is considered “exempt from disclosure” under GASB Codification Section 150.

GASB Codification Section 150 requires disclosure of any investments of any single issuer in excess of 5% of its total investments, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments. There were no investments of any single issuer that exceeded 5% of its total investments as of December 31, 2018 or 2017.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, KHS will not be able to recover its deposits or not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, KHS will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and KHS’ investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Cash Equivalents in State Investment Pool

KHS is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to be the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that KHS has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">❖ Quoted prices for similar assets or liabilities in active markets;❖ Quoted prices for identical or similar assets or liabilities in inactive markets; |

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- ❖ Inputs other than quoted prices that are observable for the asset or liability;
- ❖ Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: Valued based on amortized cost or original cost plus accrued interest.

Corporate, Municipal and Government agency bonds and notes: Valued at the closing price reported on the active market on which the individual securities are traded.

All investments held by KHS at December 31, 2018 and 2017 are considered to be level 1 assets.

Note 4. Other Receivables

Other receivables consist of the following at December 31, 2018 and 2017:

	2018	2017
Pharmacy rebates	\$ 757,067	\$ 295,800
Interest	362,171	196,931
Reinsurance recoveries	267,973	1,049,052
Other	136,331	107,807
	<u>\$ 1,523,542</u>	<u>\$ 1,649,590</u>

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS****Note 5. Capital Assets**

Capital asset activity for the years ended December 31, 2018 and 2017 is as follows:

	Balance January 1, 2018	Additions	Deletions	Transfers	Balance December 31, 2018
Capital Assets Not Being Depreciated:					
Land	\$ 4,876,562	\$ -	\$ -	\$ -	\$ 4,876,562
Capital Projects in Progress	9,713,334	29,212,571	-	(4,316,728)	34,609,177
Subtotal	14,589,896	29,212,571	-	(4,316,728)	39,485,739
Capital Assets Being Depreciated:					
Buildings and Improvements	10,323,166	-	-	-	10,323,166
Furniture and Equipment	15,702,228	452,321	(252,692)	4,316,728	20,218,585
Subtotal	26,025,394	452,321	(252,692)	4,316,728	30,541,751
Accumulated Depreciation:					
Buildings and Improvements	3,665,201	334,266	-	-	3,999,467
Furniture and Equipment	9,144,712	1,196,460	(250,377)	-	10,090,795
Subtotal	12,809,913	1,530,726	(250,377)	-	14,090,262
Net Depreciable					
Capital Assets	13,215,481	(1,078,405)	(2,315)	4,316,728	16,451,489
Total Capital Assets	\$ 27,805,377	\$ 28,134,166	\$ (2,315)	\$ -	\$ 55,937,228

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 4,851,562	\$ 25,000	\$ -	\$ 4,876,562
Capital Projects in Progress	3,382,739	6,330,595	-	9,713,334
Subtotal	8,234,301	6,355,595	-	14,589,896
Capital Assets Being Depreciated:				
Buildings and Improvements	10,309,440	13,726	-	10,323,166
Furniture and Equipment	15,744,591	747,294	(789,657)	15,702,228
Subtotal	26,054,031	761,020	(789,657)	26,025,394
Accumulated Depreciation:				
Buildings and Improvements	3,330,935	334,266	-	3,665,201
Furniture and Equipment	8,714,364	1,200,284	(769,936)	9,144,712
Subtotal	12,045,299	1,534,550	(769,936)	12,809,913
Net Depreciable Capital Assets				
Total Capital Assets	\$ 22,243,033	\$ 5,582,065	\$ (19,721)	\$ 27,805,377

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NOTES TO FINANCIAL STATEMENTS

Note 6. Split Dollar Life Insurance

In October 2017, KHS entered into a split-dollar life insurance agreement with a key employee and his beneficiary, whereby the employee is eligible to receive distributions, and KHS will receive \$774,526 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$704,750 and \$685,084 at December 31, 2018 and 2017, respectively.

Note 7. Accrued Medical Services Payable

KHS accrues a liability of unpaid claims for medical services, including estimates of costs related to incurred but not yet reported (IBNR) claims using standard actuarial development methodologies based upon historical data including the period between the dates services are rendered and the dates claims are received and paid, expected medical cost inflation, utilization trends, seasonality patterns, prior authorization of medical services, provider contract changes and/or changes in Medi-Cal fee schedules and changes in membership. A key component of KHS' IBNR estimation process is the completion factor, which is a measure of how complete the claims paid to date are relative to the estimate of the claims for services rendered in a given period. The completion factors are more reliable for older service periods and are more volatile and less reliable for more recent periods, since a large portion of health care claims are not submitted to KHS until several months after services have been rendered. Accordingly, for the most recent months, the incurred claims are estimated from a trend analysis based on per member per month claims trends developed from the experience in preceding months.

The majority of the IBNR reserve balance held at year-end is associated with the most recent months' incurred services as these are the services for which the fewest claims have been paid. As mentioned in the preceding paragraph, the degree of uncertainty in the estimates of incurred claims is greater for the most recent months' incurred services.

Additionally, KHS contracts with an independent actuary to review the IBNR estimates. The independent actuary provides KHS with a review letter that includes the results of their analysis of the IBNR reserve. Actuarial Standards of Practice generally require that the medical claims liability be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. This analysis is used as additional information, together with management's judgment, to determine the assumptions used in the calculation of the IBNR reserve.

KHS consistently applies the IBNR estimation from period to period. Any adjustments from the prior year are included in the current period as a change in accounting estimate. As more complete additional information becomes known, KHS will adjust assumptions accordingly to change the IBNR estimate. KHS recognized \$6.1 million and \$3.0 million of favorable prior year IBNR adjustments for the years ended December 31, 2018 and 2017, respectively, due to lower than expected utilization.

The contract covering Expansion members requires KHS to expend a minimum percentage of 85% of premiums and a maximum of 95% on eligible medical benefits expense. To the extent that KHS expends less than the minimum percentage of the premiums on eligible medical benefits, KHS is required to refund to the state all or some portion of the difference between the minimum and its actual allowable medical benefits expense. To the extent KHS expends more than the maximum percentage, KHS is entitled to receive additional reimbursement from the state. For the year ended December 31, 2018, KHS returned \$21.8 million to the state for the period January 1, 2014 to June 30, 2016. For the year ended December 31, 2018, KHS has accrued \$31.4 million to the state for the period July 1, 2016 to December 31, 2018.

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

Accrued medical services and related claims adjustment expenses payable consist of the following at December 31, 2018 and 2017:

	2018	2017
Estimated incurred but not reported claims	\$ 59,870,123	\$ 69,155,196
Expansion risk corridor	31,388,243	38,531,016
Claims payable	30,632,670	20,859,974
Supplemental Proposition 56 provider payments	16,422,515	-
Allowance for claims processing expense	2,326,151	2,324,857
Provider performance quality incentive	1,876,553	2,708,218
	<u>\$142,516,255</u>	<u>\$133,579,261</u>

Note 8. Accrued Expenses

Accrued expenses consist of the following at December 31, 2018 and 2017:

	2018	2017
MCO tax expense	\$ 24,211,743	\$ -
Other administrative expenses	5,398,979	1,898,774
New building and construction	2,286,881	-
Salaries and employee benefits	2,071,250	2,463,258
Community grants payable	2,637,375	5,007,014
	<u>\$ 36,606,228</u>	<u>\$ 9,369,046</u>

Note 9. Restricted Investments and Tangible Net Equity

As required by the State of California's Department of Managed Health Care, Section 1300.76.1, KHS has acquired certificates of deposit with three financial institutions totaling \$300,000. These certificates of deposit have been assigned to the Director of the Department of Managed Health Care as part of the process of obtaining and maintaining its Knox-Keene license, and are legally restricted for this purpose. These certificates of deposit mature in amounts of \$100,000 each on July 30, 2019, June 5, 2020 and June 8, 2020.

KHS is a fully licensed health-care service plan under the Knox-Keene Health Care Services Plan Act of 1975 (the "Act"). Under the Act, KHS is required to maintain a minimum level of tangible net equity. The required equity level was approximately \$31.8 million and \$31.2 million at December 31, 2018 and 2017, respectively. KHS' tangible net equity was approximately \$201.6 million and \$190.5 million at December 31, 2018 and 2017, respectively.

Note 10. Employee Pension Plans*CalPERS*

Plan description: All qualified permanent and probationary employees are eligible to participate in KHS' Miscellaneous Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at <http://www.calpers.ca.gov>.

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

Benefits provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible employees. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52 (classic miscellaneous members or PEPRA miscellaneous members, respectively) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at December 31, 2018 and 2017 are summarized as follows:

	2018			2017	
	Classic	PEPRA	Classic	PEPRA	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 60	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52	50	52
Monthly benefits, as a % of eligible compensation	2%	2%	2%	2%	2%
Retirement employee contribution rates	7%	7%	6.25%	7%	6.25%
Required employer contribution rates	6.709% to 7.159%	7.200% to 7.634%	6.555% to 6.842%	7.159% to 7.200%	6.533% to 6.555%

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on the actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. KHS is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended December 31, 2018 and 2017, the contributions recognized as part of pension expense were as follows:

	2018	2017
Contributions - employer	\$ 1,822,052	\$ 1,625,952
Contributions - employee (paid by employer)	\$ -	\$ -

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS****Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of December 31, 2018 and 2017, KHS reported net pension liability for its proportionate share of the net pension liability of \$5,865,463 and \$6,082,752, respectively.

KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.2115%
Proportion - June 30, 2018	0.2358%
Change - Increase	0.0243%

KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.1905%
Proportion - June 30, 2017	0.2115%
Change - Increase	0.0210%

For the years ended December 31, 2018 and 2017, KHS recognized pension expense of \$1,822,052 and \$1,625,952, respectively. At December 31, 2018 and 2017, KHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$1,259,633	\$ -	\$1,145,788	\$ -
Changes in assumptions	1,013,059	248,281	1,413,263	107,762
Differences between expected and actual experiences	340,950	116,023	11,390	163,187
Net differences between projected and actual earnings on pension plan investments	43,931	-	319,622	-
Total	\$2,657,573	\$ 364,304	\$2,890,063	\$ 270,949

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\$1,259,633 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31,

2019	\$ 873,135
2020	505,476
2021	(265,049)
2022	(79,926)
	<u>\$ 1,033,636</u>

Actuarial Methods and Assumptions: The total pension liabilities in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

	2018	2017
Valuation date	June 30, 2017	June 30, 2016
Measurement date	June 30, 2018	June 30, 2017
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.50% (a)	
Mortality	Derived using CalPERS' Membership Data for all Funds (b)	

(a) Net of pension plan investment and administrative expenses; includes inflation

(b) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% as of June 30, 2017 and June 30, 2016. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates of 7.15% as of June 30, 2017 and 2016 are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at <http://www.calpers.ca.gov>.

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According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% as of June 30, 2017 and June 30, 2016, investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30% as of June 30, 2017 and 2016. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return
Global Equity	48.9%	6.7%
Private Equity	7.7%	9.0%
Global Fixed Income	22.5%	5.7%
Real Estate	10.8%	-0.5%
Liquidity	3.3%	1.0%
Inflation Sensitive	5.9%	-1.8%
Total plan level (a)	0.9%	5.6%
Total	<u>100%</u>	

(a) Includes multi-asset class, absolute return strategies, transition, and plan level portfolios. These assets do not have targets because they are not components of the Total Fund Policy benchmark.

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents KHS' proportionate share of the net pension liability, calculated using the discount rate, as well as what KHS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2018	2017
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 9,421,562	\$ 9,482,118
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 5,865,463	\$ 6,082,752
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 2,929,962	\$ 3,267,336

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Retirement Plan

Plan description and funding policy: KHS has a 401(a) retirement plan, which was approved by the IRS on August 15, 1996. All full-time employees are eligible to participate in the Plan. KHS matches 100% of contributions made by KHS employees to their 457 plan up to a maximum of 6% of the employee's salary. KHS contributions do not vest until the employee has been employed for three years when at such time the employee becomes 100% vested. Participants are not allowed to make contributions to the Plan; only employer contributions are allowable. Expense determined in accordance with the plan formula was \$938,667 and \$985,442 for the years ended December 31, 2018 and 2017, respectively.

Note 11. Stop-Loss Insurance

KHS purchases stop-loss insurance to reduce the risk associated with large losses on individual hospital claims. The premium costs are based on a deductible for each member in addition to a deductible layer for the plan referred to as an Aggregate Specific Retention amount.

For the years ended December 31, 2018 and 2017 coverage provides reimbursement of approximately 95 percent of the cost of each member's acute care hospital admission(s) in excess of the deductibles, up to a maximum payable of \$2,000,000 per member per contract year.

For the years ended December 31, 2018 and 2017 the premium coverage is \$0.47 and \$0.44, respectively, per member per month with no minimum annual premium requirement.

The deductible for each individual member was \$250,000 and the Aggregate Specific Retention deductible was \$0.24 per member per month (PMPM) for the year ended December 31, 2018. The deductible for each individual member was \$225,000 and the Aggregate Specific Retention deductible was \$0.22 per member per month (PMPM) for the year ended December 31, 2017.

Stop-loss insurance premiums of \$1,384,297 and \$1,263,568 are included in medical and hospital expense for the years ended December 31, 2018 and 2017, respectively. Stop-loss insurance recoveries of \$1,859,982 and \$2,247,354 are included in operating revenue for the years ended December 31, 2018 and 2017, respectively.

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Note 12. Commitments and Contingencies

Litigation

KHS is subject to litigation claims that arise in the normal course of business. A provision for a legal liability is made when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions, if any, are reviewed and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. It is the opinion of management that there is no known existing litigation that would have a material adverse effect on the financial position, results of operations or cash flows of KHS.

Professional Liability Insurance

KHS maintains Managed Care Errors and Omissions Liability Insurance for an act, error, or omission in the performance of any health care or managed care services rendered by KHS. In addition, KHS maintains general liability insurance.

Regulatory Matters

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties. KHS is subject to periodic financial and information reporting and comprehensive quality assurance evaluations from state regulators. KHS regularly submits periodic financial, encounters, utilization and operational reports. Management believes that KHS is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time.

Changes in the regulatory environment and applicable laws and rules also may occur periodically in connection with the changes in a political party or administration at the state, federal or national level. For example, the federal administration and leaders in Congress continue to consider and propose numerous changes to modify the entitlement nature of the Medicaid program including moving from a match program to block grants, moving to a per-capita capitation system, modifying funding for ACA Medicaid Expansion, requiring Medicaid beneficiaries to work, and limiting the amount of lifetime benefits. The aforementioned changes could reduce the number of enrolled members, increase administrative expenses or healthcare costs. While Medicaid modification changes have stalled following the 2018 midterm elections, the current presidential administration may still try to modify Medicaid programs. The California Senate also continues to consider a single-payer healthcare system for California. It is not clear whether the proposed changes, if any, will be approved or when they will take effect.

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The Health Insurance Portability and Accountability Act

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the regulations adopted under HIPAA are intended to improve the portability and continuity of health insurance coverage and simplify the administration of health insurance claims and related transactions. All health plans are considered covered entities subject to HIPAA. HIPAA generally requires health plans, as well as their providers and vendors, to:

- protect patient privacy and safeguard individually identifiable health information; and
- establish the capability to receive and transmit electronically certain administrative health care transactions, such as claims payments, in a standardized format.

Specifically, the HIPAA Privacy Rule regulates use and disclosure of individually identifiable health information, known as "protected health information" ("PHI"). The HIPAA Security Rule requires covered entities to implement administrative, physical and technical safeguards to protect the security of electronic PHI. Certain provisions of the security and privacy regulations apply to business associates (entities that handle PHI on behalf of covered entities), and business associates are subject to direct liability for violation of these provisions. Furthermore, a covered entity may be subject to penalties as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity. HIPAA violations by covered entities may also result in civil and criminal penalties.

Premium and Eligibility Reconciliations

Premium payments received by KHS from DHCS are based on eligibility lists generated between DHCS and by county agencies that are responsible for determining Medi-Cal eligibility. In a report issued on October 30, 2018 by the California State Auditor, the report indicated "questionable payments" for Kern County during the period January 1, 2014 through December 31, 2017 in the amounts of \$10,421,757 relating to Managed Care Premiums and \$2,854,656 relating to Fee For Service Payments for a total of \$13,276,413 of payments by DHCS primarily due to beneficiaries being eligible on the DHCS eligibility system and not being eligible on the county agency eligibility system. It is unclear if any of these amounts will be recouped by DHCS from KHS. Accordingly, premium revenues could remain subject to reconciliation and recoupment for many years. The refund of a premium overpayment could be significant and would reduce the premium revenue in the year that the repayment obligation is identified.

Risk Corridor Liability Adjustment

The Risk Corridor Liability is based on management's best estimate of a medical loss ratio estimate for KHS Expansion members that have medical expenses below 85% of premiums. KHS is required to refund to the State amounts below 85%. The calculation of the 85% medical loss ratio is subject to the following adjustments:

- Revenue rate adjustments by DHCS
- The inclusion and/or exclusion of certain medical expenses
- Eligibility adjustments
- DHCS and CMS audit adjustments

Any adjustments to the Risk Corridor Liability could be significant and would increase or decrease reported medical expenses in the year adjustment is required.

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Patient Protection and Affordable Care Act

In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the Healthcare Reform Legislation), which considerably transforms the U.S. health-care system and increases regulations within the U.S. health insurance industry. This legislation is intended to expand the availability of health insurance coverage to millions of Americans. The Healthcare Reform Legislation contains provisions that take effect from 2010 through 2020, with most measures effective in 2014. Under the Healthcare Reform Legislation, Medi-Cal coverage expanded as of January 2014 to nearly all low-income people under age 65 with income at or below 138% of the federal poverty line. The federal government will pay the entire cost for Medicaid Expansion coverage for newly eligible beneficiaries from 2014 through 2016. Assuming that the current program remains unchanged, the 2017 federal share is scheduled to decline to 95%; in 2018 it would be 94%; in 2019 it would be 93%; and it would be 90% in 2020 and subsequent years. For the years ended December 31, 2018 and 2017, KHS served an average of 59,185 and 57,050 Medi-Cal Expansion members per month, respectively, which generated revenues of approximately \$297.0 million and \$282.2 million, respectively.

CMS's Final Rule on Medicaid Managed Care

On May 6, 2016, CMS published regulations that overhauled Medicaid managed care requirements. These regulations include requirements that state Medicaid programs evaluate network adequacy standards; impose a requirement of managed care organizations ("MCO") to report medical loss ratios ("MLRs") annually to states; a requirement that states set MCO rates to reasonably achieve an MLR of greater than 85% as long as the capitation rates are actuarially sound, adds many consumer protections to improve the quality of care, and improves state accountability and transparency. These changes will be phased in over the course of three years with some regulations being effective immediately.

Contract Commitment

In September 2014 KHS entered into a ten-year contract with a vendor to supply software, licensing, support and maintenance, including a migration process from the existing software. Expenses are paid annually and are subject to change based on changes to the Consumer Price Index and changes in membership. At December 31, 2018 the total future contract commitments are as follows:

<u>Years ending December 31,</u>	
2019	\$ 658,210
2020	658,210
2021	658,210
2022	386,142
2023	386,142
2024	386,142
	<u>\$ 3,133,056</u>

Construction Commitments

As of December 31, 2018 KHS had approximately \$13.3 million of construction commitments relating to the new corporate office.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 13. Concentration of Revenue

KHS' operating revenue is primarily derived from the California Department of Health Care Services (DHCS). KHS' current contract term with DHCS is to provide health care services through December 31, 2020, and is subject to cancellation upon giving at least six months written notice. For the years ended December 31, 2018 and 2017 over 99% of KHS' total revenues were received from DHCS. Future levels of funding and premium rates received by KHS could be impacted by state and federal budgetary constraints.

Note 14. Subsequent Event

On March 7, 2019, the KHS Board of Directors authorized KHS to enter into a purchase and sale agreement (the "Agreement") to sell its corporate office property. Under the terms of the Agreement, KHS agreed to sell certain real property and improvements with a fair market appraised value of \$8,860,000 for a total cash purchase price of \$9,200,000 with an anticipated closing date of June 30, 2019. The purchase price is not subject to any third-party loan approvals or additional appraisals. The property to be sold by KHS pursuant to the Agreement includes approximately 2.5 acres of land, the building located at 9700 Stockdale Highway, Bakersfield, CA 93311 consisting of 46,344 square feet of office space and certain other assets related to the property (collectively, the "Property"). In connection with the sale of the Property, the purchaser has agreed to lease back to KHS the existing office space and parking for \$69,516 a month until KHS is completely moved into its new corporate office, which is expected to be completed by September 30, 2019.

The purchaser's obligations under the Agreement are subject to and conditioned upon the purchaser's investigation of the Property and satisfaction with all aspects thereof deemed relevant in its sole and absolute discretion. The purchaser has until 30 days (the "Inspection Period") to make such investigations with respect to the Property. The Purchaser has deposited with the escrow agent a cash deposit of \$1,000,000 which deposit shall be fully refundable if: (i) the purchaser terminates the Agreement during the Inspection Period or fails to deliver an acceptance notice; (ii) following the Inspection Period, in the event of the seller's default under the Agreement; or (iii) as otherwise provided in the Agreement. At closing, the KHS will receive from the seller the balance of the purchase price by wire transfer of immediately available funds.

In addition to the purchaser's rights to terminate the Agreement during the Inspection Period as described above, the purchaser has the right to terminate the Agreement if KHS breaches the Agreement in any manner. Also, the sale of the Property is subject to several closing conditions, including, without limitation: (i) KHS conveying title to the Property in accordance with the terms of the Agreement; (ii) the Property being free of condemnation and material damage or destruction; (iii) the representations and warranties of KHS being true and correct in all material respects; and (iv) KHS performing and complying with all covenants and conditions required by the Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

KERN HEALTH SYSTEMS

**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of December 31, 2018**

	2018	2017	2016	2015
CalPERS - Miscellaneous Classic Plan- Last 10 Years*				
Proportion of the net pension liability	0.23579%	0.21146%	0.19046%	0.17122%
Proportionate share of the net pension liability	\$ 5,865,463	\$ 6,082,752	\$ 4,769,187	\$ 3,104,717
Covered - employee payroll	\$ 17,733,290	\$ 17,150,840	\$ 17,364,146	\$ 9,949,051
Proportionate share of the net pension liability as a percentage of covered-employee payroll	33.08%	35.47%	27.47%	31.21%
Plan's fiduciary net position	\$ 13,122,440,092	\$ 12,074,499,781	\$ 10,923,476,287	\$ 10,923,476,287
Plan fiduciary net position as a percentage of the total pension liability	77.69%	75.39%	75.87%	79.89%
* Fiscal year 2015 was the first year of implementation, therefore only four years are shown. For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for 2018, 2017 and 2016 for the miscellaneous Classic Plan includes the Pepra Plan.				
CalPERS - Miscellaneous PEPPRA Plan - Last 10 Years**				
Proportion of the net pension liability				0.00362%
Proportionate share of the net pension liability			\$	(30,922)
Covered - employee payroll			\$	6,909,343
Proportionate share of the net pension liability as a percentage of covered-employee payroll				-0.45%
Plan's fiduciary net position			\$	10,639,461,174
Plan fiduciary net position as a percentage of the total pension liability				79.89%

** Fiscal year 2015 was the first year of implementation, therefore only one year is shown. For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, there is no information reported for the Pepra Plan subsequent to the year ended December 31, 2015.

KERN HEALTH SYSTEMS

**SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2018**

	2018	2017	2016	2015
CalPERS - Miscellaneous Classic Plan - Last 10 Years*				
Contractually required contribution (actuarially determined)	\$ 1,822,052	\$ 1,625,952	\$ 1,314,297	\$ 841,252
Contributions in relation to the actuarially determined contributions	1,822,052	1,625,952	1,314,297	841,252
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 17,733,290	\$ 17,150,840	\$ 17,364,146	\$ 9,949,051
Contributions as a percentage of covered-employee payroll	10.27%	9.48%	7.57%	8.46%

Notes to Schedule

Valuation date: June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost Method			
Amortization method	Level percentage of assumed future payrolls			
Remaining amortization period	26 years	27 years	28 years	29 years
Asset valuation method	5-year smoothed market			
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%
Investment rate of return (a)	7.15%	7.15%	7.65%	7.50%
Retirement age	50 years and 5 years of service			
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.			

(a) Net of pension plan investment and administrative expenses; includes inflation

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown. For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for 2018, 2017 and 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

KERN HEALTH SYSTEMS

**SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2018**

	2015
<i>CalPERS - Miscellaneous PEPRA Plan - Last 10 Years*</i>	
Contractually required contribution (actuarially determined)	\$ 367,525
Contributions in relation to the actuarially determined contributions	367,525
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 6,909,343
Contributions as a percentage of covered-employee payroll	5.32%

Notes to Schedule

Valuation date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	Level percentage of assumed future payrolls
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.00%
Investment rate of return (a)	7.50%
Retirement age	52 years and 5 years of service
Mortality	20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries

* For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, there is no information reported for the Pepra Plan subsequent to the year ended December 31, 2015.

OTHER INDEPENDENT AUDITOR'S REPORT



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Private Companies Practice Section

NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Kern Health Systems
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Kern Health Systems**, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise **Kern Health Systems'** basic financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Kern Health Systems'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Kern Health Systems'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Kern Health Systems'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Kern Health Systems'** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniells Phillips Vaughan & Bock

Bakersfield, California
March 28, 2019

KERN HEALTH SYSTEMS

Report to the Finance Committee

March 28, 2019



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Finance Committee
Kern Health Systems

Attention: Wayne Deats Jr., Finance Committee Chair

We are pleased to present this report related to our audit of the financial statements of **Kern Health Systems** for the year ended December 31, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for **Kern Health Systems'** financial reporting process.

This report is intended solely for the information and use of the Board of Directors, Finance Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to **Kern Health Systems**.

Daniells Phillips Vaughan & Bock

March 28, 2019

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Exhibit A - Representation Letter	4-8

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p>Our Responsibilities with regard to the Financial Statement Audit</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 26, 2018.</p>
<p>Overview of the Planned Scope and Timing of the Financial Statement Audit</p>	<p>We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.</p>
<p>Accounting Policies and Practices</p>	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."</p>

Area	Comments
Audit Adjustments	There were no audit adjustments, proposed by us, made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	There were no uncorrected misstatements identified during the audit.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Certain Written Communications between Management and Our Firm	Copies of certain written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.

KERN HEALTH SYSTEMS

Summary of Significant Accounting Estimates Year Ended December 31, 2018

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Organization's December 31, 2018, financial statements:

Estimate	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Estimated claims payable	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Risk sharing payable	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Incurred but not reported claims	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Net pension liability	Estimate is based on actuarial reports provided by CalPERS	Estimate is in accordance with accounting principles generally accepted in the United States of America
Expansion risk corridor liability	Estimates are based on management's best estimate of a medical loss ratio	Estimate is in accordance with accounting principles generally accepted in the United States of America

Exhibit A
Representation Letter



March 28, 2019

Daniells Phillips Vaughan & Bock
300 New Stine Road
Bakersfield, California 93309

This representation letter is provided in connection with your audits of the basic financial statements of **Kern Health Systems** as of and for the years ended December 31, 2018 and 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 28, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 26, 2018 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.



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 March 28, 2019
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10. We have no knowledge of any uncorrected misstatements in the financial statements.
11. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Compliance with bond indentures or other debt instruments;
 - b. Disclosures related to third-party payer agreements and settlements;
 - c. Disclosures related to professional liability coverages;
 - d. Disclosures related to self-insured risks.
12. Management is responsible for making the accounting estimates included in the financial statements. Those estimates reflect management's judgment based on knowledge and experience about past and current events and assumptions about conditions management expects to exist and course of action they expect to take. These include:
 - a. Estimated adjustments to revenue, such as retroactive adjustments by the Department of Health Care Services;
 - b. Obligations related to third-party payer contracts, including risk sharing and contractual settlements;
 - c. Audit and other adjustments by the Department of Health Care Services;
 - d. Obligations related to providing future services under prepaid health care service contracts;
 - e. Medical malpractice obligations expected to be incurred with respect to services provided through December 31, 2018.
13. Data submitted to the Department of Health Care Services complies in all respects with applicable coding principles and laws and regulations (including those dealing with Medicare antifraud and abuse), and only reflect charges for services that were medically necessary, properly approved by regulatory bodies and properly rendered.
14. Recorded receivable valuation allowances are necessary, appropriate, and properly supported.
15. With respect to reports submitted to the Department of Health Care Services:
 - a. All required Medi-Cal and similar reports have been filed;
 - b. Management is responsible for the accuracy and propriety of all reports filed;
 - c. All costs reflected on such reports are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated;
 - d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations;
 - e. Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
 - f. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the report;

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March 28, 2019
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- g. Recorded settlements include differences between filed (and to be filed) reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate;
- h. The specialist used by management in preparing medical services payable estimates and reserves had a sufficient level of competence and experience in cost reporting. Management recognizes responsibility for estimated settlement amounts and balances and, that all such amounts are fairly presented.

Information Provided

- 16. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 19. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
- 20. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
- 21. We have no knowledge of noncompliance with laws or regulations, such as those related to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects are considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed or accrued in the financial statements. This is including, but not limited to, the anti-kickback statute of the Medicare and Medicaid Patient and Program Protection Act of 1987, limitations on certain physician referrals (the Stark law), and the False Claims Act.

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 March 28, 2019
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22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
23. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
24. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect Kern Health Systems' ability to record, process, summarize and report financial data.
25. We are aware of no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to Medicare and Medicaid antifraud and abuse statutes; deficiencies in financial reporting practices; or other matters that could have a material adverse effect on the financial statements.
26. The following have been made available to you:
 - a. Contracts with all significant third-party party payers or other providers;
 - b. Reports of regulatory examinations that are currently in process. Management is not aware of any allegations of noncompliance that should be considered for disclosure or as a basis for recording a loss contingency.
27. There are no:
 - a. Violations or possible violations of laws or regulations, such as those related to the Medi-Care and Medi-Caid antifraud and abuse statutes, including but not limited to the Medicare and Medicaid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Communications, whether oral or written, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to the Medicare and Medicaid antifraud and abuse statutes, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
28. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

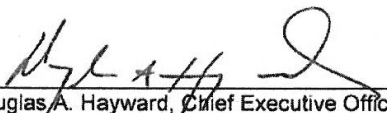
Supplementary Information

29. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

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March 28, 2019
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- c. The methods of measurement or presentation have not changed from those used in the prior period.

Kern Health Systems



Douglas A. Hayward, Chief Executive Officer



Robert Landis, Chief Financial Officer



To: KHS Finance Committee
From: Robert Landis, CFO
Date: April 5, 2019
Re: Voluntary Participation in IGT Funding Distribution

Background

Department of Health Care Services (DHCS) is providing qualified local hospitals with the opportunity to participate in voluntary IGT distributions for the periods 7/1/17- 6/30/18. Besides Kern Medical, the two district hospitals in our service area also qualify for participation. Each hospital is required to contribute funding which is matched with federal dollars and returned through KHS to the respective institutions. Hospitals participating include:

1. Kern Medical
2. Kern Valley Healthcare District
3. Tehachapi Valley Healthcare District

Agenda items 4, 5 and 6 are draft amendments to our respective hospital agreements with each institution which will require approval by the Board in order to facilitate the transfer of such funds.

Requested Action

Approve; Refer to KHS Board of Directors

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 22

This Amendment is made this ____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective January 9, 2001;

WHEREAS, Section 11.02 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a county health authority formed pursuant to Welfare and Institutions Code section 14087.38 and Chapter 2.94 of the Ordinance Code of Kern County;

WHEREAS, PROVIDER is a general acute care hospital licensed by the state of California pursuant to Division 2, Chapter 2, Article 2 of the Health and Safety Code;

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the Kern County Hospital Authority (GOVERNMENTAL FUNDING ENTITY) to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Article XI, section 11.15 shall be made part of the Agreement as follows:

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, # _____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRI"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRI received from State DHCS, in accordance with paragraph 1.E below regarding the

form and timing of Local Medi-Cal Managed Care Rate Range (“LMMCRR”) IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of \$_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller’s Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

(1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(2) maintain its current emergency room licensure status and not close its emergency room;

(3) maintain its current inpatient surgery suites and not close these facilities.

D. Schedule and Notice of Transfer of Non-Federal Funds

(1) PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of GOVERNMENTAL FUNDING ENTITY funds to the State DHCS, referred to in the Intergovernmental Agreement, within 15 days of establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts specified therein.

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer). Based on revenue, cost, and other factors, a percentage of the LMMCRR Payments will be allocated between the Hospital and Other Facility Services Agreement (42%) and the Physician Services Agreement (58%).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

(a) The LMMCRR IGT Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR IGT Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR IGT Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.

(2) For purposes of subsection (1) (b) above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this paragraph. PLAN shall request, within 30 calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within 30 calendar days of PLAN's request.

H. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMMCRR IGT Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMMCRR IGT Payments to the full extent possible on behalf of the safety net in Kern County.

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 11.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment.

J. Indemnification

Both parties agree to indemnify, defend and hold harmless the other party and their officers, agents and employees from any and all claims, demands, judgments, damages, costs, liabilities or losses arising from, or in any way relating to, any losses or delays in capitation payments as a result of intergovernmental transfers from the GOVERNMENTAL FUNDING ENTITY to the State DHCS for the provision of LMMCRR IGT Payments to Plan.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020.

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Kern County Hospital Authority Date: _____

By: Title: Chief Executive Officer _____

HEALTH PLAN-PROVIDER AGREEMENT
HOSPITAL AND OTHER FACILITY SERVICES AGREEMENT
AMENDMENT NO. 42

This Amendment is made this ____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as “PLAN,” and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as “PROVIDER.”

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into a Hospital and Other Facility Services Agreement, effective January 1, 2001, as amended (“Agreement”);

WHEREAS, Section 10.02 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a county health authority formed pursuant to Welfare and Institutions Code section 14087.38 and Chapter 2.94 of the Ordinance Code of Kern County;

WHEREAS, PROVIDER is a general acute care hospital licensed by the state of California pursuant to Division 2, Chapter 2, Article 2 of the Health and Safety Code;

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers (“IGTs”) from the Kern County Hospital Authority (GOVERNMENTAL FUNDING ENTITY) to the California Department of Health Care Services (“State DHCS”) to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Article X, section 10.15 shall be made part of the Agreement as follows:

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, # _____ (“Intergovernmental Agreement”) effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases (“IGT MMCRRI”), PLAN shall pay to PROVIDER the amount of the IGT MMCRRI received from State DHCS that are designated to be paid to PROVIDER, in accordance

with Paragraph 1.E below, which specifies the form and timing of Local Medi-Cal Managed Managed Care Rate Range (“LMMCRR”) IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of \$_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller’s Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

(1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(2) maintain its current emergency room licensure status and not close its emergency room;

(3) maintain its current inpatient surgery suites and not close these facilities.

D. Schedule and Notice of Transfer of Non-Federal Funds

(1) PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of GOVERNMENTAL FUNDING ENTITY funds to the State DHCS, referred to in the Intergovernmental Agreement, within 15 days of establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts specified therein.

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer). Based on revenue, cost, and other factors, a percentage of the LMMCRR IGT Payments will be allocated between the Hospital and Other Facility Services Agreement (42%) and the Physician Services Agreement (58%).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MLCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

(a) The LMMCRR IGT Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR IGT Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR IGT Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.

(2) For purposes of Subparagraph 1.B above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the PLAN to PROVIDER under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this Paragraph. PLAN shall request, within 30 calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within 30 calendar days of PLAN's request.

H. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMMCRR IGT Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMMCRR IGT Payments to the full extent possible on behalf of the safety net in Kern County.

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this Paragraph are distinct from the indemnification provisions set forth in Paragraph J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment. This Paragraph 1.I shall survive termination of this Amendment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement or this Amendment notwithstanding, PROVIDER shall indemnify and hold PLAN (including its directors, officers, agents, and employees) harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN arising out of, or in any way related to any payments made by PLAN to PROVIDER related to the IGT MMCRRi or LMMCRR IGT Payments, including but not limited to the following circumstances:

(a) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any money from or fails to provide any money to PLAN, or PLAN is denied any money to which it otherwise would have been entitled, for any reason relating to any payments made, or scheduled under this Amendment to be made, by PLAN to PROVIDER related to the IGT MMCRRi or LMMCRR IGT Payments,

including, but not limited to, (i) State DHCS' use of IGT MMCRRRI or LMMCRR IGT Payments to supplant or replace other amounts in violation of the restrictions in section 2.2 of the Intergovernmental Agreement; (ii) the failure of the intergovernmental transfers from the GOVERNMENT FUNDING ENTITY, or the IGT MMCRRRI or LMMCRR IGT Payments to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; (iii) overpayment of IGT MMCRRRI or LMMCRR IGT Payments to PLAN by State DHCS; or (iv) a determination that PROVIDER's use of payments made by PLAN to PROVIDER related to the IGT MMCRRRI or LMMCRR IGT Payments do not meet program requirements, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from any other amounts owed to PROVIDER.

(2) Recovery by PLAN pursuant to this Paragraph shall include, but not be limited to, reduction in future IGT MMCRRRI or LMMCRR IGT Payments paid to PROVIDER in an amount equal to the amount of IGT MMCRRRI or LMMCRR IGT Payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER;

(3) PLAN may pursue an appeal, a lawsuit, or any other available legal action to challenge any recoupment by State DHCS, the Department of Health and Human Services, or any other federal or state agency, that is not required by law, unless after consultation with PROVIDER and with good cause, PLAN determines that it is not in the best interest of PLAN and/or PROVIDER to do so.

(4) At PLAN's discretion, PROVIDER shall either immediately provide or arrange for legal representation on PLAN's behalf or PLAN shall arrange for its own representation and be entitled to reimbursement, from PROVIDER, of its reasonable attorney's fees and costs incurred for such representation, in addition to any and all other relief to which PLAN may be entitled, including, but not limited to, the following circumstances:

(a) If any action at law, suit in equity, arbitration, or administrative action is brought against PLAN by State DHCS, the Department of Health and Human Services, any other federal or state agency or other individual or organization to: (i) enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments; or (ii) recoup, offset, or otherwise withhold any money from PLAN relating to the IGT MMCRRRI or LMMCRR IGT Payments; or

(b) If PLAN brings any appeal, action at law, suit in equity, arbitration or administrative action against State DHCS, the Department of Health and Human Services or any other federal or state agency to: (i) enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments; or (ii) in response to an action described in Subparagraph 1.J (1)(a) or Subparagraph 1.J (4)(a) above.

(5) If PLAN prevails in any appeal, action at law, suit in equity, arbitration, or administrative action against PROVIDER to enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments or to recoup, offset, or otherwise withhold any money relating

to the IGT MMCRRRI or LMMCRR IGT Payments, PLAN shall be entitled to reasonable attorney's fees and costs from PROVIDER.

(6) It is the parties' intention that PLAN not be economically harmed as a result of its willingness to enter into this Amendment.

(7) For the avoidance of doubt and purposes of clarity, the parties agree that this Paragraph J shall prevail to the extent any provision in this Paragraph J is contrary to or conflicts with any other provision, section, paragraph, or part of this Amendment or any provision of the Agreement. This Paragraph J shall survive termination of this Amendment.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020. The parties acknowledge and agree that each party was represented by counsel in the negotiation and execution of this Amendment.

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Kern County Hospital Authority Date: _____

By: Title: Chief Executive Officer _____

HEALTH PLAN-PROVIDER AGREEMENT

AMENDMENT

This Amendment is made this ____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Kern Valley Healthcare District, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into a Hospital and Other Facility Services Agreement, effective January 1, 2004, as amended ("Agreement");

WHEREAS, Section 10.02 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a county health authority formed pursuant to Welfare and Institutions Code section 14087.38 and Chapter 2.94 of the Ordinance Code of Kern County;

WHEREAS, PROVIDER is a general acute care hospital licensed by the state of California pursuant to Division 2, Chapter 2, Article 2 of the Health and Safety Code;

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the GOVERNMENTAL FUNDING ENTITY to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Article X, section 10.14 shall be made part of the Agreement as follows:

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, # _____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS that are designated to be paid to PROVIDER, in accordance with Paragraph 1.E below, which specifies the form and timing of Local Medi-Cal Managed Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments

paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of \$_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

(1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(2) maintain its current emergency room licensure status and not close its emergency room;

(3) maintain its current inpatient surgery suites and not close these facilities.

D. Schedule and Notice of Transfer of Non-Federal Funds

(1) PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of GOVERNMENTAL FUNDING ENTITY funds to the State DHCS, referred to in the Intergovernmental Agreement, within 15 days of establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts specified therein.

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

(a) The LMMCRR IGT Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR IGT Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR IGT Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.

(2) For purposes of Subparagraph 1.B above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the PLAN to PROVIDER under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this Paragraph. PLAN shall request, within 30 calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within 30 calendar days of PLAN's request.

H. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMMCRR IGT Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMMCRR IGT Payments to the full extent possible on behalf of the safety net in Kern County.

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this Paragraph are distinct from the indemnification provisions set forth in Paragraph J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment. This Paragraph 1.I shall survive termination of this Amendment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement or this Amendment notwithstanding, PROVIDER shall indemnify and hold PLAN (including its directors, officers, agents, and employees) harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN arising out of, or in any way related to any payments made by PLAN to PROVIDER related to the IGT MMCRRi or LMMCRR IGT Payments, including but not limited to the following circumstances:

(a) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any money from or fails to provide any money to PLAN, or PLAN is denied any money to which it otherwise would have been entitled, for any reason relating to any payments made, or scheduled under this Amendment to be made, by PLAN to PROVIDER related to the IGT MMCRRi or LMMCRR IGT Payments,

including, but not limited to, (i) State DHCS' use of IGT MMCRRRI or LMMCRR IGT Payments to supplant or replace other amounts in violation of the restrictions in section 2.2 of the Intergovernmental Agreement; (ii) the failure of the intergovernmental transfers from the GOVERNMENT FUNDING ENTITY, or the IGT MMCRRRI or LMMCRR IGT Payments to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; (iii) overpayment of IGT MMCRRRI or LMMCRR IGT Payments to PLAN by State DHCS; or (iv) a determination that PROVIDER's use of payments made by PLAN to PROVIDER related to the IGT MMCRRRI or LMMCRR IGT Payments do not meet program requirements, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from any other amounts owed to PROVIDER.

(2) Recovery by PLAN pursuant to this Paragraph shall include, but not be limited to, reduction in future IGT MMCRRRI or LMMCRR IGT Payments paid to PROVIDER in an amount equal to the amount of IGT MMCRRRI or LMMCRR IGT Payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER;

(3) PLAN may pursue an appeal, a lawsuit, or any other available legal action to challenge any recoupment by State DHCS, the Department of Health and Human Services, or any other federal or state agency, that is not required by law, unless after consultation with PROVIDER and with good cause, PLAN determines that it is not in the best interest of PLAN and/or PROVIDER to do so.

(4) At PLAN's discretion, PROVIDER shall either immediately provide or arrange for legal representation on PLAN's behalf or PLAN shall arrange for its own representation and be entitled to reimbursement, from PROVIDER, of its reasonable attorney's fees and costs incurred for such representation, in addition to any and all other relief to which PLAN may be entitled, including, but not limited to, the following circumstances:

(a) If any action at law, suit in equity, arbitration, or administrative action is brought against PLAN by State DHCS, the Department of Health and Human Services, any other federal or state agency or other individual or organization to: (i) enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments; or (ii) recoup, offset, or otherwise withhold any money from PLAN relating to the IGT MMCRRRI or LMMCRR IGT Payments; or

(b) If PLAN brings any appeal, action at law, suit in equity, arbitration or administrative action against State DHCS, the Department of Health and Human Services or any other federal or state agency to: (i) enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments; or (ii) in response to an action described in Subparagraph 1.J (1)(a) or Subparagraph 1.J (4)(a) above.

(5) If PLAN prevails in any appeal, action at law, suit in equity, arbitration, or administrative action against PROVIDER to enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments or to recoup, offset, or otherwise withhold any money relating

to the IGT MMCRRRI or LMMCRR IGT Payments, PLAN shall be entitled to reasonable attorney's fees and costs from PROVIDER.

(6) It is the parties' intention that PLAN not be economically harmed as a result of its willingness to enter into this Amendment.

(7) For the avoidance of doubt and purposes of clarity, the parties agree that this Paragraph J shall prevail to the extent any provision in this Paragraph J is contrary to or conflicts with any other provision, section, paragraph, or part of this Amendment or any provision of the Agreement. This Paragraph J shall survive termination of this Amendment.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020.

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Kern Valley Healthcare District Date: _____

By: Title: Chief Executive Officer _____

HEALTH PLAN-PROVIDER AGREEMENT

AMENDMENT

This Amendment is made this ____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Adventist Health Medical Center Tehachapi - Tehachapi Valley Healthcare District, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into a Hospital and Other Facility Services Agreement, effective November 1, 2016, as amended ("Agreement");

WHEREAS, Section 10.02 of such Agreement provides for amending such Agreement;

WHEREAS, PLAN is a county health authority formed pursuant to Welfare and Institutions Code section 14087.38 and Chapter 2.94 of the Ordinance Code of Kern County;

WHEREAS, PROVIDER is a general acute care hospital licensed by the state of California pursuant to Division 2, Chapter 2, Article 2 of the Health and Safety Code;

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the GOVERNMENTAL FUNDING ENTITY to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

NOW, THEREFORE, PLAN and PROVIDER hereby agree as follows:

Article X, section 10.14 shall be made part of the Agreement as follows:

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, # _____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRI"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRI received from State DHCS that are designated to be paid to PROVIDER, in accordance with Paragraph 1.E below, which specifies the form and timing of Local Medi-Cal Managed Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments

paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of \$_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

(1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;

(2) maintain its current emergency room licensure status and not close its emergency room;

(3) maintain its current inpatient surgery suites and not close these facilities.

D. Schedule and Notice of Transfer of Non-Federal Funds

(1) PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of GOVERNMENTAL FUNDING ENTITY funds to the State DHCS, referred to in the Intergovernmental Agreement, within 15 days of establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts specified therein.

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

(a) The LMMCRR IGT Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the LMMCRR IGT Payments apply.

(b) To the extent that total payments received by PROVIDER for any State fiscal year under this Amendment exceed the cost of Medi-Cal services provided to Medi-Cal beneficiaries by PROVIDER during that fiscal year, any remaining LMMCRR IGT Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained LMMCRR IGT Payment amounts may be used by the PROVIDER in either the State fiscal year for which the payments are received or subsequent State fiscal years.

(2) For purposes of Subparagraph 1.B above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the PLAN to PROVIDER under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

PLAN's oversight responsibilities regarding PROVIDER's use of the LMMCRR IGT Payments shall be limited as described in this Paragraph. PLAN shall request, within 30 calendar days after the end of each State fiscal year in which LMMCRR IGT Payments were transferred to PROVIDER, a written confirmation that states whether and how PROVIDER complied with the provisions set forth in Paragraph 1.F above. In each instance, PROVIDER shall provide PLAN with written confirmation of compliance within 30 calendar days of PLAN's request.

H. Cooperation Among Parties

Should disputes or disagreements arise regarding the ultimate computation or appropriateness of any aspect of the LMMCRR IGT Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the LMMCRR IGT Payments to the full extent possible on behalf of the safety net in Kern County.

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this Paragraph are distinct from the indemnification provisions set forth in Paragraph J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment. This Paragraph 1.I shall survive termination of this Amendment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement or this Amendment notwithstanding, PROVIDER shall indemnify and hold PLAN (including its directors, officers, agents, and employees) harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN arising out of, or in any way related to any payments made by PLAN to PROVIDER related to the IGT MMCRRRI or LMMCRR IGT Payments, including but not limited to the following circumstances:

(a) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any money from or fails to provide any money to PLAN, or PLAN is denied any money to which it otherwise would have been entitled, for any reason relating to any payments made, or scheduled under this Amendment to be made, by PLAN to PROVIDER related to the IGT MMCRRRI or LMMCRR IGT Payments,

including, but not limited to, (i) State DHCS' use of IGT MMCRRRI or LMMCRR IGT Payments to supplant or replace other amounts in violation of the restrictions in section 2.2 of the Intergovernmental Agreement; (ii) the failure of the intergovernmental transfers from the GOVERNMENT FUNDING ENTITY, or the IGT MMCRRRI or LMMCRR IGT Payments to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; (iii) overpayment of IGT MMCRRRI or LMMCRR IGT Payments to PLAN by State DHCS; or (iv) a determination that PROVIDER's use of payments made by PLAN to PROVIDER related to the IGT MMCRRRI or LMMCRR IGT Payments do not meet program requirements, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from any other amounts owed to PROVIDER.

(2) Recovery by PLAN pursuant to this Paragraph shall include, but not be limited to, reduction in future IGT MMCRRRI or LMMCRR IGT Payments paid to PROVIDER in an amount equal to the amount of IGT MMCRRRI or LMMCRR IGT Payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER;

(3) PLAN may pursue an appeal, a lawsuit, or any other available legal action to challenge any recoupment by State DHCS, the Department of Health and Human Services, or any other federal or state agency, that is not required by law, unless after consultation with PROVIDER and with good cause, PLAN determines that it is not in the best interest of PLAN and/or PROVIDER to do so.

(4) At PLAN's discretion, PROVIDER shall either immediately provide or arrange for legal representation on PLAN's behalf or PLAN shall arrange for its own representation and be entitled to reimbursement, from PROVIDER, of its reasonable attorney's fees and costs incurred for such representation, in addition to any and all other relief to which PLAN may be entitled, including, but not limited to, the following circumstances:

(a) If any action at law, suit in equity, arbitration, or administrative action is brought against PLAN by State DHCS, the Department of Health and Human Services, any other federal or state agency or other individual or organization to: (i) enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments; or (ii) recoup, offset, or otherwise withhold any money from PLAN relating to the IGT MMCRRRI or LMMCRR IGT Payments; or

(b) If PLAN brings any appeal, action at law, suit in equity, arbitration or administrative action against State DHCS, the Department of Health and Human Services or any other federal or state agency to: (i) enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments; or (ii) in response to an action described in Subparagraph 1.J (1)(a) or Subparagraph 1.J (4)(a) above.

(5) If PLAN prevails in any appeal, action at law, suit in equity, arbitration, or administrative action against PROVIDER to enforce or interpret the IGT MMCRRRI or LMMCRR IGT Payments or to recoup, offset, or otherwise withhold any money relating

to the IGT MMCRRRI or LMMCRR IGT Payments, PLAN shall be entitled to reasonable attorney's fees and costs from PROVIDER.

(6) It is the parties' intention that PLAN not be economically harmed as a result of its willingness to enter into this Amendment.

(7) For the avoidance of doubt and purposes of clarity, the parties agree that this Paragraph J shall prevail to the extent any provision in this Paragraph J is contrary to or conflicts with any other provision, section, paragraph, or part of this Amendment or any provision of the Agreement. This Paragraph J shall survive termination of this Amendment.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020.

All other terms and provisions of said Agreement shall remain in full force and effect so that all rights, duties and obligations, and liabilities of the parties hereto otherwise remain unchanged; provided, however, if there is any conflict between the terms of this Amendment and the Agreement, then the terms of this Amendment shall govern.

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Adventist Health Medical Center Tehachpai - Tehachapi Valley Healthcare District

Date: _____

By: Title: Chief Executive Officer _____



To: KHS Finance Committee
From: Robert Landis, CFO
Date: April 5, 2019
Re: Report on New Office Building Expenditures

Background

At the February 14th, 2019 Kern Health Systems Board of Directors Meeting, the Board requested a summary of amounts paid relating to the new office building (Attached).

Discussion

The attached document has a total building contract amount of \$28,773,421.31 for the work to be performed by the KHS contractor SC Anderson, Inc. Work completed less retainage as of 2/28/19 is \$19,281,918.67 . The balance of work to be completed including retainage amounts owed is \$9,491,502.64.

Included in the attachment is an itemized description of amounts complete and paid through February 28, 2019 as well as an itemized listing of the balance and retainage amounts to finish the building.

Requested Action

Receive and file for informational purposes only.



Application and Certificate for Payment

TO OWNER: KERN HEALTH SYSTEMS
9700 STOCKDALE HIGHWAY
BAKERSFIELD, CA 93311

PROJECT: KERN HEALTH SYSTEMS
2900 BUCK OWENS BLVD
BAKERSFIELD, CA 93308

FROM CONTRACTOR:
SC ANDERSON, INC.
2160 Mars Court
Bakersfield, CA 93308

VIA ARCHITECT:

APPROVED FOR PAYMENT

BY: *[Signature]*

APPLICATION NO: 01170843-00013
PERIOD TO: 2/28/2019
CONTRACT FOR:
CONTRACT DATE:
PROJECT NOS: 01.17084.3 /

Distribution to:
OWNER
ARCHITECT
CONTRACTOR
FIELD
OTHER

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. AIA Document G703™, Continuation Sheet, is attached.

1. ORIGINAL CONTRACT SUM \$ 27,822,583.00
2. NET CHANGE BY CHANGE ORDERS \$ 950,838.31
3. CONTRACT SUM TO DATE (Line 1 ± 2) \$ 28,773,421.31
4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 20,296,756.59

5. RETAINAGE:
 - a. 5 % of Completed Work
(Columns D + E on G703) \$ 1,014,837.92
 - b. _____ % of Stored Material
(Column F on G703) \$ _____

Total Retainage (Lines 5a + 5b, or Total in Column I of G703) \$ 1,014,837.92

6. TOTAL EARNED LESS RETAINAGE \$ 19,281,918.67
(Line 4 minus Line 5 Total)

7. LESS PREVIOUS CERTIFICATES FOR PAYMENT \$ 17,421,713.90
(Line 6 from prior Certificate)

8. CURRENT PAYMENT DUE \$ 1,860,204.77

9. BALANCE TO FINISH, INCLUDING RETAINAGE
(Line 3 minus Line 6) \$ 9,491,502.64

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$ 958,949.08	\$ (8,110.77)
Total approved this month	\$ _____	\$ _____
TOTAL	\$ 958,949.08	\$ (8,110.77)
NET CHANGES by Change Order	\$ _____	\$ 950,838.31

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.
AIA Document G702™ - 1992. Copyright © 1953, 1963, 1971, 1978, 1985 and 1992 by The American Institute of Architects. All rights reserved. WARNING: This AIA® Document is protected by U.S. Copyright Law and International Treaties. Unauthorized reproduction or distribution of this AIA® Document, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent possible under the law. Purchasers are permitted to reproduce up to (10) copies of this document when completed. To report copyright violations of AIA Contract Documents, e-mail The American Institute of Architects' legal counsel, copyright@aia.org.

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: *[Signature]* S.C. Anderson, Inc.
By: *[Signature]*
State of: California Date: 2/25/19

County of: Kern
Subscribed and sworn to before me this _____ day of _____
Notary Public: *[Signature]*
My commission expires: _____

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 1,860,204.77
(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT: *[Signature]*
By: *[Signature]* Date: 3/15/19

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

REQUEST FOR PAYMENT DETAIL

Project: 01.17084.3 / KERN HEALTH SYSTEMS Invoice: 3702501467 Draw: 01170843-00013 Period Ending Date: 2/28/2019

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
015723	SWPPP	43,555.00	27,891.08	751.44		28,642.52	65.76	14,912.48	1,432.12
017423	FINAL CLEAN	39,200.00				39,200.00			
017833	PAYMENT AND PERFORMANCE	143,280.00	143,280.00			143,280.00	100.00		7,164.00
017837	GENERAL LIABILITY INSURANCE	55,864.00	55,864.00			55,864.00	100.00		2,793.20
022113	SITE SURVEY	30,880.00	22,268.96			22,268.96	72.11	8,611.04	1,113.45
024199	DEMOLITION	42,022.00	35,718.70			35,718.70	85.00	6,303.30	1,785.94
031113	CONCRETE	2,106,700.00	1,724,270.00			1,724,270.00	81.85	382,430.00	86,213.50
042099	MASONRY	49,600.00				49,600.00			
051223	STRUCTURAL STEEL	2,971,400.00	2,873,459.50	52,040.50		2,925,500.00	98.46	45,900.00	146,275.01
057099	SHEET METAL/DECORATIVE PA	549,550.00	225,396.00	218,100.00		443,496.00	80.70	106,054.00	22,174.80
062023	DOORS-FRAMES-HARDWARE-L	45,166.00	20,850.00			20,850.00	46.16	24,316.00	1,042.50
062099	FINISH/ROUGH CARPENTRY	21,417.00	5,410.00			5,410.00	25.26	16,007.00	270.50
064023	ARCHITECTURAL WOODWORK	249,580.00	15,103.00			15,103.00	6.05	234,477.00	755.16
066116	SOLID SURFACE TOPS	170,559.00	6,100.00			6,100.00	3.58	164,459.00	305.00
072099	THERMAL INSULATION	94,550.00	73,185.00	21,365.00		94,550.00	100.00		4,727.50
075399	PVC ROOFING	394,466.00	208,580.60	79,282.40		287,863.00	72.98	106,603.00	14,393.15
077200	ROOF HATCH AND LADDER	4,443.00	4,443.00			4,443.00	100.00		222.15
077236	SMOKE CONTAINMENT CURTAIN	49,027.00	735.00			735.00	1.50	48,292.00	96.75
081113	DOORS-FRAMES-HARDWARE	167,022.00	121,926.06			121,926.06	73.00	45,095.94	6,096.30
083323	OVERHEAD COILING DOOR	8,674.00						8,674.00	
083513	FOLDING PARTITION	30,450.00				30,450.00			
084199	STOREFRONT GLASS & GLAZI	1,479,900.00	1,004,001.00	159,540.00		1,163,541.00	78.82	316,359.00	58,177.05
092216	METAL STUDS & DRYWALL	6,076,322.00	4,444,977.50	862,500.00		5,307,477.50	87.35	768,844.50	265,373.87
093013	CERAMIC TILE	265,258.00	9,447.00	45,773.00		55,220.00	20.82	210,038.00	2,761.00
095199	ACOUSTICAL CEILINGS	713,000.00				713,000.00			
096599	FLOOR COVERINGS	955,511.00				955,511.00			352.00
099199	PAINTING	119,300.00	7,040.00			7,040.00	5.90	112,260.00	
101499	SIGNAGE	18,850.00						18,850.00	
102113	TOILET COMPARTMENTS/ACCE	139,800.00	3,815.00			3,815.00	2.73	135,985.00	190.75
104413	FIRE EXTINGUISHER CABINET	6,858.00						6,858.00	
107599	FLAG POLE	6,959.00						6,959.00	
122499	WINDOW COVERINGS	89,600.00						89,600.00	
129313	BIKE RACKS	3,530.00						3,530.00	

REQUEST FOR PAYMENT DETAIL

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
142099	ELEVATOR	388,290.00	174,730.50			174,730.50	45.00	213,559.50	8,736.53
211313	FIRE SPRINKLERS	333,217.00	323,217.00			323,217.00	97.00	10,000.00	16,160.86
229999	PLUMBING	909,000.00	599,400.00	161,700.00		761,100.00	83.73	147,900.00	38,055.00
239999	HVAC	2,704,454.00	2,250,369.40	92,070.20		2,342,439.60	86.61	362,014.40	117,121.98
269999	ELECTRICAL & FIRE ALARM	3,000,000.00	1,700,895.00	248,300.00		1,948,995.00	64.97	1,051,005.00	97,449.76
312213	EARTHWORK	410,435.00	330,316.48			330,316.48	80.48	80,118.52	16,515.83
321216	ASPHALT PAVING	420,340.00	13,719.60	12,388.75		26,108.35	6.21	394,231.65	1,305.42
323119	DECORATIVE FENCING	238,844.00	90,253.00			90,253.00	37.79	148,591.00	4,512.65
328499	LANDSCAPING AND IRRIGATION	397,000.00	44,250.00			44,250.00	11.15	352,750.00	2,212.50
331099	SITE UTILITIES	121,000.00	32,000.00			32,000.00	26.45	89,000.00	1,600.00
999999	GENERAL REQUIREMENTS	723,200.00	568,227.00			568,227.00	78.57	154,973.00	28,411.35
999999	CM/GC FEES	1,034,510.00	662,086.40			662,086.40	64.00	372,423.60	33,104.34
9999CO01	CHANGE ORDER #01	22,812.00	22,812.00			22,812.00	100.00		1,140.60
9999CO02	CHANGE ORDER #02	33,603.17	33,603.17			33,603.17	100.00		1,680.16
9999CO03	CHANGE ORDER #03	235,713.11	129,050.16			129,050.16	54.75	106,662.95	6,452.51
9999CO04	CHANGE ORDER #04	94,186.15	64,955.78			64,955.78	68.97	29,230.37	3,247.79
9999CO05	CHANGE ORDER #05	92,450.11	92,450.11			92,450.11	100.00		4,622.51
9999CO07	CHANGE ORDER #07	34,478.69	26,676.92			26,676.92	77.37	7,801.77	1,333.85
9999CO08	CHANGE ORDER #08	38,854.55	38,854.55			38,854.55	100.00		1,942.73
9999CO09	CHANGE ORDER #09	130,521.90	53,394.10			53,394.10	40.91	77,127.80	2,669.71
9999CO10	CHANGE ORDER #10	138,058.56	1,998.73	4,299.00		6,297.73	4.56	131,760.83	314.89
9999CO11	CHANGE ORDER #11	51,825.00	51,825.00			51,825.00	100.00		2,591.25
9999CO12	CHANGE ORDER #12	-8,110.77						-8,110.77	
9999CO13	CHANGE ORDER #13	86,445.84						86,445.84	
Totals		28,773,421.31	18,338,646.30	1,958,110.29		20,296,756.59	70.54	8,476,664.72	1,014,637.92



To: KHS Finance Committee
From: Robert Landis, CFO
Date: April 5, 2019
Re: 2018 Annual Report for Travel

Background

Kern Health Systems Employee Travel and Expense Reimbursement Policy requires an annual report (attached) to be submitted to the KHS Board of Directors.

Discussion

KHS encourages employees to attend conferences and seminars to:

1. Obtain updated information on key issues that they are concerned about.
2. Interact with other health plans that may be experiencing similar issues and problems and to solve those issues together.
3. Have issues addressed on a specific topic by recognized experts who are up to date with the latest developments in the field.
4. Evaluate the latest technologies that can potentially help make KHS more efficient.
5. Learn about facts and statistics that will help employees better understand the changing dynamics in the healthcare industry.

Examples of KHS travel include attending meetings with State regulators such as DHCS & DMHC, attending trade association conferences, participating on vendor advisory boards and professional education and training seminars.

During 2018 \$26,237.02 was spent on regulatory or trade association travel, \$70,598.31 was spent on professional development and training travel, and \$76,383.20 was spent on conference attendance travel. The total travel expenses incurred for 2018 was \$174,247.55, which was approximately \$29,500 more than the prior year. The majority of this increase relates to the increased need of the Project Management ("PM") Department to attend conferences. With increases in internal demand for complex project delivery, the PM department is continually looking to improve the performance and delivery of the project portfolio.

By attending conferences, the PM Department is able to share common issues and best practices, build valuable connections and develop practical solutions. The PM Department will continue to leverage these conferences in order to maximize the positive impact on the operations of the plan.

Requested Action

Receive and file; for informational purposes only.



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE-ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
1 Chief Operating Officer	LHPC Quarterly All Plan COO Meeting	R	Out	Camallo, CA	1/25/18	-	284.85	80.00	364.85
	2018 CAHP Seminar Series - Medi-Cal: Expanding Coverage & Benefits	P	Out	Burbank, CA	2/20/18 - 2/21/18	100.00	298.56	64.00	462.56
2 Chief Operating Officer	2018 CAHP Seminar Series - The Opioid Epidemic	P	Out	Burbank, CA	3/20/18 - 3/21/18	100.00	423.32	96.00	619.32
3 Chief Executive Officer									
4 Chief Financial Officer	LHPC Quarterly All Plan CFO Meeting	R	Out	Sacramento, CA	4/3/18 - 4/4/18	-	503.90	48.00	551.90
	Various: Business Intelligence Supervisor (1), Case Management Manager, UM (1), Quality Improvement Nurse (1), Project Management Supervisor (1), Sr. Financial Data Analyst (1), Director of Technical Operations (1)								
5 Technical Operations (1)	LHPC Medi-Cal Managed Care Finance 101	P	Out	Rancho Cucamonga, CA	4/08/18 - 4/9/18	129.54	1,310.00	418.50	1,858.04
6 Chief Operating Officer	2018 CAHP Seminar Series - Provider Directors: California's Path to Increased Accuracy	P	Out	Burbank, CA	4/10/18 - 4/11/18	100.00	319.83	80.00	499.83
7 Executive Services Coordinator	Womens Business Conference	C	In	Bakersfield, CA	4/19/18	110.00	-	-	110.00
8 Chief Operating Officer	LHPC Quarterly All Plan COO Meeting	R	Out	Alameda, CA	5/17/18 - 5/18/18	-	475.53	86.25	561.78
9 Chief Executive Officer	LHPC Board Meeting	R	Out	Sacramento, CA	5/20/18 - 5/21/18	-	569.00	96.00	665.00
10 Chief Operating Officer	2018 Cognizant Healthcare Conference	C	OS	Orlando, FL	5/20/18 - 5/23/18	-	733.03	191.75	924.78
	Various: Health Home Program Operations Manager (1), Quality Improvement Nurse II (1), Deputy Director of Health Services (1), BI Data Analyst IV (1), HEDIS RN (1)								
11 Data Analyst IV (1), HEDIS RN (1)	LHPC Medi-Cal Quality Improvement & Best Practices	P	Out	Oakland, CA	5/29/18 - 5/30/18	107.95	2,020.76	431.25	2,559.96
12 Chief Financial Officer	LHPC Quarterly All Plan CFO Meeting	R	Out	Santa Cruz, CA	6/14/18 - 6/16/18	-	710.10	103.25	813.35
13 Chief Executive Officer	LHPC Board Meeting	R	Out	Sacramento, CA	6/17/18 - 6/18/18	-	995.06	112.00	1,107.06
14 Chief Operating Officer	2018 AHP Institute & Expo	C	Out	San Diego, CA	6/19/18 - 6/22/18	1,545.00	1,717.32	176.00	3,438.32
15 Chief Executive Officer	2018 ACAP CEO Summit & Board Meeting	R	OS	Washington, D.C.	6/22/18-6/29/18	-	1,914.01	207.00	2,121.01
	Various: Member Services Manager (1), Director of Health, Education, Cultural & Linguistics Services (1), Project Management Supervisor (1)								
16 Project Management Supervisor (1)	LHPC Medi-Cal Managed Care Finance 101	P	Out	Sacramento, CA	7/15/18 - 7/16/18	64.77	511.95	240.00	816.72
17 Chief Operating Officer	2018 CAHP Seminar Series - The Evolution & Future of California's Medi-Cal Program	P	Out	Burbank, CA	7/24/18 - 7/25/18	100.00	397.08	64.00	561.08
18 Chief Executive Officer	2018 CAHP Seminar Series - The Evolution & Future of California's Medi-Cal Program	P	Out	Burbank, CA	7/24/18 - 7/25/18	100.00	429.98	48.00	577.98
19 Chief Operating Officer	KHS Board of Directors Meeting: Return from out of the area to attend meeting	O	In	Bakersfield, CA	8/9/18	-	195.31	88.50	283.81



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
20 Chief Operating Officer	LHPC Quarterly All Plan COO Meeting	R	Out	Rancho Cucamonga, CA	8/16/18 - 8/17/18	-	360.65	67.50	428.15
21 Chief Executive Officer	Annual Health Plan Consumer Experience & Retention Summit	C	OS	Boston, MA	9/13/18 - 9/14/18	795.00	680.61	258.75	1,734.36
22 Chief Financial Officer	LHPC Quarterly CFO Meeting	R	Out	San Diego, CA	10/21/18 - 10/23/18	-	768.54	88.75	857.29
23 Chief Operating Officer	2018 CAHP Annual Conference	C	Out	San Diego, CA	10/21/18 - 10/24/18	750.00	1,420.68	195.25	2,365.93
24 Chief Executive Officer	2018 CAHP Annual Conference	C	Out	San Diego, CA	10/21/18 - 10/24/18	750.00	1,798.89	177.50	2,666.39
25 Chief Operating Officer	2018 ACAFP Fall Quality, Board & Chiefs Meeting	R	OS	Phoenix, AZ	11/28/18-11/30/18	-	568.56	56.00	624.56
26 Chief Executive Officer	2018 ACAFP Fall Quality, Board & Chiefs Meeting	R	OS	Phoenix, AZ	11/27/18 - 11/30/18	-	652.20	-	652.20
Various: Administrative Director, Health Homes Program (1), Accountant (1), Accounting Supervisor (1), Project Management Supervisor (1), Deputy Director of Health Services (1)	LHPC Med-Cal Managed Care Finance 201: Inside the Rate-Setting Processing Conference	P	Out	Rancho Cucamonga, CA	12/16/18-12/17/18	112.90	526.58	365.00	944.48
Executive Total									
Various: Assistant Controller, Accounting (1), Accounting Manager (1), Accounting Supervisor (1), Accountant (1), Senior Accountants (2), and Benefits Analyst, HR (1)	DPVB Training - Seeing Beyond the Numbers: Reading & Understanding a Financial Statement	P	In	Bakersfield, CA	2/7/18	175.00	-	-	175.00
29 Accounting Supervisor	Milliman Healthcare Training Seminar	P	OS	Las Vegas, NV	11/12/18-11/16/18	25.00	259.64	-	284.64
30 INTERIM	Milliman Healthcare Training Seminar	P	OS	Las Vegas, NV	11/12/18-11/16/18	25.00	259.64	-	284.64
Finance Total						225.00	519.28	-	744.28



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCE (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
31 Director of Technical Operations	2018 Bakersfield Young Professionals (BYP) Conference	C	In	Bakersfield, CA	4/12/18	21.49	-	-	21.49
32 IT Coordinator	Bakersfield Womens Business Conference	C	In	Bakersfield, CA	4/19/18	110.00	-	-	110.00
33 Director of Technical Operations	Bakersfield Womens Business Conference	C	In	Bakersfield, CA	4/19/18	110.00	-	-	110.00
34 Director of Technical Operations	QINXT Board of Directors Meeting	R	OS	Phoenix, AZ	1/28/18 - 1/31/18	-	1,439.00	236.00	1,675.00
35 Chief Information Officer Data Analytics and Reporting	Local Health Plans Quarterly CIO Meeting	R	Out	Chula Vista, CA	3/29/18 - 3/30/18	-	1,000.45	80.00	1,080.45
36 Supervisor	Data Analytics Conference	C	Out	San Jose, CA	3/5/18 - 3/9/18	1,766.00	1,212.31	288.00	3,266.31
37 Director of Technical Operations	State Hospital Directed Payments Meeting	R	Out	Oakland, CA	4/17/18 - 4/18/18	-	644.04	103.50	747.54
38 Database Administrator IV	SQL Server Training	P	OS	Oakbrook Terrace, IL	4/25/18 - 4/28/18	1,495.00	946.78	177.00	2,618.78
39 Director of Technical Operations	2018 Cognizant Healthcare Conference	C	OS	Grande Lakes, FL	5/19/18 - 5/23/18	-	1,774.76	339.25	2,114.01
40 Technical Analyst III	2018 ZeOmega Connections Conference	C	OS	Plano, TX	5/21/18 - 5/24/18	-	1,599.65	132.75	1,732.40
41 Chief Information Officer	2018 AHIP Institute & Expo Conference	C	Out	San Diego, CA	6/19/18 - 6/22/18	1,545.00	1,710.52	144.00	3,399.52
42 Chief Information Officer	Local Health Plans Quarterly CIO Meeting	R	Out	Scott Valley, CA	6/28/18 - 6/29/18	-	170.63	88.50	259.13
43 Director of Technical Operations	Local Health Plans Quarterly CIO Meeting	R	Out	Scott Valley, CA	6/28/18 - 6/29/18	-	438.78	103.25	542.03
44 Director of Technical Operations	State Hospital Directed Payments Meeting	R	Out	Burbank, CA	8/22/18 - 8/23/18	-	21.54	-	21.54
45 Director of Technical Operations	2018 VM World Conference	C	OS	Las Vegas, NV	8/26/18 - 8/29/18	-	1,144.44	256.00	1,400.44
46 Chief Information Officer	Dell Executive Briefing Meeting	C	Out	Campbell, CA	9/12/18-9/14/18	-	1,573.51	144.00	1,717.51
47 Technical Analyst II	Medical Coding AAPC Regional Conference 2018 Edifecs Customer Leadership Summit Meeting: Cancellation Fee	C	Out	Anaheim, CA	9/17/18 - 9/19/18	655.00	689.34	224.00	1,568.34
48 Chief Information Officer	2018 Microsoft Ignite Conference	C	Out	Orlando, FL	9/17/18-9/19/18	-	8.00	-	8.00
49 Senior Network System Administrator	Cognizant Fall Customer Conference	C	OS	Orlando, FL	9/24/18-9/28/18	2,395.00	2,960.27	206.50	5,561.77
50 IT Configuration Supervisor	Cognizant Fall Customer Conference	C	Out	San Diego, CA	9/19/18 - 9/12/18	700.00	857.07	256.00	1,813.07
51 Director of Technical Operations	Cognizant Fall Customer Conference	C	Out	San Diego, CA	9/19/18 - 9/12/18	700.00	1,013.47	240.00	1,953.47
52 Chief Information Officer	ACAP 2018 Fall CMO/Quality Board Meeting	R	OS	Phoenix, AZ	11/26/18-11/30/18	-	324.40	-	324.40
MIS Total						9,497.49	19,528.96	3,018.75	32,045.20



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out) or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
53 Business Intelligence Supervisor Data Analytics and Reporting Supervisor	2018 Johns Hopkins ACG System International Conference	C	OS	San Antonio, TX	4/22/18 - 4/25/18	775.00	1,294.59	224.00	2,293.59
54 Supervisor	Data Analytics IDEAS SoCal Conference	C	Out	Los Angeles, CA	10/19/18-10/21/18	320.64	800.97	148.50	1,270.11
						1,095.64	2,095.56	372.50	3,563.70
55 Director of Claims	QTR LHPC Claim Director Meeting	R	Out	San Francisco, CA	1/11/18 - 1/12/18	-	778.78	74.00	852.78
56 Director of Claims	Oversight Delegation audit of Kaiser Permanente	R	Out	Rancho Cucamonga, CA	11/14/18-11/15/18	-	405.78	122.00	527.78
57 Director of Claims	2018 ICE Annual Conference	C	Out	San Francisco, CA	12/2/18-12/4/18	580.00	1,085.82	152.00	1,817.82
58 Director of Claims	LHPC QTR Claim Director Meeting	R	Out	San Diego, CA	4/12/18 - 4/15/18	-	453.26	80.00	533.26
59 Claims Manager	Claims Coding Recertification	P	OS	Orlando, FL	4/7/18 - 4/11/18	975.00	1,471.73	295.00	2,741.73
60 Director of Claims	2018 Cognizant Healthcare Conference	C	OS	Grande Lakes, FL	5/20/18 - 5/23/18	-	1,655.02	162.25	1,817.27
61 Director of Claims Claims System Process Improvement Program Manager	LHPC QTR Claim Director Meeting	R	Out	Coramillio, CA	7/19/18 - 7/20/18	-	311.52	80.00	391.52
62 Program Manager	2018 Cognizant QNXT User Conference	C	Out	San Diego, CA	9/9/18 - 9/12/18	700.00	952.40	176.00	1,828.40
63 Deputy Director of Claims	2018 Cognizant QNXT User Conference Public Health Care Systems & Health Plans: Improving Data Quality Together	C	Out	San Diego, CA	9/9/18 - 9/12/18	700.00	993.59	176.00	1,869.59
64 Director of Claims		P	Out	Burbank, CA	8/22/18 - 8/23/18	-	21.54	-	21.54
	Claims total					2,955.00	8,129.44	1,317.25	12,401.69



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION DEVELOPMENT (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCE (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
Director of Government Affairs and Business Development	State Programs Committee Meeting for Legislative Briefing & Overview of select Medical manage care topics	R	Out	Sacramento, CA	2/14/18 - 2/15/18	-	665.77	72.00	737.77
Director of Government Affairs and Business Development	State Programs Committee - CAPH Inland Health Plan	R	Out	Sacramento, CA	2/26/18 - 2/27/18	-	919.33	80.00	999.33
Director of Government Affairs and Business Development	LHPC Board Meeting	R	Out	Rancho Cucamonga, CA	5/9/18	-	164.59	-	164.59
Project Management Supervisor	PMI Global Conference	C	Out	Sacramento CA	9/16-9/17/18	-	544.10	64.00	608.10
Project Manager II	PMI Global Conference	C	Out	Los Angeles, CA	10/05/18 - 10/08/18	1,395.00	1,321.04	181.50	2,897.54
Senior Project Manager	PMI Global Conference	C	Out	Los Angeles, CA	10/06/18 - 10/08/18	1,350.00	890.92	181.50	2,422.42
Director of Government Affairs and Business Development	CAHP Annual Conference & LHPC Board Meeting	C	Out	Los Angeles, CA	10/05/18 - 10/08/18	1,350.00	1,339.98	181.50	2,871.48
Director of Government Affairs and Business Development	LHPC PMO Sub Committee	R	Out	San Diego, CA	10/21/18 - 10/24/18	750.00	1,419.43	106.50	2,275.93
Project Management Supervisor	LHPC PMO Sub Committee	R	Out	San Francisco, CA	11/1/18-11/2/18	-	489.17	82.50	571.67
Project Management Supervisor	LHPC PMO Sub Committee	R	Out	San Francisco, CA	11/1/18-11/2/18	-	475.13	95.00	570.13
Director of Government Affairs and Business Development	PMO Symposium; Board approved as unusual travel	P	OS	Washington, D.C.	11/10/18-11/14/18	2,295.00	1,776.96	228.00	4,299.96
Director of Government Affairs and Business Development	PMO Symposium; Board approved as unusual travel	P	OS	Washington, D.C.	11/11/18-11/14/18	2,295.00	1,763.10	171.00	4,229.10
	Management Total					9,435.00	11,749.52	1,443.50	22,648.02
Senior Provider Network Analyst	CAHP Seminar Series Provider Directions California's Path to Increased Accuracy	P	Out	Burbank, CA	4/1/18	75.00	109.00	-	184.00
Senior Provider Network Analyst	CAHP Seminar Series Provider Directions California's Path to Increased Accuracy	P	Out	Burbank, CA	4/13/18	75.00	-	-	75.00
Provider Relations Manager	2018 ICE Annual Conference	C	Out	San Francisco, CA	12/2/18-12/4/18	725.00	1,092.36	171.00	1,988.36
Provider Relations Manager	Public Health Care Systems & Health Plans; Improving Data Quality Together	P	Out	Oakland, CA	4/17/18 - 4/18/18	-	353.02	69.00	422.02
Provider Relations Manager	Healthcare Education Association Women's Leadership Summit	C	Out	San Diego, CA	4/22/18 - 4/24/18	760.75	826.50	144.00	1,731.25
Credentialing Lead	2018 Cactus Roadshow & User Group Meeting	C	OS	Seattle, WA	6/2/18 - 6/5/18	500.00	1,024.50	166.50	1,691.00
Credentialing Coordinator	NAMSS Fire Conference Workshop for CPCCS Cert	P	Out	Long Beach, CA	9/28/18 - 9/30/18	633.00	628.46	160.00	1,421.46
	Provider Relations Total					2,768.75	4,033.84	710.50	7,513.09
Provider Relations Program Manager	2018 California Association of Public Procurement Officials Annual Meeting	P	Out	Palm Springs, CA	1/7/18-1/12/18	395.00	991.95	304.00	1,690.95
Director of Member Services	Member Services Directors Meeting	R	Out	Scotts Valley, CA	9/9/18-9/10/18	-	271.87	88.50	360.37
	mb					-	271.87	88.50	360.37
Director of Procurement & Facilities	2018 California Association of Public Procurement Officials Annual Meeting	P	Out	Palm Springs, CA	1/7/18 - 1/11/18	395.00	1,021.40	272.00	1,688.40
Director of Procurement & Facilities	SDRM Education Safety Day	P	Out	Sacramento, CA	3/19/18-3/20/18	-	269.55	96.00	365.55



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88 Corporate Service Supervisor	CSDA Management Training Day	P	Out	Sacramento, CA	3/19/18 - 3/20/18	-	203.27	96.00	299.27
Corporate Services Total									
89 Director of Compliance & Regulatory Affairs	HCCA Managed Care Compliance Conference	P	OS	Scottsdale, AZ	2/11/18-2/14/18	395.00	1,494.42	464.00	2,353.42
90 Director of Compliance & Regulatory Affairs	2018 CAHIP Seminar Series - Med-Cat: Expanding Coverage & Benefits	P	Out	Burbank, CA	2/21/18 - 2/21/18	1,049.00	1,550.78	177.00	2,776.78
91 Compliance Auditor	CAHIP Seminar - Provider Directory: California's Path to Increased Accuracy	P	Out	Burbank, CA	4/11/18	100.00	-	-	100.00
92 Compliance Auditor	DOJ/Managed Care Anti-Fraud Training	P	Out	Burbank, CA	4/11/18	75.00	131.90	13.44	220.34
93 Director of Compliance & Regulatory Affairs	LHPC Compliance Summit	P	Out	Los Angeles, CA	5/1/18	-	113.12	32.00	145.12
94 Director of Compliance & Regulatory Affairs	Boag Audit Committee Compliance Conference	C	OS	Sacramento, CA	6/18/18	-	307.38	64.00	371.38
AIS Total									
95 Marketing & Public Affairs Rep	Facebook and Instagram Advertising Ads	P	In	Scottsdale, AZ	9/23/18-9/25/18	895.00	1,639.87	118.00	2,652.87
Marketing Total									
						25.00	-	-	25.00
						25.00	-	-	25.00
						2,112.00	3,743.05	404.44	6,266.49
						25.00	-	-	25.00
						25.00	-	-	25.00



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
Various: Director of Human Resources (1), Recruiting Supervisor (1), HR Assistant (1)	KC SHRM Jan 2018 California Legislative Update	P	In	Bakersfield, CA	1/3/18	95.00	-	-	95.00
Various: Director of Human Resources (1), Corporate Training & Development Manager (1), Instructional Designer (1)	Training & collaboration for new Instructional Designer Position	P	Out	Santa Cruz, CA	1/25/18 - 1/26/18	-	759.86	309.75	1,069.61
Various: Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Benefits Manager (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM Feb 2018 Meeting	P	In	Bakersfield, CA	2/7/18	200.00	-	-	200.00
Various: HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Benefits Manager (1), Recruiting Supervisor (1), Benefits Analyst (1), Payroll Administrator (1)	KC SHRM March 2018 Meeting	P	In	Bakersfield, CA	3/7/18	175.00	-	-	175.00
100 Benefits Manager	2018 ASSE Symposium	P	In	Bakersfield, CA	3/21/18	99.00	-	-	99.00
101 Recruiting Supervisor	KC SHRM April 2018 Meeting	P	In	Bakersfield, CA	4/4/18	20.00	-	-	20.00
102 Manager	Multi Health Plans Training and Development Synergies	P	Out	Santa Barbara, CA	04/11/18 - 04/13/18	-	557.76	185.00	742.76
103 Instructional Designer	Multi Health Plans Training and Development Synergies	P	Out	Santa Barbara, CA	04/11/18 - 04/13/18	-	385.82	185.00	570.82
104 Director of Human Resources	LHPC Meeting	P	Out	San Leandro, CA	04/18/18 - 04/20/18	-	1,230.14	222.00	1,452.14
Various: HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Benefits Manager (1), Recruiting Supervisor (1), Benefits Analyst (1)	KC SHRM May 2018 Meeting	P	In	Bakersfield, CA	5/2/18	120.00	-	-	120.00
Various: Payroll Administrator (1), Payroll & HRIS Supervisor (1), Benefits Manager (1)	KC Public Agency CALPERS Business Rules Training	P	In	Tehachapt, CA	5/23/18	-	180.12	-	180.12
Various: Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM June 2018 California Legislative Mid Year Update	P	In	Bakersfield, CA	6/6/18	140.00	-	-	140.00



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (B), PROFESSIONAL DEVELOPMENT (F), OTHER (G) OR CONFERENCES (C)	In County (In), Out of County (Out) or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
Various: Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM August 2018 Meeting	P	In	Bakersfield, CA	8/1/18	140.00	-	-	140.00
Various: Director of Human Resources (1), Payroll & HRIS Supervisor (1), Benefits Manager (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1)	KC SHRM Symposium	P	In	Bakersfield, CA	10/10/18	995.00	-	-	995.00
Various: Director of Human Resources (1), HR Assistant (1), Director of Human Resources (1), Payroll & HRIS Supervisor (1), Benefits Manager (1), Recruiting Supervisor (1), Human Resource Intern (1), Benefits Analyst (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM September 2018 Meeting	P	In	Bakersfield, CA	9/5/18	200.00	-	-	200.00
Benefits Manager	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/19/18	1,550.00	432.84	305.00	2,287.84
Benefits Analyst	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/19/18	1,279.00	1,230.24	289.75	2,798.99
Director of Human Resources	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/20/18	-	435.02	289.75	724.77
Payroll & HRIS Supervisor	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/18/18	-	660.21	228.75	888.96
Recruiting Supervisor	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/19/18	-	434.24	289.75	723.99
Corporate Training & Development Manager (1), Payroll Administrator (1)	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/18/18	-	254.59	289.75	544.34
Various: Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM October 2018 Meeting	P	In	Bakersfield, CA	11/7/18	240.00	-	-	240.00
Various: Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), Benefits Manager (1), Recruiting Supervisor (1), Benefits Analyst (1), Payroll Administrator (1)	KC SHRM December 2018 Meeting	P	In	Bakersfield, CA	12/5/18	140.00	-	-	140.00
Human Resources Total						5,393.00	6,540.84	2,594.50	14,548.34
119: Chief Medical Officer	DHCS Medical Directors Meeting	R	Out	Sacramento, CA	1/16/18 - 1/17/18	-	541.50	112.00	653.50



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120 Deputy Director of Health Services Administrative Director of Health Services	2018 CAHP Seminar Series - The Opioid Epidemic	P	Out	Burbank, CA	3/20/18-3/21/18	100.00	338.26	64.00	502.26
121 Chief Medical Officer Administrative Director of Health Services	Health Care Systems & Health Plans 2018 Institute for Healthcare Improvement summit on Improving patient care	P	Out	Oakland, CA	4/17/18 - 4/18/18	-	347.02	69.20	416.02
122 Chief Medical Officer Administrative Director of Health Services	2018 ZeOmega Connections Conference	C	OS	San Diego, CA	4/25/18-4/28/18	1,344.00	1,300.68	224.00	2,868.68
123 Case Management Social Worker Supervisor	LEAP Training: Leap course + Leap training certification	P	Out	Plano, TX	5/21/18 - 5/24/18	-	753.00	-	753.00
124 Case Management Manager UM	NAHQ Annual Health Care Quality Congress	P	OS	San Mateo, CA	6/20/18-6/22/18	450.00	1,103.64	180.75	1,734.39
125 Deputy Director of Health Services Administrative Director of Health Services	NAHQ Annual Health Care Quality Congress	P	OS	Dallas, TX	10/4/18 - 10/07/18	949.00	1,194.24	181.50	2,324.74
126 Associate Medical Director Administrative Director of Health Services	NAHQ Annual Health Care Quality Congress	P	OS	Dallas, TX	10/4/18 - 10/08/18	949.00	2,096.33	181.50	3,227.03
127 Associate Medical Director Administrative Director of Health Services	DHCS Medical Directors Meeting	R	Out	Sacramento, CA	10/10/18 - 10/11/18	-	393.86	115.50	509.36
128 Chief Medical Officer	CAHP Annual Conference	C	Out	San Diego, CA	10/21/18-10/24/18	500.00	22.00	-	522.00
129 Medical Director Remote	American Association for Physician Leadership KHS Onsite Meetings for employees located in San Dimas, CA	P	OS	Scottsdale, AZ	10/24/18-10/29/18	-	2,006.93	354.00	2,360.93
130 Quality Improvement Nurse II	Master Trainers Meeting	O	In	Bakersfield, CA	10/28/18-11/2/18	-	588.25	1,56.96	745.21
131 QI Supervisor	NAHQ Annual Healthcare Quality Congress	R	Out	Sacramento, CA	1/08/18 - 1/09/18	-	656.42	96.00	752.42
132 QI Supervisor	NAHQ Annual Healthcare Quality Congress	P	OS	Dallas, TX	10/4/18-10/08/18	-	381.14	-	381.14
all						4,292.00		1,639.21	16,617.12
all							694.56	96.00	770.56



	EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
133	Cultural & Linguistic Administrative & Support Supervisor	HECLW Meeting	R	Out	Sacramento, CA	2/06/18 - 2/07/18	-	622.90	96.00	718.90
134	Director of Health Education	Annual Kern Perinatal Symposium	P	In	Bakersfield, CA	3/2/18	50.00	-	-	50.00
135	Cultural & Linguistic Administrative & Support Supervisor	CHA Conference	C	Out	Irvine, CA	3/01/18 - 3/03/18	315.00	512.00	160.00	987.00
136	Senior Member Health Educator	Proactive rental housing inspection policies & smoke free housing strategies	P	Out	Sacramento, CA	3/25/18 - 3/27/18	35.00	387.43	96.00	518.43
137	Director of Health Education	MMCD Health Education & Cultural and Linguistics Workgroup	P	Out	Sacramento, CA	5/02/18 - 5/03/18	-	463.50	112.00	575.50
138	Director of Health Education	IHA Annual Health Literacy Conference	C	Out	Irvine, CA	5/08/18 - 5/12/18	528.00	895.90	192.00	1,615.90
139	Member Health Educator	IHA Annual Health Literacy Conference	C	Out	Irvine, CA	5/09/18 - 5/11/18	329.00	513.36	128.00	970.36
140	Member Health Educator	Bringing Light to Maternity: Prenatal Mental Health Training	P	In	Bakersfield, CA	8/20/18	100.00	-	-	100.00
141	Member Health Educator Bilingual	Health Communication Workshop	P	Out	San Francisco, CA	10/08/18 - 10/12/18	999.00	1,452.62	297.00	2,748.62
142	Member Health Educator	Health Communication Workshop	P	Out	San Francisco, CA	10/08/18 - 10/12/18	999.00	1,095.04	297.00	2,391.04
143	Senior Member Health Educator	Environmental Health & Asthma Collaborative	P	Out	Oakland, CA	10/4/18 - 10/05/18	-	264.28	66.00	330.28
144	Senior Member Health Educator	DHCS Managed Care Quality & Monitoring Division	P	Out	Sacramento, CA	11/7/18 - 11/8/18	-	414.47	82.50	496.97
145	Director of Health Education	MMCD Health Education & Cultural and Linguistics Workgroup	P	Out	Sacramento, CA	11/7/18 - 11/8/18	-	124.25	99.00	223.25
all							3,355.00	6,745.75	1,625.50	11,726.25
146	Director of Pharmacy	Current trends, clinical advances, best practices and regulations	P	OS	Nashville, TN	3/15/18 - 3/20/18	843.00	1,464.85	309.75	2,617.60
147	Director of Pharmacy	DHCS Rx Directors Meeting	R	Out	Sacramento, CA	4/17/18 - 4/18/18	-	643.24	80.00	723.24
148	Director of Pharmacy	APHA, Institute of Alcoholism & Drug Dependences	P	OS	Salt Lake City, UT	5/30/18 - 6/03/18	400.00	995.54	236.00	1,631.54
149	Director of Pharmacy	MCO Pharm Directors Meeting	R	Out	Sacramento, CA	10/16/18 - 10/17/18	-	788.13	99.00	887.13
all							1,243.00	3,891.76	724.75	5,859.51
150	Administrative Director of Health Homes	WPC In-Person Conference	C	Out	Riverside, CA	9/30/18-10/1/18	-	316.74	81.50	398.24
me							-	316.74	81.50	398.24



EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATION (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
I51 Disease Management Case Manager RN	Diabetes Educator Certification Course	P	Out	San Diego, CA	9/4/18 - 9/7/18	579.00	965.15	240.00	1,784.15
I52 Disease Management Supervisor	Public Health Advocates Diabetes Prevention	P	Out	Sacramento, CA	11/04/18 - 11/06/18	80.00	638.98	148.50	867.48
I53 DM Senior Support Clerk Bilingual	Diabetes Lifestyle Coach Training	P	Out	Sacramento, CA	11/05/18 - 11/08/18	350.00	1,086.07	198.00	1,634.07
I54 DM Senior Support Clerk Bilingual	Diabetes Lifestyle Coach Training	P	Out	Sacramento, CA	11/05/18 - 11/08/18	350.00	688.91	198.00	1,236.91
EQ						1,359.00	3,379.11	784.50	5,522.61

Sub-Totals		Fare & Lodging	
Registration	Meals	Registration	Meals
49,418.04	105,380.86	19,448.65	174,247.55
Grand Total		Grand Total	

Sub-Totals by Travel Type			
Regulatory or Trade Associations	Professional Development	Conferences	Other
26,237.02	70,598.31	76,383.20	1,029.02
Total			174,247.55



To: KHS Finance Committee
From: Robert Landis, CFO
Date: April 5, 2019
Re: 2018 Annual Report for Disposed Assets

Background

Kern Health Systems Asset and Surplus Property or Equipment Disposition Policy (Attachment 2) requires an annual report (Attachment 1) to be submitted to the KHS Finance Committee.

Discussion

KHS Department Managers are to identify property or equipment that is no longer being used in operations, indicate an item as non-repairable, obsolete or surplus and are to submit a request for disposal of the item. It is the responsibility of the Corporate Services Department to dispose of equipment in a manner that maximizes returns while ensuring open and effective competition.

During 2018, a loss of \$2,315 was recorded on the disposition of equipment.

Requested Actions

Receive and file; for informational purposes only.

Attachment 1





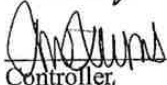
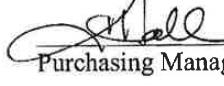
2018 Asset Dispositions

Date in Service	Category	Description	Book Value at DispositionDate	Disposition Date	Reason for Disposal
8/30/2006	MIS EQUIPMENT	LASER 48 KEYPAD	-	7/31/2018	OBSOLETE
4/18/2008	MIS EQUIPMENT	BLADE SERVER ENCLOSURE-M1000E	-	7/31/2018	OBSOLETE
4/18/2008	MIS EQUIPMENT	QUAD CORE INTEL PROSSESSOR E5440 - (4)	-	7/31/2018	OBSOLETE
5/14/2008	MIS EQUIPMENT	QUAD CORE INTEL XEON E5440 - (4)	-	7/31/2018	OBSOLETE
10/8/2009	MIS EQUIPMENT	DELL LATITUDE E6600 LAPTOP	-	7/31/2018	OBSOLETE
3/25/2010	MIS EQUIPMENT	DELL LATITUDE E6400 INTEL CORE 2 DUO LAPTOP - (2)	-	7/31/2018	OBSOLETE
4/15/2010	MIS EQUIPMENT	M610 BLADE SERVER (4)	-	7/31/2018	OBSOLETE
4/22/2010	MIS EQUIPMENT	PORT FC8 SWITCH PROJECT - (2)	-	7/31/2018	OBSOLETE
12/1/2010	MIS EQUIPMENT	FC8 SWITCH ADDITIONAL BROCADE CONNECTORS - (2)	-	7/31/2018	OBSOLETE
4/22/2010	MIS EQUIPMENT	DELL OPTIPLEX 780 DESKTOP	-	7/31/2018	OBSOLETE
4/22/2010	MIS EQUIPMENT	DELL LATITUDE E6400 INTEL CORE 2 DUO LAPTOP - (3)	-	7/31/2018	OBSOLETE
9/15/2011	MIS EQUIPMENT	DELL LATITUDE E6320 LAPTOP	-	7/31/2018	OBSOLETE
10/13/2011	MIS EQUIPMENT	DELL LATITUDE E6320 LAPTOP	-	7/31/2018	OBSOLETE
2/1/2012	MIS EQUIPMENT	DELL LATITUDE E6320 LAPTOP	-	7/31/2018	OBSOLETE
2/16/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP	-	7/31/2018	OBSOLETE
5/25/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP - (2)	-	7/31/2018	OBSOLETE
7/11/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP - (3)	-	7/31/2018	OBSOLETE
8/3/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP	-	7/31/2018	OBSOLETE
10/30/2012	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP - (2)	-	7/31/2018	OBSOLETE
5/9/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP w/DOCKING STATION - (2)	-	7/31/2018	OBSOLETE
6/5/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP w/DOCKING STATION - (3)	(70)	7/31/2018	OBSOLETE
10/15/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP	(121)	7/31/2018	OBSOLETE
12/1/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP	(170)	7/31/2018	OBSOLETE
2/28/2015	MIS EQUIPMENT	DELL OPTIPLEX 7050 MT DESKTOPS - (5)	(1,954)	7/31/2018	OBSOLETE
TOTAL GAIN (LOSS) RECOGNIZED ON DISPOSITION OF ASSETS			\$		
					(2,315)

Attachment 2

**KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES**

SUBJECT: Asset and Surplus Property or Equipment Disposition		INDEX NUMBER 80.21-I	Page 1 of 4			
RESPONSIBLE DEPARTMENT HEAD: Controller						
Review Date	01/01/12					
Effective Date	01/06/12					
Revision No.	2012-01					

Approved		Date	1/6/12
	Acting Chief Executive Officer		
Approved		Date	1-5-12
	Chief Financial Officer		
Approved		Date	1-5-12
	Controller		
Approved		Date	1-5-12
	Purchasing Manager		

POLICY¹: Asset and Surplus Property or Equipment Disposition

PURPOSE: To appropriately dispose of Kern Health Systems (KHS) owned tagged assets and surplus equipment that no longer has operational value.

DEFINITIONS:

Asset	Any tangible property owned by KHS, either with or without value, excluding real property
Disposal/Disposition	The sale, replacement, transfer, scrap, discard, recycling or other means of disposing of assets
E Waste	Electronic items to be recycled such as computers, monitors, phones
Fixed Asset	Classification of an item determined at the time of purchase to meet the capitalization requirements established by policy 80.11 Budget Guidelines
Item	Any piece of property or equipment

**KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES**

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 2 of 4
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Obsolete	Significant decline in the competitiveness, usefulness, or value of an item or property whether due to alternatives that perform better, are cheaper, or both; or due to changes in user preference or requirements. For the purposes of this policy, obsolete will mean little to no monetary value.
Salvage Value	The estimated residual value of a depreciable asset (fixed asset) at the end of its economic or useful life.
Surplus Equipment	Excess, obsolete, salvageable or non-salvageable assets which are sold, replaced through the budget process, transferred, scrapped, discarded or otherwise removed from service by any other means of disposal.
Useful Life	The number of years an asset is determined to last at the time of purchase, to which a matching depreciation period is assigned.

ASSET DISPOSITION AUTHORITY:

- 1.0 Any Department Manager may identify KHS' property or equipment that is no longer being used in operations, whether that item is non-repairable, obsolete, or surplus, and may submit a request for disposal of that item. It is the responsibility of the Corporate Services department to dispose of surplus equipment in a manner that maximizes returns while ensuring open and effective competition. Surplus equipment and property may be disposed of via: interdepartmental transfer, sale by competitive bid or direct negotiation, trade-in on new property, donation, e-waste recycling, or scrap. Proceeds from the sale or recycling of equipment shall go into the KHS General Fund.

NOTIFICATION AND VERIFICATION:

- 1.0 Notification to Accounting of intent to dispose of property
 - a) When a Department Manager has determined an item is non-repairable, obsolete or surplus, they will notify the Accounting department to obtain the necessary specification details located on either the item's existing equipment card (in the case of a fixed asset), or purchasing documentation for non-capitalized items.
 - b) Upon receipt of the information from the Accounting department, the Department Manager will complete the Intent to Dispose of Property (IDP) form and will submit the form to Corporate Services.
- 2.0 Verification of Non-Repairable, Obsolete or Surplus

Corporate Services will make a reasonable effort to classify the item into one of the following categories: Non-Repairable, Obsolete or Surplus.

 - a) Non-Repairable Equipment: equipment that is broken beyond repair
 - b) Obsolete Equipment: equipment that has no useful value to KHS, has little to no monetary value, but may have value to another organization
 - c) Surplus Equipment: equipment in working order that is no longer being used by a

**KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES**

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 3 of 4
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- 3.0 Notification to Accounting of sale, donation or recycling of property
When a fixed asset is sold, donated, or recycled, Corporate Services will notify Accounting by completing a Disposal of Fixed Asset (DFA) form. Corporate Services will attach the completed and executed IDP form to the DFA form. Accounting will review the DFA form and will record the disposition of the fixed asset on the equipment card.
- 4.0 The Controller will maintain the log of assets sold, transferred, traded, donated or scrapped.
- 5.0 On an annual basis, the CFO will present a listing of disposed assets for review by the Finance Committee.
- 6.0 In the event a potential disposal item has a book or market value in excess of \$5,000.00, then Board approval is required before disposition is authorized.

DISPOSITION METHODS:

The principal methods for disposal of surplus equipment are:

- 1.0 Interdepartmental transfer: Prior to disposal, Corporate Services will make a reasonable effort to ensure the equipment cannot be used by another department. If the item can be used by another department, Corporate Services will deliver that item to the requesting department. In the case of a fixed asset, Corporate Services will indicate the new location on the IDP form and will forward the form to Accounting so that a change in location can be recorded on the equipment card. A copy of the IDP form will also be sent to the requesting Department Manager.
- 2.0 Sale by competitive bid or direct negotiation: If obsolete or surplus equipment is in working condition and has previously been determined to have a resale value greater than \$100, Corporate Services will attempt to bundle like (or networked) items and sell the equipment via an online auction competitive bidding process or directly negotiated sale. It will be made clear to all prospective buyers that assets are sold as-is and at the buyer's risk. No warranty or after sale service will be offered. Delivery of the equipment will be at the buyer's expense.
- 3.0 Trade-in: If the surplus equipment has trade-in value toward the purchase of a new, like item, the item will be hauled away by the new equipment vendor. The trade-in value will be reflected on the invoice for the new equipment.
- 4.0 Donate or Sell:
KHS will donate surplus equipment within Kern County according to the following priority list:
 - KHS will offer computer equipment to contracted providers to promote electronic business to business interactions.
 - KHS will offer equipment to non-profit organizations and governmental agencies.
 - KHS will sell equipment to KHS employees.
- 5.0 Prior to the sale or donation of any computer equipment, KHS will ensure that the computers are scrubbed clean of all corporate information (all electronic files deleted and licensed software removed), and the operating system will be reloaded. Inventory and identification tags will be removed. KHS will donate computer equipment as is, with no guarantee toward the current or future working condition of the equipment. KHS will not provide technical assistance with set-up or operation of the equipment.
- 6.0 E-Waste: Electronic items that have monetary value less than \$50, which cannot be sold or donated, will be recycled using an approved e-waste vendor selected by Corporate Services.

**KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES**

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 4 of 4
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- Corporate Services will complete a DFA form and will submit to Accounting.
- 7.0 Scrap: If the surplus equipment is broken and is not e-waste, Corporate Services will make a reasonable effort to determine the cost of repairs, the extended life of the repairs, and compare the repaired value against the cost of a replacement item. If the cost to repair the item is greater than replacement or if the item cannot be repaired due to the non-availability of parts, the item will be marked as scrap. Scrap equipment will be physically disposed of following current city and county dump site requirements.

Attachments:

- ❖ Attachment A – Intent to Dispose of KHS Property
- ❖ Attachment B – Disposal of Fixed Asset(s)

¹ **Revision 2012-01:** Developed by KHS' Chief Financial Officer to appropriately dispose of KHS owned assets and surplus equipment that no longer have an operational value.

Attachment A

 <p>KERN HEALTH SYSTEMS 9700 Stockdale Hwy Bakersfield, CA 93311 661-664-5000</p>	<p>Intent to Dispose of Property, Plant & Equipment</p>
--	--

Department:	
Contact Person:	Phone:

QTY	Serial number	Description	KHS Tag #

Status of Item

Non-Repairable

Obsolete

Surplus

Comments:

Verification of Item Status: _____

New Location of Surplus Equipment: _____

Cc: Accounting, Corporate Service, Department Manager

 <p>KERN HEALTH SYSTEMS 9700 Stockdale Hwy Bakersfield, CA 93311 661-664-5000</p>	<h2 style="margin: 0;">Disposal of Fixed Asset</h2>
--	---

Department: _____	
Contact Person: _____	Phone: _____

QTY	Serial number	Description	KHS Tag #

Disposition Notes: (method and details of disposal: donate, trade-in, sell, E-waste, scrap)

CHAIN OF CUSTODY

MIS (computer equip only): _____ **Date:** _____ **Time:** _____

Relinquished: _____ **Date:** _____ **Time:** _____

Received: _____ **Date:** _____ **Time:** _____

cc: Accounting, Relinquishing Department and Corporate Services (Original stays with accounting)



To: KHS Finance Committee
From: Alan Avery, Chief Operating Officer
Date: April 5, 2019
Re: Renewal HealthX Agreement

Background

In December 2015, Kern Health Systems (“KHS”) issued a Request for Proposal (“RFP”) to identify vendors to replace the existing provider portal vendor (Patriot) that was no longer supported and implement a new Member Portal. KHS selected HealthX as the provider for these services and entered a three year agreement in May of 2016. KHS has been very satisfied with the services provided by HealthX.

Overview

During the past three years, HealthX has partnered with KHS to provide exceptional member and provider access. Provider acceptance and use of the KHS portal has increased to the point where currently 88% of professional prior authorization requests and 69% of all inpatient admissions are submitted via the portal. Providers also have availability to confirm member eligibility, patient gaps in care, check claim and authorization status along with geo mapping for the provider network. KHS medical management and provider relations staff are working with providers to increase this on-line submission percentage. Member adoption and use of the member portal is also on the increase. Currently 9615 members have registered and used the member portal. The top five reasons members call into Member Services could be resolved using the member portal along with access to gaps in care along with geo mapping for the provider network.

Financial Impact

Currently monthly expense for both portals = \$39,200. HealthX has agreed to maintain existing rate and forgo any increase during the next 36 months. The previous three year agreement also did not have a built in fee increase mechanism. Contract not to exceed \$1,411,200 for the three years.

Requested Action

Approve; refer to KHS Board of Directors.



HealthX Renewal
Provider and Member Portal
April 2019
Alan Avery, COO

Background

- December 2015 KHS conducted RFP process to identify portal vendors to replace existing provider portal vendor (Patriot) that was no longer supported and implement new Member Portal.
- Selected HealthX and executed 3 year agreement 5/2016.
- KHS has been very satisfied with HealthX's performance.

KHS Provider & Member Portal Services

Member Portal	Provider Portal
Digital self-service tools available to members 24/7 to do the following:	Eligibility Confirmation-prior to scheduling or at the time of the visit.
-Change PCP	Submit Prior Authorizations electronically
-Check eligibility/demographic updates	Check claims payment status
-Request new ID card/print temporary	Access provider network including geo mapping tool.
-Access authorizations and Rx TARs	Self service tools-authorization look up, demographic updates, etc.
-Locate providers using geo mapping	Pay for Performance updates
Access to gaps in care	Access to members gaps in care

Summary

- HealthX has been a great partner in assisting KHS expand the use of our Provider and Member Portal
 - 88% of professional prior authorizations requests and 69% of inpatient admissions are submitted via the Provider Portal. KHS medical management and provider relations staff are working with providers to increase on-line submission of authorization requests.
 - 4.4% (10,914) of KHS members have registered on Member Portal. KHS continues to encourage members to sign up and use the Member Portal. Top five reasons members call Member Services could be addressed by Member using self help tools. Member portal is required to meet NCQA Standards
- HealthX Current Monthly Expense for both portals-\$39,200

Recommendation

- KHS Management recommends to the Board to renew our current agreement with HealthX and sign a three (3) year extension at the same monthly rate
- Request the KHS Board of Directors authorize the CEO to approve three year contract renewal with HealthX in the amount not to exceed \$1,411,200 for three years for portal services

Questions

For additional information, please contact:

Alan Avery
Chief Operating Officer
661-664-5000

Proposed Administrative Contract over \$100,000, April 11, 2019

1. Operational Agreement with HealthX.

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Alan Avery; Chief Operating Officer.

c. Background

In December 2016, KHS underwent the RFP process to identify Provider and Member Portal systems. KHS leveraged a third party vendor to assist in the portal selection process to ensure that the system is operationally and technically compatible with KHS. HealthX was selected as the vendor for these services.

d. Discussion

The portal is heavily used by the contracted provider network for various transaction such as (not limited to): Member Eligibility; Claims Status; Authorization Status; P4P; Medical Referrals; Health Education Referrals; Provider Bulletins; and Formulary Reference. Many of these transactions are critical for the provider operations, and the provider portal is now an essential communication tool used by KHS. As part of the strategic planning, KHS identified that provider and member communication are necessary for a solid relationship between all three entities (Plan, Member, Provider). KHS management is recommending the continuation of the current agreement with HealthX for its Provider and Member portal.

e. Fiscal Impact

Not to exceed \$1,411,200.00 per three years.

f. Risk Assessment

If KHS does not have a member portal it will not meet a regulatory requirement to manage the Dual Eligible population.

g. Attachments

An Agreement at a Glance form is attached.

h. Reviewed by Chief Compliance Officer and/or Legal Counsel

This contract is pending Legal Counsel approval.



KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

- Contract
- Purchase

Department Name: Executive Department Head: Alan Avery

Contract Vendor: HealthX

Vendor contact Name & e-mail: John Mayall jmayall@healthx.com

What services will this vendor provide to KHS? HealthX will provide a hosted software solution for a Provider and Member Portal to include recurring support and maintenance.

Description of Contract

Type of Agreement: Software

Background: In December 2016, KHS underwent an RFP process to identify Provider and Member Portal systems. KHS leveraged a third party vendor to assist in the portal selection process to ensure that the system is operationally and technically compatible with KHS. KHS selected HealthX as the provider for these services.

Establish a new agreement

Previous Agreement No. _____ or Amendment No. _____

Amendment

Date Agreement Began _____

Continuation of an Existing Contract

Brief Explanation This contract is for the continuation of services with HealthX for a hosted member and provider portal software solution. The contract includes monthly support and maintenance.

Replacement

Addendum

Retroactive Agreement

Reason for delay in approval: _____

Retroactive Date _____

Summary of Quotes and/or Bids attached. *Pursuant to KHS Policy #8.11-1, KHS will secure competitive quotes and bids to obtain the maximum value from the expenditures. Electronic (e-mail/fax) solicitation may be used for purchases of up to Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00) but must be documented on the RFQ form (Attachment A). Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Fifty Thousand Dollars (\$50,000). Lowest bid price not accepted must be fully explained and justified in writing. All bids will be treated as a not to exceed amount with "change orders" used to track any changes.)*

Brief vendor selection justification: _____

Sole source – no competitive process can be performed.

Brief reason for sole source: KHS currently has a contract with HealthX for these services.

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2019 Administrative Budget NO YES

Budgeted Cost Center 225 GL# 1663

Will this require additional funds? NO YES

Maximum cost of this agreement not to exceed: \$1,411,200.00 per three years

Notes: Annual cost \$470,400.00.

Contract Terms and Conditions

Effective date: 5/12/19 Termination date: 5/12/22

Explain extension provisions, termination conditions and required notice: _____

Approvals

Contract Owner:

Department Head

Date

Purchasing:

[Signature]
Director of Procurement and Facilities

3/19/19
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer

3/19/19
Date

Recommended by the Executive Committee:

[Signature]
Chief Operating Officer

3/19/19
Date

Compliance Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

[Signature]
Chief Executive Officer

3/22/19
Date

Board of Directors approval is required on all contracts over \$50,000 if not budgeted and \$100,000 if budgeted.

KHS Board Chairman

Date

Form updated 11/17/15



To: KHS Finance Committee

From: Alan Avery, Chief Operating Officer

Date: April 5, 2019

Re: Optum APR-DRG Pricing Tool

Background

In July 2013, the California Legislature directed the Department of Health Care Services (DHCS) to change the reimbursement methodology for hospital inpatient services to use the National All Patient Refined Diagnosis Related Group (“APR-DRG”) codes. As a result, KHS was required to reimburse non-contracted hospitals using the APR-DRG mechanism. In addition, KHS also currently contracts with some participating facilities for services that are reimbursed with the APR-DRG payment methodology.

Discussion

To accommodate the State’s mandate and KHS requirements, KHS implemented pricing tools that are compatible with our claims processing systems. KHS previously purchased an external system marketed by 3M, to process the DRG claims. In 2015, as part of the Core QNXT System transition, a new product became available that dynamically priced DRG claims. KHS retired the 3M license, migrated to Micro-Dyn APR-DRG pricing software, and is now proposing a migration to the Optum solution that will provide APR-DRG real time automated processing, as well as an expanded platform to accommodate the modeling capability for provider contracts, at a cost savings.

Due to the growing volume of APR-DRG claims, we have reached the point to change vendors as the pricing model between Micro-Dyn and Optum has both a functionality improvement and cost saving opportunity. Micro-Dyn only offers a per claim rate and Optum is based on a PMPM rate. Optum integrates real time into the QNXT software thus increasing auto adjudication. Micro-Dyn does not. Management recommends purchasing the Optum APR-DRG tool to benefit from increased auto adjudication and cost savings.

Financial Impact

Not to exceed \$1,923,007 over the period of five years in operating and capital expenses.

Requested Action

Approve; Refer to the KHS Board of Directors.



APR-DRG Pricing Tool Renewal
Product Comparison
April 2019
Presented by Alan Avery, COO

Agenda

- Software Tool Purpose
- Why Product is Necessary
- Review Process
- Selection Criteria
- Vendor Recommendation
- Board Request

Software Product Purpose

- **Provider Contract Modeling Tool**
 - Current QNXT system does not support APR-DRG out of the box
 - Allows staff to model various contract reimbursement models (Per Diem, DRG, Case Rate) as part of the negotiation process.
 - Provides financial impact report for contract models
 - Increases QNXT configuration flexibility
 - Reduces end-to-end setup time for new or amended provider contracts
 - Reduces the amount of time spent on manual testing
- **Provider Contract Pricing Tool**
 - Real Time integration with core claims processing system QNXT and NetworX
 - Increases auto adjudicated claims
 - Increases auto pricing of claims
 - Reduce annual APR-DRG maintenance
 - Provides flexibility to provider contract reimbursement types

Why Product is Necessary

- Regulatory Requirement-KHS is required to develop APR-DRG facility payment capability to pay non-contracted providers. QNXT is not designed to administer APR-DRG payment methodologies or outlier pricing. KHS currently uses Mico-Dyn to price claims on an individual basis outside QNXT system
- KHS Corporate Goal and Objective: Create a strategy to implement Alternative Payment Methodology contracts including evaluating and implementing DRG payment options.
- KHS requires financial impact analysis on all new and amended provider contracts.
- Increase QNXT efficiency. Optum's APR DRG allows for automatic maintenance and pricing of APR-DRG facility contracts and claims.
- Due to the increase of claims volume specific to APR-DRG pricing methodology, the pricing method of per claim fee is not viable long term.

Workgroup Review Process

- Budgeted for a system in 2019 budget
- Organized Cross functional workgroup
- Defined internal requirements
- Reviewed commercial market solutions and peer health plans
- Documented System Benefits
- Defined Scope and Timeline
- Completed Cost Analysis
- Recommendation

System Requirements

- Real time Integration with QNXT and NetworX systems
- Expand provider contract configuration options for APR-DRG contracts along with reducing overall configuration time
- Support financial modeling and financial impact of provider APR-DRG agreements
- Increase claims auto adjudication and auto pricing
- Pricing model is conducive for long term goals

System Functionality Evaluation

Function	Vendor 1	Vendor 2
Administer DRG Fee Schedule.	5	4
Real time integration into QNXT	5	0
Contract Setup process	5	3
Contract modeling	5	0
Improve Auto Adjudication	5	2
Maintenance	5	2
Price	5	3
Total	35	14

5 Year Cost Analysis

Vendor Comparison	Vendor 1	Vendor 2
Software	\$1,923,007	\$1,801,244
Services	0	\$270,000
Maintenance	0	\$75,000
Pricing Model	PMPM	Per Claim
5Year Total Cost Ownership	\$1,923,007	\$2,146,244

Note: Vendor 2 (Mico-Dyn) is the current solution, however due to the increase of claims volume specific to APR-DRG pricing methodology, the pricing method of per claim is not viable long term.

Board Request

- Authorize the CEO to approve the budgeted contracts associated to the Optum APR-DRG tool in the amount not to exceed **\$1,923,007** in operating and capital expenses associated to implementation of the APR-DRG tool over five (5) years.

Questions

Please contact:

Alan Avery

661-664-5005

Alan.Avery@khs-net.com

Proposed administrative contract over \$100,000, April 11, 2019

1. Operational Agreement Optum, Inc.

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Alan Avery; Chief Operating Officer

c. Background

The California Legislature directed the Department of Health Care Services (DHCS) to change the reimbursement methodology for hospital inpatient services in July 2013. KHS is required to reimburse non-contracted hospitals with payment using the National All Patient Refined Diagnosis Related Group (APR-DRG) codes. In addition, KHS also contracts with participating facilities for services that are reimbursed with the APR-DRG payment methodology.

d. Discussion

To accommodate the State's mandate and KHS requirements, KHS leverages pricing tools that have integration with QNXT to meet the needs. KHS previously purchased an external system 3M, to process the DRG claims. In 2015, as part of the Core System transition, an integrated product became available that dynamically processed DRG claims. KHS retired the 3M license, migrated to Micro-Dyn APR-DRG payment software, and are now proposing a migration to the Optum solution that will provide the like DRG product, as well as an expanded platform to accommodate the modeling capability for provider contracts, at a cost savings.

Due to the volume of APR-DRG claims, we have reached the need to shift in vendors as the pricing model between MicroDyn and Optum has a cost savings. MicroDyn offers a per claim rate and Optum offers a PMPM rate. Due to the volume of APR-DRG claims, we have reached the need to.

e. Fiscal Impact

Not to exceed \$1,923,007 per five years.

f. Risk Assessment

To accommodate the State's APL mandate and KHS contracting requirements, KHS implemented pricing tools that are compatible with our claims processing systems. If KHS does not purchase the Optum APR-DRG, KHS will have to manually price over 250,000 claims annually which would equate to 10 claims examiners.

g. Attachments

An Agreement at a Glance form and bid matrix are attached.

h. Reviewed by Chief Compliance Officer and/or Legal Counsel

This contract is pending Legal review.



KERN HEALTH SYSTEMS

- Contract
- Purchase

AGREEMENT AT A GLANCE

Department Name: IT Department Head: Richard M. Pruitt

Contract Vendor: Optum, Inc

Vendor contact Name & e-mail: Charles D. Hart cdhart@optum.com

What services will this vendor provide to KHS? Optum, Inc., will provide KHS with an APR-DRG grouper software solution to process claims payment (DRG hospital claims) and configure Provider Relation contracts for a three year term.

Description of Contract

Type of Agreement: Software

Background: In July 2013, the California Legislature directed the Department of Health Care Services (DHCS) to change the reimbursement methodology for hospital inpatient services. KHS is required to reimburse non-contracted hospitals with payment using the National All Patient Refined Diagnosis Related Group (APR-DRG) codes. To accommodate the State's mandate, KHS previously purchased an external system 3M, to process the DRG claims. In 2015, as part of the Core System transition, an integrated product became available that dynamically processed DRG claims. KHS retired the 3M license, migrated to Micro-Dyn APR-DRG payment software, and are now proposing a migration to the Optum solution that will provide the like DRG product, as well as an expanded platform to accommodate the PR contracts, at a significant cost savings.

- Establish a new agreement
 - Amendment
 - Continuation of an Existing Contract
 - Replacement
 - Addendum
 - Retroactive Agreement
- Previous Agreement No. _____ or Amendment No. _____
- Date Agreement Began _____
- Brief Explanation: Optum, Inc., will provide KHS with an APR-DRG grouper software solution to process claims payment (DRG hospital claims) and configure Provider Relation contracts.
- Reason for delay in approval: _____
- Retroactive Date _____

Summary of Quotes and/or Bids attached. Pursuant to KHS Policy #8.11-I, KHS will secure competitive quotes and bids to obtain the maximum value from the expenditures. Electronic (e-mail/fax) solicitation may be used for purchases of up to Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00) but must be documented on the RFQ form (Attachment A). Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Fifty Thousand Dollars (\$50,000). Lowest bid price not accepted must be fully explained and justified in writing. All bids will be treated as a not to exceed amount with "change orders" used to track any changes.)

Brief vendor selection justification: There are only two vendors who provide this services.

Sole source – no competitive process can be performed.

Brief reason for sole source: _____

Form updated 11/28/16

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2019 Administrative Budget NO YES

Budgeted Cost Center 225 GL# 1663

Will this require additional funds? NO YES

Maximum cost of this agreement not to exceed: \$1,923,007.00 per five years

Notes: Optum is a PMPM Pricing Model. Model is based of 255,000 members.

Contract Terms and Conditions

Effective date: 4/15/2019

Termination date: 4/15/2024

Explain extension provisions, termination conditions and required notice: _____

Approvals

Contract Owner:

[Signature]
Department Head

3/19/19
Date

Purchasing:

[Signature]
Director of Procurement and Facilities

3/19/19
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer or Controller

3/27/19
Date

Recommended by the Executive Committee:

[Signature]
Chief Operating Officer

3/27/19
Date

Compliance Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

[Signature]
Chief Executive Officer

3/27/19
Date

Board of Directors approval is required on all contracts over \$50,000 if not budgeted and \$100,000 if budgeted.

KHS Board Chairman

Date

Form updated 11/28/16



To: KHS Finance Committee
From: Robert Landis, CFO
Date: April 5, 2019
Re: December 2018 Financial Results

The December results reflect a \$5,476,031 Net Increase in Net Position which is a \$5,707,179 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$16.0 million favorable variance primarily due to:
 - A) \$8.7 million favorable variance relating to Family and Other primarily due to higher than expected BHT Revenue (\$.3 million) and accounting for unbudgeted 18/19 Proposition 56 revenue on at risk basis (\$8.4 million) and offset against amounts included in item 2C below.
 - B) \$4.2 million favorable variance relating to Expansion primarily due to a higher than expected budgeted rate increase from the State (\$1.4 million), lower than expected enrollment (\$.1 million), lower than expected HEP-C revenue (\$.3 million) and accounting for unbudgeted 18/19 Proposition 56 revenue on at risk basis (\$3.3 million) and offset against amounts included in item 2C below.
 - C) \$2.2 million favorable variance relating to SPD primarily due to a higher than expected budgeted rate increase from the State (\$.3 million) and higher than expected enrollment (\$.5 million), lower than expected HEP-C revenue (\$.2 million), higher than expected BHT Revenue (\$.3 million) and accounting for unbudgeted 18/19 Proposition 56 revenue on at risk basis (\$1.2 million) and offset against amounts included in item 2C below.
 - D) \$.7 million favorable variance relating to Other Income (Expense) primarily due to marking the investment portfolio to market.
- 2) Total Medical Costs reflect a \$10.1 million unfavorable variance primarily due to:
 - A) 1.4 million favorable variance in Physician Services primarily due to lower than expected utilization over the last several months of Referral Specialty Services.
 - B) \$10.7 million favorable variance in Inpatient primarily due to better than expected utilization over the last several months and partially offset against amounts included item 2D below.

- C) \$12.6 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted 18/19 Proposition 56 expenses on at-risk-basis offset against revenue included under items 1A-1C above.

- D) \$10.5 million unfavorable variance in Expansion Risk Corridor primarily due to a recent requirement by CMS instructing DHCS to reinstitute the Expansion Risk Corridor which limits the Expansion Medical Loss Ratio to a range of 85- 95 percent for the periods January 2018 – June 2018 and July 2018 –December 2018.

The December Medical Loss Ratio is 86.4% which is favorable to the 93.6% budgeted amount. The December Administrative Expense Ratio is 5.1% which is favorable to the 6.2% budgeted amount.

The results for the 12 months ended December 31, 2018 reflects a Net Increase in Net Position of \$11,089,149. This is a \$14,900,105 favorable variance to budget and includes approximately \$.3 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 93.1% which is favorable to the 94.0% budgeted amount. The year-to-date Administrative Expense Ratio is 5.1% which is favorable to the 6.0% budgeted amount.

**Kern Health Systems
Financial Packet
December 2018**

KHS – Medi-Cal Line of Business

Comparative Statement of Net Position	Page 1
Statement of Revenue, Expenses, and Changes in Net Position	Page 2
Statement of Revenue, Expenses, and Changes in Net Position - PMPM	Page 3
Statement of Revenue, Expenses, and Changes in Net Position by Month	Page 4
Statement of Revenue, Expenses, and Changes in Net Position by Month - PMPM	Page 5
Schedule of Revenues	Page 6
Schedule of Medical Costs	Page 7
Schedule of Medical Costs - PMPM	Page 8
Schedule of Medical Costs by Month	Page 9
Schedule of Medical Costs by Month – PMPM	Page 10
Schedule of Administrative Expenses by Department	Page 11
Schedule of Administrative Expenses by Department by Month	Page 12

KHS Group Health Plan – Healthy Families Line of Business

Comparative Statement of Net Position	Page 13
Statement of Revenue, Expenses, and Changes in Net Position	Page 14

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF DECEMBER 31, 2018			
ASSETS	DECEMBER 2018	NOVEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 90,795,197	\$ 94,533,988	\$ (3,738,791)
Short-Term Investments	140,111,838	115,415,478	24,696,360
Premiums Receivable - Net	93,261,229	78,291,249	14,969,980
Interest Receivable	362,171	485,888	(123,717)
Other Receivables	1,161,371	1,229,575	(68,204)
Prepaid Expenses & Other Current Assets	1,691,861	1,185,381	506,480
Total Current Assets	\$ 327,383,667	\$ 291,141,559	\$ 36,242,108
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPRES:			
Land	4,876,562	4,876,562	-
Furniture and Equipment - Net	10,092,280	6,352,110	3,740,170
Automobiles - Net	35,510	13,490	22,020
Building and Building Improvements - Net	6,323,699	6,351,554	(27,855)
Building Project in Progress	20,062,918	15,718,049	4,344,869
Capital Projects in Progress	14,546,259	15,275,657	(729,398)
Total Capital Assets	\$ 55,937,228	\$ 48,587,422	\$ 7,349,806
LONG TERM ASSETS:			
Officer Life Insurance Receivables	704,750	684,615	20,135
Total Long Term Assets	\$ 704,750	\$ 684,615	\$ 20,135
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,657,573	\$ 2,890,063	\$ (232,490)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 386,983,218	\$ 343,603,659	\$ 43,379,559
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 34,243	\$ 42,848	(8,605)
Accrued Salaries and Employee Benefits	2,071,250	2,589,744	(518,494)
Accrued Other Operating Expenses	6,671,711	1,077,675	5,594,036
Accrued Taxes and Licenses	24,211,743	16,124,056	8,087,687
Claims Payable (Reported)	30,632,670	15,686,962	14,945,708
IBNR - Inpatient Claims	24,839,132	37,424,803	(12,585,671)
IBNR - Physician Claims	15,602,713	14,362,801	1,239,912
IBNR - Accrued Other Medical	19,428,278	22,310,643	(2,882,365)
Risk Pool and Withholds Payable	1,876,553	2,304,111	(427,558)
Statutory Allowance for Claims Processing Expense	2,326,151	2,324,857	1,294
Other Liabilities	51,428,037	27,120,975	24,307,062
Total Current Liabilities	\$ 179,122,481	\$ 141,369,475	\$ 37,753,006
NONCURRENT LIABILITIES:			
Net Pension Liability	5,865,463	5,808,296	57,167
TOTAL NONCURRENT LIABILITIES	\$ 5,865,463	\$ 5,808,296	\$ 57,167
DEFERRED INFLOWS OF RESOURCES	\$ 364,304	\$ 270,949	\$ 93,355
NET POSITION:			
Net Position - Beg. of Year	190,541,821	190,541,821	-
Increase (Decrease) in Net Position - Current Year	11,089,149	5,613,118	5,476,031
Total Net Position	\$ 201,630,970	\$ 196,154,939	\$ 5,476,031
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 386,983,218	\$ 343,603,659	\$ 43,379,559

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2018			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
			ENROLLMENT					
164,742	167,700	(2,958)	Family Members	1,991,546	1,986,000	5,546		
59,229	59,200	29	Expansion Members	710,214	700,500	9,714		
14,439	14,050	389	SPD Members	174,039	168,600	5,439		
6,273	5,300	973	Other Members	72,630	61,950	10,680		
8,286	8,075	211	Kaiser Members	99,006	95,250	3,756		
252,969	254,325	(1,356)	Total Members - MCAL	3,047,435	3,012,300	35,135		
			REVENUES					
30,919,748	22,173,983	8,745,765	Title XIX - Medicaid - Family and Other	275,296,166	258,421,624	16,874,542		
24,465,934	20,235,081	4,230,853	Title XIX - Medicaid - Expansion Members	258,357,216	242,855,283	15,501,933		
13,341,766	11,164,810	2,176,956	Title XIX - Medicaid - SPD Members	139,440,175	132,128,258	7,311,918		
7,658,846	7,749,782	(90,936)	Premium - MCO Tax	94,833,087	91,803,048	3,030,039		
369,891	274,993	94,898	Interest/Dividends	4,497,477	3,257,536	1,239,941		
267,973	115,738	152,236	Reinsurance Recoveries	267,973	1,371,014	(1,103,041)		
59,980	-	59,980	COB/Subrogation Collections	17,609,378	-	17,609,378		
(5,850)	-	(5,850)	Rate/Income Adjustments	23,711,840	-	23,711,840		
669,097	-	669,097	Other Income (Expense)	482,033	-	482,033		
77,747,385	61,714,385	16,033,000	TOTAL REVENUES	814,495,346	729,836,763	84,658,584		
			EXPENSES					
			Medical Costs:					
11,452,439	12,893,177	1,440,738	Physician Services	159,962,318	152,909,145	(7,053,173)		
3,375,679	2,840,146	(535,533)	Other Professional Services	38,515,491	33,775,238	(4,740,253)		
3,601,196	4,203,001	601,805	Emergency Room	54,180,170	49,826,017	(4,354,153)		
2,692,667	13,442,497	10,749,830	Inpatient	149,867,260	159,636,382	9,769,122		
115,395	115,738	343	Reinsurance Expense	1,384,297	1,371,014	(13,284)		
4,278,893	4,860,709	581,816	Outpatient Hospital	66,206,473	57,713,291	(8,493,182)		
15,028,871	2,429,263	(12,599,608)	Other Medical	52,753,966	28,917,968	(23,835,997)		
8,615,541	9,219,476	603,935	Pharmacy	107,996,051	109,560,958	1,564,907		
444,467	492,500	48,033	Pay for Performance Quality Incentive	5,851,959	5,834,100	(17,859)		
10,500,000	-	(10,500,000)	Expansion Risk Corridor	10,500,000	-	(10,500,000)		
-	-	-	Non-Claims Expense Adjustment	20,638,587	-	(20,638,587)		
457,351	-	(457,351)	IBNR, Incentive, Paid Claims Adjustment	2,340,531	-	(2,340,531)		
60,562,499	50,496,506	(10,065,993)	Total Medical Costs	670,197,102	599,544,113	(70,652,989)		
17,184,886	11,217,879	5,967,007	GROSS MARGIN	144,298,244	130,292,649	14,005,594		
			Administrative:					
1,990,200	1,976,098	(14,103)	Compensation	23,706,443	23,808,542	102,099		
628,945	610,202	(18,743)	Purchased Services	7,004,509	7,362,133	357,624		
104,230	101,348	(2,882)	Supplies	691,654	1,215,512	523,858		
131,127	376,184	245,057	Depreciation	1,530,725	2,316,563	785,838		
303,506	302,079	(1,427)	Other Administrative Expenses	3,308,810	3,597,806	288,996		
383,013	-	(383,013)	Administrative Expense Adjustment	383,013	-	(383,013)		
3,541,021	3,365,911	(175,110)	Total Administrative Expenses	36,625,154	38,300,557	1,675,403		
64,103,520	53,862,418	(10,241,102)	TOTAL EXPENSES	706,822,256	637,844,670	(68,977,586)		
13,643,865	7,851,968	5,791,897	OPERATING INCOME (LOSS) BEFORE TAX	107,673,090	91,992,092	15,680,998		
8,087,687	7,749,782	(337,905)	MCO TAX	94,216,985	91,803,048	(2,413,937)		
5,556,178	102,186	5,453,992	OPERATING INCOME (LOSS) NET OF TAX	13,456,105	189,044	13,267,061		
			NONOPERATING REVENUE (EXPENSES)					
-	-	-	Reserve Fund Projects/Community Grants	-	-	-		
(80,147)	(333,334)	253,187	Health Home	(2,366,956)	(4,000,000)	1,633,044		
(80,147)	(333,334)	253,187	TOTAL NONOPERATING REVENUES (EXPENSES)	(2,366,956)	(4,000,000)	1,633,044		
5,476,031	(231,148)	5,707,179	NET INCREASE (DECREASE) IN NET POSITION	11,089,149	(3,810,956)	14,900,105		
86.4%	93.6%	7.2%	MEDICAL LOSS RATIO	93.1%	94.0%	0.8%		
5.1%	6.2%	1.2%	ADMINISTRATIVE EXPENSE RATIO	5.1%	6.0%	0.9%		

KHS3/27/2019
Management Use Only

Page 2

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED DECEMBER 31, 2018	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
164,742	167,700	(2,958)	Family Members	1,991,546	1,986,000	5,546
59,229	59,200	29	Expansion Members	710,214	700,500	9,714
14,439	14,050	389	SPD Members	174,039	168,600	5,439
6,273	5,300	973	Other Members	72,630	61,950	10,680
8,286	8,075	211	Kaiser Members	99,006	95,250	3,756
252,969	254,325	(1,356)	Total Members - MCAL	3,047,435	3,012,300	35,135
REVENUES						
180.80	128.17	52.63	Title XIX - Medicaid - Family and Other	133.37	126.19	7.18
413.07	341.81	71.26	Title XIX - Medicaid - Expansion Members	363.77	346.69	17.09
924.01	794.65	129.36	Title XIX - Medicaid - SPD Members	801.20	783.68	17.52
31.30	31.47	(0.17)	Premium - MCO Tax	32.16	31.47	0.69
1.51	1.12	0.39	Interest /Dividends	1.53	1.12	0.41
1.10	0.47	0.63	Reinsurance Recoveries	0.09	0.47	(0.38)
0.25	0.00	0.25	COB/Subrogation Collections	5.97	0.00	5.97
(0.02)	0.00	(0.02)	Rate/Income Adjustments	8.04	0.00	8.04
2.73	0.00	2.73	Other Income (Expense)	0.16	0.00	0.16
317.75	250.62	67.13	TOTAL REVENUES	276.25	250.20	26.05
EXPENSES						
Medical Costs:						
46.81	52.36	5.55	Physician Services	54.25	52.42	(1.83)
13.80	11.53	(2.26)	Other Professional Services	13.06	11.58	(1.48)
14.72	17.07	2.35	Emergency Room	18.38	17.08	(1.29)
11.00	54.59	43.58	Inpatient	50.83	54.73	3.90
0.47	0.47	(0.00)	Reinsurance Expense	0.47	0.47	0.00
17.49	19.74	2.25	Outpatient Hospital	22.45	19.78	(2.67)
61.42	9.87	(51.56)	Other Medical	17.89	9.91	(7.98)
35.21	37.44	2.23	Pharmacy	36.63	37.56	0.93
1.82	2.00	0.18	Pay for Performance Quality Incentive	1.98	2.00	0.02
42.91	0.00	(42.91)	Expansion Risk Corridor	3.56	0.00	(3.56)
0.00	0.00	0.00	Non-Claims Expense Adjustment	7.00	0.00	(7.00)
1.87	0.00	(1.87)	IBNR, Incentive, Paid Claims Adjustment	0.79	0.00	(0.79)
247.51	205.06	(42.45)	Total Medical Costs	227.31	205.53	(21.78)
70.23	45.55	24.68	GROSS MARGIN	48.94	44.67	4.27
Administrative:						
8.13	8.02	(0.11)	Compensation	8.04	8.16	0.12
2.57	2.48	(0.09)	Purchased Services	2.38	2.52	0.15
0.43	0.41	(0.01)	Supplies	0.23	0.42	0.18
0.54	1.53	0.99	Depreciation	0.52	0.79	0.27
1.24	1.23	(0.01)	Other Administrative Expenses	1.12	1.23	0.11
1.57	0.00	(1.57)	Administrative Expense Adjustment	0.13	0.00	(0.13)
14.47	13.67	(0.80)	Total Administrative Expenses	12.42	13.13	0.71
261.99	218.73	(43.26)	TOTAL EXPENSES	239.73	218.66	(21.07)
55.76	31.89	23.88	OPERATING INCOME (LOSS) BEFORE TAX	36.52	31.54	4.98
33.05	31.47	(1.58)	MCO TAX	31.95	31.47	(0.48)
22.71	0.41	22.29	OPERATING INCOME (LOSS) NET OF TAX	4.56	0.06	4.50
NONOPERATING REVENUE (EXPENSES)						
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00
0.32	(1.35)	(1.67)	Health Home	0.78	(16.24)	(17.02)
0.32	(1.35)	(1.67)	TOTAL NONOPERATING REVENUES (EXPENSES)	0.78	(16.24)	(17.02)
22.38	(0.94)	23.32	NET INCREASE (DECREASE) IN NET POSITION	3.76	(1.31)	5.07
86.4%	93.6%	7.2%	MEDICAL LOSS RATIO	93.1%	94.0%	0.8%
5.1%	6.2%	1.2%	ADMINISTRATIVE EXPENSE RATIO	5.1%	6.0%	0.9%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2018	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	13 MONTH TOTAL
ENROLLMENT	241,567	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	3,189,996
Members - MCAL	123.23	116.91	118.93	123.47	121.12	133.71	126.38	131.77	143.39	133.25	134.04	136.65	180.80	132.60
Title XIX - Medicaid - Family and Other	349.73	354.64	347.78	351.14	348.64	370.03	353.55	362.19	373.39	366.14	365.20	361.19	413.07	362.72
Title XIX - Medicaid - SPD Members	769.40	730.41	735.40	755.17	765.50	760.84	759.68	814.12	848.74	829.82	838.04	850.42	924.01	798.78
Premium - MCO Tax	31.67	31.95	31.33	31.91	31.90	31.91	31.61	32.63	32.75	32.75	32.98	32.94	31.30	32.13
Interest/Dividends	1.32	2.02	1.28	1.35	2.07	1.59	1.99	1.20	1.32	1.33	1.35	1.29	1.51	1.51
Reinsurance Recoveries	0.90	0.00	0.00	0.00	0.00	0.00	0.56	0.00	0.00	0.00	0.00	0.00	0.00	0.15
COB/Subrogation Collections	10.18	0.00	0.00	41.83	14.22	5.09	4.16	1.88	1.69	0.80	1.33	0.45	0.25	6.29
Rate/Income Adjustments	0.22	6.25	1.31	4.47	1.86	87.13	(6.79)	(0.46)	0.52	0.02	0.02	1.03	(0.02)	7.45
Other Income (Expense)	(2.93)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	0.24	0.24	0.06	0.55	0.58	0.18	2.75	(0.07)
TOTAL REVENUES	256.87	250.32	243.21	292.85	261.99	354.32	251.76	263.37	276.88	265.35	267.99	268.64	317.75	274.78
EXPENSES														
Medical Costs:														
Physician Services	55.30	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	46.81	54.33
Other Professional Services	11.63	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	16.90	13.80	12.95
Emergency Room	16.10	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	14.72	18.20
Inpatient	59.27	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	11.00	51.47
Reinsurance Expense	0.44	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Outpatient Hospital	28.59	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	17.49	22.47
Other Medical	10.28	10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	18.13	61.42	17.32
Pharmacy	35.38	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	35.21	36.53
Pay for Performance Quality Incentive	2.35	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.01
Expansion Risk Corridor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-Claims Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	(0.05)	0.00	(1.21)	0.03	0.01	(0.00)	0.00	3.29
IBNR, Incentive, Paid Claims Adjustment	(0.44)	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	17.09	1.87	6.47
TOTAL Medical Costs	212.90	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	220.63	247.51	226.22
GROSS MARGIN	43.97	44.15	43.25	53.06	44.01	43.88	44.11	48.75	48.96	49.27	49.66	48.00	70.23	48.56
Administrative:	8.47	8.21	7.62	8.48	6.85	7.76	7.62	8.14	8.44	8.19	8.81	8.25	8.13	8.07
Compensation	2.73	2.15	2.24	3.29	2.61	2.58	2.34	2.41	2.41	2.25	1.90	2.51	2.57	2.40
Purchased Services	(1.36)	0.43	0.11	(0.04)	0.29	0.29	0.28	0.23	0.25	0.12	0.27	0.15	0.43	0.11
Supplies	0.53	0.53	0.52	0.52	0.53	0.49	0.51	0.51	0.52	0.52	0.52	0.52	0.54	0.52
Depreciation	2.85	0.87	0.92	1.39	1.16	1.13	1.11	1.34	1.03	1.28	1.08	0.90	1.24	1.25
Other Administrative Expenses	8.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.57	0.76
TOTAL Administrative Expenses	21.67	12.19	11.42	13.63	11.44	12.25	11.87	11.90	12.64	12.35	12.59	12.32	14.47	13.12
TOTAL EXPENSES	234.57	218.37	211.37	253.42	229.43	322.69	219.52	226.51	240.56	228.43	230.92	232.96	261.99	239.34
OPERATING INCOME (LOSS) BEFORE TAX	22.30	31.96	31.84	39.43	32.57	31.63	32.24	36.85	36.32	36.92	37.07	35.68	55.76	35.44
MCO TAX	31.68	31.65	30.81	31.23	31.08	30.96	30.64	32.63	32.75	32.75	32.98	32.94	33.05	31.93
OPERATING INCOME (LOSS) NET OF TAX	(9.38)	0.30	1.03	8.20	1.51	0.67	1.60	4.22	3.57	4.17	4.10	2.74	22.71	3.51
TOTAL NONOPERATING REVENUE (EXPENSES)	(2.59)	(0.08)	(0.57)	(2.51)	(0.56)	0.18	(0.95)	(0.64)	(0.78)	(2.30)	(0.17)	(0.91)	(0.33)	(0.94)
NET INCREASE (DECREASE) IN NET POSITION	(11.97)	0.23	0.46	5.68	0.95	0.84	0.65	3.58	2.79	1.81	3.93	1.83	22.38	2.57
MEDICAL LOSS RATIO	94.5%	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%	86.4%	93.2%
ADMINISTRATIVE EXPENSE RATIO	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.1%	5.4%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED DECEMBER 31, 2018				YEAR-TO-DATE		
CURRENT MONTH		REVENUES		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
19,695,161	19,556,204	138,957	Title XIX - Medicaid - Family & Other	230,837,560	228,218,516	2,619,044
2,336,417	2,211,218	125,199	Premium - Medi-Cal	26,475,150	25,404,942	1,070,208
45,419	179,042	(133,623)	Premium - Maternity Kick	753,390	2,119,478	(1,366,088)
401,605	136,413	265,192	Premium - Hep C Kick	2,808,699	1,614,833	1,193,866
8,354,510	-	8,354,510	Premium - BHT Kick	13,365,374	-	13,365,374
86,636	91,062	(4,426)	Premium - Provider Enhancement	1,055,993	1,063,856	(7,863)
30,919,748	22,173,938	8,745,810	Other	275,296,166	258,421,624	16,874,542
20,682,869	19,392,561	1,290,308	Total Title XIX - Medicaid - Family & Other	244,782,903	232,942,518	11,840,385
337,254	427,591	(90,337)	Title XIX - Medicaid - Expansion Members	2,973,861	4,997,578	(2,023,717)
89,574	384,777	(295,203)	Premium - Medi-Cal	4,213,268	4,552,977	(339,709)
3,329,997	-	3,329,997	Premium - Maternity Kick	6,036,521	-	6,036,521
26,240	30,152	(3,912)	Premium - Hep C Kick	350,663	362,210	(11,547)
24,465,934	20,235,081	4,230,853	Premium - Provider Enhancement	258,357,216	242,855,283	15,501,933
11,391,832	10,583,008	808,824	Other	130,468,216	125,146,636	5,321,580
152,590	320,007	(167,417)	Total Title XIX - Medicaid - Expansion Members	2,338,220	3,840,084	(1,501,864)
581,447	261,795	319,652	Title XIX - Medicaid - SPD Members	4,288,482	3,141,539	1,146,943
1,215,897	-	1,215,897	Premium - Medi-Cal	2,345,257	-	2,345,257
13,341,766	11,164,810	2,176,956	Premium - Hep C Kick	139,440,175	132,128,258	7,311,917
			Premium - BHT Kick			
			Premium - Provider Enhancement			
			Total Title XIX - Medicaid - SPD Members			

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED DECEMBER 31, 2018				YEAR-TO-DATE	
ACTUAL	CURRENT MONTH BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
2,963,083	2,828,374	(134,709)	34,082,794	33,512,088	(570,706)
7,321,946	8,937,958	1,616,012	109,374,524	106,047,084	(3,327,440)
1,158,110	1,117,544	(40,566)	16,395,500	13,240,473	(3,155,027)
9,300	9,300	-	109,500	109,500	-
11,452,439	12,893,177	1,440,738	159,962,318	152,909,145	(7,053,173)
PHYSICIAN SERVICES					
Primary Care Physician Services					
245,522	253,241	7,719	2,945,313	3,000,059	54,746
281,589	175,171	(106,418)	1,842,537	2,102,056	259,519
642,307	683,713	41,406	7,969,126	8,115,421	146,295
62,510	89,148	26,638	965,788	1,069,764	103,976
98,006	89,883	(8,123)	980,643	980,643	71,973
79,185	79,191	6	911,595	950,291	38,696
65,649	50,527	(15,122)	599,047	606,324	7,277
41,668	55,701	14,033	527,740	668,406	140,666
334,188	440,837	106,649	7,860,666	5,261,014	(2,599,652)
118,559	54,306	(64,253)	1,400,090	644,678	(755,412)
1,406,496	868,428	(538,068)	12,512,945	10,304,609	(2,208,336)
3,375,679	2,840,146	(535,533)	38,515,491	33,775,238	(4,740,253)
3,601,196	4,203,001	601,805	54,180,170	49,826,017	(4,354,153)
2,692,667	13,442,497	10,749,830	149,867,260	159,636,382	9,769,122
115,395	115,738	343	1,384,297	1,371,014	(13,284)
4,278,893	4,860,709	581,816	66,206,473	57,713,291	(8,493,182)
OTHER MEDICAL					
Ambulance					
50,426	338,474	288,048	3,617,266	4,010,258	392,992
294,467	359,857	65,390	3,496,690	4,285,580	788,890
219,280	262,930	43,650	2,787,939	3,155,149	367,210
959,959	810,929	(149,030)	11,021,135	9,659,426	(1,361,709)
-	123,125	123,125	16,466	1,458,525	1,442,059
12,269,071	-	(12,269,071)	221,600,405	-	(221,600,405)
1,235,668	533,946	(701,722)	9,654,065	6,349,030	(3,305,035)
15,028,871	2,429,263	(12,599,608)	52,753,966	28,917,968	(23,835,997)
PHARMACY SERVICES					
RX - Drugs & OTC					
8,027,346	7,961,564	(65,782)	95,140,693	94,584,636	(556,057)
242,389	841,197	598,808	6,969,239	10,007,896	3,038,657
491,345	521,937	30,592	7,358,607	6,218,426	(1,140,181)
(145,539)	(105,221)	40,318	(1,472,488)	(1,250,000)	222,488
8,615,541	9,219,476	603,935	107,996,051	109,560,958	1,564,907
444,467	492,500	48,033	5,851,959	5,834,100	(17,859)
10,500,000	-	(10,500,000)	10,500,000	-	(10,500,000)
-	-	-	20,638,587	-	(20,638,587)
457,351	-	(457,351)	2,340,531	-	(2,340,531)
60,562,499	50,496,506	(10,065,993)	670,197,102	599,544,113	(70,652,989)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED DECEMBER 31, 2018				CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE	
			PHYSICIAN SERVICES				
12.11	11.49	(0.62)	Primary Care Physician Services	11.56	11.49	(0.07)	
29.92	36.30	6.37	Referral Specialty Services	37.10	36.35	(0.74)	
4.73	4.54	(0.19)	Urgent Care & After Hours Advise	5.56	4.54	(1.02)	
0.04	0.04	(0.00)	Hospital Admitting Team	0.04	0.04	0.00	
46.81	52.36	5.55	TOTAL PHYSICIAN SERVICES	54.25	52.42	(1.83)	
			OTHER PROFESSIONAL SERVICES				
1.00	1.03	0.02	Vision Service Capitation	1.00	1.03	0.03	
1.15	0.71	(0.44)	221 - Business Intelligence	0.62	0.72	0.10	
2.63	2.78	0.15	310 - Health Services - Utilization Management - UM Allocation *	2.70	2.78	0.08	
0.26	0.36	0.11	311 - Health Services - Quality Improvement - UM Allocation *	0.33	0.37	0.04	
0.40	0.37	(0.04)	312 - Health Services - Education - UM Allocation *	0.33	0.36	0.03	
0.32	0.32	(0.00)	313 - Health Services - Pharmacy - UM Allocation *	0.31	0.33	0.02	
0.27	0.21	(0.06)	314 - Health Homes - UM Allocation *	0.20	0.21	0.00	
0.17	0.23	0.06	616 - Disease Management - UM Allocation *	0.18	0.23	0.05	
1.37	1.79	0.42	Behavior Health Treatment	2.67	1.80	(0.86)	
0.48	0.22	(0.26)	Mental Health Services	0.47	0.22	(0.25)	
5.75	3.53	(2.22)	Other Professional Services	4.24	3.53	(0.71)	
13.80	11.53	(2.26)	TOTAL OTHER PROFESSIONAL SERVICES	13.06	11.58	(1.48)	
14.72	17.07	2.35	EMERGENCY ROOM	18.38	17.08	(1.29)	
11.00	54.59	43.58	INPATIENT HOSPITAL	50.83	54.73	3.90	
0.47	0.47	(0.00)	REINSURANCE EXPENSE PREMIUM	0.47	0.47	0.00	
17.49	19.74	2.25	OUTPATIENT HOSPITAL SERVICES	22.45	19.78	(2.67)	
			OTHER MEDICAL				
0.21	1.37	1.17	Ambulance	1.23	1.37	0.15	
1.20	1.46	0.26	Home Health Services & CBAS	1.19	1.47	0.28	
0.90	1.07	0.17	Utilization and Quality Review Expenses	0.95	1.08	0.14	
3.92	3.29	(0.63)	Long Term/SNE/Hospice	3.74	3.31	(0.43)	
0.00	0.50	0.50	Enhanced Medical Benefits	0.01	0.50	0.49	
50.14	0.00	(50.14)	Provider Enhancement Expense	7.52	0.00	(7.52)	
5.05	2.17	(2.88)	Non-Medical Transportation	3.27	2.18	(1.10)	
61.42	9.87	(51.56)	TOTAL OTHER MEDICAL	17.89	9.91	(7.98)	
			PHARMACY SERVICES				
32.81	32.33	(0.48)	RX - Drugs & OTC	32.27	32.42	0.16	
0.99	3.42	2.43	RX - HEP-C	2.36	3.43	1.07	
2.01	2.12	0.11	Rx - DME	2.50	2.13	(0.36)	
(0.59)	(0.43)	0.17	RX - Pharmacy Rebates	(0.50)	(0.43)	0.07	
35.21	37.44	2.23	TOTAL PHARMACY SERVICES	36.63	37.56	0.93	
1.82	2.00	0.18	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.98	2.00	0.02	
42.91	0.00	(42.91)	EXPANSION RISK CORRIDOR	3.56	0.00	(3.56)	
0.00	0.00	0.00	NON-CLAIMS EXPENSE ADJUSTMENT	7.00	0.00	(7.00)	
1.87	0.00	(1.87)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.79	0.00	(0.79)	
247.51	205.06	(42.45)	Total Medical Costs	227.31	205.53	(21.78)	

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH DECEMBER 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	YEAR TO DATE 2018
PHYSICIAN SERVICES													
Primary Care Physician Services	2,920,677	2,742,958	2,795,669	3,082,903	3,097,792	2,915,671	2,790,342	2,588,711	3,000,514	2,612,569	2,676,624	2,662,083	34,083,791
Referral/Specialty Services	9,248,467	8,816,563	8,972,431	9,730,138	8,723,446	8,925,493	9,281,340	9,131,053	9,509,232	8,552,477	9,662,076	7,947,166	107,877,524
Urgent Care & After Hours Advice	1,069,533	1,008,534	2,301,893	1,676,558	1,474,559	1,113,192	1,110,058	1,269,271	1,573,514	1,438,242	1,255,073	1,152,116	16,385,500
Hospital Admitting Team	2,900	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	402,500
TOTAL PHYSICIAN SERVICES	13,239,777	12,666,454	15,068,603	14,480,531	13,315,667	13,012,936	13,202,517	13,538,335	13,438,500	12,587,108	13,509,651	11,452,439	159,962,318
OTHER PROFESSIONAL SERVICES													
231 - Business Capitalization	241,567	249,668	251,973	228,730	246,347	247,073	247,317	247,861	246,967	246,967	245,206	245,572	2,945,213
310 - Business Intelligence	-	-	-	-	-	828,183	144,979	154,717	133,446	150,200	152,761	381,589	1,842,537
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,729	644,932	755,456	241,333	668,574	647,970	723,862	703,611	642,307	7,969,177	7,969,177
311 - Health Services - Quality Improvement - UM Allocation *	118,921	107,850	123,022	89,357	91,557	69,512	87,528	87,528	69,512	87,528	101,375	62,510	965,788
312 - Health Services - Education - UM Allocation *	96,622	65,975	79,421	70,442	80,956	86,012	79,836	82,671	91,376	86,565	98,006	98,006	981,643
313 - Health Services - Pharmacy - UM Allocation *	44,303	85,975	103,112	80,920	95,809	82,668	76,094	81,766	77,352	75,757	86,781	79,185	991,895
314 - Health Services - UM Allocation *	-	-	-	-	-	-	-	-	-	-	-	-	-
616 - Disease Management - UM Allocation *	56,126	41,266	48,157	41,684	46,687	47,918	47,918	47,918	47,918	47,918	47,918	47,918	527,240
Behavior Health Treatment	488,079	385,879	454,810	490,975	524,800	392,958	434,616	477,786	429,666	472,380	462,900	412,608	3,600,666
Mental Health Services	62,645	122,453	96,062	319,743	319,743	290,129	485,142	1,043,001	1,335,629	1,127,272	1,185,559	1,400,092	14,000,092
Other Professional Services	1,027,749	965,677	968,482	892,942	1,052,590	1,051,106	1,041,504	972,436	1,075,739	924,104	1,111,072	1,486,436	12,512,945
TOTAL OTHER PROFESSIONAL SERVICES	2,973,811	2,788,474	2,996,890	2,911,566	3,414,391	3,111,320	2,964,061	3,251,122	3,323,654	3,323,654	4,150,323	3,375,679	38,515,391
EMERGENCY ROOM	4,509,344	4,171,278	5,259,525	5,247,777	4,510,035	4,760,947	4,584,869	4,531,949	4,491,225	4,169,295	3,601,196	3,601,196	54,181,170
INPATIENT HOSPITAL	13,588,711	13,055,334	16,973,565	14,300,903	13,933,093	13,267,422	13,921,068	13,033,461	12,885,548	13,069,188	9,158,411	15,028,871	149,867,260
REINSURANCE EXPENSE PREMIUM	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	116,072	115,275	115,275	1,384,257
OUTPATIENT HOSPITAL SERVICES	5,307,045	5,138,504	5,322,082	6,217,088	6,597,061	5,930,118	5,662,578	6,014,223	5,798,878	4,785,905	5,131,143	4,278,893	66,206,473
OTHER MEDICAL													
Ambulance	338,351	352,496	350,666	322,106	381,817	357,885	320,988	332,353	278,480	330,444	296,854	504,226	3,617,266
Home Health Services & CRAS	387,076	354,515	265,517	292,019	278,153	334,350	266,062	294,020	220,846	235,341	294,424	294,467	3,496,690
Utilization and Quality Review Expenses	284,192	42,125	226,251	159,266	241,649	244,855	202,768	287,423	203,185	234,815	442,580	219,290	2,787,939
Long Term/SNRS/Hospices	999,658	777,625	923,259	686,326	808,413	789,958	824,025	891,490	1,142,414	1,218,127	995,381	959,959	11,021,135
Enhanced Medical Benefits	-	9,604	-	-	-	6,862	-	-	-	-	-	-	16,466
Provider Enhancement Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Medical Transportation	413,229	387,049	811,267	730,215	3,585,959	945,276	500,000	1,575,041	948,004	944,853	1,392,201	12,269,071	22,601,405
TOTAL OTHER MEDICAL	2,422,606	1,922,264	2,576,860	2,105,942	6,103,942	3,262,963	3,057,129	4,241,840	3,605,940	3,863,925	4,451,124	15,028,871	52,753,966
PHARMACY SERVICES													
RX - Drugs & DTC	8,533,880	7,533,478	8,276,129	7,813,526	8,060,735	7,657,236	7,710,676	8,197,125	7,237,860	8,360,970	7,733,322	8,027,346	95,140,693
RX - HER-C	729,042	557,006	600,469	500,230	483,336	454,893	734,593	839,377	726,518	564,938	526,568	242,389	6,609,239
RX - DME	620,941	570,130	608,937	643,369	823,066	618,977	566,882	564,653	732,331	522,910	595,116	491,345	7,358,607
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(163,400)	(163,400)	(163,400)	(29,842)	(66,734)	(66,733)	(145,539)	(1,472,488)
TOTAL PHARMACY SERVICES	9,767,063	8,544,614	9,409,495	8,793,435	9,293,437	8,507,766	9,437,755	9,437,755	8,667,417	9,382,074	8,798,273	8,615,541	107,996,651
PAY FOR PERFORMANCE QUALITY INCENTIVE	483,354	487,636	489,887	492,694	494,146	491,624	495,723	493,934	493,934	493,934	491,044	444,467	5,851,959
EXPANSION RISK CORRIDOR	-	-	-	-	-	-	-	-	-	-	-	-	10,500,000
NON-CLAIMS EXPENSE ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	-	-	20,628,567
IBNR INCENTIVE AND PAID CLAIMS ADJUSTMENT	(2,338,427)	(81,180)	18,565	(1,015,440)	(1,917,277)	(1,197,835)	34,262	1,872,269	566,662	1,438,167	4,196,430	487,351	2,340,531
Total Medical Costs	49,826,819	48,751,703	58,733,234	53,700,500	76,900,850	51,354,704	53,194,977	56,289,183	53,363,649	53,549,587	54,170,337	60,562,499	670,197,102

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH DECEMBER 31, 2018												YEAR TO DATE 2018	
	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	YEAR TO DATE 2018
PHYSICIAN SERVICES													
Primary Care Physician Services	12.09	11.25	11.41	12.31	12.54	11.80	11.02	10.48	12.15	10.65	10.91	12.11	11.56
Referral Specialty Services	38.23	36.28	42.96	39.50	35.35	36.20	37.45	39.40	36.08	34.82	38.96	29.92	37.10
Urgent Care & After Hours Advice	4.42	4.14	9.31	6.81	5.97	4.58	4.76	4.90	6.15	5.81	5.12	4.73	5.56
Hospital Admitting Team	0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
TOTAL PHYSICIAN SERVICES	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	46.81	54.25
OTHER PROFESSIONAL SERVICES													
Vision Service Capitation	1.00	1.02	1.03	0.93	1.00	1.00	1.00	1.00	1.00	1.01	1.00	1.00	1.00
221 - Business Intelligence	0.00	0.00	0.00	0.00	0.00	3.34	0.58	0.63	0.54	0.61	0.62	1.15	0.62
310 - Health Services - Utilization Management - UM Allocation *	3.15	2.89	3.26	2.61	3.06	0.98	2.70	2.74	2.62	2.95	2.87	2.63	2.70
311 - Health Services - Quality Improvement - UM Allocation *	0.49	0.44	0.50	0.36	0.37	0.02	0.09	0.28	0.28	0.36	0.36	0.26	0.33
312 - Health Services - Education - UM Allocation *	0.31	0.27	0.32	0.29	0.32	0.35	0.32	0.34	0.33	0.37	0.35	0.40	0.33
313 - Health Services - Pharmacy - UM Allocation *	0.40	0.35	0.42	0.33	0.39	0.09	0.31	0.33	0.31	0.31	0.33	0.32	0.31
314 - Health Homes - UM Allocation *	0.18	0.17	0.20	0.17	0.20	0.19	0.21	0.22	0.24	0.24	0.20	0.27	0.20
616 - Disease Management - UM Allocation *	0.23	0.25	0.29	0.22	0.26	0.19	0.18	0.19	0.17	0.19	0.19	0.17	0.18
Behavior Health Treatment	2.02	1.58	1.86	1.99	2.12	1.57	0.54	5.93	2.02	5.04	5.95	1.37	2.67
Mental Health Services	0.26	0.50	0.39	1.30	1.75	1.17	1.85	(2.50)	1.30	(1.30)	0.46	0.48	0.47
Other Professional Services	4.25	3.96	3.95	3.62	4.35	4.25	4.20	3.94	4.36	3.77	4.53	5.75	4.24
TOTAL OTHER PROFESSIONAL SERVICES	12.30	11.44	12.23	11.82	13.82	12.56	11.96	13.18	13.16	13.55	16.90	13.80	13.06
EMERGENCY ROOM	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	14.72	18.38
INPATIENT HOSPITAL	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	11.00	50.83
REINSURANCE EXPENSE PREMIUM	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
OUTPATIENT HOSPITAL SERVICES	21.96	21.08	21.73	25.24	25.66	23.98	22.85	24.49	23.48	19.51	20.90	17.49	22.45
OTHER MEDICAL													
Ambulance	1.40	1.45	1.43	1.33	1.55	1.04	1.30	1.35	1.13	1.35	1.21	0.21	1.33
Home Health Services & CBAS	1.60	1.45	1.08	1.19	1.13	1.35	1.07	1.15	0.89	0.96	0.96	1.16	1.19
Utilization and Quality Review Expenses	1.18	0.17	0.93	0.65	0.98	0.99	0.82	1.16	0.82	0.96	1.80	0.90	0.95
Lease Terms/SP/Hospice	4.14	3.19	3.77	2.79	3.27	3.19	3.34	3.61	4.63	4.97	4.05	3.92	3.74
Enhanced Medical Benefits	0.00	0.04	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Provider Enhancement Expense	0.00	0.00	0.00	0.00	0.00	3.82	2.02	6.38	3.84	3.85	5.67	50.14	7.52
Non-Medical Transportation	1.71	1.59	3.31	2.96	3.27	2.85	3.79	3.53	3.29	3.67	4.23	5.05	3.27
TOTAL OTHER MEDICAL	10.92	7.89	10.82	8.91	24.71	13.27	12.33	17.18	14.60	15.75	18.13	61.42	17.89
PHARMACY SERVICES													
RX - Drugs & OTC	35.31	30.90	33.79	31.72	32.62	30.96	31.11	33.19	29.30	34.09	31.50	32.81	32.27
RX - HEP-C	3.02	2.28	2.45	2.03	1.96	1.84	2.96	3.40	2.94	2.30	2.19	0.99	2.36
 RX - DME	2.57	2.34	2.49	2.61	3.33	2.50	2.29	2.29	2.97	2.13	2.42	2.01	2.50
RX - Pharmacy Rebates	(0.48)	(0.48)	(0.47)	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)	(0.12)	(0.27)	(0.27)	(0.59)	(0.50)
TOTAL PHARMACY SERVICES	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	35.21	36.63
PAV FOR PERFORMANCE QUALITY INCENTIVE	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.82	1.98
EXPANSION RISK CORRIDOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.91	35.60
NON-CLAIMS EXPENSE ADJUSTMENT	0.00	0.00	0.00	0.00	84.76	(0.05)	0.00	(1.21)	0.03	0.01	(0.00)	0.00	7.00
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.53	2.29	5.86	17.09	1.87	0.79
Total Medical Costs	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	229.63	247.51	227.31

		CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED DECEMBER 31, 2018					
273,511	245,453	(28,058)	2,883,752	2,936,663	52,911
138,271	144,770	6,499	1,582,545	1,737,218	154,673
292,320	394,583	102,263	4,407,701	4,734,909	327,208
1,314	3,171	1,857	4,750	37,993	33,243
250,448	319,534	69,086	2,343,989	3,834,330	1,490,341
487,145	440,739	(46,406)	5,628,218	5,402,599	(225,619)
106,183	100,658	(5,525)	1,080,616	1,207,900	127,284
97,853	87,087	(10,766)	1,009,956	1,034,029	24,073
20,103	32,758	12,655	325,190	393,088	67,898
60	553	493	2,179	6,640	4,461
115,852	121,044	5,192	1,416,646	1,412,509	(4,137)
141	2,325	2,184	39,607	27,900	(11,707)
17,857	23,972	6,115	227,313	287,670	60,357
274,647	201,520	(73,127)	2,554,066	2,421,728	(132,338)
440,380	511,180	70,800	5,820,670	6,134,102	313,432
317,698	537,702	220,004	3,479,245	4,254,775	775,530
55,345	59,285	3,940	685,339	711,424	26,085
54,700	49,901	(4,799)	546,462	646,700	100,238
58,355	62,897	4,542	585,848	754,752	168,904
155,825	151,777	(4,048)	1,618,049	1,823,609	205,560
383,013	(124,999)	(508,012)	383,013	(1,499,982)	(1,882,995)
3,541,021	3,365,911	(175,110)	36,625,154	38,300,557	1,675,403

KERN HEALTH SYSTEMS MEDICAL													
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2018													
	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	YEAR TO DATE 2018
110 - Executive	249,360	227,269	224,150	218,301	143,752	215,868	332,148	239,418	316,432	208,658	234,885	273,511	2,883,752
210 - Accounting	121,592	122,208	139,362	119,259	106,858	172,387	117,377	110,817	159,698	123,815	150,901	138,271	1,582,545
220 - Management Information Systems (MIS)	432,742	431,903	432,298	272,224	376,551	348,119	281,772	383,851	378,360	385,866	391,695	292,320	4,407,701
221 - Business Intelligence	122,020	134,571	151,816	129,810	151,271	(687,770)	53	127	-	61	1,477	1,314	4,750
225 - Infrastructure	126,761	233,198	186,762	250,471	163,797	146,181	164,738	287,752	191,786	135,139	206,956	250,448	2,343,989
230 - Claims	476,893	392,682	482,563	405,196	484,785	423,369	483,567	527,385	463,257	532,865	468,511	487,145	5,628,218
310 - Health Services - Utilization Management	83,613	64,943	73,023	71,038	95,057	81,230	85,023	79,737	87,107	162,503	91,159	106,183	1,080,616
311 - Health Services - Quality Improvement	5,036	(156)	768	270	(404)	483,745	95,558	83,371	87,215	80,604	76,096	97,853	1,009,956
312 - Health Services - Education	10	358	329	-	-	102,349	78,633	29,275	28,412	29,284	36,437	20,103	325,190
313 - Pharmacy	104,959	104,858	84,757	91,752	99,028	210,335	114,825	118,811	107,154	121,278	143,037	115,852	1,416,646
314 - Health Homes	83	(76)	99	698	(25)	2,930	11,049	18,160	5,403	1,097	48	141	39,607
616 - Disease Management	-	129	-	-	-	110,553	19,477	20,480	18,711	20,306	19,800	17,857	227,313
320 - Provider Relations	262,401	186,821	205,072	172,555	251,582	191,269	190,507	191,731	207,287	218,090	202,104	274,647	2,554,066
330 - Member Services	406,721	390,353	869,265	527,594	564,101	554,776	382,784	422,242	417,483	423,287	421,684	440,380	5,320,670
340 - Corporate Services	327,904	251,490	222,176	270,949	291,810	309,374	289,935	333,457	276,558	286,202	301,692	317,698	3,479,245
360 - Audit & Investigative Services	55,126	54,243	55,402	47,224	52,331	52,008	54,129	55,172	54,523	93,724	56,112	55,345	685,339
410 - Advertising Media	4,575	21,825	25,427	81,259	78,893	38,290	65,711	28,042	68,039	37,008	44,693	54,700	546,462
420 - Sales/Marketing/Public Relations	50,590	41,234	44,701	55,893	39,311	40,380	40,042	41,564	50,501	74,893	49,384	58,355	585,848
510 - Human Resources	116,481	126,047	143,307	103,305	127,668	139,886	141,279	149,836	131,507	143,451	139,457	155,825	1,618,049
Administrative Expense Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	383,013
Total Department Expenses	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,391	2,948,995	3,121,739	3,049,841	3,087,235	3,025,912	3,541,021	36,625,154

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF DECEMBER 31, 2018			
ASSETS	DECEMBER 2018	NOVEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,454,628	\$ 1,452,138	2,490
Interest Receivable	8,599	3,536	5,063
Prepaid Expenses & Other Current Assets	5,000	834	4,166
TOTAL CURRENT ASSETS	\$ 1,468,227	\$ 1,456,508	\$ 11,719
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	13,840	5,000	8,840
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 367,689	\$ 358,849	\$ 8,840
NET POSITION:			
Net Position- Beg. of Year	1,081,027	1,081,027	-
Increase (Decrease) in Net Position - Current Year	19,511	16,632	2,879
Total Net Position	\$ 1,100,538	\$ 1,097,659	\$ 2,879
TOTAL LIABILITIES AND NET POSITION	\$ 1,468,227	\$ 1,456,508	\$ 11,719

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2018			YEAR-TO-DATE		
ENROLLMENT								
-	-	-	Members	-	-	-	-	-
REVENUES								
-	-	-	Premium	-	-	-	-	-
5,063	-	5,063	Interest	28,193	-	28,193	-	28,193
(1,350)	-	(1,350)	Other Investment Income	1,318	-	1,318	-	1,318
3,713	-	3,713	TOTAL REVENUES	29,511	-	29,511	-	29,511
EXPENSES								
-	-	-	Medical Costs	-	-	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-	-	-
-	-	-	Total Medical Costs	-	-	-	-	-
3,713	-	3,713	GROSS MARGIN	29,511	-	29,511	-	29,511
Administrative								
834	-	(834)	Management Fee Expense and Other Admin Exp	10,000	-	(10,000)	-	(10,000)
834	-	(834)	Total Administrative Expenses	10,000	-	(10,000)	-	(10,000)
834	-	(834)	TOTAL EXPENSES	10,000	-	(10,000)	-	(10,000)
2,879	-	2,879	OPERATING INCOME (LOSS)	19,511	-	19,511	-	19,511
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-
2,879	-	2,879	NET INCREASE (DECREASE) IN NET POSITION	19,511	-	19,511	-	19,511
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%	0%	0%
22%	0%	-22%	ADMINISTRATIVE EXPENSE RATIO	34%	0%	-34%	0%	-34%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

	2018 MEMBER MONTHS											
	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
ADULT AND FAMILY												
PA - FAMILY	34,790	34,221	34,687	33,840	33,542	33,859	33,475	33,694	34,300	33,768	33,774	33,873
MN - FAMILY	0	0	0	0	0	0	0	0	0	0	0	0
REFUGEE - FAMILY	0	0	0	0	0	0	0	0	0	0	0	0
FOSTER CARE	707	679	719	731	701	713	729	713	707	699	686	682
POVERTY-133/200%	1	1	1	1	1	1	1	1	1	2	0	1
POVERTY-100%	0	0	0	0	0	0	0	0	0	0	0	0
MI - CHILD	107,133	108,725	109,378	110,181	111,205	110,796	111,208	110,586	109,982	109,015	109,112	107,993
CHILD-ACA	115	104	120	40	40	43	45	44	41	40	42	42
FAMILY - UNDER 19	21,195	21,355	21,188	21,708	21,196	21,272	21,636	21,517	21,950	21,949	22,098	22,151
SUB-TOTAL ADULT & FAMILY	163,941	165,085	166,093	166,501	166,685	166,684	167,094	166,555	166,981	165,473	165,712	164,742

MEDI-CAL EXPANSION												
LHP Transition Pre-ACA	52	52	52	52	28	49	48	47	47	6	6	6
ACA Expansion Adult-Citizen	57,307	58,118	58,262	59,224	58,660	59,413	59,517	59,152	58,697	58,700	58,344	58,782
ACA Expansion CAL Fresh Adult	5	5	6	5	5	5	5	5	5	5	2	4
LHP Transition Pre-ACA	380	389	454	418	539	508	488	474	531	488	430	437
SUB-TOTAL MANDATORY	57,744	58,364	58,774	59,699	59,232	59,975	60,058	59,678	59,280	59,199	58,782	59,229

SDP MEMBERS												
SSI-AGED	191	182	174	186	186	195	168	193	192	205	191	212
MN - AGED	1,457	1,414	1,533	1,483	1,544	1,551	1,558	1,587	1,534	1,541	1,575	1,567
SSI - BLIND & DIS-ABLED	12,242	12,366	12,213	12,177	12,373	12,386	12,298	12,281	12,272	12,229	12,472	12,271
MN - BLIND & DIS-ABLED	289	358	334	356	1,121	458	606	493	448	497	621	389
SUB-TOTAL MANDATORY SPD	14,149	14,320	14,254	14,202	15,224	14,590	14,630	14,554	14,446	14,472	14,759	14,439
TOTAL MANDATORY	235,834	237,969	239,121	240,402	241,141	241,249	241,782	240,787	240,707	239,144	239,253	238,410

OTHER MEMBERS												
BCCTP-TOBACCO SETTLEMENT	28	26	25	24	24	23	23	23	22	21	23	24

DUALS												
PA - FAMILY DUALS	24	14	19	23	-8	19	25	16	15	23	21	16
PART D SSI - AGED	771	776	767	784	805	787	836	798	848	830	837	846
PART D MN - AGED	1,295	1,364	1,331	1,359	1,390	1,364	1,364	1,399	1,439	1,434	1,490	1,512
PART D SSI - BLIND & DIS-ABLED	2,338	2,300	2,314	2,389	2,324	2,463	2,433	2,559	2,525	2,399	2,483	2,462
PART D MN - BLIND & DIS-ABLED	1,038	978	973	980	983	980	991	1,011	1,030	1,035	1,041	1,044
PART D BCCTP-TOBACCO SETTLEMENT	3	1	1	0	0	0	0	0	0	1	2	1
PART D MI - ADULT	0	0	0	0	0	0	0	0	0	0	0	0
PART D MI - CHILD	346	385	390	386	414	432	407	374	375	378	372	368
SUB-TOTAL DUALS	5,815	5,818	5,795	5,921	5,908	6,045	6,056	6,157	6,233	6,101	6,246	6,249
TOTAL OTHERS	5,843	5,844	5,820	5,945	5,932	6,068	6,079	6,180	6,255	6,122	6,269	6,273

TOTAL KAISER	7,991	8,160	8,225	8,267	8,307	8,294	8,278	8,340	8,291	8,284	8,283	8,286
TOTAL MEDI-CAL MEMBERS	249,668	251,973	253,166	254,614	255,380	255,611	256,139	255,307	255,253	253,550	253,805	252,969



To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 5, 2019

Re: January 2019 Financial Results

The January results reflect a \$493,634 Net Increase in Net Position which is a \$1,457,663 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.0 million favorable variance primarily due to:
 - A) \$1.4 million favorable variance relating to Rate/Income Adjustments primarily due to retroactive payments received (\$.8 million) and higher than expected Maternity and BHT payments received from the prior year (\$.6 million).
- 2) Total Medical Costs reflect a \$.1 million unfavorable variance primarily due to:
 - A) \$.5 million favorable variance in Inpatient primarily due to lower than expected utilization for Expansion and SPD members.
 - B) \$.3 million favorable variance in Outpatient Hospital primarily due to lower than expected utilization for Family and Other members.
 - C) \$1.7 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted 18/19 Proposition 56 expenses.
 - D) \$.7 million favorable variance in IBNR/Incentive/Paid Claim Adjustments primarily due to Pharmacy Rebate recoveries from the prior year.

The January Medical Loss Ratio is 93.1% which is favorable to the 95.0% budgeted amount. The January Administrative Expense Ratio is 5.7 % which is favorable to the 6.2% budgeted amount.

**Kern Health Systems
Financial Packet
January 2019**

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF JANUARY 31, 2019			
ASSETS	JANUARY 2019	DECEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 83,869,352	\$ 90,659,914	\$ (6,790,562)
Short-Term Investments	105,187,003	140,247,122	(35,060,119)
Premiums Receivable - Net	101,667,917	93,261,229	8,406,688
Interest Receivable	252,089	362,171	(110,082)
Other Receivables	1,229,575	1,161,370	68,205
Prepaid Expenses & Other Current Assets	1,961,202	1,691,861	269,341
Total Current Assets	\$ 294,167,138	\$ 327,383,667	\$ (33,216,529)
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPRES:			
Land	4,876,562	4,876,562	-
Furniture and Equipment - Net	10,511,928	10,092,281	419,647
Automobiles - Net	34,726	35,510	(784)
Building and Building Improvements - Net	6,295,843	6,323,699	(27,856)
Building Project in Progress	19,916,665	20,062,918	(146,253)
Capital Projects in Progress	14,570,389	14,546,259	24,130
Total Capital Assets	\$ 56,206,113	\$ 55,937,229	\$ 268,884
LONG TERM ASSETS:			
Officer Life Insurance Receivables	704,750	704,750	-
Total Long Term Assets	\$ 704,750	\$ 704,750	\$ -
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,657,573	\$ 2,657,573	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 354,035,574	\$ 386,983,219	\$ (32,947,645)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 40,792	\$ 34,243	6,549
Accrued Salaries and Employee Benefits	2,301,612	2,071,250	230,362
Accrued Other Operating Expenses	3,430,003	6,671,711	(3,241,708)
Accrued Taxes and Licenses	8,036,109	24,211,743	(16,175,634)
Claims Payable (Reported)	16,474,208	30,632,670	(14,158,462)
IBNR - Inpatient Claims	27,157,387	24,839,132	2,318,255
IBNR - Physician Claims	13,432,325	15,602,713	(2,170,388)
IBNR - Accrued Other Medical	18,721,950	19,428,278	(706,328)
Risk Pool and Withholds Payable	2,368,213	1,876,553	491,660
Statutory Allowance for Claims Processing Expense	2,326,151	2,326,151	-
Other Liabilities	51,392,452	51,428,037	(35,585)
Total Current Liabilities	\$ 145,681,202	\$ 179,122,481	\$ (33,441,279)
NONCURRENT LIABILITIES:			
Net Pension Liability	5,865,463	5,865,463	-
TOTAL NONCURRENT LIABILITIES	\$ 5,865,463	\$ 5,865,463	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 364,304	\$ 364,304	\$ -
NET POSITION:			
Net Position - Beg. of Year	201,630,971	190,541,821	11,089,150
Increase (Decrease) in Net Position - Current Year	493,634	11,089,150	(10,595,516)
Total Net Position	\$ 202,124,605	\$ 201,630,971	\$ 493,634
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 354,035,574	\$ 386,983,219	\$ (32,947,645)

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JANUARY 31, 2019			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT						ACTUAL	BUDGET	VARIANCE
165,796	167,000	(1,204)	Family Members	165,796	167,000	(1,204)		
59,129	59,675	(546)	Expansion Members	59,129	59,675	(546)		
14,585	14,200	385	SPD Members	14,585	14,200	385		
6,320	5,600	720	Other Members	6,320	5,600	720		
8,329	8,400	(71)	Kaiser Members	8,329	8,400	(71)		
254,159	254,875	(716)	Total Members - MCAL	254,159	254,875	(716)		
REVENUES								
23,126,334	23,224,509	(98,175)	Title XIX - Medicaid - Family and Other	23,126,334	23,224,509	(98,175)		
21,975,726	21,930,976	44,750	Title XIX - Medicaid - Expansion Members	21,975,726	21,930,976	44,750		
11,970,651	11,927,381	43,270	Title XIX - Medicaid - SPD Members	11,970,651	11,927,381	43,270		
8,006,206	8,231,115	(224,909)	Premium - MCO Tax	8,006,206	8,231,115	(224,909)		
338,737	390,527	(51,790)	Interest/Dividends	338,737	390,527	(51,790)		
-	125,702	(125,702)	Reinsurance Recoveries	-	125,702	(125,702)		
1,364,372	-	1,364,372	Rate/Income Adjustments	1,364,372	-	1,364,372		
85,746	-	85,746	Other Income (Expense)	85,746	-	85,746		
66,867,772	65,830,210	1,037,562	TOTAL REVENUES	66,867,772	65,830,210	1,037,562		
EXPENSES								
Medical Costs:								
13,212,798	13,421,538	208,740	Physician Services	13,212,798	13,421,538	208,740		
3,414,621	3,454,600	39,979	Other Professional Services	3,414,621	3,454,600	39,979		
4,459,099	4,551,205	92,106	Emergency Room	4,459,099	4,551,205	92,106		
12,961,386	13,493,486	532,100	Inpatient	12,961,386	13,493,486	532,100		
125,136	125,702	566	Reinsurance Expense	125,136	125,702	566		
5,414,223	5,672,846	258,623	Outpatient Hospital	5,414,223	5,672,846	258,623		
5,564,320	3,889,009	(1,675,311)	Other Medical	5,564,320	3,889,009	(1,675,311)		
9,612,700	9,634,871	22,171	Pharmacy	9,612,700	9,634,871	22,171		
491,660	492,950	1,290	Pay for Performance Quality Incentive	491,660	492,950	1,290		
-	-	-	Expansion Risk Corridor	-	-	-		
197,435	-	(197,435)	Non-Claims Expense Adjustment	197,435	-	(197,435)		
(659,783)	-	659,783	IBNR, Incentive, Paid Claims Adjustment	(659,783)	-	659,783		
54,793,595	54,736,207	(57,388)	Total Medical Costs	54,793,595	54,736,207	(57,388)		
12,074,177	11,094,003	980,174	GROSS MARGIN	12,074,177	11,094,003	980,174		
Administrative:								
2,219,647	2,132,608	(87,039)	Compensation	2,219,647	2,132,608	(87,039)		
534,139	783,641	249,502	Purchased Services	534,139	783,641	249,502		
115,623	112,467	(3,156)	Supplies	115,623	112,467	(3,156)		
179,516	198,963	19,447	Depreciation	179,516	198,963	19,447		
326,629	319,239	(7,390)	Other Administrative Expenses	326,629	319,239	(7,390)		
-	-	-	Administrative Expense Adjustment	-	-	-		
3,375,554	3,546,917	171,363	Total Administrative Expenses	3,375,554	3,546,917	171,363		
58,169,149	58,283,124	113,975	TOTAL EXPENSES	58,169,149	58,283,124	113,975		
8,698,623	7,547,086	1,151,537	OPERATING INCOME (LOSS) BEFORE TAX	8,698,623	7,547,086	1,151,537		
8,088,119	8,231,115	142,996	MCO TAX	8,088,119	8,231,115	142,996		
610,504	(684,029)	1,294,533	OPERATING INCOME (LOSS) NET OF TAX	610,504	(684,029)	1,294,533		
NONOPERATING EXPENSE								
-	-	-	Reserve Fund Projects/Community Grants	-	-	-		
116,870	280,000	(163,130)	Health Home	116,870	280,000	(163,130)		
116,870	280,000	(163,130)	TOTAL NONOPERATING EXPENSE	116,870	280,000	(163,130)		
493,634	(964,029)	1,457,663	NET INCREASE (DECREASE) IN NET POSITION	493,634	(964,029)	1,457,663		
93.1%	95.0%	1.9%	MEDICAL LOSS RATIO	93.1%	95.0%	1.9%		
5.7%	6.2%	0.4%	ADMINISTRATIVE EXPENSE RATIO	5.7%	6.2%	0.4%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED JANUARY 31, 2019			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
			ENROLLMENT					
165,796	167,000	(1,204)	Family Members	165,796	167,000	(1,204)		
59,129	59,675	(546)	Expansion Members	59,129	59,675	(546)		
14,585	14,200	385	SPD Members	14,585	14,200	385		
6,320	5,600	720	Other Members	6,320	5,600	720		
8,329	8,400	(71)	Kaiser Members	8,329	8,400	(71)		
254,159	254,875	(716)	Total Members - MCAL	254,159	254,875	(716)		
			REVENUES					
134.36	134.56	(0.19)	Title XIX - Medicaid - Family and Other	134.36	134.56	(0.19)		
371.66	367.51	4.15	Title XIX - Medicaid - Expansion Members	371.66	367.51	4.15		
820.75	839.96	(19.21)	Title XIX - Medicaid - SPD Members	820.75	839.96	(19.21)		
32.57	33.40	(0.83)	Premium - MCO Tax	32.57	33.40	(0.83)		
1.38	1.58	(0.21)	Interest /Dividends	1.38	1.58	(0.21)		
0.00	0.51	(0.51)	Reinsurance Recoveries	0.00	0.51	(0.51)		
0.00	0.00	0.00	COB/Subrogation Collections	0.00	0.00	0.00		
5.55	0.00	5.55	Rate/Income Adjustments	5.55	0.00	5.55		
0.35	0.00	0.35	Other Income (Expense)	0.35	0.00	0.35		
272.01	267.09	4.92	TOTAL REVENUES	272.01	267.09	4.92		
			EXPENSES					
			Medical Costs:					
53.75	54.45	0.71	Physician Services	53.75	54.45	0.71		
13.89	14.02	0.13	Other Professional Services	13.89	14.02	0.13		
18.14	18.47	0.33	Emergency Room	18.14	18.47	0.33		
52.72	54.75	2.02	Inpatient	52.72	54.75	2.02		
0.51	0.51	0.00	Reinsurance Expense	0.51	0.51	0.00		
22.02	23.02	0.99	Outpatient Hospital	22.02	23.02	0.99		
22.63	15.78	(6.86)	Other Medical	22.63	15.78	(6.86)		
39.10	39.09	(0.01)	Pharmacy	39.10	39.09	(0.01)		
2.00	2.00	0.00	Pay for Performance Quality Incentive	2.00	2.00	0.00		
0.00	0.00	0.00	Expansion Risk Corridor	0.00	0.00	0.00		
0.80	0.00	(0.80)	Non-Claims Expense Adjustment	0.80	0.00	(0.80)		
(2.68)	0.00	2.68	IBNR, Incentive, Paid Claims Adjustment	(2.68)	0.00	2.68		
222.89	222.08	(0.82)	Total Medical Costs	222.89	222.08	(0.82)		
49.12	45.01	4.11	GROSS MARGIN	49.12	45.01	4.11		
			Administrative:					
9.03	8.65	(0.38)	Compensation	9.03	8.65	(0.38)		
2.17	3.18	1.01	Purchased Services	2.17	3.18	1.01		
0.47	0.46	(0.01)	Supplies	0.47	0.46	(0.01)		
0.73	0.81	0.08	Depreciation	0.73	0.81	0.08		
1.33	1.30	(0.03)	Other Administrative Expenses	1.33	1.30	(0.03)		
0.00	0.00	0.00	Administrative Expense Adjustment	0.00	0.00	0.00		
13.73	14.39	0.66	Total Administrative Expenses	13.73	14.39	0.66		
236.62	236.47	(0.16)	TOTAL EXPENSES	236.62	236.47	(0.16)		
35.38	30.62	4.76	OPERATING INCOME (LOSS) BEFORE TAX	35.38	30.62	4.76		
32.90	33.40	0.49	MCO TAX	32.90	33.40	0.49		
2.48	(2.78)	5.26	OPERATING INCOME (LOSS) NET OF TAX	2.48	(2.78)	5.26		
			NONOPERATING EXPENSE					
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00		
(0.46)	1.14	1.60	Health Home	(0.46)	1.14	1.60		
(0.46)	1.14	1.60	TOTAL NONOPERATING EXPENSE	(0.46)	1.14	1.60		
2.01	(3.91)	5.92	NET INCREASE (DECREASE) IN NET POSITION	2.01	(3.91)	5.92		
93.1%	95.0%	1.9%	MEDICAL LOSS RATIO	93.1%	95.0%	1.9%		
5.7%	6.2%	0.4%	ADMINISTRATIVE EXPENSE RATIO	5.7%	6.2%	0.4%		

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JANUARY 31, 2019	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2018	2019	13 MONTH TOTAL		
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
ENROLLMENT	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	245,830	245,830	245,830	245,830	245,830	245,830	245,830	245,830	245,830	245,830	245,830	3,194,259
M e m b e r s - M C A L																								
R E V E N U E S																								
Title XIX - Medicaid - Family and Other	19,848,982	20,328,489	21,226,405	20,886,377	23,080,439	21,832,796	22,819,237	24,767,995	23,083,686	23,000,590	23,501,422	30,919,748	23,126,334	298,422,500	23,126,334	298,422,500	23,126,334	298,422,500	23,126,334	298,422,500	23,126,334	298,422,500	298,422,500	298,422,500
Title XIX - Medicaid - Expansion Members	20,478,437	20,367,468	20,638,072	20,813,430	21,917,368	21,504,090	21,552,232	22,882,962	21,704,606	21,501,088	21,231,529	24,465,934	21,975,726	280,332,942	21,975,726	280,332,942	21,975,726	280,332,942	21,975,726	280,332,942	21,975,726	280,332,942	280,332,942	280,332,942
Title XIX - Medicaid - SPD Members	10,334,550	10,530,984	10,764,253	10,871,613	11,583,059	11,083,761	11,910,574	12,352,544	11,987,574	12,128,126	12,551,376	13,341,766	11,970,651	151,410,826	11,970,651	151,410,826	11,970,651	151,410,826	11,970,651	151,410,826	11,970,651	151,410,826	151,410,826	151,410,826
Premium - MCO Tax	7,770,467	7,638,903	7,815,000	7,859,452	7,883,583	7,817,901	8,087,918	8,087,606	8,087,918	8,087,777	8,087,716	7,658,846	8,006,206	102,839,293	8,006,206	102,839,293	8,006,206	102,839,293	8,006,206	102,839,293	8,006,206	102,839,293	102,839,293	102,839,293
Interest/Dividends	489,128	312,236	330,992	309,405	391,144	493,098	398,592	326,444	328,291	331,150	316,046	369,891	338,737	4,856,214	338,737	4,856,214	338,737	4,856,214	338,737	4,856,214	338,737	4,856,214	4,856,214	4,856,214
Reinsurance Recoveries	-	-	10,245,425	3,503,612	1,257,496	1,027,705	465,065	196,954	196,954	325,659	110,446	59,980	-	17,609,378	-	17,609,378	-	17,609,378	-	17,609,378	-	17,609,378	17,609,378	17,609,378
COB/Subrogation Collections	-	-	1,024,425	3,503,612	1,257,496	1,027,705	465,065	196,954	196,954	325,659	110,446	59,980	-	17,609,378	-	17,609,378	-	17,609,378	-	17,609,378	-	17,609,378	17,609,378	17,609,378
Rate/Income Adjustments	1,511,501	319,159	1,095,189	457,845	21,538,562	(1,680,199)	(113,570)	129,606	5,175	251,712	(5,850)	1,364,372	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212	25,076,212
Other Income (Expense)	(14,532)	(200,000)	(384,933)	(360,661)	(99,712)	345,348	58,667	15,476	136,661	142,515	45,043	669,097	85,746	567,779	669,097	567,779	669,097	669,097	669,097	669,097	669,097	669,097	669,097	669,097
TOTAL REVENUES	60,497,598	59,297,299	71,730,403	64,541,073	87,542,939	62,263,852	65,778,535	68,379,666	65,830,865	65,729,793	65,955,938	77,747,385	66,867,772	881,363,118	66,867,772	881,363,118	66,867,772	881,363,118	66,867,772	881,363,118	66,867,772	881,363,118	881,363,118	881,363,118
E X P E N S E S																								
Medical Costs:																								
Physician Services	13,339,777	12,606,454	15,608,603	14,450,521	13,315,057	13,013,296	13,202,517	13,538,335	13,438,560	12,587,105	13,509,654	11,452,439	13,212,798	173,175,116	13,212,798	173,175,116	13,212,798	173,175,116	13,212,798	173,175,116	13,212,798	173,175,116	173,175,116	
Other Professional Services	2,973,811	2,788,474	2,996,590	2,911,566	3,114,591	3,111,320	2,964,061	3,254,300	3,251,122	3,323,654	4,150,323	3,375,679	3,414,621	41,930,112	3,375,679	41,930,112	3,375,679	41,930,112	3,375,679	41,930,112	3,375,679	41,930,112	41,930,112	
Emergency Room	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	4,584,869	4,531,949	4,490,225	4,490,225	4,169,595	3,601,196	4,459,099	58,639,269	4,459,099	58,639,269	4,459,099	58,639,269	4,459,099	58,639,269	4,459,099	58,639,269	58,639,269	
Inpatient	13,588,711	13,065,324	16,973,565	14,300,202	13,932,093	13,921,068	13,023,461	12,885,548	13,069,188	9,158,011	12,692,667	12,961,386	162,828,646	162,828,646	12,961,386	162,828,646	12,961,386	162,828,646	12,961,386	162,828,646	12,961,386	162,828,646	162,828,646	
Reinsurance Expense	113,536	117,345	118,427	107,531	115,783	116,240	116,949	116,075	116,075	116,075	115,925	115,993	125,136	1,509,433	115,993	1,509,433	115,993	1,509,433	115,993	1,509,433	115,993	1,509,433	1,509,433	
Outpatient Hospital	5,907,045	5,138,504	5,322,082	6,217,088	6,587,061	5,930,118	5,662,578	6,047,238	5,798,828	4,785,905	5,131,143	4,278,893	5,414,223	71,620,696	5,414,223	71,620,696	5,414,223	71,620,696	5,414,223	71,620,696	5,414,223	71,620,696	71,620,696	
Other Hospital	2,422,606	1,923,264	2,576,860	2,195,452	6,103,942	3,283,963	3,057,129	4,341,840	3,605,940	3,863,995	4,451,134	15,028,871	5,564,320	58,318,286	4,451,134	58,318,286	4,451,134	58,318,286	4,451,134	58,318,286	4,451,134	58,318,286	58,318,286	
Pharmacy	9,767,063	8,544,614	9,369,495	8,935,635	9,203,737	8,567,706	8,845,791	9,437,755	8,667,477	9,382,074	8,798,273	8,615,541	9,612,700	117,608,751	8,615,541	117,608,751	8,615,541	117,608,751	8,615,541	117,608,751	8,615,541	117,608,751	117,608,751	
Pay for Performance Quality Incentive	483,354	487,626	489,882	492,694	494,146	494,654	495,722	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	495,934	
Expansion Risk Corridor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Claims Expense Adjustment	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,199,911)	342,052	1,872,269	566,662	1,438,167	4,196,430	482,510	(659,783)	1,705,007	4,196,430	1,705,007	4,196,430	1,705,007	4,196,430	4,196,430	1,705,007	1,705,007	1,705,007	
IBNR, Incentive, Paid Claims Adjustment	49,826,819	48,751,703	58,333,294	53,700,500	76,700,850	51,354,704	53,194,977	56,289,183	53,565,649	53,549,587	54,170,337	60,587,658	54,793,595	725,015,856	60,587,658	725,015,856	60,587,658	725,015,856	60,587,658	725,015,856	60,587,658	725,015,856	725,015,856	
Total Medical Costs	106,707,719	105,455,596	12,997,109	10,840,573	10,842,089	10,909,148	12,083,558	12,090,483	12,168,216	12,180,206	11,785,601	17,159,727	12,074,177	156,347,262	12,074,177	156,347,262	12,074,177	156,347,262	12,074,177	156,347,262	12,074,177	156,347,262	156,347,262	
GROSS MARGIN	1,983,731	1,857,459	2,076,645	1,687,623	1,916,952	1,884,868	2,017,219	2,083,690	2,021,643	2,161,106	2,025,307	1,990,200	2,219,647	25,926,090	2,219,647	25,926,090	2,219,647	25,926,090	2,219,647	25,926,090	2,219,647	25,926,090	25,926,090	
Administrative:																								
Compensation	519,892	545,740	804,716	642,633	656,968	578,949	415,147	594,201	555,317	465,811	616,200	638,945	534,139	7,538,648	616,200	7,538,648	616,200	7,538,648	616,200	7,538,648	616,200	7,538,648	7,538,648	
Purchased Services	104,203	27,993	(9,431)	77,492	71,465	68,507	67,005	67,005	67,005	67,005	67,005	67,005	67,005	807,277	67,005	807,277	67,005	807,277	67,005	807,277	67,005	807,277	807,277	
Supplies	138,722	127,578	137,464	130,267	122,140	127,238	127,238	127,238	127,238	127,238	127,238	127,238	127,238	1,710,241	127,238	1,710,241	127,238	1,710,241	127,238	1,710,241	127,238	1,710,241	1,710,241	
Depreciation	210,466	225,000	339,883	284,983	279,546	332,386	255,200	315,104	265,994	221,013	303,506	326,629	3,635,439	3,635,439	303,506	3,635,439	303,506	3,635,439	303,506	3,635,439	303,506	3,635,439	3,635,439	
Other Administrative Expenses	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,291	2,948,995	3,121,739	3,049,841	3,087,235	3,025,912	3,541,021	3,375,554	40,000,708	3,541,021	40,000,708	3,541,021	40,000,708	3,541,021	40,000,708	3,541,021	40,000,708	40,000,708	
Administrative Expense Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Administrative Expenses	52,773,833	51,535,473	62,072,571	56,																				

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JANUARY 31, 2019	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	JANUARY 2019	13-MONTH TOTAL
ENROLLMENT														
Members - MCAL	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	245,830	3,194,259
R E V E N U E S														
Title XIX - Medicaid - Family and Other	116.91	118.93	123.47	121.12	133.71	126.38	131.77	143.39	133.25	134.04	136.65	180.80	134.36	133.45
Title XIX - Medicaid - Expansion Members	354.64	347.78	351.14	343.64	370.03	353.55	362.19	373.39	366.14	363.20	361.19	413.07	371.66	364.38
Title XIX - Medicaid - SPD Members	730.41	735.40	755.17	765.04	760.84	759.68	814.12	848.74	829.82	838.04	850.42	924.01	820.75	802.71
Premium - MCO Tax	31.95	31.33	31.91	31.90	31.91	31.61	32.63	32.75	32.75	32.98	32.94	31.30	32.57	32.20
Interest / Dividends	2.02	1.28	1.35	2.07	1.59	1.99	1.20	1.32	1.33	1.55	1.29	1.51	1.38	1.51
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.57)	1.10	0.00	0.08
COB/Subrogation Collections	0.00	0.00	41.83	14.22	5.09	41.6	1.88	1.69	0.80	1.33	0.45	0.25	0.00	5.51
Rent/Income Adjustments	6.25	1.31	4.47	1.86	87.13	(6.79)	(0.46)	0.52	0.02	0.87	1.03	(0.02)	5.55	7.85
Other Income (Expense)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	1.40	0.24	0.06	0.55	0.58	0.18	2.73	0.35	0.18
TOTAL REVENUES	250.32	243.21	292.85	261.99	354.32	251.76	263.37	276.88	265.35	267.99	268.64	317.75	272.01	275.92
E X P E N S E S														
Medical Costs:														
Physician Services	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	46.81	53.75	54.21
Other Professional Services	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	16.90	13.80	13.89	13.13
Emergency Room	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	14.72	18.14	18.36
Inpatient	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	11.00	52.72	50.98
Reinsurance Expense	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.51	0.47
Outpatient Hospital	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	17.49	22.02	22.42
Other Medical	10.02	7.89	10.52	9.91	13.27	12.33	12.33	17.18	14.60	15.75	18.13	61.42	22.63	18.26
Pharmacy	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	35.21	39.10	36.82
Pay for Performance Quality Incentive	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.82	2.00	1.99
Expansion Risk Corridor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.29
Non-Claims Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.21)	0.03	0.00	(0.00)	0.00	0.80	6.52
IBNR, Incentive, Paid Claims Adjustment	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	17.09	1.97	(2.68)	0.53
Total Medical Costs	206.17	199.96	239.79	217.99	310.44	207.65	214.62	221.92	216.08	218.33	220.63	247.62	222.89	226.97
GROSS MARGIN	44.15	43.25	53.06	44.01	43.88	44.11	48.75	48.96	49.27	49.66	48.00	70.13	49.12	48.95
Administrative														
Compensation	8.21	7.62	8.48	6.85	7.76	7.62	8.14	8.44	8.19	8.81	8.25	8.13	9.03	8.12
Purchased Services	2.15	2.24	3.29	2.61	2.58	2.34	1.67	2.41	2.25	1.90	2.51	3.57	2.17	2.36
Supplies	0.43	0.11	(0.04)	0.29	0.29	0.28	0.23	0.25	0.12	0.27	0.15	0.43	0.47	0.25
Depreciation	0.53	0.52	0.52	0.53	0.49	0.51	0.51	0.52	0.52	0.52	0.52	0.54	0.73	0.54
Other Administrative Expenses	0.87	0.92	1.39	1.16	1.13	1.11	1.34	1.03	1.28	1.08	0.90	1.24	1.33	1.14
Administrative Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12
Total Administrative Expenses	12.19	11.42	13.63	11.44	12.25	11.87	11.90	12.64	12.35	12.59	12.32	14.47	13.73	12.52
TOTAL EXPENSES	218.37	211.37	253.42	229.43	322.69	219.52	226.51	240.56	228.43	230.92	232.96	262.09	236.62	239.50
OPERATING INCOME (LOSS) BEFORE TAX	31.96	31.84	39.43	32.57	31.63	32.24	36.85	36.32	36.92	37.07	35.68	55.66	35.38	36.42
NICO TAX	31.65	30.81	31.23	31.05	30.96	30.64	32.63	32.75	32.75	32.98	32.94	33.05	32.90	32.03
OPERATING INCOME (LOSS) NET OF TAX	0.30	1.03	8.20	1.51	0.67	1.60	4.22	3.57	4.17	4.10	2.74	22.60	2.48	4.40
TOTAL NONOPERATING EXPENSE	0.08	0.57	2.51	0.56	(0.18)	0.95	0.64	0.78	2.30	0.17	0.91	0.22	0.48	0.77
NET INCREASE (DECREASE) IN NET POSITION	0.23	0.46	5.68	0.95	0.84	0.65	3.58	2.79	1.87	3.93	1.83	22.38	2.01	3.63
MEDICAL LOSS RATIO	94.4%	94.5%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%	86.4%	93.1%	93.1%
ADMINISTRATIVE EXPENSE RATIO	5.6%	5.4%	5.2%	5.0%	5.3%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.1%	5.7%	5.1%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED JANUARY 31, 2019				YEAR-TO-DATE			
CURRENT MONTH		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
R E V E N U E S							
Title XIX - Medicaid - Family & Other							
	19,429,089	19,736,329	(307,240)	19,429,089	19,736,329	(307,240)	
	1,535,620	2,422,591	(886,971)	1,535,620	2,422,591	(886,971)	
	105,947	74,724	31,223	105,947	74,724	31,223	
	274,231	258,606	15,625	274,231	258,606	15,625	
	1,697,597	651,319	1,046,278	1,697,597	651,319	1,046,278	
	83,850	80,940	2,910	83,850	80,940	2,910	
	23,126,334	23,224,509	(98,175)	23,126,334	23,224,509	(98,175)	
Total Title XIX - Medicaid - Family & Other							
Title XIX - Medicaid - Expansion Members							
	20,554,349	20,794,399	(240,050)	20,554,349	20,794,399	(240,050)	
	333,026	243,020	90,006	333,026	243,020	90,006	
	332,975	544,869	(211,894)	332,975	544,869	(211,894)	
	729,170	323,232	405,938	729,170	323,232	405,938	
	26,206	25,456	750	26,206	25,456	750	
	21,975,726	21,930,976	44,750	21,975,726	21,930,976	44,750	
Total Title XIX - Medicaid - Expansion Members							
Title XIX - Medicaid - SPD Members							
	11,179,431	11,198,120	(18,689)	11,179,431	11,198,120	(18,689)	
	105,947	211,894	(105,947)	105,947	211,894	(105,947)	
	409,771	391,982	17,789	409,771	391,982	17,789	
	275,502	125,386	150,116	275,502	125,386	150,116	
	11,970,651	11,927,381	43,270	11,970,651	11,927,381	43,270	
Total Title XIX - Medicaid - SPD Members							

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JANUARY 31, 2019		CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
2,852,332	2,899,327	46,995	2,852,332	2,899,327	46,995
9,061,015	9,160,716	99,701	9,061,015	9,160,716	99,701
1,290,151	1,352,195	62,044	1,290,151	1,352,195	62,044
9,300	9,300	-	9,300	9,300	-
13,212,798	13,421,538	208,740	13,212,798	13,421,538	208,740
PHYSICIAN SERVICES					
245,365	259,390	14,025	245,365	259,390	14,025
164,801	183,437	18,636	164,801	183,437	18,636
510,943	537,736	26,793	510,943	537,736	26,793
80,526	101,420	20,894	80,526	101,420	20,894
93,216	90,483	(2,733)	93,216	90,483	(2,733)
82,748	87,826	5,078	82,748	87,826	5,078
49,343	85,845	36,502	49,343	85,845	36,502
190,992	205,777	14,785	190,992	205,777	14,785
54,419	55,990	1,571	54,419	55,990	1,571
638,864	650,588	11,724	638,864	650,588	11,724
212,968	160,807	(52,161)	212,968	160,807	(52,161)
1,090,436	1,035,300	(55,136)	1,090,436	1,035,300	(55,136)
3,414,621	3,454,600	39,979	3,414,621	3,454,600	39,979
4,459,099	4,551,205	92,106	4,459,099	4,551,205	92,106
12,961,386	13,493,486	532,100	12,961,386	13,493,486	532,100
125,136	125,702	566	125,136	125,702	566
5,414,223	5,672,846	258,623	5,414,223	5,672,846	258,623
OTHER MEDICAL					
1,146,157	1,211,653	65,496	1,146,157	1,211,653	65,496
495,461	291,152	(204,309)	495,461	291,152	(204,309)
248,953	445,757	196,804	248,953	445,757	196,804
944,616	779,078	(165,538)	944,616	779,078	(165,538)
-	61,939	61,939	-	61,939	61,939
2,729,133	1,099,430	(1,629,703)	2,729,133	1,099,430	(1,629,703)
5,564,320	3,889,009	(1,675,311)	5,564,320	3,889,009	(1,675,311)
PHARMACY SERVICES					
8,596,061	8,350,924	(245,137)	8,596,061	8,350,924	(245,137)
542,465	831,487	289,022	542,465	831,487	289,022
647,574	598,144	(49,430)	647,574	598,144	(49,430)
(173,400)	(145,683)	27,717	(173,400)	(145,683)	27,717
9,612,700	9,634,871	22,171	9,612,700	9,634,871	22,171
491,660	492,950	1,290	491,660	492,950	1,290
-	-	-	-	-	-
197,435	-	(197,435)	197,435	-	(197,435)
(659,783)	-	659,783	(659,783)	-	659,783
54,793,595	54,736,207	(57,388)	54,793,595	54,736,207	(57,388)

* Medical costs per DMHC regulations

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
	VARIANCE		VARIANCE
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED JANUARY 31, 2019			
PHYSICIAN SERVICES			
11.60	11.76	11.60	11.76
36.86	37.17	36.86	37.17
5.25	5.49	5.25	5.49
0.04	0.04	0.04	0.04
53.75	54.45	53.75	54.45
OTHER PROFESSIONAL SERVICES			
1.00	1.05	1.00	1.05
0.67	0.74	0.67	0.74
2.08	2.18	2.08	2.18
0.33	0.41	0.33	0.41
0.38	0.37	0.38	0.37
0.34	0.36	0.34	0.36
0.20	0.35	0.20	0.35
0.78	0.83	0.78	0.83
0.22	0.23	0.22	0.23
2.60	2.64	2.60	2.64
0.87	0.65	0.87	0.65
4.44	4.20	4.44	4.20
13.89	14.02	13.89	14.02
18.14	18.47	18.14	18.47
52.72	54.75	52.72	54.75
0.51	0.51	0.51	0.51
22.02	23.02	22.02	23.02
OTHER MEDICAL			
4.66	4.92	4.66	4.92
2.02	1.18	2.02	1.18
1.01	1.81	1.01	1.81
3.84	3.16	3.84	3.16
0.00	0.25	0.00	0.25
11.10	4.46	11.10	4.46
22.63	15.78	22.63	15.78
PHARMACY SERVICES			
34.97	33.88	34.97	33.88
2.21	3.37	2.21	3.37
2.63	2.43	2.63	2.43
(0.71)	(0.59)	(0.71)	(0.59)
39.10	39.09	39.10	39.09
2.00	2.00	2.00	2.00
0.00	0.00	0.00	0.00
0.80	0.00	0.80	0.00
(2.68)	0.00	(2.68)	0.00
222.89	222.08	222.89	222.08

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JANUARY 31, 2019	JANUARY 2019	YEAR TO DATE 2019
PHYSICIAN SERVICES		
Primary Care Physician Services	2,852,332	2,852,332
Referral Specialty Services	9,061,015	9,061,015
Urgent Care & After Hours Advise	1,290,151	1,290,151
Hospital Admitting Team	9,300	9,300
TOTAL PHYSICIAN SERVICES	13,212,798	13,212,798
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	245,365	245,365
221 - Business Intelligence	164,801	164,801
310 - Health Services - Utilization Management - UM Allocation *	510,943	510,943
311 - Health Services - Quality Improvement - UM Allocation *	80,526	80,526
312 - Health Services - Education - UM Allocation *	93,216	93,216
313 - Health Services - Pharmacy - UM Allocation *	82,748	82,748
314 - Health Homes - UM Allocation *	49,343	49,343
315 - Case Management - UM Allocation *	190,992	190,992
616 - Disease Management - UM Allocation *	54,419	54,419
Behavior Health Treatment	638,864	638,864
Mental Health Services	212,968	212,968
Other Professional Services	1,090,436	1,090,436
TOTAL OTHER PROFESSIONAL SERVICES	3,414,621	3,414,621
EMERGENCY ROOM	4,459,099	4,459,099
INPATIENT HOSPITAL	12,961,386	12,961,386
REINSURANCE EXPENSE PREMIUM	125,136	125,136
OUTPATIENT HOSPITAL SERVICES	5,414,223	5,414,223
OTHER MEDICAL		
Ambulance and NEMT	1,146,157	1,146,157
Home Health Services & CBAS	495,461	495,461
Utilization and Quality Review Expenses	248,953	248,953
Long Term/SNF/Hospice	944,616	944,616
Enhanced Medical Benefits	-	-
Provider Enhancement Expense	2,729,133	2,729,133
Non-Medical Transportation	-	-
TOTAL OTHER MEDICAL	5,564,320	5,564,320
PHARMACY SERVICES		
RX - Drugs & OTC	8,596,061	8,596,061
RX - HEP-C	542,465	542,465
Rx - DME	647,574	647,574
RX - Pharmacy Rebates	(173,400)	(173,400)
TOTAL PHARMACY SERVICES	9,612,700	9,612,700
PAY FOR PERFORMANCE QUALITY INCENTIVE	491,660	491,660
EXPANSION RISK CORRIDOR	-	-
NON-CLAIMS EXPENSE ADJUSTMENT	197,435	197,435
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(659,783)	(659,783)
Total Medical Costs	54,793,595	54,793,595

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JANUARY 31, 2019	JANUARY 2019	YEAR TO DATE 2019
PHYSICIAN SERVICES		
Primary Care Physician Services	11.60	11.60
Referral Specialty Services	36.86	36.86
Urgent Care & After Hours Advise	5.25	5.25
Hospital Admitting Team	0.04	0.04
TOTAL PHYSICIAN SERVICES	53.75	53.75
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	1.00	1.00
221 - Business Intelligence	0.67	0.67
310 - Health Services - Utilization Management - UM Allocation *	2.08	2.08
311 - Health Services - Quality Improvement - UM Allocation *	0.33	0.33
312 - Health Services - Education - UM Allocation *	0.38	0.38
313 - Health Services - Pharmacy - UM Allocation *	0.34	0.34
314 - Health Homes - UM Allocation *	0.20	0.20
315 - Case Management - UM Allocation *	0.78	0.78
616 - Disease Management - UM Allocation *	0.22	0.22
Behavior Health Treatment	2.60	2.60
Mental Health Services	0.87	0.87
Other Professional Services	4.44	4.44
TOTAL OTHER PROFESSIONAL SERVICES	13.89	13.89
EMERGENCY ROOM	18.14	18.14
INPATIENT HOSPITAL	52.72	52.72
REINSURANCE EXPENSE PREMIUM	0.51	0.51
OUTPATIENT HOSPITAL SERVICES	22.02	22.02
OTHER MEDICAL		
Ambulance and NEMT	4.66	4.66
Home Health Services & CBAS	2.02	2.02
Utilization and Quality Review Expenses	1.01	1.01
Long Term/SNF/Hospice	3.84	3.84
Enhanced Medical Benefits	0.00	0.00
Provider Enhancement Expense	11.10	11.10
Non-Medical Transportation	0.00	0.00
TOTAL OTHER MEDICAL	22.63	22.63
PHARMACY SERVICES		
RX - Drugs & OTC	34.97	34.97
RX - HEP-C	2.21	2.21
Rx - DME	2.63	2.63
RX - Pharmacy Rebates	(0.71)	(0.71)
TOTAL PHARMACY SERVICES	39.10	39.10
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.00	2.00
EXPANSION RISK CORRIDOR	0.00	0.00
NON-CLAIMS EXPENSE ADJUSTMENT	0.80	0.80
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2.68)	(2.68)
Total Medical Costs	222.89	222.89

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED JANUARY 31, 2019			
298,677	258,313	298,677	258,313
	(40,364)		(40,364)
149,967	158,992	149,967	158,992
	9,025		9,025
401,536	617,731	401,536	617,731
	216,195		216,195
205	18,733	205	18,733
	18,528		18,528
255,998	338,853	255,998	338,853
	82,855		82,855
510,558	472,144	510,558	472,144
	(38,414)		(38,414)
85,314	109,760	85,314	109,760
	24,446		24,446
86,447	96,311	86,447	96,311
	9,864		9,864
25,633	33,602	25,633	33,602
	7,969		7,969
23	375	23	375
	352		352
127,668	126,282	127,668	126,282
	(1,386)		(1,386)
556	500	556	500
	(56)		(56)
12,191	13,285	12,191	13,285
	1,094		1,094
20,405	20,738	20,405	20,738
	333		333
267,760	241,230	267,760	241,230
	(26,530)		(26,530)
470,954	491,806	470,954	491,806
	20,852		20,852
319,181	370,472	319,181	370,472
	51,291		51,291
57,536	62,743	57,536	62,743
	5,207		5,207
24,987	64,498	24,987	64,498
	39,511		39,511
48,311	64,750	48,311	64,750
	16,439		16,439
211,647	188,680	211,647	188,680
	(22,967)		(22,967)
-	(202,880)	-	(202,880)
3,375,554	3,546,917	3,375,554	3,546,917
	171,363		171,363

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JANUARY 31, 2019	JANUARY 2019	YEAR TO DATE 2019
110 - Executive	298,677	298,677
210 - Accounting	149,967	149,967
220 - Management Information Systems (MIS)	401,536	401,536
221 - Business Intelligence	205	205
225 - Infrastructure	255,998	255,998
230 - Claims	510,558	510,558
240 - Project Management	85,314	85,314
310 - Health Services - Utilization Management	86,447	86,447
311 - Health Services - Quality Improvement	25,633	25,633
312 - Health Services - Education	23	23
313 - Pharmacy	127,668	127,668
314 - Health Homes	556	556
315 - Case Management	12,191	12,191
616 - Disease Management	20,405	20,405
320 - Provider Relations	267,760	267,760
330 - Member Services	470,954	470,954
340 - Corporate Services	319,181	319,181
360 - Audit & Investigative Services	57,536	57,536
410 - Advertising Media	24,987	24,987
420 - Sales/Marketing/Public Relations	48,311	48,311
510 - Human Resources	211,647	211,647
Total Department Expenses	3,375,554	3,375,554

KHS3/26/2019
 Management Use Only

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF JANUARY 31, 2019			
ASSETS	JANUARY 2019	DECEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,464,576	\$ 1,454,628	9,948
Interest Receivable	2,800	8,599	(5,799)
Prepaid Expenses & Other Current Assets	4,167	5,000	(833)
TOTAL CURRENT ASSETS	\$ 1,471,543	\$ 1,468,227	\$ 3,316
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	13,840	13,840	-
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 367,689	\$ 367,689	\$ -
NET POSITION:			
Net Position- Beg. of Year	1,100,538	1,081,027	19,511
Increase (Decrease) in Net Position - Current Year	3,316	19,511	(16,195)
Total Net Position	\$ 1,103,854	\$ 1,100,538	\$ 3,316
TOTAL LIABILITIES AND NET POSITION	\$ 1,471,543	\$ 1,468,227	\$ 3,316

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JANUARY 31, 2019	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
2,800	-	2,800	Interest	2,800	-	2,800
1,350	-	1,350	Other Investment Income	1,350	-	1,350
4,150	-	4,150	TOTAL REVENUES	4,150	-	4,150
EXPENSES						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
4,150	-	4,150	GROSS MARGIN	4,150	-	4,150
Administrative						
834	-	(834)	Management Fee Expense and Other Admin Exp	834	-	(834)
834	-	(834)	Total Administrative Expenses	834	-	(834)
834	-	(834)	TOTAL EXPENSES	834	-	(834)
3,316	-	3,316	OPERATING INCOME (LOSS)	3,316	-	3,316
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
3,316	-	3,316	NET INCREASE (DECREASE) IN NET POSITION	3,316	-	3,316
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
20%	0%	-20%	ADMINISTRATIVE EXPENSE RATIO	20%	0%	-20%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

	2019 MEMBER MONTHS											
	JAN'19	FEB'19	MAR'19	APR'19	MAY'19	JUN'19	JUL'19	AUG'19	SEP'19	OCT'19	NOV'19	DEC'19
MEDICAL												
ADULT AND FAMILY												
PA - FAMILY	34,526											
MN - FAMILY	0											
REFUGEE - FAMILY	0											
FOSTER CARE	720											
POVERTY-133/200%	1											
POVERTY-100%	0											
MI - CHILD	108,363											
CHILD-ACA	41											
FAMILY - UNDER 19	22,145											
SUB-TOTAL ADULT & FAMILY	165,796	0	0	0	0	0	0	0	0	0	0	0

MEDICAL EXPANSION												
LIHP Transition Pre-ACA	5											
ACA Expansion Adult-Citizen	58,680											
ACA Expansion CAL Fresh Adult	4											
LIHP Transition Pre-ACA	440											
SUB-TOTAL MANDATORY	59,129	0	0	0	0	0	0	0	0	0	0	0

SDP MEMBERS												
SSI-AGED	182											
MN - AGED	1,621											
SSI - BLIND & DISABLED	12,333											
MN - BLIND & DISABLED	449											
SUB-TOTAL MANDATORY SPD	14,585	0	0	0	0	0	0	0	0	0	0	0
TOTAL MANDATORY	239,510	0	0	0	0	0	0	0	0	0	0	0

OTHER MEMBERS												
BCCTP-TOBACCO SETTLEMENT	23											

DUALS												
PA - FAMILY DUALS	18											
PART D SSI-AGED	838											
PART D MN - AGED	1,510											
PART D SSI - BLIND & DISABLED	2,471											
PART D MN - BLIND & DISABLED	1,082											
PART D BCCTP-TOBACCO SETTLEMENT	1											
PART D MI - ADULT	0											
PART D MI - CHILD	377											
SUB-TOTAL DUALS	6,297	0	0	0	0	0	0	0	0	0	0	0

TOTAL OTHERS	6,320	0	0	0	0	0	0	0	0	0	0	0
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TOTAL KAISER	8,329											
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TOTAL MEDICAL MEMBERS	254,159	0	0	0	0	0	0	0	0	0	0	0
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KERN HEALTH SYSTEMS

December AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4290	S.C. ANDERSON, INC.	1,526,499.79	13,297,524.46	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT-NEW BUILDING
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	599,561.89	1,448,392.16	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T2918	STINSON'S	430,142.38	510,673.02	OFFICE SUPPLIES; NEW BUILDING FURNITURE DEPOSIT	VARIOUS
T1045	KAISER FOUNDATION HEALTH	421,469.68	4,834,947.00	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	228,449.83	475,612.07	2018-2019 (2ND INSTALLMENT) MHC ANNUAL ASSESSMENT	ADMINISTRATION
T2469	DST HEALTH SOLUTIONS, INC.	137,110.80	253,910.80	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T2726	DST PHARMACY SOLUTIONS, INC.	95,843.67	1,134,644.01	MONTHLY PHARMACY AND CLAIMS PROCESSING 2018	PHARMACY
T4237	FLUIDEDGE CONSULTING, INC.	92,066.06	1,992,013.32	PROFESSIONAL RESOURCES FOR PROJECT IMPLEMENTATIONS/ CAPITAL PROJECTS	VARIOUS
T4699	ZeOMEGA, INC.	84,737.50	1,991,302.35	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	56,240.62	213,638.82	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T2707	ACT 1 PERSONNEL SERVICES, INC.	49,710.42	331,838.48	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T4165	SHI INTERNATIONAL CO.	47,547.50	261,293.15	STORAGE MAINTENANCE/ HARDWARE	CAPITAL PROJECT IN PROCESS
T4350	COMPUTER ENTERPRISE INC.	46,477.66	1,955,342.12	2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4546	LEVEL 3 COMMUNICATIONS, LLC	42,877.88	248,125.24	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4696	ZNALYTICS, LLC	39,920.00	679,003.24	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4582	HEALTHX, INC.	39,200.00	508,300.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T3469	CPACINC.COM INC	32,945.42	46,786.20	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SQL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T4496	VOX NETWORK SOLUTIONS****	29,976.00	29,976.00	ENGAGE WORKFORCE MANAGEMENT SOFTWARE SOLUTIONS - MAINTENANCE OF TELEPHONES	MIS INFRASTRUCTURE
T4308	TRUXTUN PLACE PARTNERS	28,301.04	363,336.92	TRUXTUN - 2018 MONTHLY LEASE & UTILITIES	CORPORATE SERVICE
T4982	NGC US, LLC	27,230.00	130,570.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOMES

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5013	ELIZA CORPORATION****	22,520.00	22,520.00	HEALTH SERVICES MEMBER OUTREACH CALLS	HEALTH EDUCATION
T3011	OFFICE ALLY, INC.	22,108.25	218,466.25	2018 EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO	19,332.33	201,750.73	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	16,107.15	184,006.91	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T2840	ATALASOFT, INC.	15,855.00	29,451.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4193	TECHNOSOCIALWORK.COM DBA STRIA	15,184.59	403,598.08	2018 OCR SERVICES	CLAIMS
T4967	ADMINISTRATIVE SOLUTIONS, INC.	14,731.20	74,877.54	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T2562	CACTUS SOFTWARE LLC	13,458.41	27,458.41	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE
T4801	ZEAL STAFFING LLC, DBA Z STAFFING	12,343.05	110,738.81	TEMPORARY LABOR	VARIOUS
T1005	COLONIAL LIFE & ACCIDENT	11,922.32	35,618.26	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4902	CHANGE HEALTHCARE, LLC	11,567.01	300,929.23	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T2413	TREK IMAGING INC	11,062.87	241,298.16	MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T1861	CERIDIAN HCM, INC.	10,148.08	132,089.32	DAYFORCE MONTHLY SUBSCRIPTION FEE	HUMAN RESOURCES
T3454	DEPARTMENT OF MANAGED HEALTH CARE****	10,000.00	10,000.00	LETTER OF AGREEMENT ENDORSEMENT MATTER #18-440 & 18-688	ADMINISTRATION
T4884	GAINES SOLUTIONS, INC.	10,000.00	70,000.00	ANNUAL HOSTING FEE (SPR/SPI) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
		4,272,648.40			
	TOTAL VENDORS OVER \$10,000	4,272,648.40			
	TOTAL VENDORS UNDER \$10,000	247,812.75			
	TOTAL VENDOR EXPENSES- DECEMBER	\$ 4,520,461.15			

****New vendors over \$10,000 for the month of December

KERN HEALTH SYSTEMS

December AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4290	S C ANDERSON, INC	13,297,524.46	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	4,834,947.00	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY, LLC	2,557,002.46	DEC 2017& 2018 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T4237	FLUIDEDGE CONSULTING, INC.	1,992,013.32	NOV. - DEC. 2017 - 2018, CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4699	Z6OMEGA, INC.	1,991,302.35	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4350	COMPUTER ENTERPRISE INC.	1,955,342.12	2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	1,448,392.16	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T1001	KERN MEDICAL CENTER	1,438,482.13	HEALTH HOME GRANTS	HEALTH HOME
T1071	CLINICA SIERRA VISTA	1,175,120.44	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT- RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T2726	DST PHARMACY SOLUTIONS, INC.	1,134,644.01	PHARMACY AND CLAIMS PROCESSING - 2018	PHARMACY
T4391	OMNI FAMILY HEALTH	989,578.75	SEPT- DEC. 2017 , 2018 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	766,522.03	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T2686	ALLIANT INSURANCE SERVICES INC.	684,313.67	EARTH MOVEMENT INSURANCE-NEW BUILDING; WORKER'S COMPENSATION; CRIME ; PROPERTY & LIABILITY; EXCESS LIABILITY; FIDUCIARY LIABILITY; EXCESS CYBER; MANAGED CARE ERRORS AND OMISSION, EARTHQUAKE & NFLODD INSURANCE 2018-19	CAPITAL PROJECT IN PROGRESS / INSURANCE
T4696	ZNALYTICS, LLC	679,003.24	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T3130	OPTUMINSIGHT, INC.	655,445.00	CES DIRECT LICENSE - 12/17 - 12/18 ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS
T3449	CDW GOVERNMENT	623,273.70	HARDWARE AND LICENSES - 20 ADOBE ACRO LICENSES, 15 CISCO IP PHONES & LICENSES, 1 PROJECTOR SURFACE PRO DOCKS, ACCESSORIES, SOFTWARE	MIS INFRASTRUCTURE
T2704	MCG HEALTH LLC	599,840.68	SOFTWARE LICENSE - HEALTH CARE MANAGEMENT 6/5/18- 6/4/19	UTILIZATION MANAGEMENT
T2167	PG&E	546,460.77	NEW BUILDING UNDERGROUND UTILITIES/ANNUAL TRUE-UP FOR 2018 USAGE/UTILITIES	CAPITAL PROJECT IN PROGRESS - NEW BUILDING/ CORPORATE SERVICES

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2918	STINSON S	510,673.02	OFFICE SUPPLIES	VARIOUS
T4582	HEALTHX, INC.	508,300.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T1408	DELL MARKETING L.P.	493,983.06	HARDWARE- 6- LATITUDE E5480, 1 DELL SMART PRINTER, 6510, 20 OPTIPLEX 3050 DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T1845	DEPARTMENT OF MANAGED HEALTH CARE	475,612.07	2018-2019 (1ST AND 2ND INSTALLMENTS) MHC ANNUAL ASSESSMENT	ADMINISTRATION
T3460	THE GUARDIAN LIFE INSURANCE CO.	470,213.63	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4695	EDIFECS, INC.	429,837.85	2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	403,598.08	2018 OCR SERVICES	CLAIMS
T4308	TRUXTUN PLACE PARTNERS	363,336.92	TRUXTUN- 2018 LEASE & UTILITIES	CORPORATE SERVICES
T2292	CITY OF BAKERSFIELD	355,147.99	NEW BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUILDING
T4685	NATIONAL GIFT CARD CORP	336,311.40	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	331,838.48	TEMPORARY HELP - MIS -2 ; MS -2; CS -1;	VARIOUS
T4902	CHANGE HEALTHCARE LLC	300,929.23	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4165	SHI INTERNATIONAL CO.	261,293.15	STORAGE MAINTENANCE/HARDWARE	CAPITAL PROJECT IN PROCESS
T2469	DST HEALTH SOLUTIONS, INC.	253,910.80	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T1183	MILLIMAN USA	232,385.63	NOV- DEC 2017 & 2018 ACTUARIAL SERVICES, RDT, 2018 RATE SUPPORT, VALUE-BASED PURCHASING ANALYSIS, OTHER CONSULTING SERVICES	ADMINISTRATION
T4546	LEVEL 3 COMMUNICATIONS, LLC	248,125.24	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2413	TREK IMAGING INC	241,298.16	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	226,105.71	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T3011	OFFICE ALLY, INC.	218,466.25	2018 EDI CLAIM PROCESSING	CLAIMS

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T2488	THE LINCOLN NATIONAL LIFE INSURANCE	213,638.82	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4396	KAISER FOUNDATION HEALTH-DHMO	201,750.73	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	184,006.91	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T2584	UNITED STATES POSTAL SVC.-HASLER	170,000.00	POSTAGE-METERED	VARIOUS
T1272	COFFEY COMMUNICATIONS INC.	162,055.32	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	159,289.03	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4331	COTIVITI, INC	137,742.60	QUALITY INTELLIGENCE ANNUAL LICENSE FEE	QUALITY IMPROVEMENT
T4452	WELLS FARGO	136,035.90	EXECUTIVE, MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	132,089.32	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T4873	L5 HEALTHCARE SOLUTIONS, INC.	132,000.00	ONE TIME LICENSE FEE/IMPLEMENTATION/ANNUAL MAINTENANCE & SUPPORT FEES-ALCHEMY	CAPITAL PROJECT IN PROGRESS
T4982	NGC US, LLC	130,570.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	127,884.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4654	DELAWIE	126,394.19	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T4583	SOILS ENGINEERING INC	123,505.45	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T4801	ZEAL STAFFING LLC DBA Z STAFFING	110,738.81	TEMPORARY LABOR	VARIOUS
T4792	KP LLC	102,012.84	DRUG FORMULARY	PHARMACY
T5012	KERN MEDICAL CENTER FOUNDATION	100,000.00	VALLEY FEVER INSTITTUE DONATION	MARKETING
T1960	LOCAL HEALTH PLANS OF CA INC	97,377.08	2018/2019 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T2933	SIERRA PRINTERS, INC.	97,169.45	MEMBER EDUCATION MATERIAL / PROVIDER DIRECTORY	VARIOUS
T4467	MEDISOFTX, LLC,	95,985.18	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	92,699.00	JANITORIAL SERVICES	CORPORATE SERVICES

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2961	SOLUTION BENCH, LLC	89,212.32	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4785	COMMGAP	86,662.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T2287	CALIFORNIA WATER SERVICE	79,429.29	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING / WATER
T4967	ADMINISTRATIVE SOLUTIONS, INC	74,877.54	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T4421	JON SLAGLE	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	70,274.00	2018 ANNUAL DUES ASSESSMENT CAHP SEMINAR FEES	ADMINISTRATION
T4884	GAINES SOLUTIONS , INC.	70,000.00	ANNUAL HOSTING FEE (SPR/SP) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
T1785	AT&T	67,466.91	NEW BUILDING UNDERGROUND UTILITIES TELEPHONE SERVICE	CAPITAL PROJECT IN PROGRESS / MIS
T1644	BRIGHT HOUSE NETWORK	66,786.61	UNDERGROUND UTILITIES FOR NEW BUILDING.INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2018 ACAP DUES	ADMINISTRATION
T1597	BAKERSFIELD MEMORIAL HOSP	64,186.85	DEC., 2017 BMH DIABETIC AGREEMENT & GROW CLINIC	COMMUNITY GRANTS
T2446	AT&T MOBILITY	60,207.30	CELLULAR PHONE / INTERNET	MIS
T4899	SUMEET BHINDER, MD INC	60,167.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T3077	VMWARE, INC	59,544.72	VSPHERE 5 ENTERPRISE RENEWAL	MIS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	57,621.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T4433	MICRO-DYN MEDICAL SYSTEMS INC	53,880.00	ANNUAL LICENSE	MIS
T4561	SRI & SHARMA, LLC	52,500.00	PARKING RENTAL	CORPORATE SERVICES
T2837	TOYS/BABIES R US	51,981.42	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T1128	HALL LETTER SHOP INC.	51,978.66	NEW MEMBER PACKETS / MEMBERSHIP CARDS	MEMBER SERVICES
T4603	ECFIRST.COM	51,481.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM HIPAA SECURITY	CAPITAL PROJECT IN PROCESS
T2969	AMERICAN BUSINESS MACHINES INC	50,084.07	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1180	LANGUAGE LINE SERVICES, INC	49,913.03	INTERPRETATION SERVICES	MEMBER SERVICES
T3986	JACQUELYN S JANS	49,617.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
T4415	DANIELLS, PHILLIPS, VAUGHN & BOCK	49,175.00	FINANCIAL REPORTING SERVICES	ADMINISTRATIVE
T4733	UNITED STAFFING ASSOCIATES	48,995.49	TEMPORARY LABOR	VARIOUS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	48,025.00	BILLBOARD ADVERTISING	MEDIA & ADVERTISING
T3469	CPACINC.COM INC	46,786.20	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SQL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T4483	PREMIER VALLEY MEDICAL GROUP	46,105.75	HEALTH HOME GRANT	HEALTH HOME
T4563	SPH ANALYTICS	45,986.00	MEMBER SATISFACTION SURVEY	MEMBER SERVICES /PROVIDER RELATIONS
T4739	SECURITAS SECURITY SERVICES USA INC	45,722.88	SECURITY SERVICES	CORPORATE
T4039	KERN RURAL WELLNESS CENTERS, INC	45,647.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4653	FORMS ON FIRE INC	45,268.25	FORMS ON FIRE-SITE REVIEW AUTOMATION PROJECT-FORM DESIGN FOR 5 FORMS	CAPITAL PROJECT IN PROCESS
T4216	NEXSTAR BROADCASTING INC	45,023.00	MEDIA - ADVERTISEMENTS	MARKETING
T4977	HE T4 SOLUTIONS, LLC	44,678.50	PROFESSIONAL CONSULTANTS BASED ON TIME AND MATERIAL BASIS	MIS
T4345	ASHOK PARMAR	44,254.04	NOV 2017 PROVIDER RECRUITMENT, & RETENTION GRANT	COMMUNITY GRANTS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	42,587.25	ONSITE SECURITY	CORPORATE SERVICES
T3084	KERN COUNTY - COUNTY COUNSEL	41,886.60	LEGAL FEES	ADMINISTRATIVE
T4537	BURKE, WILLIAMS & SORENSEN, LLP	40,290.51	OCT- DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING)	CAPITAL PROJECT-NEW BUILDING
T4945	SHERRIA CREGGETT	38,806.41	2018 CONSULTING SERVICES HHP OUTREACH PROGRAM DEVELOPMENT	HEALTH HOME
T1957	MERCY FOUNDATION-BAKERSFIELD	38,500.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4876	CIRESON, LLC	38,034.00	BUSINESS MANAGEMENT SOLUTIONS, LICENSES; SOFTWARE :3 YR MAINTENANCE & SUPPORT, CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1022	UNUM LIFE INSURANCE CO.	37,666.80	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4607	AGILITY RECOVERY SOLUTIONS, INC.	36,288.00	DISASTER RECOVERY & BUSINESS CONTINUITY SERVICE	AIS
T2941	KERN PRINT SERVICES, INC	36,275.21	ENVELOPES AND LETTERHEAD WELL CHILD INCENTIVE VOUCHERS	CORPORATE SERVICES, HEALTH EDUCATION
T4168	RELAYHEALTH	36,164.52	2018 -EDI CLAIM PROCESSING	CLAIMS
T2441	LAURA BREZINSKI	36,105.00	MARKETING MATERIALS	MARKETING
T4767	VALLEY ANESTHESIA ASSOCIATES, INC	36,016.42	OCT 17 PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	35,779.60	EDI CLAIMS	CLAIMS
T1005	COLONIAL LIFE & ACCIDENT	35,618.26	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	34,831.00	LEGAL SERVICES	ADMINISTRATION
T4182	THE LAMAR COMPANIES	33,629.00	PRODUCTION FEE FOR ADS ON BUSES	MARKETING
T4657	DAPONDE SZABO ROWE PC	33,399.50	CONSULTING SERVICES TO REVIEW CONTRACTS	PROVIDER RELATIONS
T3990	SPARKLETTS, INC	32,201.47	BOTTLED WATER SERVICE	VARIOUS
T4496	VOX NETWORK SOLUTIONS****	29,976.00	ENGAGE WORKFORCE MANAGEMENT SOFTWARE SOLUTIONS - MAINTENANCE OF TELEPHONES	MIS INFRASTRUCTURE
T1347	ADVANCED DATA STORAGE	29,902.60	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T2840	ATALASOFT, INC.	29,451.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4195	SCRIPPS MEDIA , INC DBA KERO-TV	29,084.75	MEDIA - TELEVISION ADVERTISEMENTS	MARKETING
T2562	CACTUS SOFTWARE LLC	27,458.41	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE
T4955	DOGHOUSE GRILL LLC	27,331.00	EMPLOYEE RECOGNITION AND SERVICE AWARD PICNIC - 2018 CATERING	MARKETING
T1189	APPLE ONE INC	27,317.36	TEMPORARY LABOR	VARIOUS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	27,000.00	LEASE AGREEMENT PARKING SPACE -STOCKDALE HWAY	CORPORATE SERVICES
T2232	DLT SOLUTIONS, LLC	26,537.76	SQL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE
T4390	SOLARWINDS WORLDWIDE, LLC	26,000.00	SOFTWARE LICENSES - 2018	MIS
T4708	HEALTH MANAGEMENT ASSOCIATES INC	25,046.25	CONSULTING SERVICES -2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4503	VISION SERVICE PLAN	24,413.63	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T1650	UNIVISION TELEVISION GROUP	24,225.00	TELEVISION ADVERTISEMENT WITH THE GOAL OF MEMBER RETENTION	MARKETING
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY	24,023.21	2017-2018 ANNUAL WORKERS' COMPENSATION	VARIOUS
T4906	EVERLASTING HEALTHCARE	23,760.00	REIMBURSEMENT PROVIDER FOR CLAIMS PAID UNDER INCORRECT PROVIDER BANK ACCOUNT RETURNED BY EL MONTE MED CK 1024	CLAIMS
T4992	CJM AUTOMOTIVE GROUP, INC. DBA BAKERSFIELD CHRYE	23,228.65	ADDITIONAL CAR FOR KHS - 2018 DODGE CARAVAN	CORPORATE SERVICE
T5013	ELIZA CORPORATION****	22,520.00	HEALTH SERVICES MEMBER OUTREACH CALLS	HEALTH EDUCATION
T4417	KAISER FOUNDATION HEALTH PLAN	21,959.40	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T2955	DELTA ELECTRIC INC	21,046.00	PROPOSAL FOR RELOCATION OF 2ND CCTV CAMERA & SEALING OF ELEVEN AT STOCKDALE	CORPORATE SERVICES
T4497	SKILLSOFT CORPORATION	20,836.93	ANNUAL LICENSE FEE- ON LINE TRAINING & DESKTOP VIDEOS	HUMAN RESOURCE
T4587	MCINTOSH & ASSOCIATE	20,322.01	PROFESSIONAL SERVICES ENGINEERING NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T4198	LAW OFFICES OF CARL SHUSTERMAN	20,180.00	LEGAL SERVICES- H-1B D. YAVAD & M. KUMAR	ADMINISTRATION
T4731	LOGMEIN USA INC	19,651.80	GoToMEETINGS CORPORATE SERVICES / GoTo WEBINAR SERVICE	MIS
T4933	HOLLY J. CULHANE DBA PROFESSIONAL ADMINISTRATIVE SYSTEMS	19,387.50	PROFESSIONAL ADMINISTRATIVE SYSTEMS	ADMINISTRATION
T4883	MARTHA TASINGA	19,003.95	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES
T2407	KAISER FOUNDATION HEALTH	18,859.02	COBRA-INSURANCE	PAYROLL DEDUCTION
T4544	BARNES WEALTH MANAGEMENT GROUP	18,375.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T4932	CHARTER COMMUNICATIONS HOLDINGS.LLC DBA SPECTRUM REACH	18,280.35	TELEVISION ADVERTISEMENT WITH GOAL OF MEMBER RETENTION	MARKETING
T1032	THE BAKERSFIELD CALIFORNIAN	18,027.62	EMPLOYMENT AD	HUMAN RESOURCE
T4585	DELANO UNION SCHOOL DISTRICT	18,000.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T2921	DOUBLETREE HOTEL	17,805.69	HEDIS DINNER TO ACKNOWLEDGE PROVIDERS- FOOD-AUDIO VISUAL FEES & MISCELLANEOUS FEES	QUALITY IMPROVEMENT

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4747	SYED ALAM, M.D. INC.	17,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4605	KERVILLE UNION SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4798	KERN HIGH SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4962	LIBERTY DATA, INC.	17,100.00	SERVICE TO AUTOMATICALLY VERIFY NON PAR PROVIDER TAX IDs TO PREVENT FRAUD OR POTENTIAL PENALTIES FROM IRS.	MIS
T4230	COFFEE BREAK SERVICE INC	17,090.20	COFFEE SUPPLIES -STOCKDALE & TRUXTUN	CORPORATE SERVICE
T3378	CARRIER CORPORATION	16,640.94	SERVICE AGREEMENT	CORPORATE SERVICE
T4963	LINKEDIN CORPORATION	16,500.00	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCE
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	16,459.00	SPONSORSHIPS	COMMUNITY ACTIVITIES
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	16,000.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE I	CAPITAL PROJECT-NEW BUILDING
T4521	PAYSCALE, INC.	16,000.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T4925	VMEDU, INC	16,000.00	PMP ON-SITE TRAINING (JUNE 11-14,2018)	PROJECT MANAGEMENT
T4016	FIRST DATABANK, INC.	15,135.00	ANNUAL LICENSE- SOFTWARE- NATIONAL DRUG CODE DATABASE WITH GENERIC CODE NUMBER	MIS
T3001	MERCER	15,000.00	PROFESSIONAL CONSULTING SERVICES	ADMINISTRATION
T5014	MARY EMILY OUTHWAITE	15,000.00	CONTRACT TO ASSIST IN THE SEARCH OF QI DIRECTOR	HUMAN RESOURCES
T1152	MICHAEL K. BROWN LANDSCAPE INC.	14,877.64	BUILDING MAINTENANCE	CORPORATE SERVICES
T1742	CHANNING L. BETE CO., INC	14,766.94	HEDIS (ENG/SPN) NUTRITION BOOKLETS	QUALITY IMPROVEMENT
T4239	COAST TO COAST COMPUTER PRODUCTS	14,606.88	COMPUTER PRODUCTS	CORPORATE SERVICES
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	14,291.54	EXECUTIVES INSURANCE BENEFITS	ADMINISTRATION
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE	13,349.03	SUBMITTED 2013 UNCLAIMED PROPERTY	ACCOUNTING

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4425	PRO RESTORATION SERVICES INC	12,859.75	RESTORATION - STRUCTURAL REPAIR, WATER EXTRACTION AND REMEDIATION	CORPORATE SERVICES
T3065	CAREERBUILDER. LLC	12,750.00	JOB POSTINGS & ADVERTISEMENT	HUMAN RESOURCE
T4760	CAMERON CHANG	12,750.00	MAY-DEC.2017 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4297	PRAGMATIC WORKS SOFTWARE	12,500.80	3 YEAR RENEWAL MAINTENANCE WORKBENCH PRO UPGRADE	MIS
T2787	SAGE SOFTWARE	12,474.00	PROFESSIONAL SERVICES	ACCOUNTING
T4961	ALLEGIS GROUP HOLDINGS, INC.	12,464.27	TEMPORARY EMPLOYEE SERVICES	UTILIZATION MANAGEMENT
T2938	SAP AMERICA, INC	12,308.32	BUSINESS OBJECT ANNUAL MAINTENANCE	MIS - SOFTWARE SUPPORT
T2505	DERREL'S MINI STORAGE, INC.	12,033.20	RENT STORAGE	CORPORATE SERVICES
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES	12,000.00	2018 CHILDREN & FAMILIES GATSBY GALA	MARKETING
T2578	AMERICAN HEART ASSOCIATION - KERN COUNTY****	12,000.00	2019 HEART WALK & GO RED FOR WOMEN SPONSORSHIP	MARKETING
T4759	RALPH GARCIA-PACHECO JUAREZ****	11,937.50	2018 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T1263	THE GAS COMPANY	11,888.68	UTILITIES	CORPORATE SERVICES
T4683	CLAUDIA M. BACA	11,875.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4935	RKL LLP	11,866.37	SAGE LICENSE RENEWAL & 3 ADDITIONAL USERS	ACCOUNTING
T2300	AT&T LONG DISTANCE	11,709.87	LONG DISTANCE	MIS
T4786	LOST HILLS UNION SCHOOL DISTRICT	11,550.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T3465	JMP BUSINESS SYSTEMS INC	11,174.18	HASLER BULK MAILER PROFESSIONAL SOFTWARE MACHINE	CORPORATE SERVICES
T4594	MEDVERSANT TECHNOLOGIES LLC	11,000.00	MONTHLY MONITORING FEES	PROVIDER RELATIONS
T4694	KELLY SERVICES, INC.	10,875.93	TEMPORARY EMPLOYEE SERVICES	VARIOUS
T4968	ZIPRECRUITER, INS	10,790.99	REUSABLE ONLINE JOB SLOTS. IT PROVIDES CANDIDATE SEARCH CAPABILITIES, USE FREE-TEXT 'SCREENING QUESTIONS', HELP PRE-SCREEN/FILTER CANDIDATES.	HUMAN RESOURCE
T1996	SEQUOIA SANDWICH CO	10,742.80	MEETING FOOD EXPENSES	VARIOUS

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4431	ALAN AVERY	10,609.68	EMPLOYEE TRAVEL AND MILEAGE REIMBURSEMENT	ADMINISTRATION
T4871	KATHRYN HARPER	10,500.00	2017-2018 TUITION REIMBURSEMENT	HUMAN RESOURCE
T4707	SHAFTER PEDIATRICS	10,144.82	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3502	VIRTUAL GRFFITI, INC	10,041.54	SOFTWARE LICENSE - 2018	MIS
T4936	SEEPPOINT, LLC	10,026.89	VANTAGEPOINT KIOSK SYSTEM 5/30/18-5/29/19 PURCHASE AND MAINTENANCE	MIS
T3454	DEPARTMENT OF MANAGED HEALTH CARE****	10,000.00	LETTER OF AGREEMENT ENDORSEMENT MATTER #18-440 & 18-688	ADMINISTRATION
		<u>50,918,312.44</u>		
	TOTAL VENDORS OVER \$10,000	50,918,312.44		
	TOTAL VENDORS UNDER \$10,000	925,163.62		
	TOTAL VENDOR EXPENSES- DECEMBER	<u>\$ 51,843,476.06</u>		

Note:
****New vendors over \$10,000 for the month of December

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January AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T4290	S.C. ANDERSON, INC.	2,158,786.60	NEW BUILDING CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T4699	ZeOMEGA, INC.	496,906.48	2019 ANNUAL LICENSE AND MAINTENANCE / PROFESSIONAL SERVICES - MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T1045	KAISER FOUNDATION HEALTH	422,159.68	EMPLOYEE HEALTH BENEFITS	VARIOUS
T5015	SENTINEL ENGINEERING	408,965.98	JUNIPER NETWORKS HARDWARE, SOFTWARE, LICENSING AND SUPPORT FOR 1 YEAR FOR NEW BUILDING	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T2167	PG&E	277,732.35	ANNUAL TRUE-UP FOR 2018 USAGE/UTILITIES	CORPORATE SERVICES
T5005	CRAYON SOFTWARE EXPERTS LLC	272,333.82	ANNUAL MICROSOFT ENTERPRISE AGREEMENT	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE INC.	204,348.17	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECTS IN PROCESS/ MIS
T3449	CDW GOVERNMENT	124,845.97	FORTINET FORTIGATE FIREWALL APPLIANCES, LICENSES, AND SUPPORT	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T2726	DST PHARMACY SOLUTIONS, INC.	94,061.99	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	92,917.75	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT - NEW BUILDING
T4982	NSC US, LLC	75,000.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOMES
T4686	CENTRIC HEALTH	69,518.58	TRANSITION OF CARE CLINIC FUNDING - JUNE 2018- NOVEMBER 2018	UTILIZATION MANAGEMENT
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2019 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T1272	COFFEY COMMUNICATIONS INC.	58,212.00	WEBSITE IMPLEMENTATION	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	57,972.95	PROFESSIONAL SERVICES - NETWORKX MODELER AND PRICER	CAPITAL PROJECT
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	56,202.62	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC.	54,003.59	HEALTH HOME GRANTS	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	53,551.68	CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING	VARIOUS
T4963	LINKEDIN CORPORATION	52,000.00	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCES
T5025	SHANNON M DEAN	50,000.00	COMPENSATION DISTRIBUTION	ADMINISTRATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	47,878.96	TEMPORARY HELP - MIS ; MS; CS	VARIOUS
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	43,043.00	LEGAL SERVICES	ADMINISTRATION

KERN HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T1408	DELL MARKETING L.P.	39,312.41	SOFTWARE LICENSE	MIS
T4582	HEALTHX, INC.	39,200.00	MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS
T4696	ZNALYTICS, LLC	34,720.00	PROFESSIONAL SERVICES	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T4193	TECHNOSOCIALWORK.COM DBA STRIA	33,863.46	OCR SERVICES	CLAIMS
T4308	TRUXTUN PLACE PARTNERS	26,523.00	TRUXTUN - RENT & UTILITIES	CORPORATE SERVICES
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	26,317.32	EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4165	SHI INTERNATIONAL, CO.	26,214.04	STORAGE MAINTENANCE/ HARDWARE	VARIOUS
T5024	GALLAGHER BENEFIT SERVICES INC	24,750.00	REVIEW CURRENT PBM RFP QUESTIONNAIRE AND ADD ANY MODIFICATIONS	UTILIZATION MANAGEMENT
T4396	KAISER FOUNDATION HEALTH-DHMO	21,541.73	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	21,078.64	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	PROVIDER RELATIONS
T4902	CHANGE HEALTHCARE LLC	20,014.60	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T2232	DLT SOLUTIONS, LLC	18,884.25	SQL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE
T4654	DELAWIE	18,536.50	ARCHITECTURAL SERVICES	CAPITAL PROJECT - NEW BUILDING
T1183	MILLIMAN USA	18,053.25	ACTUARIAL SERVICES, 2018 CLAIM LIABILITY	ADMINISTRATION
T4583	SOILS ENGINEERING, INC	16,640.00	SOIL SAMPLING OBSERVATION - OIL DIRT DISCOVERY/REMEDATION	CAPITAL PROJECT- NEW BUILDING
T1861	CERIDIAN HCM, INC.	15,860.32	DAYFORCE MONTHLY SUBSCRIPTION FEE	HUMAN RESOURCES
T5030	KHOA NGUYEN DBA KN CONSULTING, LLC	15,000.00	CONSULTING SERVICES - GROUP INITIATIVE PROPOSAL	CORPORATE SERVICE
T4873	L5 HEALTHCARE SOLUTIONS, INC.	14,915.00	LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL	MIS
T4452	WELLS FARGO	14,694.23	EXECUTIVE, CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T2413	TREK IMAGING INC	13,162.67	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4991	FANELLIPM	12,940.00	NEW BUILDING RELOCATION MANAGEMENT	CAPITAL PROJECT-NEW BUILDING

KERN HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T3084	KERN COUNTY - COUNTY COUNSEL	12,491.60	LEGAL FEES	ADMINISTRATION
T4563	SPH ANALYTICS	12,198.00	MEMBER SATISFACTION SURVEY	MEMBER SERVICES
T1005	COLONIAL LIFE & ACCIDENT	11,581.03	EMPLOYEE PREMIUM	VARIOUS
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	10,809.00	COMMUNITY ACTIVITIES	MARKETING
		<u>5,754,743.22</u>		
	TOTAL VENDORS OVER \$10,000	5,754,743.22		
	TOTAL VENDORS UNDER \$10,000	318,281.48		
	TOTAL VENDOR EXPENSES- JANUARY	<u>\$ 6,073,024.70</u>		

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
J. Services	\$62,160.00	Yes	CS	Alonso Hurtado	Janitorial Services for Stockdale and Truxtunt	1/1/2019	12/31/2019
Jacquelyn S. Jans	\$52,500.00	Yes	MRK	Louie Iturriria	Marketing and Corporate Image Consultant	1/1/2019	12/31/2019
CPAC, Inc.	\$49,350.00	Yes	IT	Richard Pruitt	6 VMware & 6 Veeam licensing with support & maint	1/29/2019	1/28/2024
Poppvrock Design	\$39,600.00	Yes	MRK	Louie Iturriria	Graphic Design of member, provider and marketing	1/1/2019	12/31/2019
ZeOmega	\$72,000.00	Yes	UM	Deborah Murr	Quote#792-Dedicatedimplementation manager for 3 months	1/1/2019	3/31/2019
ZeOmega	\$33,000.00	Yes	UM	Deborah Murr	Quote#827-Inclusion HHP site outreach rules & NOA language into JIVA MMP	1/29/2019	12/31/2019
CenturyLink	\$61,000.00	Yes	IT	Richard Pruitt	1G-3G connection for Buck Owens building	1/1/2019	12/31/2019
Quantum Consulting Group	\$31,000.00	Yes	HHP	Julie Worthing	Beverly Gibbs consulting services for HHP	1/3/2019	12/31/2019
LinkedIn	\$52,000.00	Yes	HR	Anita Martin	Online training to manage learners	1/1/2019	1/1/2020
DLT	\$33,514.12	Yes	IT	Richard Pruitt	66 Spotlight SQL licenses w/ support co-termed	1/18/2019	1/31/2020
February							
LifeSigns	\$45,000.00	Yes	HE	Isabel Silba	ASL interpreting services for members	2/28/2019	2/27/2020

2019 TECHNOLOGY CONSULTING RESOURCES																		
ITEM	PROJECT	CAP/EXP	BUDGET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD	TOTAL	REMAINING BALANCE
#	Project Name																	
1	COBA	EXP	\$18,500	\$18,500	\$0											\$18,500	\$0	
2	QJ Site	CAP	\$9,300	\$3,600	\$3,600											\$7,200	\$2,100	
3	Mfiles	CAP	\$34,860	\$15,960	\$760											\$16,720	\$18,140	
4	Health Home Program Expansion	CAP	\$137,673	\$19,320	\$46,160											\$65,480	\$72,193	
5	Medical Management	CAP	\$361,700	\$38,280	\$64,920											\$103,200	\$258,500	
6	Diabetes Prevention Program (DPP)	CAP	\$280,403	\$19,980	\$20,520											\$40,500	\$239,903	
7	Hospital Directed Payments (HDP)	EXP	\$28,305	\$16,490	\$680											\$17,170	\$11,135	
8	Corporate Website Support	EXP	\$52,290		\$0											\$0	\$52,290	
9	New Building Move	CAP	\$531,300	\$47,626	\$44,936											\$92,562	\$438,738	
10	2019 HHP State Alignment	CAP	\$240,000													\$0	\$240,000	
11	Internal Dashboards (4)	CAP	\$628,363	\$32,640	\$43,320											\$75,960	\$552,403	
12	Member Engagement - Pre and Post Natal Utilization	CAP	\$72,961													\$0	\$72,961	
13	Computer Assisted Translation Tool	CAP	\$19,915													\$0	\$19,915	
14	Telehealth-E-consults/Teledocs	EXP	\$69,581													\$0	\$69,581	
16	CES Upgrade	EXP	\$33,000													\$0	\$33,000	
17	Orchestrator Job Migration Cont.	EXP	\$103,950													\$0	\$103,950	
18	2D Profiling Internal Management (CE)	CAP	\$300,930													\$0	\$300,930	
19	APM/Network Modeler and Pricer - Professional	CAP	\$281,781	\$24,480	\$29,458											\$53,938	\$227,843	
20	Microsoft Server Upgrades	EXP	\$58,800													\$0	\$58,800	
21	Call Center Knowledge Management Solution	CAP	\$8,715													\$0	\$8,715	
22	CACTUS Upgrade	CAP	\$227,188													\$0	\$227,188	
23	KHS Biztalk	EXP	\$11,200													\$0	\$11,200	
24	Staff Augmentation	EXP	\$1,445,983	\$149,513	\$169,494											\$319,007	\$1,126,976	
Totals:			Totals	\$4,956,698	\$386,389	\$423,847	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$810,236	\$4,146,462	

