



KERN HEALTH SYSTEMS

FINANCE COMMITTEE MEETING

Friday, February 3, 2017

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, February 3, 2017

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, Casas, 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))
- CA-3) Minutes for KHS Finance Committee meeting on December 9, 2016 -
APPROVE
- 4) Report on KHS investment portfolio for the fourth quarter ending December 31, 2016 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Report on 2016 annual review of KHS Investment Policy (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 6) Report on KHS 2016 annual travel report (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 7) Proposed Amendment with Relay Health, a division of McKesson Technologies Inc., to process and submit electronic medical claims from providers and institutions directly to KHS, from March 21, 2017 through March 21, 2020 in an amount not to exceed \$0.23 per claim (Fiscal Impact: \$144,000 estimated annually; Budgeted) –
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 8) Report on Kern Health Systems financial statements for November 2016 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 9) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through MHC system for November 2016 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, APRIL 7, 2017 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.

SUMMARY

FINANCE COMMITTEE MEETING

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

Friday, December 9, 2016

8:00 A.M.

COMMITTEE RECONVENED

Members present: Deats, McGlew, Melendez (arrived at 8:30 a.m.), Rhoades

Members absent: Casas

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

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" WERE CONSIDERED TO BE ROUTINE AND APPROVED BY ONE MOTION.

COMMITTEE ACTION 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!**
NO ONE HEARD

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))
NO ONE HEARD

- CA-3) Minutes for KHS Finance Committee meeting on November 4, 2016 -
APPROVED
Rhodes-McGlew: 3 Ayes; 2 Absent – Melendez, Casas
- 4) Proposed Kern Health Systems 2017 Operating and Capital Budgets (Fiscal Impact: None) -
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhodes-Melendez: 4 Ayes; 1 Absent – Casas
- 5) Proposed policy with OPTUM for reinsurance to mitigate costs incurred by Kern Health Systems for members with high dollar inpatient admissions from January 1, 2017 through December 31, 2017, in an amount not to exceed \$0.44 per member per month (Fiscal Impact: \$1,263,570 estimated; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Rhodes: 4 Ayes; 1 Absent – Casas
- 6) Proposed Amendment with MedisoftRx, LLC, for a hosted software solution to perform population analysis, and data analytics and reporting for the Health Home Program (HHP) , from January 1, 2017 through December 31, 2017, in an amount not to exceed \$0.06 per member per month (Fiscal Impact: \$176,400 estimated annually; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhodes-McGlew: 4 Ayes; 1 Absent – Casas
- 7) Proposed Budget Request for Electronic Data Interchange (EDI) System Project, from January 1, 2017 through December 31, 2019 (Fiscal Impact: \$2,069,105; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhodes-McGlew: 4 Ayes; 1 Absent – Casas
- 8) Proposed Budget Request for 2017 Project Consulting Professional Services, from January 1, 2017 through January 31, 2018 (Fiscal Impact: \$1,581,710; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhodes-Melendez: 4 Ayes; 1 Absent – Casas
- 9) Report on Kern Health Systems financial statements for October 2016 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhodes-Melendez: 4 Ayes; 1 Absent – Casas
- 10) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through MHC system for October 2016 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhodes-McGlew: 1 Absent – Casas

ADJOURN TO FRIDAY, FEBRUARY 3, 2017 AT 8:00 A.M.

**AMERICANS WITH DISABILITIES ACT
(Government Code Section 54953.2)**

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To: KHS Finance Committee

From: Robert Landis, CFO

Date: February 3, 2017

Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

The Kern Health Systems (“KHS”) Investment Policy stipulates the following order of investment objectives:

- Preservation of principal
- Liquidity
- Yield

The investment portfolios are designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. KHS currently maintains the following investment portfolios:

Short-Term Portfolio (Under 1 year)

Funds held in this time frame are typically utilized to pay providers, meet operating expenses, fund capital projects and distribute pass-through monies waiting for additional approvals and/or support to be paid. Additionally, extra liquidity is maintained in the event the State is late with its monthly capitation payment and/or MCO Tax reimbursements.

Long-Term Portfolio (1-5 years)

Funds held in this time frame are typically for reserves and to take advantage of obtaining higher yields.

Requested Action

Receive and File; Refer to KHS Board of Directors

**Kern Health Systems
Investment Portfolio
December 31, 2016**

Short Term Portfolio (under 1 year)

Funds held in this time frame are typically utilized to pay providers, meet operating expenses and distribute pass-through monies waiting for additional approvals and/or support to be paid.
Extra liquidity is maintained in the event the State is late with its monthly capitation payment.

<u>Description</u>		<u>Dollar Amount</u>	<u>% of Portfolio</u>	<u>Maximum Allowed Per Policy</u>	<u>Approximate Current Yield</u>	<u>Liquidity</u>	<u>Principal Fluctuation</u>
Wells Fargo - Repurchase Agreement	(A)	(1) \$ 101,200,000	34.84%	50%	0.01%	1 Day	None
Morgan Stanley Money Market	(B)	(2) \$ 35,200,000	12.12%	20%	0.32%	1 Day	None
Local Agency Investment Fund (LAIF)	(C)	(1) \$ 64,300,000	22.14%	50%	0.73%	2 Days	None
Certificates of Deposit	(D)	\$ 5,250,000	1.81%	30%	0.67%	3 Days	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(G)	\$ 11,800,000	4.06%		0.71%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total		\$ 217,750,000	74.97%		0.33%		

Long Term Port Folio (1 - 5 years)

Funds held in this time frame are typically for reserves and to take advantage of obtaining higher yields.

UBS Managed Portfolio	(E)	\$ 60,300,000	20.76%		1.87%	3 Days	Subject to Interest Rate and Credit Fluctuations
Certificates of Deposit	(F)	\$ 2,250,000	0.77%	30%	1.31%	3 Days	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(G)	\$ 10,150,000	3.49%		1.38%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total		\$ 72,700,000	25.03%		1.78%		
Total Portfolio		\$ 290,450,000	100.00%		0.69%		

Yield Curve	Yield Curve			
	Treasuries	AA Corporate Bonds	A Corporate Bonds	CD's
1 year	0.85%	1.10%	1.20%	1.00%
2 year	1.23%	1.40%	1.53%	1.35%
3 year	1.50%	1.68%	1.80%	1.70%
5 year	1.95%	2.05%	2.22%	2.25%

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
- (B) \$19 Billion money market fund managed by Morgan Stanley comprised of high -quality debt securities issued by the US Government.
- (C) LAIF is part of a \$70 Billion Pooled Money Investment Account managed by the State Treasurer of CA. Majority of portfolio is comprised of Treasuries, CD's, Time Deposits and Commercial Paper.
- (D) Comprises 21 certificates of deposit at \$250,000, which is the FDIC Insurance maximum, maturing in less than 12 months.
- (E) High quality diversified portfolio comprising certificate of deposits, corporate bonds and notes, municipal securities and US Treasury Securities. Includes investments maturing in less than 1 year that will be re-invested for over 1 year at maturity.
- (F) Comprises 9 certificates of deposit at \$250,000, which is the FDIC Insurance maximum, maturing in 2018
- (G) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
- (1) Funds are utilized to pay providers, meet operating expenses and distribute pass-through monies waiting for additional approvals and/or support. Extra liquidity is maintained in the event the State is late with its monthly capitation payment and/or MCO Tax Reimbursement Payments.
- (2) Funds will be primarily utilized to fund various Grant Programs and 2017 capital projects, which includes building a new office building.



UBS Client Review

as of December 31, 2016

Prepared for

Kern Health Systems
BOARD REVIEW

Accounts included in this review

Account	Name	Type
EB 02120	• BOND PORTFOLIO	• UBS Strategic Advisor
Risk profile:	Conservative	
Return Objective:	Current Income	

What's inside

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Branch office:
9201 Camino Media
Suite 230
Bakersfield, CA 93311

Financial Advisor:
SAMPSON WEALTH MANAGEMENT GRP
(661) 663-3213

Financial Advisor:
Gary J. Sampson, CFP®, CRPC®
Jon Sampson, CFP®, CPM®, CRPC®
Nancy K. Sampson, CRPC®



Prepared for Kern Health Systems
 EB 02120 • BOND PORTFOLIO • UBS Strategic Advisor
 Risk profile: Conservative
 Return Objective: Current Income

Asset allocation review

as of December 31, 2016

	Market value (\$)	% of portfolio
Cash	1,558,597.61	2.59
Cash	1,558,597.61	2.59
Fixed Income	58,729,998.21	97.41
US	58,729,998.21	97.41
Equity	0.00	0.00
Commodities	0.00	0.00
Non-Traditional	0.00	0.00
Other	0.00	0.00
Total Portfolio	\$60,288,595.82	100%

Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

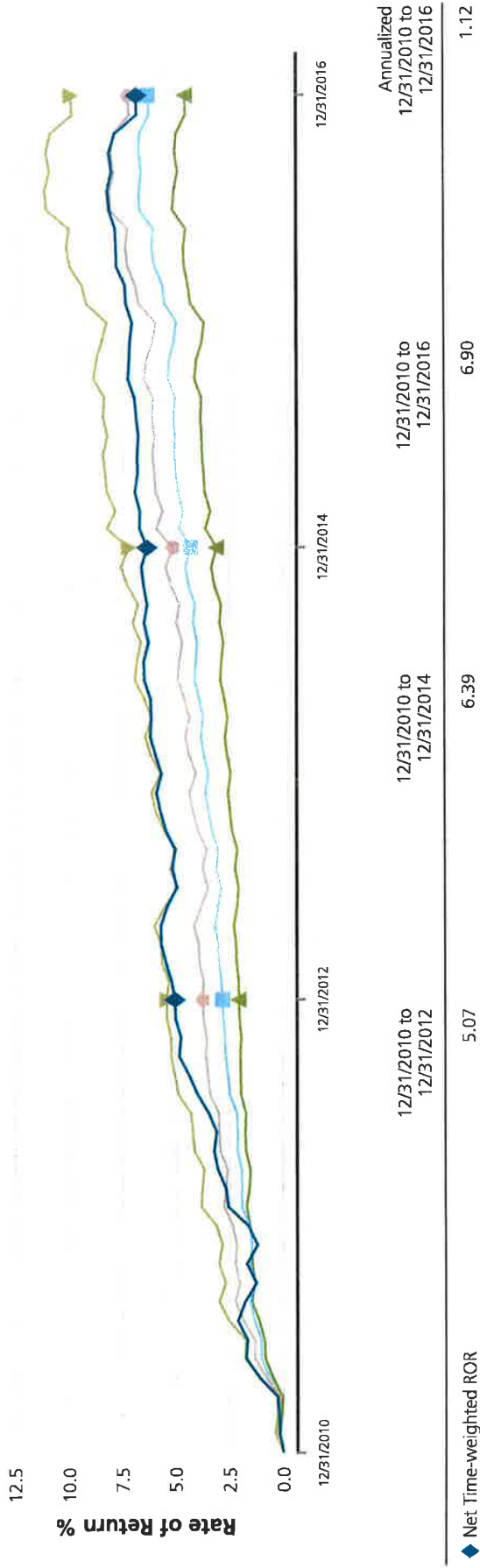


■ Cash 2.59%
 ■ US Fixed Income 97.41%



Cumulative performance

as of December 31, 2016



Benchmarks - Time-weighted returns

◆ Benchmark 1	3.75	5.16	7.27	1.18
◆ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	1.03
◆ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	1.60
◆ Barclays US Gov 1-3Y	2.08	3.12	4.60	0.75

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



Prepared for Kern Health Systems
 EB 02120 • BOND PORTFOLIO • UBS Strategic Advisor
 Risk profile: Conservative
 Return Objective: Current Income

Bond summary

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.

as of December 31, 2016

Bond overview

Total quantity	58,512,000
Total market value	\$58,398,859.62
Total accrued interest	\$331,138.59
Total market value plus accrued interest	\$58,729,998.21
Total estimated annual bond interest	\$1,324,912.07
Average coupon	2.34%
Average current yield	2.27%
Average yield to maturity	1.87%
Average yield to worst	1.87%
Average modified duration	2.66
Average effective maturity	2.78

Credit quality of bond holdings

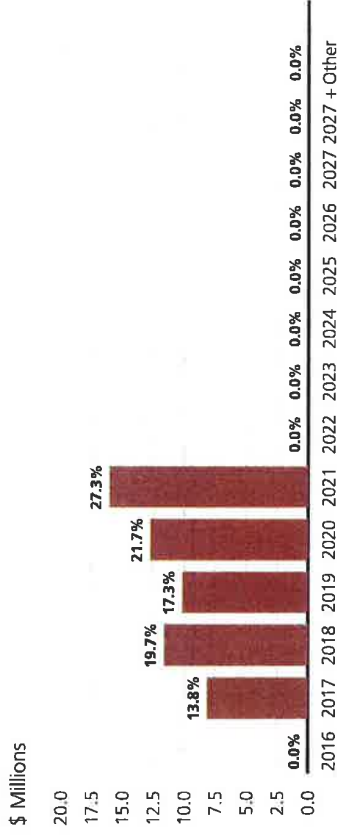
Effective credit rating	Issues	Value on 12/31/2016 (\$)	% of port.
A Aaa/AAA/AAA	14	35,949,780.35	61.35
B Aa/AA/AA	14	9,711,734.68	16.49
C A/A/A	15	11,715,443.81	19.87
D Baa/BBB/BBB	2	1,353,039.38	2.29
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	0	0.00	0.00
Total	45	\$58,729,998.21	100%



Investment type allocation

Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Municipals	7,113,207.90	260,765.00	7,373,972.90	12.56
U.S. corporates	15,406,244.96	0.00	15,406,244.96	26.23
U.S. federal agencies	35,486,493.80	0.00	35,486,493.80	60.42
U.S. treasuries	463,286.55	0.00	463,286.55	0.79
Total	\$58,469,233.21	\$260,765.00	\$58,729,998.21	100%

Bond maturity schedule



■ Effective maturity schedule
 Cash, mutual funds and some preferred securities are not included.



Bond holdings

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.

as of December 31, 2016

Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2016	0	0		NA	NA	NA	NA				
2017	10	8,028,000	238,796.57	2.95%	1.14 %	1.14 %	0.58	8,469,695.64	-387,595.02	8,140,297.82	13.84%
2018	13	11,285,000	338,345.00	2.94%	1.58 %	1.58 %	1.58	11,756,829.65	-229,176.59	11,618,677.18	19.74%
2019	7	9,979,000	203,607.50	2.02%	1.59 %	1.59 %	2.31	10,173,267	-68,994.51	10,149,346.90	17.3%
2020	6	12,750,000	274,500.00	2.16%	2.26 %	2.26 %	3.32	12,996,240	-303,427.50	12,744,365.97	21.75%
2021	9	16,470,000	269,663.00	1.69%	2.34 %	2.34 %	4.19	16,513,186.75	-521,165.80	16,077,310.34	27.38%
2022	0	0		NA	NA	NA	NA				
2023	0	0		NA	NA	NA	NA				
2024	0	0		NA	NA	NA	NA				
2025	0	0		NA	NA	NA	NA				
2026	0	0		NA	NA	NA	NA				
2027	0	0		NA	NA	NA	NA				
2028	0	0		NA	NA	NA	NA				
2029	0	0		NA	NA	NA	NA				
2030	0	0		NA	NA	NA	NA				
2031	0	0		NA	NA	NA	NA				
2032	0	0		NA	NA	NA	NA				
2033	0	0		NA	NA	NA	NA				
2034	0	0		NA	NA	NA	NA				
2035	0	0		NA	NA	NA	NA				
2036	0	0		NA	NA	NA	NA				
2037	0	0		NA	NA	NA	NA				
2038	0	0		NA	NA	NA	NA				
2039	0	0		NA	NA	NA	NA				
2040	0	0		NA	NA	NA	NA				
2041	0	0		NA	NA	NA	NA				
2042	0	0		NA	NA	NA	NA				
2043	0	0		NA	NA	NA	NA				
2044	0	0		NA	NA	NA	NA				
2045	0	0		NA	NA	NA	NA				
2045 +	0	0		NA	NA	NA	NA				
Other	0	0		NA	NA	NA	NA				
Total	45	58,512,000	\$1,324,912.07	2.27%	1.87 %	1.87 %	2.66	\$59,909,219.04	\$-1,510,359.42	\$58,729,998.21	



Prepared for Kern Health Systems
 EB 02120 • BOND PORTFOLIO • UBS Strategic Advisor
 Risk profile: Conservative
 Return Objective: Current Income

Bond holdings - as of December 31, 2016 (continued)

Details of bond holdings

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Total Bond Portfolio												
						2.27%	1.87%		\$-1,510,359.42		\$331,138.59	
							1.87%				\$58,729,998.21	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2017												
WALT DISNEY COMPANY/THE	A2/A/A	1,000,000	1.13%	02/15/2017		11,250.00	1.03%	0.12	985,310.00	100.011	1,000,110.00	1.71%
01.125% 021517 DTD021412	NR/NR/NR					1.12%	1.03%		14,800.00		4,250.00	
CALL@MW+10BP												
CUSIP: 25468PCS3												
Initial Purchase Date: 07/09/2013												
Original Maturity: 02/15/2017												
ST OF CA VAR GEN OBLI BN TAX	Aa3/AA-/AA-	985,000	5.75%	03/01/2017		56,637.50	1.07%	0.17	1,121,900.70	100.788	992,761.80	1.70%
BE/R/ 5.750 030117 DTD 040110	NR/NR/NR					5.71%	1.07%		-129,138.90		18,879.17	
/CA												
CUSIP: 13063BFQ0												
Initial Purchase Date: 04/18/2012												
Original Maturity: 03/01/2017												
TARGET CORP MW T +12.5BP	A2/A-/A	1,500,000	5.38%	05/01/2017		80,625.00	1.27%	0.33	1,704,195.00	101.370	1,520,550.00	2.60%
05.375% 050117 DTD050107	NR/NR/NR					5.30%	1.27%		-183,645.00		13,437.50	
FC110107												
CUSIP: 87612EAP1												
Initial Purchase Date: 07/09/2013												
Original Maturity: 05/01/2017												
COAST CMTY COLLEGE DIST TAX	Aa1/NR/AA	265,000	1.34%	08/01/2017		3,545.70	1.17%	0.58	266,102.40	100.095	265,251.75	0.45%
SR B BE/R/ 1.338 080117	NR/NR/NR					1.34%	1.17%		-850.65		1,477.38	
DTD 052913 /CA												
CUSIP: 190335GN3												
Initial Purchase Date: 03/28/2014												
Original Maturity: 08/01/2017												
MERCED CA UN HIGH SCH DI	NR/AA-/A+	295,000	5.38%	08/01/2017		15,868.05	1.61%	0.57	324,240.40	102.187	301,451.65	0.52%
TAX B1-QU BE/R/ 5.379	NR/NR/NR					5.26%	1.61%		-22,788.75		6,611.69	
080117 DTD 030311 /CA												
CUSIP: 587635EA7												
Initial Purchase Date: 01/28/2015												
Original Maturity: 08/01/2017												



Bond holdings - as of December 31, 2016 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2017											
GENL ELEC CAP CORP 05.625%	A1/AA-/AA-	500,000	5.63%	09/15/2017		28,125.00	1.25%	572,500.00	103.075	515,375.00	0.88%
091517 DTD092407 FC031508	NR/NR/NR					5.46%	1.25%	-57,125.00		8,281.25	
MED TERM NTS											
Initial Purchase Date: 09/30/2013											
Original Maturity: 09/15/2017											
NEVADA ST TAX SR E OID99.614	Aa2/AA+/AA	425,000	0.90%	10/01/2017		3,825.00	1.25%	421,676.50	99.738	423,886.50	0.73%
BE/RV_900 100117 DTD 062414	NR/NR/NR					0.90%	1.25%	2,210.00		956.25	
INV											
CUSIP: 641461H92											
Initial Purchase Date: 07/16/2014											
Original Maturity: 10/01/2017											
ST OF CA VAR GEN OBJL BN	Aa3/AA-/AA-	250,000	5.00%	10/01/2017		12,500.00	0.92%	294,850.00	103.056	257,640.00	0.44%
BE/RV_5.000 100117 DTD 101509	NR/NR/NR					4.85%	0.92%	-37,210.00		3,125.00	
/CA											
CUSIP: 130638AF9											
Initial Purchase Date: 04/16/2013											
Original Maturity: 10/01/2017											
CHEVRON CORP B/E 01.104%	Aa2/NR/AA-	808,000	1.10%	12/05/2017	11/05/2017	8,920.32	1.35%	804,873.04	99.774	806,173.92	1.38%
120517 DTD120512 FC060513	NR/NR/NR				100.00	1.11%	1.35%	1,300.88		644.25	
CALL@MMW+7.5BP											
CUSIP: 166764AA8											
Initial Purchase Date: 02/14/2014											
Original Maturity: 12/05/2017											
FNMA NTS 00.875 % DUE	Aaa/AAA/AAA+	2,000,000	0.88%	12/20/2017		17,500.00	0.93%	1,974,047.60	99.945	1,998,900.00	3.42%
122017 DTD 103012 FC	NR/NR/NR					0.88%	0.93%	24,852.40		534.72	
12202012											
CUSIP: 3135G0RT2											
Initial Purchase Date: 06/18/2014											
Original Maturity: 12/20/2017											
Total 2017		8,028,000	2.99%	07/31/2017		\$238,796.57	1.14%	\$8,469,695.64		\$8,082,100.62	13.84%
						2.95%	1.14%	\$-387,595.02		\$58,197.20	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2018											
GOLDMAN SACHS GROUP INC	A3/A/BBB+	650,000	5.95%	01/18/2018		38,675.00	1.91%	704,860.00	104.174	677,131.00	1.16%
05.950% 011818 DTD011808	NR/NR/NR					5.71%	1.91%	-27,729.00		17,511.18	
FC071808 NTS											
CUSIP: 38141GFG4											
Initial Purchase Date: 12/03/2015											
Original Maturity: 01/18/2018											



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Bond holdings - as of December 31, 2016 (continued)

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$) Unreal. gain (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018											
AT&T INC CALL @MMW+BP 05.500% 020118 DTD020108 FC080108 CUSIP: 00206RAJ1	Baa1/A-/BBB+ NR/NR/NR	500,000	5.50%	02/01/2018		27,500.00 5.29%	1.86% 1.86%	572,665.00 -53,170.00	103.899	519,495.00 11,458.33	0.89%
Initial Purchase Date: 07/09/2013 Original Maturity: 02/01/2018											
ST OF CA VAR GEN OBLI BN TAX BE/RV 5.950 030118 DTD 040110 /CA CUSIP: 13063BFT4	Aa3/AA-/AA- NR/NR/NR	250,000	5.95%	03/01/2018		14,875.00 5.67%	1.65% 1.65%	281,595.00 -19,210.00	104.954	262,385.00 4,958.33	0.45%
Initial Purchase Date: 03/16/2015 Original Maturity: 03/01/2018											
GENERAL ELEC CAP CORP 01.625% 040218 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9	A1/AA-/AA- NR/NR/NR	1,000,000	1.63%	04/02/2018		16,250.00 1.62%	1.36% 1.36%	1,004,510.00 -1,240.00	100.327	1,003,270.00 4,017.36	1.72%
Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018											
CONOCOPHILLIPS CO NTS 01.500% 051518 DTD051815 FC111515 CALL@MMW+10BP CUSIP: 20826FALO	Baa2/A-/A- NR/NR/NR	500,000	1.50%	05/15/2018		7,500.00 1.51%	1.75% 1.75%	493,725.00 4,590.00	99.663	498,315.00 958.33	0.85%
Initial Purchase Date: 12/16/2015 Original Maturity: 05/15/2018											
ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513 CUSIP: 857477AK9	A1/AA-/A- NR/NR/NR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.55% 1.55%	334,762.15 -683.40	99.725	334,078.75 577.88	0.57%
Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018											
E I DU POINT DE NEMOURS 06.000% 071518 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 263534BT5	A3/A/A- NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.65%	1.86% 1.86%	496,785.00 -18,588.00	106.266	478,197.00 12,450.00	0.82%
Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018											
PAJARO VLY CAL USD TAX SR B BE/RV 2.070 080118 DTD 020713 /CA CUSIP: 695802MR6	Aa2/NR/A+ NR/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.06%	1.87% 1.87%	305,388.00 -4,458.00	100.310	300,930.00 2,587.50	0.52%
Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018											



Bond holdings - as of December 31, 2016 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018											
SACRAMENTO CA PENSION OB	AZ/NR/AA	500,000	5.60%	08/01/2018		28,000.00	2.56%	540,455.00	104.690	523,450.00	0.90%
AGC TAX OID99.264 BE/R/ 5.600 080118 DTD 092811 /CA CUSIP: 786056BEO	Baa1/NR/A-					5.35%	2.56%	-17,005.00		11,666.67	
Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018											
INTERCONTINENTALEXCHANGE	AZ/NR/A	300,000	2.50%	10/15/2018		7,500.00	1.66%	305,517.00	101.469	304,406.31	0.52%
02.500% 101518 DTD100813 FC041514 CALL@MW+20BP CUSIP: 45866FAB0	NR/NR/NR					2.46%	1.66%	-1,110.69		1,583.33	
Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018											
FHLB NTS 01.050 % DUE 102618 DTD 072616 FC 10262016 CUSIP: 3130A8RP0	Aaa/NR/AA+	5,000,000	1.05%	10/26/2018		52,500.00	1.23%	5,000,000.00	99.684	4,984,200.00	8.53%
Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018	NR/NR/NR					1.05%	1.23%	-15,800.00		9,479.17	
BAKER HUGHES INC NTS 07.500% 111518 DTD102808 CALL@MAKE WHOLE +50BPS CUSIP: 057224AY3	Baa1/NR/A	750,000	7.50%	11/15/2018		56,250.00	1.95%	859,557.50	110.173	826,297.50	1.41%
Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018	NR/NR/NR					6.81%	1.95%	-33,260.00		7,187.50	
MERRILL LYNCH GLOBAL NTS 06.875% 111518 DTD112498 FC051599	Baa1/A/BBB+	750,000	6.88%	11/15/2018		51,562.50	2.10%	857,010.00	108.733	815,497.50	1.40%
Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018	NR/NR/NR					6.32%	2.10%	-41,512.50		6,588.54	
CUSIP: 590188JN9											
Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018											
Total 2018		11,285,000	3.08%	08/16/2018		\$338,345.00	1.58%	\$11,756,829.65	1.58%	\$11,527,653.06	19.74%
						2.94%		\$-229,176.59		\$91,024.12	
Maturing 2019											
FFCB BOND 01.030 % DUE 040519 DTD 070516 FC 10052016 CUSIP: 3133EGJW6	Aaa/AAA/AA+	5,000,000	1.03%	04/05/2019		51,500.00	1.38%	4,996,250.00	99.218	4,960,900.00	8.49%
Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019	NR/NR/NR					1.04%	1.38%	-35,350.00		12,302.78	



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Bond holdings - as of December 31, 2016 (continued)

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2019												
CALIFORNIA ST TAX BE/R/ 2.250 050119 DTD 050114 /CA	Aaa/AA-/AA- NR/NR/NR	2,500,000	2.25%	05/01/2019		56,250.00 2.22%	1.64% 1.64%	2.26	2,533,375.00 1,625.00	101.400	2,535,000.00 9,375.00	4.34%
CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019												
FNMA NTS 01.125 % DUE 072619 DTD 072616 FC 01262017	Aaa/AAA/AA+ NR/NR/NR	594,000	1.13%	07/26/2019	01/26/2017 100.00	6,682.50 1.13%	1.44% 1.44%	2.51	593,109.00 -3,855.06	99.201	589,253.94 2,877.19	1.01%
CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019												
MORGAN STANLEY 05.625% 092319 DTD092309 FC032310 MW+35BP	A3/A/BBB+ NR/NR/NR	750,000	5.63%	09/23/2019		42,187.50 5.19%	2.43% 2.43%	2.51	838,197.50 -25,227.50	108.396	812,970.00 11,484.38	1.39%
CUSIP: 61747YCJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019												
CALIFORNIA ST TAX BE/R/ 6.200 100119 DTD 101509 /CA	Aaa/AA-/AA- NR/NR/NR	400,000	6.20%	10/01/2019		24,800.00 5.56%	1.88% 1.88%	2.53	460,092.00 -13,960.00	111.533	446,132.00 6,200.00	0.76%
CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019												
FHLMC MED TERM NTS 00.0000% DUE 100119 CUSIP: 3128X2SW6	Aaa/AAA/AA+ NR/NR/NR	485,000		10/01/2019			1.70% 1.70%	2.63	444,793.50 18,493.05	95.523	463,286.55 0.00	0.79%
CUSIP: 3128X2SW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019												
UNITD TECHNOLOGIES CORP 08.875% 111519 DTD111389 FC051590 DEB	A3/A-/A- NR/NR/NR	250,000	8.88%	11/15/2019		22,187.50 7.48%	2.14% 2.14%	2.58	307,450.00 -10,720.00	118.692	296,730.00 2,835.07	0.51%
CUSIP: 913017ARO Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019												
Total 2019		9,979,000	2.22%	05/25/2019		\$203,607.50 2.02%	1.59% 1.59%	2.31	\$10,173,267.00 \$-68,994.51		\$10,104,272.49 \$45,074.41	17.30%



Bond holdings - as of December 31, 2016 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2020										
ABBOTT LABS NTS B/E 02.000% 031520 DTD031015 FC091515 CALL@MW+10BP CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020	1,000,000	2.00%	03/15/2020		20,000.00 2.02%	2.33% 3.07	999,370.00 -9,530.00	98.984	989,840.00 5,888.89	1.69%
FNMA NTS 01.500 % DUE 032320 DTD 032316 FC 09232016 CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020	1,750,000	1.50%	03/23/2020	03/23/2017 100.00	26,250.00 1.51%	1.75% 3.13	1,748,250.00 -12,127.50	99.207	1,736,122.50 7,145.83	2.97%
NBCUNIVERSAL MEDIA LLC 05.150% 043020 DTD043011 CALL@MW+25BP CUSIP: 63946BAD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020	2,000,000	5.15%	04/30/2020		103,000.00 4.71%	2.22% 3.06	2,255,940.00 -68,900.00	109.352	2,187,040.00 17,166.67	3.75%
FHLMC MED TERM NTS 01.500 % DUE 062920 DTD 062916 FC 12292016 CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020	3,500,000	1.50%	06/29/2020	03/29/2017 100.00	52,500.00 1.55%	2.39% 3.38	3,500,000.00 -104,055.00	97.027	3,395,945.00 291.67	5.82%
FNMA NTS 01.350 % DUE 082420 DTD 082416 FC 02242017 CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020	3,500,000	1.35%	08/24/2020	02/24/2017 100.00	47,250.00 1.40%	2.30% 3.51	3,498,250.00 -113,645.00	96.703	3,384,605.00 16,668.75	5.80%
J P MORGAN CHASE & CO 02.550% 102920 DTD102915 FC042916 NTS B/E CUSIP: 46625HNX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.55%	2.57% 3.61	994,430.00 4,830.00	99.926	999,260.00 4,391.67	1.71%
Total 2020	12,750,000	2.21%	06/22/2020		\$274,500.00 2.16%	3.32 2.26%	\$12,996,240.00 \$-303,427.50		\$12,692,812.50 \$51,553.47	21.73%



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Bond holdings - as of December 31, 2016 (continued)

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$)/ Unreal. g/1 (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2021											
EI DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MW+158P B/E CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021	A3/AA- NR/NR/NR	400,000	3.63%	01/15/2021		14,500.00 3.49%	3.69	428,608.00 -13,052.00	103.889	415,556.00 6,686.11	0.71%
FECB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017 CUSIP: 3133EGRN7 Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021	Aaa/AAA/AA+ NR/NR/NR	4,500,000	1.47%	02/17/2021		66,150.00 1.52%	3.95	4,496,625.00 -144,990.00	96.703	4,351,635.00 24,622.50	7.45%
FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017 CUSIP: 3134GAEEO Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021	Aaa/AAA/AA+ NR/NR/NR	3,525,000	1.50%	03/30/2021	12/30/2016 100.00	52,875.00 1.55%	4.07	3,524,118.75 -116,289.75	96.676	3,407,829.00 13,218.75	5.84%
EI DU PONT DE NEMOURS 04.250% 04/01/21 DTD032511 CALL@MW+158P CUSIP: 263534CE7 Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021	A3/AA- NR/NR/NR	250,000	4.25%	04/01/2021		10,625.00 4.00%	3.86	276,060.00 -10,162.50	106.359	265,897.50 2,656.25	0.46%
FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017 CUSIP: 3136G3S97 Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021	Aaa/AAA/AA+ NR/NR/NR	3,750,000	1.53%	07/28/2021	07/28/2017 100.00	57,375.00 1.59%	4.35	3,750,000.00 -141,000.00	96.240	3,609,000.00 24,384.38	6.18%
FHLB NTS 01.550 % DUE 090121 DTD 090116 FC 03012017 CUSIP: 3130A9B19 Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021	Aaa/NR/AA+ NR/NR/NR	500,000	1.55%	09/01/2021		7,750.00 1.59%	4.45	499,375.00 -12,625.00	97.350	486,750.00 2,583.33	0.83%
LOS ANG CAL TAX SR A BE/R/ 2.150 090121 DTD 122116 /CA CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021	Aaa2/NR/NR NR/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.15%	4.39	994,250.00 4,400.00	99.865	998,650.00 597.22	1.71%



Bond holdings - as of December 31, 2016 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2021											
FHLB BOND 01.520 % DUE 092321 DTD 092316 FC 03232017 CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021	Aaa/NR/AA+ NR/NR/NR	2,290,000	1.52%	09/23/2021	03/23/2017 100.00	34,808.00 1.58%	2.33% 2.33%	2,289,150.00 -81,956.40	96.384	2,207,193.60 9,475.51	3.78%
FHLB BOND 01.600 % DUE 092721 DTD 092716 FC 03272017 CUSIP: 3130A9JZ5 Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021	Aaa/NR/AA+ NR/NR/NR	255,000	1.60%	09/27/2021		4,080.00 1.64%	2.08% 2.08%	255,000.00 -5,490.15	97.847	249,509.85 1,065.33	0.43%
Total 2021		16,470,000	1.65%	05/25/2021		\$269,663.00 1.69%	2.34% 2.34%	\$16,513,186.75 \$-521,165.80		\$15,992,020.95 \$85,289.39	27.38%
Total Bond Portfolio											
		58,512,000	2.34%	10/10/2019	NA	\$1,324,912.07 2.27%	1.87% 1.87%	\$59,909,219.04 \$-1,510,359.42	NA	\$58,398,859.62 \$331,138.59 \$58,729,998.21	100%



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

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Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page or listed at the top of each page.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. **As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs.** For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding

these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents accounts activity and performance starting 12/31/02. For accounts opened prior to 12/31/02, this report does not include the complete account activity or performance of your accounts prior to that date. For consolidated reports, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier. Past performance does not guarantee future results and current performance may be lower/higher than past data presented.

Time-weighted Returns (prior to 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weights each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

Time-weighted Returns (after 10/31/2010): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value. All cash flows are posted at end of day. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized.

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure of returns on a portfolio.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Cumulative Performance: A cumulative return is the aggregate amount that an investment has gained or lost over time, independent of the period of time involved.

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect Program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. The benchmark is not managed and does not reflect the deduction of any fees and expenses, which will lower results. Indices are not actively managed and investors cannot directly invest in indices. The portfolio's investment strategy is not restricted to securities in the benchmark. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program

fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement. When shown on Client summary and/or Portfolio review report, program fees (including wrap fees) may not be included in net deposits/withdrawals.

Dividends/Interest: Dividend and interest earned, when shown on a report, does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e., 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Change in Accrued Interest: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in Value: Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest. Change in Value may include programs fees (including wrap fees) and other fees.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Net of fees: When indicated, the information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, net of fees performance information would reflect the deduction of those fees. Please see your program documents regarding fee schedules.

Performance Start Date Changes: The Performance Start Date for accounts marked with a '*' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as "Review Required" and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Account Performance: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Portfolio: For purposes of this report, "portfolio" is defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated. Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Tax lots: This report displays security tax lots as one line item (i.e., lumped tax lots). The total cost equals the total value of all tax lots. The unit cost is an average of the total cost divided by the total number of shares. If the shares were purchased in different lots, the unit price listed does not represent the actual cost paid for each lot. The unrealized gain/loss value is calculated by combining the total value of all tax lots plus or minus the total market value of the security.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS accounts statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith

and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS FS based on data supplied by the fund which may not be current. Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Equity Style: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Equity Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Current Yield: Current yield is defined as the estimated annual income divided by the total market value.

Bond Rating: These ratings are obtained from independent industry sources and are not verified by UBS FS. Securities without rating information are left blank. Rating agencies may discontinue ratings on high yield securities.

NR: When NR is displayed under bond rating column, no ratings currently available from that rating agency.

High Yield: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

Credit/Event Risk: Investments are subject to event risk and changes in credit quality of the issuer. Issuers can experience economic situations that may have adverse effects on the market value of their securities.

Interest Rate Risk: Bonds are subject to market value fluctuations as interest rates rise and fall. If sold prior to maturity, the price received for an issue may be less than the original purchase price.

Reinvestment Risk: Since most corporate issues pay interest semiannually, the coupon payments over the life of the bond can have a major impact on the bond's total return.

Call Provisions: When evaluating the purchase of a corporate bond, one should be aware of any features that may allow the issuer to call the security. This is particularly important when considering an issue that is trading at a premium to its call price, since the return may be negatively impacted if the issue is redeemed. Should an issue be called, investors may be faced with an earlier than anticipated reinvestment decision, and may be unable to reinvest their principal at equally favorable rates.

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income UITS.

Yields: Yield to Maturity and Yield to Worst are calculated to the worst call.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing

securities.

Bond Averages: All averages are weighted averages calculated based on market value of the holding, not including accrued interest.

Tax Status: "Taxable" includes all securities held in a taxable account that are subject to federal and/or state or local taxation. "Tax-exempt" includes all securities held in a taxable account that are exempt from federal, state and local taxation. "Tax-deferred" includes all securities held in a tax-deferred account, regardless of the status of the security.

Gain/Loss: The gain/loss information may include calculations based upon non-UBS FS cost basis information. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. In addition, if this report contains positions with unavailable cost basis, the gain/loss for these positions are excluded in the calculation for the Gain/Loss. As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

Variable Annuity Asset Allocation: If the option to unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
- 2) Would you like to implement or modify any restrictions regarding the management of your account? If the answer to either question is "yes," it is important



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

ADV disclosure: A complimentary copy of our current Form ADV Disclosure Brochure that describes the advisory program and related fees is available through your Financial Advisor. Please contact your Financial Advisor if you have any questions.

Important information for former Piper Jaffray and McDonald Investments clients: As an accommodation to former Piper Jaffray and McDonald Investments clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006 and McDonald Investments accounts prior to February 9, 2007, the date the respective accounts were converted to UBS FS. UBS FS has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

For insurance, annuities, and 529 Plans, UBS FS relies on information obtained from third party services it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Information for insurance, annuities, and 529 Plans that has been provided by a third party service may not reflect the quantity and market value as of the previous business day. When available, an "as of" date is included in the description.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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Additional information about your performance

as of December 31, 2016

Benchmark composition

Consolidated

Benchmark_1

Start - Current: 50% Barclays US Gov 1-3Y; 50% Barclays Govt/Credit 1-5Y

Kern Health Systems
 Investment Activity for 4th Quarter 2016

PURCHASES

Trade Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Coupon	YTM	Price	Cost
12/23/2016	BOUGHT	CALIFORNIA ST TAXABLE	Aa2/NR/NR	1,000,000	09/01/2021	2.28%	2.41%	99.425	\$ (994,250.00)
									\$ (994,250.00)

MATURITIES / REDEMPTIONS

Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Proceeds
10/03/2016	SOLD	EMC Corp		-500,000	06/01/2018	\$ 491,875.00
10/15/2016	MATURITY	CONNECTICUT ST		-500,000	10/15/2016	\$ 500,000.00
12/15/2016	CALLED	PFIZER INC		-750,000	03/15/2019	\$ 825,216.25
						\$ 1,817,091.25



Wells Fargo Securities, LLC
90 South 7th Street
5th Floor MAC N9305-05F
Minneapolis, MN 55402
1-800-645-3751

KERN HEALTH SYSTEMS
9700 STOCKDALE HWY
BAKERSFIELD, CA 93311



If you have multiple WFS accounts and have requested "house-holding," we have included the statements that pertain to those accounts in this single envelope.

Investments, other than Brokered Certificates of Deposits, are not FDIC insured, may lose value, and are not bank guaranteed - see important disclosures on the reverse of your WFS account summary page.



Wells Fargo Securities, LLC
707 WILSHIRE BOULEVARD
LOS ANGELES CA 90017

JONATHAN CHUANG
1-213-614-2206

Statement Period

12/01/2016 - 12/31/2016

Your Investment Account(s)

KERN HEALTH SYSTEMS **Account Number**
9700 STOCKDALE HWY **1AB84780**

Account Value Summary USD

This summary does not reflect the value of unpriced securities. Repurchase agreements are reflected at par value.

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	20,078,074.82	35,220,827.32	54%
Bonds	34,563,182.62	29,440,955.99	46%
Stocks	0.00	0.00	0%
Total Account Value	\$ 54,641,257.44	\$ 64,661,783.31	100%
Value Change Since Last Statement Period		\$ 10,020,525.87	
Percent Increase Since Last Statement Period		18%	
Value Last Year-End		\$ 42,429,069.20	
Percent Increase Since Last Year-End		52%	

Income Summary USD

	This Period	Year-To-Date
Interest	\$ 31,785.14	\$ 385,493.44
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	6,967.36	55,424.46
Other	0.00	0.00
Income Total	\$ 38,752.50	\$ 440,917.90

Money Market Mutual Funds Summary USD

Description	Amount
Opening Market Value	\$ 20,078,074.82
Deposits and Other Additions	15,135,785.14
Distributions and Other Subtractions	0.00
Dividends Reinvested	6,967.36
Change in Value	0.00
Closing Market Value	\$ 35,220,827.32

Important Information

This statement is provided to customers of Wells Fargo Securities, LLC ("WFS"), broker dealer 0250. Statements are provided monthly for accounts with transactions and/or security positions. The account statement contains a list of securities held in safekeeping by WFS as of the statement date and provides details of purchase and sale transactions, the receipt and disbursement of cash and securities, and other activities relating to the account during the statement period.

For WFS customers who choose to maintain a safekeeping account at Wells Fargo Bank, N.A. ("Bank"), this statement is accompanied by a separate Bank safekeeping statement. The Bank safekeeping statement, if applicable, contains a list of securities held in safekeeping by the Bank as of the statement date.

Pricing: Security and brokered certificate of deposit ("CD") prices shown on the statement are obtained from independent vendors or internal pricing models. While we believe the prices are reliable, we cannot guarantee their accuracy. For exchange-listed securities, the price provided is the closing price at month end. For unlisted securities, it is the "bid" price at month end. The price of CDs that mature in one year or less are shown at last price traded. The price of CDs that mature in greater than one year and of other instruments that trade infrequently are estimated using similar securities for which prices are available. Prices on the statement may not necessarily be obtained when the asset is sold.

Brokered CD Pricing: Like bonds, brokered CDs are subject to price fluctuation and the value of a CD, if sold prior to maturity, may be less than at the time of its purchase. Significant loss of principal could result. While WFS generally makes a market in CDs it underwrites, the secondary market for CDs that it does not underwrite may be very limited. In those cases, WFS will use its best efforts to help investors find a buyer.

SIPC: WFS is a member of the Securities Investor Protection Corporation ("SIPC"). In the event of insolvency or liquidation of WFS, securities held in safekeeping at WFS are covered by SIPC against the loss, but not investment risk, up to a maximum of \$500,000 per customer, which includes a \$250,000 limit on claims for cash held in the account. SIPC protection does not provide any protection whatsoever against investment risk, including the loss of principal on an investment. This coverage does not apply to securities held in safekeeping by the Bank. Additional information about SIPC, including a SIPC brochure, may be obtained by visiting www.sipc.org or by calling SIPC at 1-202-371-8300.

FINRA BrokerCheck Program: WFS is a member of the Financial Industry Regulatory Authority (FINRA). Under its BrokerCheck program, FINRA provides certain information regarding the disciplinary history of broker-dealers and their associated persons. Information can be obtained from the FINRA BrokerCheck program hotline number (1-800-289-9999) or the FINRA website (www.finra.org). A brochure describing the FINRA BrokerCheck program will be furnished upon written request.

Free Credit Balances: Any customer free credit balances may be used in the business of WFS subject to limitation of 17 CFR Section 240 § 15c(3)-3 under the Securities Exchange Act of 1934. In the course of normal business operations, a customer has the right to receive delivery of the following: any free credit balances to which he or she is entitled, any fully paid securities to which he or she is entitled, and any securities purchased on margin upon full payment of indebtedness to WFS.

Equity Order Routing: WFS will generally route equity and listed options orders taking into consideration among other factors, the quality and speed of execution, as well as the credits, cash or other payments it may receive from any exchange, broker-dealer or market center. This may not be true if a customer has directed or placed limits on any orders. Whenever possible, WFS will route orders in an attempt to obtain executions at prices equal or superior to the nationally displayed best bid or offer. WFS will also attempt to obtain the best execution regardless of any compensation it may receive. The nature and source of credits and payments WFS receives in connection with specific orders will be furnished to a customer upon request. WFS prepares quarterly reports describing its order routing practices for non-directed orders routed to a particular venue for execution. A printed copy of this report along with other compliance and regulatory information is available upon written request or by visiting: <https://www.wellsfargo.com/com/securities/regulatory>.

Equity Extended Hours Trading: See important information relating to equities trading before and after regular trading hours at: www.wellsfargo.com/com/securities/regulatory.

Equity Open Orders: Open orders will remain in effect until executed or canceled by you. Failure to cancel an open order may result in the transaction being executed for your account. WFS has no responsibility to cancel an open order at its own initiative.

Dividend Reinvestment: In any dividend reinvestment transaction, WFS acted as agent. Additional information regarding transactions of this nature will be furnished to a customer upon written request.

Account Transfers: A fee will be charged to customers transferring their existing WFS account to another broker/dealer or any other financial institution.

Non-deposit investment products recommended, offered or sold by WFS, including mutual funds, are not federally insured or guaranteed by or obligations of the Federal Deposit Insurance Corporation ("FDIC"), the Federal Reserve System or any other agency; are not bank deposits; are not obligations of, or endorsed or guaranteed in any way by any bank or WFS; and are subject to risk, including the possible loss of principal, that may cause the value of the investment and investment return to fluctuate.

When the investment is sold, the value may be higher or lower than the amount originally invested. WFS is a subsidiary of Wells Fargo & Company, is not a bank or thrift, and is separate from any other affiliated bank or thrift. WFS is a registered broker-dealer and member of FINRA. No affiliate of WFS is responsible for the securities sold by WFS.

Mutual Funds: The distributor of Wells Fargo Funds is affiliated with WFS/Wells Fargo Securities, LLC.

Institutional Prime and Institutional Tax Exempt money market mutual funds are required to price and transact at a net asset value ("NAV") per share that fluctuates based upon the pricing of the underlying portfolio of securities and this requirement may impact the value of those fund shares. Additionally, Institutional Prime and Institutional Tax Exempt funds may be subject to redemption fees and/or gates that can affect the availability of funds invested.

Mutual funds are sold by prospectus, which includes more complete information on risks, charges, expenses and other matters of interest. Investors should read the prospectus carefully before investing.

Financial Statements: WFS financial statements are available upon request.

Trade Confirmations: Investment purchases and sales are subject to the terms and conditions stated on the trade confirmation relating to that transaction. In the event of a conflict between the trade confirmation and this statement, the trade confirmation will govern.

Listed Options: Commissions and other charges related to the execution of listed option transactions have been included in confirmations of such transactions that have been previously furnished and are available upon request. Promptly advise your WFS sales representative of any material change in your investment objectives or financial situation.

Customer Complaints and Reporting Discrepancies: Customer complaints, statement reporting inaccuracies or discrepancies should be promptly reported in writing to:

Customer Service
90 South 7th Street
5th Floor, MAC N9305-05F
Minneapolis, MN 55402
wfscustomerservice@wellsfargo.com

Customers may also report complaints, inaccuracies or discrepancies by calling 1-800-645-3751 option 5. International callers should call 1-877-856-8878. To further protect their rights, including rights under the Securities Investor Protection Act, customers should also re-confirm in writing to the above address any oral communications with WFS relating to the inaccuracies or discrepancies.

Eurodollar Deposits: Funds invested in a Eurodollar Deposit are held on deposit at the Bank's Grand Cayman Island branch, a foreign branch of the Bank. As an offshore deposit liability payable at the Bank's Grand Cayman Island branch, the deposits are subject to Grand Cayman Island laws, regulations and governmental actions regarding exchange controls, assets seizures and other restrictions. Deposits payable only outside the U.S. also have a lower priority than deposits payable at a U.S. branch in liquidation. In addition, deposits held in a foreign U.S. bank branch are not insured by the FDIC or otherwise guaranteed by the U.S. government or any of its agencies.

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Portfolio Holdings *Security positions held with Wells Fargo Securities, LLC*

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
59515MNA9	MICROSOFT CORP 4(2) DISCOUNTED COMMERCIAL PAPER	01/10/17	0.000%	1,000,000.000	99.9856	999,856.39		
2546R2NL6	WALT DISNEY COMPANY 4(2) DISCOUNTED COMMERCIAL PAPER	01/20/17	0.000%	2,000,000.000	99.9708	1,999,416.66		
857894QP7	STEARNS BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/10/17	0.650%	250,000.000	100.0323	250,080.75		
87165HPK0	SYNCHRONY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/13/17	0.650%	250,000.000	99.9990	249,997.50		
46623EJY6	JPMORGAN CHASE & CO	02/15/17	1.350%	1,075,000.000	100.0170	1,075,192.75		N
063253AX6	BANK OF LEXINGTON INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.650%	250,000.000	100.0122	250,030.50		
29266NY43	ENERBANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.750%	250,000.000	100.0247	250,061.75		
38148PAT4	GOLDMAN SACHS BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.600%	250,000.000	100.0056	250,014.00		
565109AB1	MAPLE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.650%	250,000.000	100.0384	250,096.00		
872278SG2	TCF NATIONAL BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.700%	250,000.000	100.0306	250,076.50		
89677DEA0	TRISTATE CAPITAL BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.750%	250,000.000	100.0305	250,076.25		
52730JBP0	LEVEL ONE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/19/17	0.650%	250,000.000	100.1109	250,277.25		
87164DHP8	SYNOVUS BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/23/17	0.700%	250,000.000	100.0421	250,105.25		
17669WFS9	CITIZENS STATE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/24/17	0.600%	250,000.000	100.0054	250,013.50		
2027504Z5	COMMONWEALTH BUS BK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/24/17	0.650%	250,000.000	100.0128	250,032.00		
69406PBX6	PACIFIC CITY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/24/17	0.700%	250,000.000	100.0359	250,089.75		
084601FJ7	BERKSHIRE BK/PITTSFIELD INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.700%	250,000.000	100.0374	250,093.50		
14147VFH4	CARDINAL BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.600%	250,000.000	100.0053	250,013.25		

059595 1018367 0000 151027 LNA#2418189 00014022 24887 0010 33839 1231016 P

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS

Account Number: 1A884780

Portfolio Holdings (Continued) *Security positions held with Wells Fargo Securities, LLC*

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
20033APK6	COMENITY CAPITAL BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.700%	250,000.000	100.0369	250,092.25		
909557FL9	UNITED BANKERS BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.650%	250,000.000	100.0385	250,096.25		
48306AQ34	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	03/03/17	0.000%	2,000,000.000	99.8373	1,996,745.00		
07370WXG6	BEAL BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	03/08/17	0.750%	250,000.000	100.0377	250,094.25		
03784JQK3	APPLE BANK FOR SVGS INTEREST BEARING CERTIFICATE OF DEPOSIT	03/09/17	0.650%	250,000.000	100.0109	250,027.25		
33583CUV9	FIRST NIAGARA BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	03/10/17	0.650%	250,000.000	100.0383	250,095.75		
59013JMU0	MERRICK BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	03/10/17	0.650%	250,000.000	100.0393	250,098.25		
30231GAA0	EXXON MOBIL CORPORATION	03/15/17	0.921%	1,100,000.000	100.0274	1,100,301.40		N
032556BW1	ANAHEIM CA HSG & PUBLIC IMPT A TXBL-REF-ELEC UTIL DISTRIBUTIO	04/01/17	0.800%	1,320,000.000	99.9760	1,319,683.20		Y
24422EQF9	JOHN DEERE CAPITAL CORP	04/13/17	5.500%	1,276,000.000	101.1888	1,291,169.09		N
91412GC94	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS	05/15/17	0.750%	2,000,000.000	99.8930	1,997,860.00		Y
02587CDJ6	AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT	01/08/18	1.400%	250,000.000	100.2532	250,633.00		
94974BFG0	WELLS FARGO & COMPANY	01/16/18	1.500%	1,000,000.000	99.8802	998,802.00		N
94988J5A1	WELLS FARGO BANK NA	01/22/18	1.650%	500,000.000	99.9973	499,986.50		N
06050TLY6	BANK OF AMERICA NA	03/26/18	1.650%	1,000,000.000	100.0933	1,000,933.00		N
38141GFM1	GOLDMAN SACHS GROUP INC	04/01/18	6.150%	1,000,000.000	105.1915	1,051,915.00		N
02587DYK8	AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/04/18	1.450%	250,000.000	100.3938	250,984.50		
05580ADH4	BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT	06/11/18	1.400%	250,000.000	100.3619	250,904.75		
17275RAY8	CISCO SYSTEMS INC	06/15/18	1.273%	1,000,000.000	100.2191	1,002,191.00		N
02008LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	100.4280	251,070.00		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	100.4282	251,070.50		

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Portfolio Holdings (Continued) *Security positions held with Wells Fargo Securities, LLC*

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/16/18	1.100%	250,000.000	99.5275	248,818.75		Y
05581WJT3	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.5086	248,771.50		
254672F86	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.6211	249,052.75		
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	100.7821	1,310,167.30		N
795450ZE8	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.3952	248,488.00		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	99.6840	996,840.00		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	100.8520	1,321,161.20		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.5165	995,165.00		N
02665WBEO	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	98.2225	982,225.00		N
				29,381,000.000		29,440,955.99	0.00	

*See important information regarding security pricing on Page 2.

**Total amount that is pledged to or held for another party or parties. Refer to the Pledge Detail Report for more information.

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
12/05/16	12/05/16	Interest	02587DYK8	AMERICAN EXPRESS CENTURION BK				1,817.47	1,817.47
12/12/16	12/12/16	Interest	05580ADH4	BMW BANK NORTH AMERICA				1,754.79	1,754.79
12/12/16	12/12/16	Interest	857894QP7	STEARNS BANK INTEREST BEARING				133.56	133.56
12/12/16	12/12/16	Interest	59013JMU0	MERRICK BANK INTEREST BEARING				133.56	133.56
12/15/16	12/15/16	Matured	94974BEZ9	WELLS FARGO & COMPANY			1,104,000.00		1,104,000.00
12/15/16	12/15/16	Interest	94974BEZ9	WELLS FARGO & COMPANY				14,490.00	14,490.00
12/15/16	12/15/16	Interest	17275RAY8	CISCO SYSTEMS INC				2,932.93	2,932.93
12/19/16	12/19/16	Interest	063253AX6	BANK OF LEXINGTON INTEREST				133.56	133.56
12/19/16	12/19/16	Interest	585109AB1	MAPLE BANK INTEREST BEARING				133.56	133.56

059595 1016267 0029 151017 LMF2118969 09014922 74987 0010 33033 121216P

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
12/19/16	12/19/16	Interest	52730JBP0	LEVEL ONE BANK INTEREST				133.56	133.56
12/19/16	12/19/16	Interest	29266NY43	ENERBANK USA INTEREST BEARING				154.11	154.11
12/27/16	12/27/16	Interest	2027504Z5	COMMONWEALTH BUS BK INTEREST				133.56	133.56
12/27/16	12/27/16	Interest	69406PBX6	PACIFIC CITY BANK INTEREST				143.84	143.84
12/27/16	12/27/16	Interest	17669WFS9	CITIZENS STATE BANK INTEREST				123.29	123.29
12/29/16	12/29/16	Interest	20033APK6	COMENITY CAPITAL BANK INTEREST				143.84	143.84
12/29/16	12/29/16	Interest	909557FL9	UNITED BANKERS BANK INTEREST				133.56	133.56
12/29/16	12/29/16	Interest	14147VFH4	CARDINAL BANK NA INTEREST				123.29	123.29
12/29/16	12/29/16	Matured	66844CMV3	NORTHWESTERN UNIVERSITY			3,000,000.00		3,000,000.00
12/30/16	12/30/16	Matured	90331HMC4	US BANK NA CINCINNATI			1,000,000.00		1,000,000.00
12/30/16	12/30/16	Interest	90331HMC4	US BANK NA CINCINNATI				4,583.33	4,583.33
12/30/16	12/30/16	Interest	90331HMC4	US BANK NA CINCINNATI				4,583.33	4,583.33

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
12/05/16	12/05/16	ACH/DDA Transactio	DESIGNATED DDA		10,000,000.00

Money Market Fund Activity

Morgan Stan TreasSvc 8314		Dividend earned this period	7 day* simple yield	30 day* simple yield
*As of December 31, 2016				
USD		6,967.36	0.330%	0.270%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	Beginning Balance		1.0000	20,078,074.82		20,078,074.82
12/05/16	Purchase	1,817.47		1,817.47		20,079,892.29
12/05/16	Purchase	10,000,000.00		10,000,000.00		30,079,892.29
12/12/16	Purchase	2,021.91		2,021.91		30,081,914.20
12/15/16	Purchase	1,106,932.93		1,106,932.93		31,188,847.13
12/15/16	Purchase	14,490.00		14,490.00		31,203,337.13
12/19/16	Purchase	554.79		554.79		31,203,891.92
12/27/16	Purchase	400.69		400.69		31,204,292.61
12/29/16	Purchase	3,000,400.69		3,000,400.69		34,204,693.30
12/30/16	Purchase	1,009,166.66		1,009,166.66		35,213,859.96
12/30/16	Reinvest	6,967.36			6,967.36	35,220,827.32

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Money Market Fund Activity (Continued)

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	Ending Balance		1.0000	35,220,827.32		35,220,827.32

000000 10 10 2016 0000 15 0027 101424 10100 000 14072 10107 0010 0000 02 0000



To: KHS Finance Committee

From: Robert Landis, CFO

Date: February 3, 2017

Re: 2016 Annual Review of Kern Health Systems Investment Policy

Background

The KHS Investment Portfolio follows the Board approved Investment Policy (Attachment 1). As part of their annual review, Senior Management **is not recommending any revisions to the Investment Policy at this time.** The Investment Policy stipulates the following order of investment objectives:

KHS utilizes three different investment organizations to invest the cash that is not needed for the immediate needs of the agency (Attachment 2). All investments follow the Board approved investment policy that stipulates the following order of investment objectives:

- Preservation of principal
- Liquidity
- Yield

UBS is a national brokerage firm with a Bakersfield office that administers the KHS Board approved investment policy in a segregated account. Investments are in high quality bonds with an average duration of approximately 2 1/2 years. For the 2016 year UBS investments earned the highest returns.

The **Local Agency Investment Fund (LAIF)** is a public agency that allows smaller public agencies to pool their money and get the economies of scale that larger agencies with large portfolios receive. The California State Treasurer operates LAIF. Because it serves many agencies with short term liquidity needs, investments have an average six month duration.

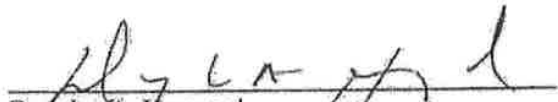

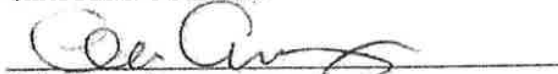

Wells Fargo is KHS' local bank and offers a money market fund. This is beneficial since surplus cash can be easily moved to and from the checking accounts. Money market funds offer preservation of principal, are highly liquid, and currently earn a very low interest rate. Additionally KHS invests directly with the Wells Fargo Securities Fixed Income division in high quality bonds, commercial paper and FDIC insured certificates of deposit.

Requested Action

Receive and File; Refer to KHS Board of Directors.



KERN HEALTH SYSTEMS			
POLICY AND PROCEDURES			
SUBJECT: Investment Policy		POLICY #: 80.11-I	
DEPARTMENT: Finance			
Effective Date: 2010-10	Review/Revised Date: 04/20/2015	DMHC	PAC
		DHCS	QI/UM COMMITTEE
		BOD	X FINANCE COMMITTEE

 _____ Douglas A. Hayward Chief Executive Officer	Date <u>4/20/15</u>
 _____ Chief Financial Officer	Date <u>4/20/15</u>
 _____ Chief Operating Officer	Date <u>4/17/15</u>
 _____ Controller	Date <u>4/17/15</u>

POLICY:

This Annual Investment Policy sets forth the investment guidelines for all Operating Funds and Board-Designated Reserve Funds of Kern Health Systems invested on and after the date of adoption. The objective of this Annual Investment Policy is to ensure Kern Health Systems' funds are prudently invested according to the Board of Director's objectives to preserve capital, provide necessary liquidity and to achieve a market-average rate of return through economic cycles.

Investments may only be made as authorized by this Annual Investment Policy. The Kern Health Systems Annual Investment Policy has been prepared in accordance with sections 53600 et seq. and 53630 et seq. of the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into the Annual Investment Policy and adhered to.

- A. Safety of Principal -- Safety of principal is the foremost objective of Kern Health Systems. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities.
- B. Liquidity -- Liquidity is the second most important objective of Kern Health Systems. It is important that each portfolio contain investments for which there is a secondary market and which offer the flexibility to be easily sold at any time with minimal risk of loss of either the principal or interest based upon then prevailing rates.
- C. Total Return -- Kern Health Systems' portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk.

II. OBJECTIVES

Safety of principal is the primary objective of Kern Health Systems. Each investment transaction shall seek to ensure that large capital losses are avoided from securities or broker-dealer default. Kern Health Systems shall seek to ensure that capital losses are minimized from the erosion of market value. Kern Health Systems shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk.

Credit risk, the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only permitted investments and by diversifying the investment portfolio according to this Annual Investment Policy.

Market risk, the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by matching maturity dates, to the extent possible, with Kern Health Systems' expected cash flow draws. It is explicitly recognized herein, however that, in a diversified portfolio, occasional losses are inevitable and must be considered within the context of the overall investment return.

III. PRUDENCE

Kern Health Systems' Board of Directors or persons authorized to make investment decisions on behalf of Kern Health Systems are trustees and fiduciaries subject to the prudent investor standard. The standard of prudence to be used by investment officials shall be the "prudent person" standard as defined in Code Section 53600.3 and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Annual Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control developments.

THE PRUDENT PERSON STANDARD: When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of Kern Health Systems, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

IV. ETHICS AND CONFLICTS OF INTEREST

Kern Health Systems' officers and employees involved in the investment process shall refrain from personal and professional business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Kern Health Systems' officers and employees involved in the investment process are not permitted to have any material financial interests in financial institutions, including state or federal credit unions, that conduct business with Kern Health Systems, and they are not permitted to have any personal financial or investment holdings that could be materially related to the performance of Kern Health Systems' investments.

V. DELEGATION OF AUTHORITY

Authority to manage Kern Health Systems' investment program is derived from an order of the Board of Directors. Management responsibility for the investment program is hereby delegated to Kern Health Systems' Chief Financial Officer. No person may engage in an investment transaction except as provided under the terms of this Annual Investment Policy and the procedures established by the Chief Financial Officer.

The Chief Financial Officer shall be responsible for all actions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

A. Financial Benchmarks

Kern Health Systems' portfolios shall be designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. The performance benchmark for each investment portfolio will be based upon the market indices for short-term investments of comparable risk and duration. These performance benchmarks will be agreed to by Kern Health Systems' Chief Financial Officer and the Investment Managers and will be reviewed by the Board of Directors quarterly.

B. Safekeeping

The investments purchased by the Investment Manager shall be held by Custodian Bank acting as the agent of Kern Health Systems under the terms of a custody agreement in compliance with Code Section 53608.

C. Periodic Review of the Annual Investment Policy

The Chief Financial Officer is responsible for providing the Board of Directors with a statement of investment policy, and the Board of Directors is responsible for adopting the Annual Investment Policy and ensuring investments are made in compliance with this Annual Investment Policy. This Annual Investment Policy shall be reviewed annually by the Board of Directors at a public meeting pursuant to Section 53646 (a) of the California Government Code.

The Chief Financial Officer is responsible for directing Kern Health Systems' investment program and for compliance with this policy pursuant to the delegation of authority to invest funds or to sell or exchange securities. The Chief Financial Officer shall make a quarterly report to the Board of Directors in accordance with Code Section 53646(b).

D. Chief Financial Officer's Procedures

The following procedures will be performed by the Chief Financial Officer:

1. The Operating Funds and Board-Designated Reserve Funds targeted average maturities will be established and reviewed periodically.
2. All Investment Managers will be provided a copy of the Annual Investment Policy, which will be appended to an Investment Manager's investment contract. Any investments made by the Investment Manager outside the Annual Investment Policy may subject the Investment Manager to termination for cause.
3. Investment diversification and portfolio performance will be reviewed monthly to ensure that risk levels and returns are reasonable and that investments are diversified in accordance with this policy.
4. The Chief Financial Officer will evaluate candidates for the role of Investment Manager. The candidates will be reviewed and approved by the CEO and the Board of Directors.

E. Duties and Responsibilities of Finance Committee:

The Chief Financial Officer and staff are responsible for the day-to-day management of Kern Health Systems' investment portfolio and the making of specific investments. The Board of Directors is responsible for Kern Health Systems' Annual Investment Policy. The Finance Committee shall not make or direct Kern Health Systems staff to make any particular investment, purchase any particular investment product, or do business with any particular investment companies or brokers. It shall not be the purpose of the Finance Committee to advise on particular investment decisions of Kern Health Systems.

The duties and responsibilities of the Finance Committee shall consist of the following:

1. Annually review Kern Health Systems' Annual Investment Policy before its consideration by the Board of Directors and recommend revisions, as necessary, to the Finance Committee of the Board of Directors.
2. Quarterly review Kern Health Systems' investment portfolio for conformance with Kern Health Systems' Annual Investment Policy diversification and maturity guidelines, and make recommendations to the Finance Committee of the Board of Directors as appropriate.
3. Provide comments to Kern Health Systems' staff regarding potential investments and potential investment strategies.
4. Perform such additional duties and responsibilities as may be required from time to time by specific action and direction of the Board of Directors.

VI. DEFINITIONS

- A. Operating Funds are intended to serve as a money market account for Kern Health Systems to meet daily operating requirements. Deposits to this fund are comprised of State warrants that represent Kern Health Systems' monthly capitation revenues from its State contracts. Disbursements from this fund to Kern Health Systems' operating cash accounts are intended to meet operating expenses, payments to providers and other payments required in day-to-day operations.

VII PERMITTED INVESTMENTS

Kern Health Systems' policy is to invest only in instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy. Permitted investments are subject to a maximum stated term of five years. The Board of Directors must grant express written authority to make an investment or to establish an investment program of a longer term.

Maturity shall mean the stated final maturity of the security, or the unconditional put option date if the security contains such provision. Term or tenure shall mean the remaining time to maturity when purchased.

Permitted investments shall include:

A. U.S. Treasuries

These investments are direct obligations of the United States of America and securities which are fully and unconditionally guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States of America.

U.S. Government securities include:

1. Treasury Bills: U.S. government Securities issued and traded at a discount.
2. Treasury Notes and Bonds: Interest bearing debt obligations of the U.S. government which guarantees interest and principal payments.
3. Treasury STRIPS: U.S. Treasury securities that have been separated into their component parts of principal and interest payments and recorded as such in the Federal Reserve book-entry record-keeping system.
4. Treasury Inflation Protected (TIPs) securities: Special Treasury notes or bonds that offer protection from inflation. Coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the consumer price index (CPI).

U. S. Treasury coupon and principal STRIPS as well as TIPs are not considered to be derivatives for the purpose of this Annual Investment Policy and are, therefore, permitted investments pursuant to the Annual Investment Policy.

Maximum term: Five Years

B. Federal Agencies and U.S. Government Sponsored Enterprises

These investments represent obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise, including those issued by, or fully guaranteed as to principal and interest by, the issuers. These are U.S. Government related organizations, the largest of which are government financial intermediaries assisting specific credit markets (housing, agriculture). Often simply referred to as "Agencies", the following are specifically allowed:

1. Federal Home Loan Banks (FHLB)
2. Federal Home Loan Mortgage Corporation (FHLMC)
3. Federal National Mortgage Association (FNMA)
4. Federal Farm Credit Banks (FFCB)
5. Student Loan Marketing Association (SLMA)
6. Government National Mortgage Association (GNMA)
7. Small Business Administration (SBA)
8. Export-Import Bank of the United States
9. U.S. Maritime Administration
10. Washington Metro Area Transit
11. U.S. Department of Housing & Urban Development
12. Tennessee Valley Authority
13. Federal Agricultural Mortgage Company (FAMC)
14. Temporary Liquidity Guarantee (TLG) Program securities
15. Temporary Corporate Credit Union Liquidity Guarantee Program (TCCULGP) securities

Any Federal Agency and U.S. Government Sponsored Enterprise security not specifically mentioned above is not a permitted investment.

C. State of California and Local Agency Obligations

Registered state warrants, treasury notes or bonds of the State of California and bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or local agency or by a department, board, agency or authority of the State or local agency. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by Moody's and A-1 by Standard & Poor's or equivalent or better for short-term obligations, or A by Moody's or A by Standard & Poor's or better for long-term debt. Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments.

Maximum Term: Five years

D. State and Local Agency Obligations Outside of California

Registered state warrants, treasury notes or bonds of any U.S. State and bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state. Such obligations must be issued by an entity whose general obligation debt is rated P-1 by

Moody's and A-1 by Standard & Poor's or equivalent or better for short-term obligations, or A by Moody's or A by Standard & Poor's or better for long-term debt. Public agency bonds issued for private purposes (industrial development bonds) are specifically excluded as allowable investments. Any single investment in a particular State is limited to 5% of portfolio at time of Purchase.

Maximum Term: Five years

Maximum of 20% of the portfolio

E. Bankers Acceptances

Time drafts which a bank "accepts" as its financial responsibility as part of a trade finance process. These short-term notes are sold at a discount, and are obligations of the drawer (the bank's trade finance client) as well as the bank. Once accepted, the bank is irrevocably obligated to pay the bankers acceptance (BA) upon maturity if the drawer does not. Eligible bankers acceptances:

1. Are eligible for purchase by the Federal Reserve System, and are drawn on and accepted by a bank rated F1 or better by Fitch Ratings or are rated A-1 for short-term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency.
2. May not exceed the five percent (5%) limit of any one commercial bank and may not exceed the five percent limit for any security of any bank.

Maximum Term: 180 days

F. Commercial Paper

Commercial paper (CP) is unsecured promissory notes issued by companies and government entities at a discount. Commercial paper is negotiable (marketable or transferable), although it is typically held to maturity. The maximum maturity is 270 days, with most CP issued for terms of less than 30 days. Commercial paper must meet the following criteria:

1. Rated P-1 by Moody's and A-1 or better by Standard & Poor's, and
2. Have an A or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by Moody's and Standard & Poor's, and
3. Issued by corporations organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000), and
4. May not represent more than ten percent (10%) of the outstanding commercial paper of the issuing corporation.

Maximum Term: 270 days

G. Negotiable Certificates of Deposit

A negotiable (marketable or transferable) receipt for a time deposit at a bank or other financial institution for a fixed time and interest rate. Negotiable Certificates of Deposit must be issued by a nationally or state-chartered bank or state or federal association or by a state licensed branch of a foreign bank, which have been rated F1 or better by Fitch Ratings, or are rated A-1 for short-term deposits by Standard & Poor's and P-1 for short-term deposits by Moody's, or are comparably rated by a nationally recognized rating agency. Maturities greater than one year and less than five years shall not exceed the FDIC Insurance maximum amount at the time of purchase.

Maximum term: Five years

H. Repurchase Agreements

A purchase of securities under a simultaneous agreement to sell these securities back at a fixed price on some future date.

Repurchase agreements collateralized by U. S. Treasuries, GNMMAs, FNMMAs or FHLMCs with any registered broker-dealer subject to the Securities Investors Protection Act or any commercial banks insured by the FDIC so long as at the time of the investment such primary dealer (or its parent) has an uninsured, unsecured and unguaranteed obligation rated P-1 short-term or A-2 long-term or better by Moody's, and A-1 short-term or A long-term or better by Standard & Poor's, provided:

1. A broker-dealer master repurchase agreement signed by the investment manager (acting as "Agent") and approved by Kern Health Systems; and,
2. The securities are held free and clear of any lien by Kern Health Systems' custodian or an independent third party acting as agent ("Agent") for the custodian, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million and the custodian shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for Kern Health Systems' custodian; and,
3. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of Kern Health Systems' custodian and Kern Health Systems; and
4. The Agent provides Kern Health Systems' custodian and Kern Health Systems with valuation of the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required one hundred and two percent (102%) collateral percentage is not restored within two business days of such valuation.

Maximum Term: One year

Reverse repurchase agreements are not allowed.

I. Corporate Debt Securities

Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

1. For the purpose of this Annual Investment Policy, corporate securities that are rated A or better by both Moody's and Standard & Poor's, or by one of either of Moody's or Standard & Poor's and with a comparable rating by a nationally recognized rating service on longer term debt, and
2. Are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States and have total assets in excess of five hundred million dollars (\$500,000,000), and
3. May not represent more than ten percent (10%) of the issue in the case of a specific public offering. This limitation does not apply to debt that is "continuously offered" in a mode similar to commercial paper, i.e. medium term notes ("MTNs"). Under no circumstance can the MTNs or any other corporate security of any one corporate issuer represent more than 5% of the portfolio.

Maximum Term: Five years

J. Money Market Funds

Shares of beneficial interest issued by diversified management companies (commonly called money market funds):

1. Which are rated AAA (or equivalent highest ranking) by two of the three largest nationally recognized rating services, and,
2. Such investment may not represent more than ten percent (10%) of the money market fund's assets.

K. Mortgage or Asset-backed Securities

Pass-through securities are instruments by which the cash flow from the mortgages, receivables or other assets underlying the security is passed-through as principal and interest payments to the investor.

Though these securities may contain a third party guarantee, they are a package of assets being sold by a trust, not a debt obligation of the sponsor. Other types of "backed" debt instruments have assets (such as leases or consumer receivables) pledged to support the debt service.

Any mortgage pass-through security, collateralized mortgage obligations, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond which

1. Are rated AAA (Code AA) by a nationally recognized rating service, and
2. Are issued by an issuer having an A or better rating by a nationally recognized rating service for its long-term debt.

Maximum Term: Operating Funds – Five years

L. Variable and Floating Rate Securities

Variable and floating rate securities are appropriate investments when used to enhance yield and reduce risk. They should have the same stability, liquidity and quality as traditional money market securities. A variable rate security provides for the automatic establishment of a new interest rate on set dates. For the purposes of this Annual Investment Policy, a Variable

Rate Security and Floating Rate Security where the rate of interest is readjusted no less frequently than every 762 calendar days shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest so long as the next readjustment period is within 5 years.

Variable and floating rate securities, which are restricted to investments in permitted Federal Agencies and U.S. Government Sponsored Enterprises securities, Corporate Securities, Mortgage or Asset-backed Securities and Negotiable Certificates of Deposit, must utilize traditional money market reset indices such as U. S. Treasury bills, Federal Funds, commercial paper or LIBOR. Investments in floating rate securities whose reset is calculated using more than one of the above indices are not permitted, i.e. dual index notes.

Maximum Term: Operating Funds – Five Years

M. Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is a voluntary program created by statute (Section 16429.1 et seq.) as an investment alternative for California's local governments and special districts managed by the State Treasurer. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and a market valuation is conducted monthly. The investment objective of LAIF mirrors those of KHS' with preservation of capital being the primary objective and liquidity second. Any agency with funds on deposit with LAIF can withdraw those funds within 24 hours' notice.

Maximum Term: Five Years

VIII. POLICIES

A. Securities Lending

Investment securities shall not be lent to an Investment Manager or broker.

B. Leverage

The investment portfolio, or investment portfolios managed by an Investment Manager, cannot be used as collateral to obtain additional investable funds.

C. Other Investments

Any investment not specifically referred to herein will be considered a prohibited investment.

D. Underlying Nature of Investments

Kern Health Systems and its Investment Manager shall not make investments in organizations which have a line of business that is visibly in conflict with the interests of public health (which shall be defined by the Kern Health Systems Board of Directors). Furthermore, Kern Health Systems shall not make investments in organizations with which it has a business relationship through contracting, purchasing or other arrangements.

Kern Health Systems' Board of Directors will provide the Investment Manager with a list of corporations that do not comply with its Annual Investment Policy and shall immediately notify its Investment Manager of any changes.

E. Investment Managers

Outside Investment Managers must certify that they will purchase securities from broker/dealers (other than themselves) or financial institutions in compliance with Code Section 53601.5 and this Annual Investment Policy.

F. Derivatives

Except as expressly permitted by this policy, investments in derivative securities are not allowed.

G. Rating Category

Rating category shall mean with respect to any long-term category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier.

H. Rating Downgrades

Kern Health Systems may from time to time be invested in a security whose rating is downgraded below the quality criteria permitted by this investment policy.

If the rating of any security held as an investment falls below the investment guidelines, the Investment Manager shall notify the Chief Financial Officer or designee within two (2) business days of the downgrade. A decision to retain a downgraded security shall be approved by the Chief Financial Officer or designee within five (5) business days of the downgrade.

I. Maximum Stated Term

Maximum stated term for permitted investments shall be determined based on the settlement date (not the trade date) upon purchase of the security and the stated final maturity of the security, or the unconditional put option date if the security contains such provision.

J. Diversification Guidelines

Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

Kern Health Systems' Investment Manager must review the portfolio it manages to ensure compliance with Kern Health Systems' diversification guidelines on an ongoing basis.

<i>INSTRUMENTS</i>	MAXIMUM % OF PORTFOLIO AT TIME OF PURCHASE
A. U.S. Treasuries (including U.S. Treasury Coupon and principal STRIPS as well as TIPS)	100%
B. Federal Agencies and U.S. Government Sponsored Enterprises	100%
C. State of California and Local Agency Obligations	100%
D. State and Local Agency Obligations Outside of California	20%
E. Bankers Acceptances	40%
F. Commercial Paper	25%
G. Negotiable Certificates of Deposit	30%
H. Repurchase Agreements	100%
I. Corporate Securities	30%

<i>INSTRUMENTS</i>	MAXIMUM % OF PORTFOLIO AT TIME OF PURCHASE
J. Money Market Funds	20%
K. Mortgage and Asset-backed Securities	20%
L. Variable and Floating Rate Securities	30%
M. Local Agency Investment Fund (LAIF)	50%

- a. Issuer/Counterparty Diversification Guidelines -- The percentages specified below shall be adhered to on the basis of the entire portfolio:
 - i. Any one Federal Agency or Government Sponsored Enterprise 35%
 - ii. Any one repurchase agreement counterparty name
 - If maturity/term is \leq 7 days 50%
 - If maturity/term is $>$ 7 days 25%
- b. Issuer/Counterparty Diversification Guidelines for All Other Securities described in Subsections A-K in VII. Permitted Investments of this Annual Investment Policy. Any one corporation, bank, local agency, or other corporate name for one or more series of securities, and specifically with respect to special purpose vehicles issuers for mortgage and asset-backed securities, the maximum applies to all such securities backed by the same type of assets of the same issuer. 5%

Negotiable Certificates of Deposit with maturities greater than one year and less than five years shall not exceed the FDIC Insurance maximum amount at the time of purchase.

Each Investment Advisor shall adhere to the diversification limits discussed in this section. If one Investment Advisor exceeds the aforementioned diversification limits, the Investment Advisor shall inform the Kern Health Systems Chief Financial Officer and second Investment Advisor (if any) by close of business on the day of the occurrence. Within the parameters authorized by the Government code, the Committee recognizes the practicalities of portfolio management, securities maturing, and changing status, and market volatility, and, as such, will consider breaches in:

- i. The context of the amount in relation to the total portfolio concentration;
- ii. Market and security specific conditions contributing to a breach in policy; and
- iii. The managers' actions to enforce the spirit of the policy and decisions made in the best interest of the portfolio.

REFERENCE:

Revision 2016-01: Minor revision to correct acronym in §VIII Policies, item M. CFO request that policy goes to Board of Directors in February. **Revision 2015-04:** Item "M" Local Agency Investment Fund (LAIF) added to Section VII Permitted Investments as approved by KHS Board of Directors at April 2015 meeting. **Revision 2014-08:** Policy revised by Controller to allow for non-California municipal investments as approved by KHS Board of Directors. **Revision 2010-11:** Policy revised to conform to government code requirements. The Board of Directors approved current policy on October 14, 2010.

Attachment 2

**KERN HEALTH SYSTEMS
2016 INVESTMENT ANALYSIS**

	<u>UBS</u>	<u>LAIF</u>	<u>Wells Fargo Securities</u>
December 31, 2016 Balance	60,285,346	64,301,628	64,661,783
Average Monthly Balance	54,991,715	64,167,208	57,371,878
Total Dividend/Revenue (YTD)	1,268,719	364,869	440,918
Percentage	2.31%	0.57%	0.77%



To: KHS Finance Committee
From: Robert Landis, CFO
Date: February 3, 2017
Re: 2016 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.

During 2016, \$99,339.88 was spent on employee travel, which was approximately \$6,500 more than the prior year. Approximately \$6,400 of this amount included one-time travel and training expenses associated with the Blanchard Training for Situational Leadership. This expenditure was pre-approved by the KHS Board of Directors in April 2016 for the KHS Corporate Training and Development Manager to attend the Leadership Training and Certification Program in San Diego. The Corporate Training and Development Manager successfully completed her certification and was able to train the KHS mid-level managers herself, which saved approximately \$47,000 in outside consulting fees during 2016. An additional savings of approximated \$26,000 is expected to be realized during 2017.

Also included in the 2016 total was approximately \$7,600 that was spent on an Insights Training Conference in Las Vegas relating to one-time training for three employees on the new Ceridian Personnel and Payroll System.

Requested Action

Receive and file for informational purposes only.

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
1 Chief Executive Officer	LHPC Strategic Retreat	Out	Napa, CA	1/25/16 - 1/27/16		725.89	69.00	794.89
2 Chief Executive Officer	ACAP's 2016 Board of Dir. Meeting	Out	Berkeley, CA	3/14/16 - 3/18/16		870.64	103.50	974.14
3 Chief Operating Officer	ACAP's 2016 Board of Dir. Meeting	Out	Berkeley, CA	3/13/16 - 3/15/16		885.30	86.25	971.55
4 Chief Operating Officer	2016 Allegra Health Partners Summit	OS	Las Vegas, NV	3/07/16 - 3/09/16		315.90	128.00	443.90
5 Chief Operating Officer	CAHP 2016 Seminar	Out	Burbank, CA	2/23/16 - 2/24/16	100.00	318.70	64.00	482.70
6 Chief Operating Officer	CAHP 2016 Seminar	Out	Burbank, CA	2/23/16 - 2/24/16	100.00	377.35	64.00	541.35
7 Chief Operating Officer	LJ/CAHIO COO Meeting	Out	San Francisco, CA	2/25/16 - 2/26/16		724.93	92.50	817.43
8 Chief Operating Officer	2016 Trizetto Healthcare Conf	Out	Palm Desert, CA	5/21/16 - 5/25/16		1,394.46	240.00	1,634.46
9 Chief Executive Officer	CHCF Palliative Care Innovation Forum Conf.	Out	North Hollywood, CA	5/16/16 - 5/17/16		497.50	96.00	593.50
10 Chief Operating Officer	LJ/CAHIO COO Meeting	Out	Rancho Cucamonga, CA	6/02/16 - 6/04/16		388.30	81.00	469.30
11 Chief Executive Officer	ACAP's 2016 CEO Summit	OS	Washington, DC	6/23/16 - 6/30/16		1,557.80	224.25	1,782.05
12 Chief Operating Officer	Medicaid Summit (Speaker) CA Assoc of Health Plans- 2016 Seminar series Medi-Cal	OS	Washington, DC	6/11/16 - 6/16/16		1,645.87	362.25	2,008.12
13 Chief Operating Officer	CFO Meeting	Out	Burbank, CA	7/26/16 - 7/27/16	100.00	360.73	64.00	524.73
14 Chief Financial Officer	CFO Meeting	Out	Santa Cruz, CA	2/25/16 - 2/27/16		596.82	118.00	714.82
15 Chief Financial Officer	CFO Meeting	Out	Oakland, CA	6/23/16 - 6/24/16		1,068.74		1,068.74
16 Chief Executive Officer	CAHP CIO Meeting	Out	Sacramento, CA	7/17/16 - 7/19/16		746.32	176.00	922.32
17 Chief Executive Officer	CAHP Seminar "Medi-Cal: Continuing Evolution	Out	Burbank, CA	7/23/16 - 7/27/16	100.00	338.46	64.00	502.46
18 Chief Operating Officer	LJ/CAHIO COO Meeting	Out	Rancho Cucamonga, CA	9/29/16 - 9/30/16		163.62	81.00	244.62
19 Chief Operating Officer	CAHP 31st Annual Conf.	Out	Palm Desert, CA	10/09/16 - 10/12/16	475.00	1,078.32	144.00	1,697.32
20 Chief Executive Officer	2016 ACAP Fall Board	Out	Pittsburgh	11/14/16 - 11/16/16		1,513.67	108.00	1,621.67
21 Chief Executive Officer	8TH Annual Health Plan Consumer Experience & Retention	OS	Boston, MA	09/28/16 - 10/03/16	825.00			825.00

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
22 Chief Executive Officer	CAHPS 31st Annual Conference	Out	Palm Desert, CA	10/09/16 - 10/12/16	475.00	1,097.75	160.00	1,732.75
23 Chief Financial Officer	Quarterly CFO Conference	Out	Palm Desert, CA	10/09/16 - 10/11/16		313.34	96.00	409.34
24 Chief Executive Officer	HASC Medi-Cal Task Force Meeting	Out	Los Angeles, CA	9/22/16 - 9/13/16		1,419.76	96.00	1,515.76
25 Executive Services Coordinator	Bakersfield Women's Business Conf	In	Bakersfield, CA	9/29/2016	112.00			112.00
26 Chief Financial Officer	Quarterly CFO Meeting	Out	San Francisco, CA	12/01/16 - 12/02/16	-	347.56	74.00	421.56
27 Chief Executive Officer	LHPC Meeting-Election Impacts Part II & All CEO meeting	Out	Sacramento, CA	12/03/16 - 12/08/16	-	852.81	160.00	1,012.81
Executive Total					2,287.00	19,600.54	2,951.75	24,839.29
28 Controller	Milliman actuarial Seminar & Training	OS	Seattle, WA	8/15/19 - 8/19/2016	1,500.00	1,733.41	222.00	3,455.41
29 Business Analyst IV	Milliman actuarial Seminar & Training	OS	Seattle, WA	8/15/19 - 8/19/2016	1,450.00	1,824.16	222.00	3,496.16
Finance Total					2,950.00	3,557.57	444.00	6,951.57
30 Manager, Technology Services & Support	Quarterly CIO Meeting	Out	Fairfield, CA	2/18/16 - 2/19/16		560.12	76.50	636.62
31 Chief Information Officer	Quarterly CIO Meeting	Out	Fairfield, CA	2/18/16 - 2/19/16		236.21	76.50	312.71
32 Technical Analyst III	Adv T-SQL Program & Tuning for SQL	In	Bakersfield, CA	4/25/16 - 4/29/16	3,495.00			3,495.00
33 Manager, Data Management and Business Intelligence	World Congress Pop Health Anal Sum	Out	San Diego, CA	5/16/16 - 5/18/16	1,295.00	694.46	144.00	2,133.46
34 Manager, Technology Services & Support	2016 Trizetto Healthcare Conf	Out	Palm Desert, CA	5/21/16 - 5/23/16		1,606.20	256.00	1,862.20
35 Chief Information Officer	2016 Trizetto Healthcare Conf	Out	Palm Desert, CA	5/21/16 - 5/23/16		1,719.52	112.00	1,831.52
36 Chief Information Officer	AHIP Institute & Expo	OS	Las Vegas, NV	6/14/16 - 6/17/16	925.00	944.70	160.00	2,029.70
37 IT Systems Administrator	ENLAN & NLAN Upgrades	Out	Fresno, CA	4/6/2016		128.63	48.00	176.63
38 Manager, Technology Services & Support	6th Annual GHCC Medicaid Summit	OS	Tyson, VA	7/11/16 - 7/13/16	595.00			595.00
39 Chief Information Officer	LHP Onsite CIO Meeting (GCHIP)	Out	Camarillo, CA	6/29/16 - 6/30/16		195.92	80.00	275.92

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In Country (In), Out of Country (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
40 Manager, Technology Services & Support	LHP Onsite CIO Meeting (GCHP)	Out	Camarillo, CA	6/29/16 - 6/30/16		367.04	80.00	447.04
41 Chief Information Officer	Local Health Plan Meeting	Out	San Francisco, CA	6/1/16		832.70	55.50	888.20
42 Technical Analyst IV	2016 Fall Customer Conference Trizetto	Out	Nashville Tennessee	9/11/16 - 9/14/16	500.00	1,465.74	221.25	2,186.99
43 Manager, Technology Services & Support	2016 Fall Customer Conference Trizetto	Out	Nashville Tennessee	9/11/16 - 9/14/16	500.00	821.05		1,321.05
44 Data Analyst IV	PMP Training- Live Class	In	Bakersfield, CA	08/16/16	894.00			894.00
45 Technical Analyst IV	SQL 250: Transact SQL for developers SQL Srv- (SQL250) Microsoft EA vouchers (5)	OS	Phoenix, AZ	10/9/16 - 10/14/16		692.78	339.25	1,032.03
46 Data Analyst IV	ALMP15: Managing Agile Projects using TFS2015	In	Bakersfield, CA	8/31/16 - 9/2/16	2,095.00			2,095.00
47 II operations supervisor	Visit Inland Empire Health Plan	Out	Rancho Cucamonga, CA	8/16/16 - 8/17/16	-	163.08	15.66	178.74
48 Chief Information Officer	LHP Onsite CIO Meeting	Out	Santa Barbara, CA	9/29/16 - 9/30/16/16	-	333.85	92.50	426.35
49 Supervisor Data Analytics	LHP Onsite CIO Meeting	Out	Santa Barbara, CA	9/29/16 - 9/30/16/16	-	478.20	92.50	570.70
MIS Total					10,299.00	11,240.20	1,849.66	23,388.86
50 Claims Manager	QNXI Training	Out	Englewood, CO	1/31/16 - 2/5/16		544.20		544.20
51 Director of Claims	McKesson Annual Conference	OS	Las Vegas, NV	10/18/16 - 10/22/16	159.00			159.00
52 Director of Claims	2016 Trizetto Healthcare Conf	Out	Palm Desert, CA	5/22/16 - 5/25/16	1,100.00	1,791.34	32.00	2,923.34
53 Director of Claims	2016 Fall Customer Conference	Out	Nashville, TN	9/11/16 - 9/14/16	500.00	824.56	206.50	1,531.06
54 Claims Manager	Optum 360 Coding Conf	OS	Las Vegas, NV	11/27/16 - 12/2/16	1,015.00	1,082.27	304.00	2,401.27
Claims Total					2,774.00	4,242.37	542.50	7,558.87

KERN • HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
55 Provider Relations Program Manager	2016 National Institute Conf	OS	Las Vegas, NV	6/25/16 - 6/29/16	1,585.00			1,585.00
56 Provider Relations Manager	CAHP Seminar "Medi-Cal: Continuing Evolution	Out	Burbank, CA	7/27/16	100.00			100.00
57 Provider Relations Program Manager	CAHP Seminar "Medi-Cal: Continuing Evolution	Out	Burbank, CA	7/27/16	100.00	584.64	304.00	988.64
58 Provider Relations Manager	ICE 2016 Annual Conf.	Out	San Francisco, CA	12/4/16 - 12/07/16	650.00			650.00
Provider Relations Total								
					2,435.00	584.64	304.00	3,323.64
59 Director of Procurement and Facilities, Corporate Services	Directors of Contracts Health Plan Meeting	Out	Los Angeles, CA	1/28/2016		139.12	64.00	203.12
60 Director of Procurement and Facilities, Corporate Services	California Health Plan Mt. for Contract Managers	Out	Rancho Cucamonga, CA	8/16/16 - 8/17/16		284.04	81.00	365.04
61 Receptionist	The Outstanding Receptionist	In	Bakersfield, CA	4/1/2016	79.00			79.00
62 Mail Processing Senior Support Clerk	Excel Basic Seminar	In	Bakersfield, CA	3/21/16 - 3/22/16	128.00			128.00
63 Contracts Coordinator	Excel Basic Seminar	In	Bakersfield, CA	3/21/16 - 3/22/16	79.00	11.34		90.34
64 Director of Procurement and Facilities, Corporate Services	Certified Professional in Supply Management class	Out	Long Beach, CA	8/20/16	295.00	265.14	64.00	624.14
65 Director of Procurement and Facilities, Corporate Services	California Association of Public Procurement Officials Annual Conf.	Out	Napa, CA	1/23/17 - 1/27/17	299.00			299.00
Corporate Services Total								
					880.00	699.64	209.00	1,788.64
66 Director Government Affairs and Business Development	CA Assoc of Health Plans/State Programs Committee	Out	Sacramento, CA	2/17/16 - 2/17/16		386.96	80.00	466.96
67 Director Government Affairs and Business Development	Inland Empire Health Plan	Out	Rancho Cucamonga, CA	5/5/16		79.37	15.66	95.03
68 Lead Project Manager, MIS	PMI Global Congress 2016- North America	Out	San Diego, CA	9/24/16 - 9/27/16	1,350.00	929.18	144.00	2,423.18

KERN • HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
Director Government Affairs 69) and Business Development	10/10 LHPC Board Meeting	out	Palm Desert, CA	10/09/16 - 10/12/16	475.00	1,142.77	80.00	1,697.77
Director Government Affairs 70) and Business Development	California Association of Health Plan- State Committee (SPC) meeting	out	San Francisco, CA	8/24/16 - 8/25/16	-	640.54	92.50	733.04
Project Management Total								
Director of Compliance & 71) Regulatory Affairs	Managed Care Compliance Conference	Out	Las Vegas, NV	1/30/16 - 2/2/16		724.44	112.00	836.44
Compliance Auditor 72)	DOJ/Managed Care Anti-Fraud Train	Out	Los Angeles, CA	2/23/16		139.60		139.60
Director of Compliance & 73) Regulatory Affairs	DOJ/Managed Care Statewide	Out	Los Angeles, CA	5/3/16		193.18	18.56	211.74
Director of Compliance & 74) Regulatory Affairs	Medi-Cal Continuing Evolution	Out	Los Angeles, CA	7/27/16	75.00	135.52		210.52
Director of Compliance & 75) Regulatory Affairs	CAHP 31 st. Annual Conference	Out	Palm Desert, CA	10/10/16	475.00	821.38	144.00	1,440.38
AIS Total								
Marketing & Public Affairs Rep 76)	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing & Public Affairs Rep 77)	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing Coordinator 78)	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing Assistant 79)	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing Total								
Senior Benefits Administrator 80)	Insights Training Conf	OS	Tyson, VA	7/11/16 - 7/15/16	999.00	1,105.96	320.00	2,424.96
Director of Human Resources 81)	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,345.42	320.00	2,664.42
Director of Human Resources 82)	Hanson Bridgett Annual Labor Seminar	Out	San Francisco, CA	1/19/19 - 1/20/16		696.86	129.50	826.36
Director of Human Resources 83)	Cent Cal Health Plan	Out	Santa Barbara, CA	2/3/16 to 2/5/16		518.86	166.50	685.36
Grand Total								
					1,825.00	3,178.82	412.16	5,415.98
					550.00	2,014.12	274.56	2,838.68

KERN • HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
84 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16				-
85 Payroll Supervisor	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,035.40	320.00	2,354.40
86 Recruiting Supervisor	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,318.00	320.00	2,637.00
Corporate Training and Development Manager	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,318.00	320.00	2,637.00
88 Corporate Training and Development Manager	Blanchard Training for Situational Leadership II	Out	San Diego, CA	5/15/16 - 5/18/16	4,981.61	1,139.06	256.00	6,376.67
89 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	1/6/16	30.00	5.08		35.08
90 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
91 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
92 HR Senior Support Clerk	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
93 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
94 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
95 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
96 HR Senior Support Clerk	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
97 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
98 Payroll Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
99 Director or Human Resources	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
100 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
101 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00
102 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00
103 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00	5.07		25.07
104 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00

KERN • HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
105 Payroll Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00
106 Director of Human Resources	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00
107 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	5/4/16	20.00			20.00
108 HR Senior Support Clerk	KCSHRM Chapter Meeting	In	Bakersfield, CA	5/4/16	20.00			20.00
109 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	5/4/16	20.00			20.00
110 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	5/4/16	20.00			20.00
111 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	5/4/16	20.00			20.00
112 Director of Human Resources	KCSHRM Chapter Meeting	In	Bakersfield, CA	5/4/16	20.00	20.91		40.91
113 Human Resources Assistant	Honor A Hero (Job Fair)	In	Bakersfield, CA	4/21/16				-
114 Human Resources Assistant	Bakersfield College Campus (Job Fair)	In	Bakersfield, CA	4/27/16				-
115 Human Resources Assistant	Job Fest (Job Fair)	In	Bakersfield, CA	5/12/16				-
116 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	6/1/16	20.00			20.00
117 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	6/1/16	20.00	5.08		25.08
118 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	6/1/16	20.00			20.00
119 HR Senior Support Clerk	KCSHRM Chapter Meeting	In	Bakersfield, CA	6/1/16	20.00			20.00
120 Director of Human Resources	KCSHRM Chapter Meeting	In	Bakersfield, CA	6/1/16	20.00			20.00

KERN • HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
121 Director of Human Resources	KCSHRM Monthly Meeting- DFEH	In	Bakersfield, CA	10/5/16	25.00			25.00
122 Recruiting Supervisor	KCSHRM Monthly Meeting- DFEH	In	Bakersfield, CA	10/5/16	25.00			25.00
123 HR Senior Support Clerk	KCSHRM Monthly Meeting- DFEH	In	Bakersfield, CA	10/5/16	25.00			25.00
124 Human Resources Assistant	KCSHRM Monthly Meeting- DFEH	In	Bakersfield, CA	10/5/16	25.00			25.00
125 Human Resources Assistant	KCSHRM Monthly Meeting- DFEH	In	Bakersfield, CA	10/5/16	20.00			20.00
126 Director of Human Resources	Symposium: 20th Annual KCSHRM	In	Bakersfield, CA	10/12/16	139.00			139.00
127 Senior Benefits Administrator	Symposium: 20th Annual KCSHRM	In	Bakersfield, CA	10/12/16	139.00			139.00
128 Recruiting Supervisor	Symposium: 20th Annual KCSHRM	In	Bakersfield, CA	10/12/16	139.00			139.00
129 Payroll Supervisor	Symposium: 20th Annual KCSHRM	In	Bakersfield, CA	10/4/16	35.00			35.00
130 Director of Human Resources	Hire Luncheon	In	Bakersfield, CA	10/4/16	35.00			35.00
131 Recruiting Supervisor	Hire Luncheon	In	Bakersfield, CA	10/4/16	35.00			35.00
132 Payroll Supervisor	Beyond the basics-Key HR Issues in 2016-KCSHRM Meeting	In	Bakersfield, CA	11/10/16	40.00			40.00
133 Senior Benefits Administrator	Beyond the basics-Key HR Issues in 2016-KCSHRM Meeting	In	Bakersfield, CA	11/10/16	40.00			40.00
134 Human Resources Assistant	Beyond the basics-Key HR Issues in 2016-KCSHRM Meeting	In	Bakersfield, CA	11/10/16	40.00			40.00
135 Human Resources Assistant	Beyond the basics-Key HR Issues in 2016-KCSHRM Meeting	In	Bakersfield, CA	11/10/16	40.00			40.00
136 Recruiting Supervisor	Beyond the basics-Key HR Issues in 2016-KCSHRM Meeting	In	Bakersfield, CA	11/10/16	40.00			40.00
137 HR Senior Support Clerk	Beyond the basics-Key HR Issues in 2016-KCSHRM Meeting	In	Bakersfield, CA	11/10/16	40.00			40.00
138 Director of Human Resources	Ceridian Meeting	Out	Los Angeles, CA	10/19/16		134.48	18.56	153.04

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
139 Director of Human Resources	KCSHRM-Non Worked Time Counts	In	Bakersfield, CA	12/07/16	20.00			20.00
140 Senior Benefits Administrator	KCSHRM-Non Worked Time Counts	In	Bakersfield, CA	12/07/16	25.00			25.00
141 Payroll Supervisor	KCSHRM-Non Worked Time Counts	In	Bakersfield, CA	12/07/16	25.00			25.00
142 Human Resources Assistant	KCSHRM-Non Worked Time Counts	In	Bakersfield, CA	12/07/16	25.00			25.00
143 HR Senior Support Clerk	KCSHRM-Non Worked Time Counts	In	Bakersfield, CA	12/07/16	25.00			25.00
144 Human Resources Assistant	KCSHRM-Non Worked Time Counts	In	Bakersfield, CA	12/07/16	25.00			25.00
145 Claims Manager	PAS Training (Managing People through changes, coaching for success)	In	Bakersfield, CA	May 10, 2016 & May 1, 2016	230.00			230.00
Human Resources Total					11,967.61	8,648.18	2,170.56	22,786.35

Sub-Totals	Registration	Fare & Lodging	Meals
	36,415.61	53,766.08	9,158.19
Grand Total	\$ 99,339.88		

Proposed Administrative Contract over \$100,000, February 09, 2017

1. Operational Expenditure with Relay Health

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Trannie Ryan; Deputy Director of Claims

c. Background

In 2009 Kern Health Systems engaged multiple claims clearinghouses to provide various alternatives for the community to submit electronically. Relay Health provides KHS with the 837i and 837p claims transactions. Electronic data transactions increase the accuracy of the data and eliminate the need for paper processes and storage.

d. Discussion

Relay Health provides KHS with approximately 30% of the professional claims that are submitted electronically to the health plan. Relay Health does not charge the submitting provider for the transaction rather KHS. The fees are based on a per transaction basis, and the rate will be constant for a three year period.

e. Fiscal Impact

Not to exceed \$0.23 price per claim. Estimated cost is \$144,000.00 annually.

f. Risk Assessment

The potential risk of not receiving electronic claims would result in a backlog in claims and an increase in staffing budget. Without electronic submission we would need staff to open, prepare and

scan the claims, as well as support staff to verify and validate that claims were read correctly in the OCR process. Electronic submission ensures that accurate data was received which helps in the auto adjudication process. Also, if auto adjudication decreased, there would be a need for more claims examiners to process the claims.

g. Attachments

An Agreement at a Glance form and the agreement is attached.

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

This Amendment is pending legal review.



KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

- Contract
- Purchase

Department Name: Claims Department Head: Trannie Ryan

Contract Vendor: Relay Health

Vendor contact Name & e-mail: Claire Campbell, Claire.Campbell@McKesson.com

What services will this vendor provide to KHS? Relay Health will process and submit electronic medical claims from providers and institutions directly to KHS.

Description of Contract

Type of Agreement: Professional Services Background: Relay Health provides clearinghouse functions for providers and hospitals to submit electronic medical claims. The clearinghouse works with providers, typically free of charge, and charge KHS a \$.23 per transaction fee to process and deliver the electronic claims.

- Establish a new agreement Previous Agreement No. _____ or Amendment No. _____
- Amendment Date Agreement Began _____
- Continuation of an Existing Contract Brief Explanation _____
- 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 uses three different clearinghouse vendors (Emdeon, Office Ally, Relay Health).

- 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 2017 Administrative Budget NO YES

Budgeted Cost Center 230

GL# 5642

Will this require additional funds?

NO YES

Maximum cost of this agreement not to exceed: \$0.23 price per claim

Notes: Estimated cost \$12,000.00 per month and \$144,000.00 annually.

Contract Terms and Conditions

Effective date: 03/21/2017

Termination date: 03/21/2020

Explain extension provisions, termination conditions and required notice: _____

Approvals

Contract Owner:

Jannie B.
Department Head

1/12/17
Date

Purchasing:

[Signature]
Director of Procurement

1/11/17
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer or Controller

1/20/17
Date

Recommended by the Executive Committee:

[Signature]
Committee Chairman

1/20/17
Date

Compliance Review:

[Signature]
Chief Compliance Officer

1-12-17
Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

[Signature]
Chief Executive Officer

1/23/17
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



To: KHS Finance Committee

From: Robert Landis, CFO

Date: February 3, 2017

Re: November 2016 Financial Results

The November results reflect a \$6,467,400 Net Increase in Net Position which is a \$6,388,493 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$7.7 million favorable variance primarily due to:
 - A) \$3.1 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$2.7 million), a lower than expected budgeted rate decrease effective July 1, 2016 (\$1.6 million) and lower than expected HEP-C revenue (\$1.2 million).
 - B) \$4 million unfavorable variance relating to SPD primarily due to lower than expected HEP-C revenue.
 - C) \$5.2 million favorable variance in Premium-MCO Tax due to the State changing their methodology in calculating the MCO Tax based on projected membership as opposed to a percentage of revenue. Using the previous methodology, the monthly accrual would have been approximately \$2.0 million versus the new monthly accrual of \$7.2 million. This amount is a pass-through amount with no impact to the bottom as line as there is a corresponding \$7.2 million amount recorded in MCO Tax Expense.
- 2) Total Medical Costs reflect a \$4.3 million favorable variance primarily due to:
 - A) \$.5 million favorable variance in Emergency Room primarily due to lower than expected utilization for the Family and Other population.
 - B) \$1.6 million favorable variance in Inpatient primarily due to lower than expected utilization.
 - C) \$1.8 million favorable variance in Pharmacy primarily due to lower than expected HEP-C utilization.
 - D) \$.4 million favorable IBNR adjustment from the prior year.

The November Medical Loss Ratio is 82.7% which is favorable to the 94.9% budgeted amount. The November Administrative Expense Ratio is 4.9% which is equal to the 4.9% budgeted amount.

The results for the 11 months ended November 30, 2016 reflect a Net Increase in Net Position of \$56,711,714. This is a \$45,192,404 favorable variance to budget and includes approximately \$4.6 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 85.5% which is favorable to the 93.0% budgeted amount. The year-to-date Administrative Expense Ratio is 4.9% which is equal to the 4.9% budgeted amount. The Administrative Expense Ratio is 4.3% excluding the litigation accrual.

**Kern Health Systems
Financial Packet
November 2016**

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

Comparative Statement of Net Position	Page 12
Statement of Revenue, Expenses, and Changes in Net Position	Page 13

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 14
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF NOVEMBER 30, 2016			
ASSETS	NOVEMBER 2016	OCTOBER 2016	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 82,633,049	\$ 157,449,113	\$ (74,816,064)
Short-Term Investments	112,697,307	105,121,794	7,575,513
Premiums Receivable - Net	85,598,847	25,371,835	60,227,012
Interest Receivable	291,730	149,843	141,887
Other Receivables	950,505	1,082,201	(131,696)
Prepaid Expenses & Other Current Assets	868,523	881,328	(12,805)
Total Current Assets	\$ 283,039,961	\$ 290,056,114	\$ (7,016,153)
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPRES:			
Land	4,851,562	4,851,562	-
Furniture and Equipment	7,372,384	7,188,124	184,260
Automobile - Net	23,108	23,500	(392)
Building and Building Improvements - Net	7,006,361	7,034,216	(27,855)
Capital Projects in Process	580,077	508,606	71,471
Total Capital Assets	\$ 19,833,492	\$ 19,606,008	\$ 227,484
DEFERRED OUTFLOWS OF RESOURCES	\$ 1,956,217	\$ 1,956,217	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 305,129,670	\$ 311,918,339	\$ (6,788,669)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	24,877	24,512	365
Accrued Salaries and Employee Benefits	2,220,356	1,902,736	317,620
Accrued Other Operating Expenses	1,097,046	742,228	354,818
Accrued Taxes and Licenses	13,953,271	28,634,282	(14,681,011)
Other Medical Liabilities - Nonoperating Passthrough	1,768,051	2,978,401	(1,210,350)
Other Medical Liabilities - ACA PCP Enhancement	-	5,690,028	(5,690,028)
Claims Payable (Reported)	16,241,275	16,335,144	(93,869)
IBNR - Inpatient Claims	27,451,495	27,544,253	(92,758)
IBNR - Physician Claims	11,884,539	11,464,838	419,701
IBNR - Accrued Other Medical	15,677,212	15,049,396	627,816
Risk Pool and Withholds Payable	4,973,928	4,408,511	565,417
Statutory Allowance for Claims Processing Expense	1,970,991	1,970,991	-
Other Liabilities	35,224,374	28,986,996	6,237,378
Total Current Liabilities	\$ 132,487,415	\$ 145,732,316	\$ (13,244,901)
NONCURRENT LIABILITIES:			
Net Pension Liability	3,017,955	3,029,123	(11,168)
TOTAL NONCURRENT LIABILITIES	\$ 3,017,955	\$ 3,029,123	\$ (11,168)
DEFERRED INFLOWS OF RESOURCES	\$ 2,979,161	\$ 2,979,161	\$ -
NET POSITION:			
Net Position - Beg. of Year	109,933,425	109,933,425	-
Increase (Decrease) in Net Position - Current Year	56,711,714	50,244,314	6,467,400
Total Net Position	\$ 166,645,139	\$ 160,177,739	\$ 6,467,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 305,129,670	\$ 311,918,339	\$ (6,788,669)

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED NOVEMBER 30, 2016			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
161,382	162,600	(1,218)	Family Members	1,724,698	1,732,650	(7,952)		
54,612	47,000	7,612	Expansion Members	572,039	506,000	66,039		
13,439	13,500	(61)	SPD Members	148,581	145,750	2,831		
4,792	4,250	542	Other Members	49,683	45,375	4,308		
7,006	6,100	906	Kaiser Members	67,522	61,600	5,922		
241,231	233,450	7,781	Total Members - MCAL	2,562,523	2,491,375	71,148		
REVENUES								
21,346,545	21,443,573	(97,028)	Title XIX - Medicaid - Family and Other	225,386,283	224,106,457	1,279,826		
20,146,360	17,004,886	3,141,474	Title XIX - Medicaid - Expansion Members	229,328,550	205,083,682	24,244,868		
10,209,218	10,654,368	(445,150)	Title XIX - Medicaid - SPD Members	107,318,324	113,423,242	(6,104,918)		
7,198,399	1,993,239	5,205,160	Premium - MCO Tax	48,900,943	21,302,490	27,598,453		
223,035	123,090	99,945	Interest /Dividends	1,885,643	1,311,695	573,948		
-	181,880	(181,880)	Reinsurance Recoveries	514,166	1,943,820	(1,429,654)		
2,069,154	2,126,905	(57,751)	COB/Subrogation Collections	32,281,066	22,698,969	9,582,097		
(541)	-	(541)	Rate/Income Adjustments	1,519,617	-	1,519,617		
41	-	41	Other Income (Expense)	(436,656)	-	(436,656)		
61,192,211	53,527,940	7,664,271	TOTAL REVENUES	646,697,936	589,870,356	56,827,580		
EXPENSES								
Medical Costs:								
11,693,173	11,391,484	(301,689)	Physician Services	122,004,018	121,983,921	(20,097)		
2,425,983	2,406,687	(19,296)	Other Professional Services	22,568,701	25,887,244	3,318,543		
4,182,880	4,684,351	501,471	Emergency Room	48,092,565	50,129,562	2,036,997		
11,783,439	13,340,886	1,557,447	Inpatient	144,085,577	143,155,690	(929,887)		
187,188	181,880	(5,308)	Reinsurance Expense	1,981,886	1,943,820	(38,066)		
4,698,013	4,672,620	(25,393)	Outpatient Hospital	54,201,962	50,122,037	(4,079,925)		
1,296,759	1,706,631	409,872	Other Medical	21,199,271	18,621,296	(2,577,975)		
8,147,020	9,993,935	1,846,915	Pharmacy	87,719,147	107,395,463	19,676,316		
565,417	548,475	(16,942)	Pay for Performance Quality Incentive	6,024,053	5,861,985	(162,068)		
137,358	-	(137,358)	Expansion Risk Corridor Expense	10,389,603	3,822,000	(6,567,603)		
(444,334)	-	444,334	IBNR, Incentive, Paid Claims Adjustment	(6,957,361)	-	6,957,361		
44,672,896	48,926,950	4,254,054	Total Medical Costs	511,309,422	528,923,019	17,613,597		
GROSS MARGIN								
16,519,315	4,600,989	11,918,326	GROSS MARGIN	135,388,514	60,947,337	74,441,177		
Administrative:								
1,717,307	1,567,490	(149,817)	Compensation	16,563,517	17,382,469	818,952		
607,200	421,742	(185,458)	Purchased Services	4,425,375	5,297,463	872,088		
42,864	92,984	50,120	Supplies	642,928	1,049,193	406,265		
265,740	446,628	180,888	Other Administrative Expenses	4,014,361	4,396,412	382,051		
-	-	-	Administrative Expense Adjustment	3,909,271	-	(3,909,271)		
2,633,111	2,528,844	(104,267)	Total Administrative Expenses	29,555,452	28,125,537	(1,429,915)		
47,306,007	51,455,794	4,149,787	TOTAL EXPENSES	540,864,874	557,048,556	16,183,682		
13,886,204	2,072,145	11,814,059	OPERATING INCOME (LOSS) BEFORE TAX	105,833,062	32,821,800	73,011,262		
7,198,399	1,993,239	(5,205,160)	MCO TAX	48,900,943	21,302,490	(27,598,453)		
6,687,805	78,907	6,608,898	OPERATING INCOME (LOSS) NET OF TAX	56,932,119	11,519,310	45,412,809		
NONOPERATING REVENUE (EXPENSES)								
(220,405)	-	(220,405)	Reserve Fund Projects/Community Grants	(220,405)	-	(220,405)		
(220,405)	-	(220,405)	TOTAL NONOPERATING REVENUES (EXPENSES)	(220,405)	-	(220,405)		
6,467,400	78,907	6,388,493	NET INCREASE (DECREASE) IN NET POSITION	56,711,714	11,519,310	45,192,404		
82.7%	94.9%	12.2%	MEDICAL LOSS RATIO	85.5%	93.0%	7.5%		
4.9%	4.9%	0.0%	ADMINISTRATIVE EXPENSE RATIO	4.9%	4.9%	0.0%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED NOVEMBER 30, 2016			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
			ENROLLMENT					
161,382	162,600	(1,218)	Family Members	1,724,698	1,732,650	(7,952)		
54,612	47,000	7,612	Expansion Members	572,039	506,000	66,039		
13,439	13,500	(61)	SPD Members	148,581	145,750	2,831		
4,792	4,250	542	Other Members	49,683	45,375	4,308		
7,006	6,100	906	Kaiser Members	67,522	61,600	5,922		
241,231	233,450	7,781	Total Members - MCAL	2,562,523	2,491,375	71,148		
			REVENUES					
128.46	128.52	(0.06)	Title XIX - Medicaid - Family and Other	127.02	126.04	0.98		
368.90	361.81	7.09	Title XIX - Medicaid - Expansion Members	400.90	405.30	(4.41)		
759.67	789.21	(29.54)	Title XIX - Medicaid - SPD Members	722.29	778.20	(55.92)		
30.73	8.77	21.97	Premium - MCO Tax	19.60	8.77	10.83		
0.95	0.54	0.41	Interest /Dividends	0.76	0.54	0.22		
0.00	0.80	(0.80)	Reinsurance Recoveries	0.21	0.80	(0.59)		
8.83	9.36	(0.52)	COB/Subrogation Collections	12.94	9.34	3.60		
(0.00)	0.00	(0.00)	Rate/Income Adjustments	0.61	0.00	0.61		
0.00	0.00	0.00	Other Income (Expense)	(0.18)	0.00	(0.18)		
261.25	235.44	25.81	TOTAL REVENUES	259.20	242.77	16.43		
			EXPENSES					
			Medical Costs:					
49.92	50.11	0.18	Physician Services	48.90	50.20	1.30		
10.36	10.59	0.23	Other Professional Services	9.05	10.65	1.61		
17.86	20.60	2.75	Emergency Room	19.28	20.63	1.36		
50.31	58.68	8.37	Inpatient	57.75	58.92	1.17		
0.80	0.80	0.00	Reinsurance Expense	0.79	0.80	0.01		
20.06	20.55	0.49	Outpatient Hospital	21.72	20.63	(1.10)		
5.54	7.51	1.97	Other Medical	8.50	7.66	(0.83)		
34.78	43.96	9.18	Pharmacy	35.16	44.20	9.04		
2.41	2.41	(0.00)	Pay for Performance Quality Incentive	2.41	2.41	(0.00)		
0.59	0.00	(0.59)	Expansion Risk Corridor Expense	4.16	1.57	(2.59)		
(1.90)	0.00	1.90	IBNR, Incentive, Paid Claims Adjustment	(2.79)	0.00	2.79		
190.73	215.21	24.48	Total Medical Costs	204.93	217.68	12.75		
70.53	20.24	50.29	GROSS MARGIN	54.26	25.08	29.18		
			Administrative:					
7.33	6.89	(0.44)	Compensation	6.64	7.15	0.52		
2.59	1.86	(0.74)	Purchased Services	1.77	2.18	0.41		
0.18	0.41	0.23	Supplies	0.26	0.43	0.17		
1.13	1.96	0.83	Other Administrative Expenses	1.61	1.81	0.20		
0.00	0.00	0.00	Administrative Expense Adjustment	1.57	0.00	(1.57)		
11.24	11.12	(0.12)	Total Administrative Expenses	11.85	11.58	(0.27)		
201.97	226.33	24.36	TOTAL EXPENSES	216.78	229.26	12.48		
59.29	9.11	50.17	OPERATING INCOME (LOSS) BEFORE TAX	42.42	13.51	28.91		
30.73	8.77	(21.97)	MCO TAX	19.60	8.77	(10.83)		
28.55	0.35	28.21	OPERATING INCOME (LOSS) NET OF TAX	22.82	4.74	18.08		
			NONOPERATING REVENUE (EXPENSES)					
(0.94)	0.00	(0.94)	Reserve Fund Projects/Community Grants	(0.09)	0.00	(0.09)		
(0.94)	0.00	(0.94)	TOTAL NONOPERATING REVENUES (EXPENSES)	(0.09)	0.00	(0.09)		
27.61	0.35	27.26	NET INCREASE (DECREASE) IN NET POSITION	22.73	4.74	17.99		
82.7%	94.9%	12.2%	MEDICAL LOSS RATIO	85.5%	93.0%	7.5%		
4.9%	4.9%	0.0%	ADMINISTRATIVE EXPENSE RATIO	4.9%	4.9%	0.0%		

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2016														
ENROLLMENT														
	NOVEMBER 2015	DECEMBER 2015	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	13 MONTH TOTAL
REVENUES														
Members - MCAL	214,282	216,581	216,443	219,042	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	2,691,639
Title XIX - Medicaid - Family and Other	19,323,768	18,769,676	19,334,650	18,819,164	18,893,342	19,268,416	20,200,699	21,721,996	21,057,468	21,487,293	21,539,111	21,717,599	21,346,545	263,479,727
Title XIX - Medicaid - Expansion Members	20,262,206	20,809,996	20,493,525	21,186,984	22,332,378	22,221,335	22,681,126	20,033,241	20,106,340	20,307,212	20,219,075	19,620,974	20,146,360	270,400,882
Title XIX - Medicaid - SPD Members	9,957,823	9,936,180	9,763,769	9,117,133	9,598,222	9,598,222	9,500,904	8,974,279	10,385,333	10,279,833	10,007,635	10,231,800	10,209,218	127,212,327
Premium - MCO Tax	2,150,211	2,130,143	2,117,552	2,016,667	2,116,879	2,135,629	2,201,211	115,627	21,614,834	21,614,834	21,614,834	21,614,834	21,614,834	271,983,399
Interest/Dividends	139,812	142,265	150,319	145,775	174,396	162,990	155,221	144,418	156,158	150,143	186,999	236,189	223,035	2,167,720
Reinsurance Recoveries	(81,667)	301,698	-	-	105,967	-	-	136,469	-	35,587	30,454	205,689	-	734,197
COB/Subrogation Collections	2,050,971	1,120,790	1,979,998	1,794,713	2,530,658	2,134,967	1,867,649	2,758,669	1,886,161	9,063,870	2,787,116	3,407,813	2,069,154	35,452,827
Rate/Income Adjustments	36,100	3,252	(48,811)	530,682	43,719	61,906	(709,861)	182,133	(14,918)	1,795,534	(13,093)	(333,319)	(541)	1,558,969
Other Income (Expense)	190	(579,736)	40,652	241	34,127	(1,527)	(1,527)	(101,654)	66,531	(67,508)	(407,903)	215	41	(1,016,202)
TOTAL REVENUES	53,839,514	52,634,264	53,831,654	53,611,359	55,481,664	55,583,594	55,895,422	56,006,782	53,758,700	63,075,046	75,990,414	62,271,090	61,192,211	753,171,714
EXPENSES														
Medical Costs:														
Physician Services	10,480,405	7,602,861	11,233,565	10,570,109	8,387,281	10,184,063	10,067,372	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	140,087,284
Other Professional Services	1,436,670	1,978,295	1,328,149	1,749,050	1,996,280	1,918,865	2,041,275	2,438,637	2,115,049	2,389,356	2,329,736	1,836,321	2,425,983	25,983,666
Emergency Room	4,531,837	4,130,894	4,664,640	4,442,421	4,418,069	4,384,207	4,004,335	3,936,263	4,823,966	4,534,245	4,327,181	4,374,358	4,182,880	56,755,296
Inpatient	12,781,498	7,023,019	13,476,116	13,274,742	13,526,617	14,151,250	13,224,036	12,777,639	16,712,009	13,075,786	10,660,875	11,423,068	11,783,439	165,890,094
Reinsurance Expense	145,607	146,554	173,265	173,105	175,283	177,724	179,842	180,699	182,458	183,031	183,648	185,643	187,188	2,274,047
Outpatient Hospital	4,208,743	7,547,348	5,123,005	5,456,797	4,694,700	6,199,589	4,835,347	4,986,698	2,739,213	6,364,762	3,990,250	5,114,588	4,698,013	65,958,053
Other Medical	1,583,881	2,937,168	1,706,638	2,231,066	2,877,876	2,473,455	2,889,123	3,577,133	(3,331,499)	2,534,421	1,143,970	1,801,979	1,296,970	25,720,320
Pharmacy	7,105,067	7,499,968	7,642,329	7,848,662	8,591,490	7,666,735	8,154,315	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	102,324,182
Pay for Performance Quality Incentive	498,683	504,633	523,721	528,669	536,256	542,874	545,291	550,605	552,273	554,141	560,172	564,834	565,417	7,027,369
Expansion Risk Corridor Expense	1,916,532	1,379,867	1,363,721	1,355,257	1,518,741	1,518,741	1,469,399	1,329,868	(215,621)	-	1,059,120	853,019	137,358	13,686,002
IBNR, Incentive, Paid Claims Adjustment	44,560	2,169,224	-	(68)	(1,433,650)	(1,978,994)	(2,887,073)	(3,748,854)	-	3,244,295	128,791	162,526	(444,334)	(4,743,577)
Total Medical Costs	44,733,483	42,919,831	47,235,149	47,629,810	45,288,943	47,238,309	44,523,262	43,689,499	46,395,182	53,911,861	44,887,656	45,836,855	44,672,896	598,962,736
GROSS MARGIN	9,106,031	9,714,433	6,596,505	5,981,549	10,192,721	8,345,285	11,372,160	12,317,283	7,363,518	9,163,185	31,102,758	16,434,235	16,519,315	154,208,978
Administrative:														
Compensation	1,445,272	1,818,317	1,419,745	1,432,846	1,499,527	1,428,925	1,493,127	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,307	19,824,106
Purchased Services	285,558	579,453	291,548	298,383	546,034	485,217	231,179	532,780	256,055	354,966	343,589	478,654	607,200	5,290,386
Supplies	43,222	82,728	81,789	41,417	36,431	78,743	81,297	84,932	61,144	1,284	70,613	62,414	42,864	768,878
Other Administrative Expenses	310,955	1,081,974	278,404	379,302	316,107	375,558	304,432	391,548	333,267	338,202	368,192	663,609	265,740	5,407,290
Administrative Expense Adjustment	-	-	-	-	3,600,000	500,000	-	-	-	-	(190,729)	-	-	3,909,271
Total Administrative Expenses	2,085,007	3,562,472	2,071,486	2,151,948	5,998,099	2,868,443	2,110,035	2,467,926	2,048,649	2,198,158	2,181,198	2,826,399	2,633,111	35,202,931
TOTAL EXPENSES	46,818,490	46,482,303	49,306,635	49,781,758	51,287,042	50,106,752	46,633,297	46,157,425	48,443,831	56,110,019	47,068,854	48,663,254	47,306,007	634,165,667
OPERATING INCOME (LOSS) BEFORE TAX	7,021,024	6,151,961	4,525,019	3,829,601	4,194,622	5,476,842	9,262,125	9,849,357	5,314,869	6,965,027	28,921,560	13,607,836	13,886,204	119,006,047
MCO TAX	2,150,211	2,130,143	2,117,552	2,016,667	2,116,879	2,135,629	2,201,211	2,176,933	115,627	23,082	21,614,834	21,614,834	21,614,834	271,983,399
OPERATING INCOME (LOSS) NET OF TAX	4,870,813	4,021,818	2,407,467	1,812,934	2,077,743	3,341,213	7,060,914	5,199,242	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	65,824,750
NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-	-	-	-	-	-	-	-	-	(220,405)
Reserve Fund Projects/Community Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	(220,405)
TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE (DECREASE) IN NET POSITION	4,870,813	4,021,818	2,407,467	1,812,934	2,077,743	3,341,213	7,060,914	5,199,242	5,199,242	6,941,945	7,306,726	6,423,706	6,467,400	65,604,345
MEDICAL LOSS RATIO	86.5%	85.0%	91.3%	92.3%	84.9%	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	85.2%	83.7%	85.6%
ADMINISTRATIVE EXPENSE RATIO	4.0%	7.1%	4.0%	4.2%	11.2%	5.4%	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	5.0%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2016		NOVEMBER 2015	DECEMBER 2015	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	13 MONTH TOTAL
REVENUES															
Members - MICAL		214,282	216,581	216,443	219,042	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	2,925,864
REVENUES															
Title XIX - Medicaid - Family and Other		124.77	120.53	125.30	120.49	120.10	121.45	126.97	129.88	129.86	132.03	130.94	130.83	128.46	1,763.37
Title XIX - Medicaid - Expansion Members		438.08	436.25	426.85	428.26	434.58	423.63	425.86	417.14	379.40	381.12	373.84	360.02	368.90	4,066.01
Title XIX - Medicaid - SPD Members		757.31	755.49	691.29	681.04	687.59	700.75	703.09	698.55	760.11	759.39	743.07	758.37	759.67	727.42
Premium - MCO Tax		10.03	9.84	9.78	9.21	9.53	9.50	9.75	9.54	9.51	9.16	9.15	9.16	9.30	117.76
Interest/Dividends		0.65	0.66	0.69	0.67	0.79	0.73	0.69	0.63	0.68	0.65	0.81	1.01	0.95	8.81
Reinsurance Recoveries		(0.38)	1.39	0.00	0.00	0.48	0.00	0.00	0.13	0.00	0.16	0.13	0.88	0.00	0.37
COB/Subrogation Collections		9.57	5.17	9.15	8.19	11.39	9.50	12.10	12.10	8.24	39.48	12.01	14.56	8.83	131.17
Rate/Income Adjustments		0.17	0.02	(0.23)	2.42	0.20	(3.14)	(0.07)	0.80	(0.07)	7.82	0.06	(1.42)	(0.00)	0.58
Other Income (Expense)		0.00	(2.68)	0.19	0.00	0.15	0.00	(0.01)	(0.45)	(0.45)	274.76	(1.76)	0.00	0.00	(0.38)
TOTAL REVENUES		251,226	243,022	248,711	244,751	249,774	247,225	247,461	245,571	234,971	274,761	327,471	266,131	261,225	2,799,821
EXPENSES															
Medical Costs:															
Physician Services		48.91	35.10	51.90	48.26	37.75	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	52.05
Other Professional Services		6.70	9.13	6.14	7.98	8.99	8.54	9.04	10.69	9.24	10.41	10.04	7.85	10.36	9.65
Emergency Room		21.15	19.07	21.55	20.28	19.89	19.50	17.73	17.26	21.08	19.75	18.65	18.70	17.86	21.09
Inpatient		59.65	32.43	62.26	60.60	60.89	62.95	58.55	56.02	73.05	56.96	45.94	48.82	50.31	60.89
Reinsurance Expense		0.68	0.68	0.80	0.79	0.79	0.79	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.84
Outpatient Hospital		19.64	34.85	23.67	24.91	21.13	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.06	24.50
Other Medical		7.39	13.56	7.88	10.19	12.95	11.00	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	9.56
Pharmacy		33.16	34.63	35.31	35.83	38.67	34.10	36.10	34.58	31.87	37.95	34.89	32.83	34.78	38.02
Pay for Performance Quality Incentive		2.33	2.33	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.61
Expansion Risk Corridor Expense		8.94	6.07	6.30	6.19	6.84	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	5.08
IBNR, Incentive, Paid Claims Adjustment		0.21	10.02	0.00	(0.00)	(6.45)	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	(1.76)
Total Medical Costs		208.76	198.17	218.23	217.45	203.86	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	2,225.53
GROSS MARGIN		42.50	44.85	30.48	27.31	45.88	37.12	50.35	54.01	32.18	39.92	134.03	70.24	70.53	57.29
Administrative:															
Compensation		6.74	8.40	6.56	6.54	6.75	6.36	6.61	6.40	6.11	6.55	6.85	6.93	7.33	7.37
Purchased Services		1.33	2.68	1.35	1.36	2.46	2.16	1.02	2.34	1.12	1.55	1.48	2.05	2.59	1.97
Supplies		0.20	0.38	0.38	0.19	0.16	0.35	0.36	0.37	0.27	0.01	0.30	0.27	0.18	0.29
Other Administrative Expenses		1.45	5.00	1.29	1.73	1.42	1.67	1.35	1.72	1.46	1.47	1.59	2.84	1.13	2.01
Administrative Expense Adjustment		0.00	0.00	0.00	0.00	16.20	2.22	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	1.45
Total Administrative Expenses		9.73	16.45	9.57	9.82	27.00	12.76	9.34	10.82	8.95	9.58	9.40	12.08	11.24	13.08
TOTAL EXPENSES		218.49	214.62	227.80	227.27	230.86	222.89	206.46	202.38	211.74	244.42	202.84	207.98	201.97	2,355.61
OPERATING INCOME (LOSS) BEFORE TAX		32.77	28.40	20.91	17.48	18.88	24.36	41.01	43.19	23.23	30.34	124.63	58.16	59.29	44.21
MICO TAX		10.03	9.84	9.78	9.21	9.53	9.50	9.75	9.54	9.51	0.10	93.15	30.70	30.73	19.76
OPERATING INCOME (LOSS) NET OF TAX		22.73	18.57	11.12	8.28	9.35	14.86	31.26	33.64	22.73	30.24	31.49	27.45	28.55	24.46
NONOPERATING REVENUE (EXPENSES)															
Reserve Fund Profits/Community Grants		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	(0.08)
TOTAL NONOPERATING REVENUE (EXPENSES)		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	(0.08)
NET INCREASE (DECREASE) IN NET POSITION		22.73	18.57	11.12	8.28	9.35	14.86	31.26	33.64	22.73	30.24	31.49	27.45	27.61	24.37
MEDICAL LOSS RATIO		86.5%	85.0%	91.3%	92.3%	84.9%	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	85.6%
ADMINISTRATIVE EXPENSE RATIO		4.0%	7.1%	4.0%	4.2%	11.2%	5.4%	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	5.0%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED NOVEMBER 30, 2016				YEAR-TO-DATE		
CURRENT MONTH		REVENUES		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
18,871,460	18,798,953	72,507	Title XIX - Medicaid - Family & Other	198,416,845	195,568,946	2,847,899
2,071,795	2,122,661	(50,866)	Premium - Medi-Cal	24,258,136	22,978,322	1,279,814
230,310	189,359	40,951	Premium - Maternity Kick	1,453,612	2,017,885	(564,273)
79,835	233,433	(153,598)	Premium - Hep C Kick	239,968	2,487,562	(2,247,594)
93,145	99,167	(6,022)	Premium - BHT Kick	1,017,722	1,053,742	(36,020)
21,346,545	21,443,573	(97,028)	Other	225,386,283	224,106,457	1,279,826
19,511,166	15,150,920	4,360,246	Total Title XIX - Medicaid - Family & Other			
115,345	147,366	(32,021)	Title XIX - Medicaid - Expansion Members	218,851,292	185,115,233	33,736,059
486,208	1,669,469	(1,183,261)	Premium - Medi-Cal	2,925,351	1,595,274	1,330,077
33,641	37,130	(3,489)	Premium - Maternity Kick	7,122,811	17,973,434	(10,850,623)
20,146,360	17,004,886	3,141,474	Premium - Hep C Kick	429,096	399,740	29,356
			Other	229,328,550	205,083,682	24,244,868
9,581,283	9,443,479	137,804	Total Title XIX - Medicaid - Expansion Members			
180,112	-	180,112	Title XIX - Medicaid - SPD Members	101,686,667	100,350,120	1,336,547
447,823	1,210,889	(763,066)	Premium - Medi-Cal	606,296	-	606,296
10,209,218	10,654,368	(445,150)	Premium - BHT Kick	5,025,361	13,073,122	(8,047,761)
			Premium - Hep C Kick	107,318,324	113,423,242	(6,104,918)
			Total Title XIX - Medicaid - SPD Members			

CURRENT MONTH		YEAR-TO-DATE			
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS					
MEDICAL					
SCHEDULE OF MEDICAL COSTS - ALL COA					
FOR THE MONTH ENDED NOVEMBER 30, 2016					
PHYSICIAN SERVICES					
	2,639,538	(53,406)	34,072,716	28,231,314	(5,841,402)
Primary Care Physician Services	8,154,907	111,858	81,141,889	88,570,602	7,428,713
Referral Specialty Services	845,322	(360,141)	6,789,413	5,182,005	(1,607,408)
Urgent Care & After Hours Advise	11,693,173	(301,689)	122,004,018	121,983,921	(20,097)
TOTAL PHYSICIAN SERVICES					
OTHER PROFESSIONAL SERVICES					
	249,109	19,765	2,517,583	2,662,423	144,840
Vision Service Capitation	708,565	(53,567)	6,609,457	7,204,974	595,517
310 - Health Services - Utilization Management - UM Allocation *	126,403	(14,333)	999,598	1,086,298	86,700
311 - Health Services - Quality Improvement - UM Allocation *	59,395	(6,623)	558,588	598,492	39,904
312 - Health Services - Education - UM Allocation *	88,054	(7,275)	868,957	888,569	19,612
313 - Health Services - Pharmacy - UM Allocation *	41,972	9,875	489,299	570,317	81,018
616 - Disease Management - UM Allocation *	60,000	640,299	1,108,090	7,462,689	6,354,599
Behavior Health Treatment	348,362	(317,765)	778,074	327,993	(450,081)
Mental Health Services	763,888	(289,672)	8,639,055	5,085,490	(3,553,565)
Other Professional Services	2,425,983	(19,296)	22,568,701	25,887,244	3,318,543
TOTAL OTHER PROFESSIONAL SERVICES					
EMERGENCY ROOM	4,182,880	501,471	48,092,565	50,129,562	2,036,997
INPATIENT HOSPITAL	11,783,439	1,557,447	144,085,577	143,155,690	(929,887)
REINSURANCE EXPENSE PREMIUM	187,188	(5,308)	1,981,886	1,943,820	(38,066)
OUTPATIENT HOSPITAL SERVICES	4,698,013	(25,393)	54,201,962	50,122,037	(4,079,925)
OTHER MEDICAL					
	314,516	39,763	3,430,054	3,361,984	(68,070)
Ambulance	218,026	(1,599)	3,058,397	2,325,272	(733,125)
Home Health Services	116,787	(13,790)	1,021,005	1,103,334	82,329
CBAS Adult Day Health Care	132,474	36,446	943,996	2,117,320	1,173,324
Utilization and Quality Review Expenses	239,641	454,273	9,996,153	7,463,309	(2,532,844)
Long Term/SNF/Hospice	315,078	(105,220)	2,749,666	2,250,077	(499,589)
Non-Medical Transportation	1,296,759	409,872	21,199,271	18,621,296	(2,577,975)
TOTAL OTHER MEDICAL					
PHARMACY SERVICES					
RX - Drugs & OTC	6,577,481	(164,768)	69,429,992	68,829,319	(600,673)
RX - HEP-C	1,056,909	3,069,717	14,259,925	33,064,442	18,804,517
RX - DME	578,630	(67,125)	4,782,653	5,501,702	719,049
RX - Pharmacy Rebates	(66,000)	66,000	(753,423)	-	753,423
TOTAL PHARMACY SERVICES	8,147,020	1,846,915	87,719,147	107,395,463	19,676,316
PAY FOR PERFORMANCE QUALITY INCENTIVE	565,417	(16,942)	6,024,053	5,861,985	(162,068)
EXPANSION RISK CORRIDOR EXPENSE	137,358	(137,358)	10,389,603	3,822,000	(6,567,603)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(444,334)	-	(6,957,361)	-	6,957,361
Total Medical Costs	44,672,896	4,254,054	511,309,422	528,923,019	17,613,597

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH NOVEMBER 30, 2016	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	YEAR TO DATE 2016
PHYSICIAN SERVICES												
Primary Care Physician Services	2,579,637	2,893,172	2,294,992	3,238,429	3,630,989	3,221,312	3,775,123	3,335,590	3,244,871	3,165,657	2,692,944	34,072,716
Referral Specialty Services	8,237,919	7,247,168	5,552,443	6,428,643	5,879,355	5,856,106	9,058,549	8,500,963	8,341,179	7,884,657	8,154,907	81,141,889
Urgent Care & After Hours Advise	416,009	429,769	559,846	516,991	557,028	696,266	695,068	482,647	821,197	789,270	845,322	6,789,413
TOTAL PHYSICIAN SERVICES	11,233,565	10,570,109	8,387,281	10,184,063	10,067,372	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	122,004,018
OTHER PROFESSIONAL SERVICES												
Vision Service Capitation	220,913	220,708	223,486	226,598	229,299	230,391	232,634	233,365	234,152	236,693	229,344	2,517,583
310 - Health Services - Utilization Management - UM Allocation *	544,912	567,946	597,944	557,008	588,291	591,809	563,757	584,152	656,793	658,280	708,565	6,609,457
311 - Health Services - Quality Improvement - UM Allocation *	79,154	80,449	85,646	70,428	93,644	80,678	68,915	87,226	111,305	115,750	126,403	999,598
312 - Health Services - Education - UM Allocation *	45,239	46,408	49,189	46,345	48,082	49,519	48,082	53,794	58,333	58,333	59,395	558,598
313 - Health Services - Pharmacy - UM Allocation *	77,684	76,086	79,191	74,640	76,137	75,958	70,675	84,973	82,630	70,675	88,054	868,957
616 - Disease Management - UM Allocation *	37,755	37,408	41,948	45,328	45,827	45,809	45,305	49,657	44,111	44,111	41,972	489,299
Behavior Health Treatment	-	-	-	-	-	196,000	144,000	232,000	192,000	284,090	60,000	1,108,090
Mental Health Services	31,781	30,135	27,932	50,795	32,603	163,022	29,697	305,546	234,414	(474,213)	348,362	778,074
Other Professional Services	290,711	689,910	900,944	847,723	977,006	1,005,451	911,984	760,643	710,447	710,447	763,888	8,699,055
TOTAL OTHER PROFESSIONAL SERVICES	1,328,149	1,749,050	1,996,280	1,918,865	2,041,275	2,438,637	2,115,049	2,389,356	2,329,736	1,836,321	2,425,983	22,568,701
EMERGENCY ROOM	4,664,640	4,442,421	4,418,069	4,384,207	4,004,335	3,936,263	4,823,966	4,534,245	4,377,181	4,374,358	4,182,880	48,097,565
INPATIENT HOSPITAL	13,476,116	13,274,742	13,526,617	14,151,250	13,224,036	12,777,639	16,712,009	13,975,786	10,660,875	11,423,068	11,783,439	144,085,577
REINSURANCE EXPENSE PREMIUM	173,265	173,105	175,283	177,724	179,842	180,699	182,458	183,031	183,648	185,643	187,188	1,981,886
OUTPATIENT HOSPITAL SERVICES	5,125,005	5,456,797	4,694,700	6,199,589	4,835,347	4,986,698	2,738,213	6,364,762	3,990,250	5,114,588	4,698,013	54,201,962
OTHER MEDICAL												
Ambulance	290,534	316,280	501,141	341,499	394,013	393,465	(84,704)	316,128	343,840	343,105	274,753	3,430,054
Home Health Services	279,716	565,059	1,163,898	932,359	1,095,338	958,690	(2,680,575)	190,749	84,967	250,170	218,026	3,058,397
CBAS Adult Day Health Care	105,520	107,212	79,769	89,136	97,995	76,449	62,183	72,317	108,216	105,421	116,787	1,021,005
Utilization and Quality Review Expenses	60,445	65,254	68,430	87,004	94,867	81,357	57,501	138,521	72,756	85,387	132,474	943,996
Long Term/SNF/Hospice	757,096	955,666	939,726	919,969	1,073,166	1,933,373	770,043	1,511,263	263,987	632,223	239,641	9,996,153
Non-Medical Transportation	213,327	221,595	124,912	103,488	133,744	133,799	542,403	305,443	270,204	385,673	315,078	2,749,666
TOTAL OTHER MEDICAL	1,706,638	2,231,066	2,877,876	2,473,455	2,889,123	3,577,133	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	21,199,271
PHARMACY SERVICES												
RX - Drugs & OTC	5,926,322	6,139,949	6,541,885	6,128,433	6,263,382	6,386,887	6,092,212	6,802,324	6,313,410	6,257,707	6,577,481	69,429,992
RX - HEP-C	1,162,819	1,206,349	1,577,331	1,082,659	1,388,036	1,367,869	1,374,289	1,543,338	1,433,191	1,067,135	1,056,909	14,259,925
Rx - DME	553,188	502,364	472,274	455,643	502,897	738,120	(175,257)	366,962	365,739	422,093	578,630	4,782,653
Rx - Pharmacy Rebates	-	-	-	-	-	(605,749)	-	-	(15,674)	(66,000)	(66,000)	(753,423)
TOTAL PHARMACY SERVICES	7,642,329	7,848,662	8,591,490	7,666,735	8,154,315	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	87,719,147
PAY FOR PERFORMANCE QUALITY INCENTIVE	523,721	528,669	536,256	542,674	545,291	550,605	552,273	554,141	560,172	564,834	565,417	6,024,053
EXPANSION RISK CORRIDOR EXPENSE	1,363,721	1,355,257	1,518,741	1,518,741	1,469,399	1,329,868	(215,621)	-	1,059,120	853,019	137,358	10,389,603
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(68)	(68)	(1,433,650)	(1,978,994)	(2,887,073)	(3,748,854)	-	3,244,295	128,791	162,526	(444,334)	(6,957,361)
Total Medical Costs	47,235,149	47,629,810	45,288,943	47,238,309	44,523,262	43,689,499	46,395,182	53,911,861	44,887,656	45,834,855	44,672,896	511,309,422

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH NOVEMBER 30, 2016	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	YEAR TO DATE 2016
PHYSICIAN SERVICES												
Primary Care Physician Services	11.92	13.21	10.33	14.41	16.08	14.12	16.50	14.53	13.98	13.53	11.50	13.66
Referral Specialty Services	38.06	33.09	24.99	28.60	26.03	25.68	39.59	37.03	35.95	33.70	34.82	32.52
Urgent Care & After Hours Advise	1.92	1.96	2.43	2.30	2.47	3.05	3.04	2.10	3.54	3.37	3.61	2.72
TOTAL PHYSICIAN SERVICES	51.90	48.26	37.75	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	48.90
OTHER PROFESSIONAL SERVICES												
Vision Service Capitation	1.02	1.01	1.01	1.01	1.02	1.01	1.02	1.02	1.01	1.01	0.98	1.01
310 - Health Services - Utilization Management - UM Allocation *	2.52	2.59	2.65	2.48	2.60	2.59	2.46	2.54	2.83	2.81	3.03	2.65
311 - Health Services - Quality Improvement - UM Allocation *	0.37	0.37	0.39	0.37	0.31	0.31	0.30	0.38	0.48	0.49	0.54	0.40
312 - Health Services - Education - UM Allocation *	0.21	0.21	0.22	0.21	0.21	0.22	0.21	0.23	0.23	0.25	0.25	0.25
313 - Health Services - Pharmacy - UM Allocation *	0.36	0.35	0.36	0.33	0.34	0.33	0.31	0.37	0.36	0.35	0.38	0.35
616 - Disease Management - UM Allocation *	0.17	0.17	0.19	0.20	0.20	0.20	0.20	0.22	0.23	0.19	0.18	0.20
Behavior Health Treatment	0.00	0.00	0.00	0.00	0.00	0.86	1.01	0.63	1.01	1.21	0.26	0.44
Mental Health Services	0.15	0.14	0.13	0.23	0.14	0.71	0.13	1.32	1.01	(2.03)	1.49	0.31
Other Professional Services	1.34	3.15	4.06	3.77	4.10	4.41	3.99	3.31	3.06	3.55	3.26	3.46
TOTAL OTHER PROFESSIONAL SERVICES	6.14	7.98	8.99	8.54	9.04	10.69	9.24	10.41	10.04	7.85	10.36	9.05
EMERGENCY ROOM	21.55	20.28	19.89	19.50	17.73	17.26	21.08	19.75	18.65	18.70	17.86	19.28
INPATIENT HOSPITAL	62.26	60.60	60.89	62.95	58.55	56.02	73.05	56.96	45.94	48.82	50.31	57.75
REINSURANCE EXPENSE PREMIUM	0.80	0.79	0.79	0.79	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.79
OUTPATIENT HOSPITAL SERVICES	23.67	24.91	21.13	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.06	21.72
OTHER MEDICAL												
Ambulance	1.34	1.44	2.26	1.52	1.74	1.73	1.38	1.48	1.48	1.47	1.17	1.37
Home Health Services	1.29	2.58	5.24	4.15	4.85	4.20	0.83	0.37	0.37	1.07	0.93	1.23
CBAS Adult Day Health Care	0.49	0.49	0.36	0.40	0.43	0.34	0.27	0.32	0.47	0.36	0.50	0.41
Utilization and Quality Review Expenses	0.28	0.30	0.31	0.39	0.42	0.36	0.25	0.60	0.31	0.36	0.57	0.38
Long Term/SNP/Hospice	3.50	4.36	4.23	4.09	4.75	8.48	3.37	6.58	1.14	2.70	1.02	4.01
Non-Medical Transportation	0.99	1.01	0.56	0.46	0.59	0.59	2.37	1.33	1.16	1.65	1.35	1.10
TOTAL OTHER MEDICAL	7.88	10.19	12.95	11.00	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	8.50
PHARMACY SERVICES												
RX - Drugs & OTC	27.38	28.03	29.45	27.26	27.73	28.00	26.63	29.63	27.21	26.74	28.08	27.83
RX - HEP-C	5.37	5.51	7.10	4.82	6.15	6.00	6.01	6.72	6.18	4.56	4.51	5.72
Rx - DME	2.56	2.29	2.13	2.03	2.23	3.24	(0.77)	1.60	1.58	1.80	2.47	1.92
Rx - Pharmacy Rebates	0.00	0.00	0.00	0.00	0.00	(2.66)	0.00	0.00	(0.07)	(0.28)	(0.28)	(0.50)
TOTAL PHARMACY SERVICES	35.31	35.83	38.67	34.10	36.10	34.58	31.87	37.95	34.89	32.83	34.78	35.16
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.42	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41
EXPANSION RISK CORRIDOR EXPENSE	6.30	6.19	6.84	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	4.16
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.00	(0.00)	(6.45)	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	(2.79)
Total Medical Costs	218.23	217.45	203.86	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	204.93

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED NOVEMBER 30, 2016						
CURRENT MONTH		VARIANCE		YEAR-TO-DATE		
ACTUAL	BUDGET			ACTUAL	BUDGET	VARIANCE
209,326	203,976	(5,350)	110 - Executive	2,180,210	2,587,690	407,480
123,894	116,890	(7,004)	210 - Accounting	1,296,400	1,317,195	20,795
448,034	422,759	(25,275)	220 - Management Information Systems (MIS)	4,536,475	4,650,353	113,878
312,753	169,637	(143,116)	225 - Infrastructure	1,203,897	1,866,004	662,107
448,224	380,086	(68,138)	230 - Claims	4,758,672	4,280,317	(478,355)
78,715	79,156	441	240 - Project Management	741,356	895,757	154,401
430	2,000	1,570	310 - Health Services - Utilization Management	17,336	27,500	10,164
(210)	2,600	2,810	311 - Health Services - Quality Improvement	1,649	28,305	26,656
291	1,000	709	312 - Health Services - Education	1,036	11,650	10,614
79,078	67,350	(11,728)	313- Pharmacy	796,493	786,775	(9,718)
169	-	(169)	616 - Disease Management	1,161	-	(1,161)
146,117	145,055	(1,062)	320 - Provider Relations	1,373,489	1,595,609	222,120
374,885	385,482	10,597	330 - Member Services	3,543,613	4,205,512	661,899
142,976	343,166	200,190	340 - Corporate Services	2,705,156	3,150,826	445,670
46,781	41,342	(5,439)	360 - Audit & Investigative Services	437,902	454,762	16,860
28,873	18,075	(10,798)	410 - Advertising Media	379,304	431,875	52,571
60,457	48,520	(11,937)	420 - Sales/Marketing/Public Relations	541,126	539,170	(1,956)
132,318	101,750	(30,568)	510 - Human Resources	1,130,906	1,296,237	165,331
-	-	-	Administrative Expense Adjustment	3,909,271	-	(3,909,271)
2,633,111	2,528,844	(104,267)	Total Administrative Expenses	29,555,452	28,125,537	(1,429,915)

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED NOVEMBER 30, 2016	YEAR TO DATE											
	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	YEAR TO DATE 2016
110 - Executive	180,629	264,098	200,604	186,751	171,325	183,150	162,874	205,166	210,768	205,519	209,326	2,180,210
210 - Accounting	122,863	109,670	117,629	125,465	91,191	133,352	103,173	131,012	105,687	132,464	123,894	1,296,400
220 - Management Information Systems (MIS)	352,091	409,458	419,463	455,503	419,406	383,999	387,952	405,249	413,157	442,163	448,034	4,536,475
225 - Infrastructure	23,637	62,544	169,864	115,881	20,993	232,450	46,672	78,847	57,847	82,409	312,753	1,203,897
230 - Claims	374,273	362,416	469,288	420,862	320,291	442,872	348,448	411,979	440,654	719,365	448,224	4,758,672
240 - Project Management	53,681	54,627	56,437	54,746	56,263	57,634	53,109	58,879	61,373	155,892	78,715	741,356
310 - Health Services - Utilization Management	24	858	4,330	6,096	(7,089)	1,312	45	10,073	472	785	430	17,336
311 - Health Services - Quality Improvement	-	518	340	427	(76)	236	-	-	414	-	(210,000)	1,649,000
312 - Health Services - Education	-	114	912	1,026	(1,488)	58	58	-	65	-	291,000	1,036,000
313- Pharmacy	69,298	71,626	77,217	70,327	69,679	69,457	67,323	74,904	73,882	73,702	79,078	796,493
616 - Disease Management	-	-	344	492	(133)	(528)	349	-	468	-	169,000	1,161,000
320 - Provider Relations	106,249	103,322	111,527	117,734	174,272	123,886	121,596	102,736	124,576	141,474	146,117	1,373,489
330 - Member Services	294,923	305,925	327,000	295,855	325,893	310,702	300,326	312,027	335,723	360,354	374,885	3,543,613
340 - Corporate Services	273,529	236,822	220,399	267,045	225,319	290,655	272,252	215,057	278,264	282,838	142,976	2,705,156
360 - Audit & Investigative Services	36,886	38,263	37,801	36,782	37,817	37,466	36,351	40,682	43,227	45,846	46,781	437,902
410 - Advertising Media	22,693	3,334	23,317	58,083	38,381	41,129	61,629	30,966	40,945	29,954	28,873	379,304
420 - Sales/Marketing/Public Relations	36,393	45,651	43,798	46,607	47,042	40,398	42,770	42,832	57,492	77,686	60,457	541,126
510 - Human Resources	124,317	82,702	117,829	108,761	120,949	119,698	43,722	77,749	126,913	75,948	132,318	1,130,906
Administrative Expense Adjustment	-	-	3,600,000	500,000	-	-	-	-	(190,729)	-	-	3,909,271
Total Department Expenses	2,071,486	2,151,948	5,998,099	2,868,443	2,110,035	2,467,926	2,048,649	2,198,158	2,181,198	2,826,399	2,633,111	29,555,452

**KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF NOVEMBER 30, 2016**

ASSETS	NOVEMBER 2016	OCTOBER 2016	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,422,372	\$ 1,422,325	47
Interest Receivable	1,400	700	700
Prepaid Expenses & Other Current Assets	834	1,667	(833)
TOTAL CURRENT ASSETS	\$ 1,424,606	\$ 1,424,692	\$ (86)

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	353,896	353,849	47
TOTAL CURRENT LIABILITIES	\$ 353,896	\$ 353,849	\$ 47

NET POSITION:			
Net Position- Beg. of Year	1,071,061	1,071,061	-
Increase (Decrease) in Net Position - Current Year	(351)	(218)	(133)
Total Net Position	\$ 1,070,710	\$ 1,070,843	\$ (133)
TOTAL LIABILITIES AND NET POSITION	\$ 1,424,606	\$ 1,424,692	\$ (86)

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED NOVEMBER 30, 2016	YEAR-TO-DATE		
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
700	-	700	Interest	6,981	-	6,981
-	-	-	Other Income	1,849	-	1,849
700	-	700	TOTAL REVENUES	8,830	-	8,830
EXPENSES						
-	-	-	Medical Costs			
-	-	-	IBNR and Paid Claims Adjustment	15	-	(15)
-	-	-	Total Medical Costs	15	-	(15)
700	-	700	GROSS MARGIN	8,815	-	8,815
Administrative						
833	-	(833)	Management Fee Expense and Other Admin Exp	9,166	-	(9,166)
833	-	(833)	Total Administrative Expenses	9,166	-	(9,166)
833	-	(833)	TOTAL EXPENSES	9,181	-	(9,181)
(133)	-	(133)	OPERATING INCOME (LOSS)	(351)	-	(351)
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
(133)	-	(133)	NET INCREASE (DECREASE) IN NET POSITION	(351)	-	(351)
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
119%	0%	-119%	ADMINISTRATIVE EXPENSE RATIO	104%	0%	-104%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

MEDI-CAL

	JAN'16	FEB'16	MAR'16	APR'16	MAY'16	JUN'16	JUL'16	AUG'16	SEP'16	OCT'16	NOV'16	DEC'16
ADULT AND FAMILY												
PA - FAMILY	49,991	47,326	42,526	40,353	38,248	30,990	37,139	36,516	37,045	37,329	36,501	
MN - FAMILY	88	74	-26	6	12	8	10	8	6	1	3	
REFUGEE - FAMILY	4	4	4	2	2	2	0	0	0	2	1	
FOSTER CARE	435	434	459	391	428	438	468	457	487	456	488	
POVERTY-133/200%	-14	103	-37	-69	-61	17	10	0	4	3	2	
POVERTY-100%	47	180	46	-147	-9	-49	17	7	7	7	4	
MI - CHILD	82,198	86,338	92,802	96,561	98,992	101,582	99,526	100,553	101,488	102,089	102,887	
CHILD-ACA	1,674	1,740	822	774	797	600	782	813	790	715	744	
FAMILY - UNDER 19	15,673	15,722	16,454	16,371	16,149	29,219	19,627	19,699	19,979	20,592	20,752	
SUB-TOTAL ADULT & FAMILY	150,096	151,921	153,050	154,242	154,558	162,807	157,579	158,053	159,806	161,204	161,382	0

2016 MEMBER MONTHS

PA - FAMILY	433,964
MN - FAMILY	190
REFUGEE - FAMILY	21
FOSTER CARE	4,941
POVERTY-133/200%	-42
POVERTY-100%	110
MI - CHILD	1,065,026
CHILD-ACA	10,257
FAMILY - UNDER 19	210,237
SUB-TOTAL ADULT & FAMILY	1,724,688

	JAN'16	FEB'16	MAR'16	APR'16	MAY'16	JUN'16	JUL'16	AUG'16	SEP'16	OCT'16	NOV'16	DEC'16
MEDI-CAL EXPANSION												
LIHP Transition Pre-ACA	115	113	62	103	75	86	81	80	79	83	74	
ACA Expansion Adult-Citizen	47,426	48,873	50,870	51,912	52,771	47,373	52,373	52,663	53,497	53,866	54,036	
ACA Expansion CAL Fresh Adult	44	51	3	9	9	9	23	12	12	12	12	
LIHP Transition Pre-ACA	426	435	454	431	405	509	516	528	497	539	490	
SUB-TOTAL MANDATORY	48,011	49,472	51,389	52,455	53,260	47,977	52,995	53,283	54,085	54,500	54,612	0

	JAN'16	FEB'16	MAR'16	APR'16	MAY'16	JUN'16	JUL'16	AUG'16	SEP'16	OCT'16	NOV'16	DEC'16
SDP MEMBERS (INCLUDING NEW)												
SSI-AGED	273	255	372	350	314	318	156	148	180	157	163	
MN - AGED	1,151	1,139	1,144	1,193	1,260	547	1,281	1,274	1,289	1,321	1,354	
SSI - BLIND & DIS-ABLED	12,406	11,565	11,587	11,820	11,572	11,627	11,886	11,728	11,621	11,671	11,601	
MN - BLIND & DIS-ABLED	294	428	350	334	367	355	310	387	378	334	321	
SUB-TOTAL MANDATORY SPD	14,124	13,387	13,453	13,697	13,513	12,847	13,633	13,537	13,468	13,483	13,439	0

TOTAL MANDATORY	212,231	214,780	217,892	220,394	221,331	223,631	224,207	224,873	227,359	229,187	229,433	0
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	JAN'16	FEB'16	MAR'16	APR'16	MAY'16	JUN'16	JUL'16	AUG'16	SEP'16	OCT'16	NOV'16	DEC'16
OTHER MEMBERS												
BCCTP-TOBACCO SETTLEMENT	28	27	27	27	27	25	31	29	27	23	29	

	JAN'16	FEB'16	MAR'16	APR'16	MAY'16	JUN'16	JUL'16	AUG'16	SEP'16	OCT'16	NOV'16	DEC'16
DUALS												
PA - FAMILY DUALS	104	361	61	92	-9	37	40	34	28	35	28	
PART D SSI-AGED	508	495	518	551	581	504	533	549	589	585	621	
PART D MN - AGED	797	808	811	865	984	988	960	1,011	1,018	1,077	1,045	
PART D SSI- BLIND & DIS-ABLED	1,908	1,893	1,927	1,930	1,986	1,935	2,023	2,039	2,007	2,016	2,000	
PART D MN - BLIND & DIS-ABLED	843	676	639	675	706	678	693	711	727	794	756	
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	1	-4	1	1	1	0	1	1	
PART D MI - ADULT	0	0	0	0	0	0	0	0	0	0	0	
PART D MI - CHILD	223	301	1	279	268	294	301	313	298	327	312	
SUB-TOTAL DUALS	4,184	4,235	4,236	4,382	4,515	4,417	4,551	4,658	4,667	4,775	4,763	0

TOTAL OTHERS	4,212	4,262	4,263	4,409	4,542	4,442	4,582	4,687	4,694	4,798	4,792	0
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TOTAL KAISER	5,218	5,342	5,542	5,712	5,988	6,193	6,379	6,552	6,700	6,890	7,006	0
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TOTAL MEDI-CAL MEMBERS	221,661	224,384	227,697	230,515	231,861	234,266	235,168	236,112	238,753	240,875	241,231	0
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KERN HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	337,209.93	3,494,524.86	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1408	DELL MARKETING L.P.	126,548.22	535,352.96	HARDWARE-2 BROCADE FIBER CHANNEL SWITCHES, 4 MONITORS & 2016 DELL TRUE UP	VARIOUS
T4331	VERSCEND TECHNOLOGIES, INC.*****	124,300.00	126,100.00	ANNUAL LICENSE FEES	HEALTH SERVICES-QI
T2726	ARGUS HEALTH SYSTEMS, INC.	73,488.13	784,777.49	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T3469	CPACINC.COM INC*****	65,511.00	65,511.00	IVR-DIAGENIX/NUANCE SOFTWARE	MIS INFRASTRUCTURE
T4237	FLUIDEDGE CONSULTING	50,801.11	475,697.27	CONSULTING SERVICES-CASE MANAGEMENT/DISEASE MANAGEMENT	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T3460	THE GUARDIAN LIFE INSURANCE CO.	45,809.18	367,525.54	VOLUNTARY LIFE AD&D, DENTAL INSURANCE, SHORT TERM DISABILITY	VARIOUS
T4607	AGILITY RECOVERY SOLUTIONS INC.*****	32,400.00	32,400.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	AIS
T4165	SHI INTERNATIONAL CO.	27,915.98	106,450.10	2-ONETOUCH G2 3000-NETSCOUT ONE TOUCH AT WI-FI & SOFTWARE SUPPORT	MIS INFRASTRUCTURE
T4654	DELAWIE*****	24,968.02	24,968.02	ARCHITECTURAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4308	TRUXTUN PLACE PARTNERS	24,373.00	312,779.22	TRUXTUN-NOV. LEASE	CORPORATE SERVICES
T4037	DELANO PEDIATRIC GROUP INC*****	23,700.00	83,700.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2707	ACT 1 PERSONNEL SERVICES, INC.	20,600.26	102,715.96	TEMPORARY HELP - (2)JUM, (1)QI, (2) CLAIMS, (1)MIS, (1) PR	VARIOUS

KERN·HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2584	UNITED STATES POSTAL SVC.-HASLER*****	20,000.00	140,000.00	POSTAGE-METERED	VARIOUS
T3001	MERCER*****	20,000.00	65,000.00	EMPLOYEE COMPENSATION ASSESSMENT	HUMAN RESOURCES
T1861	CERIDIAN HCM, INC.*****	16,806.75	102,019.24	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION	HUMAN RESOURCES
T4452	WELLS FARGO 3500 2469	16,695.65	123,488.89	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T4521	PAYSCALE, INC.*****	16,000.00	33,500.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T2755	VELOCITY PARTNERS, LLC	15,984.00	175,824.00	CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	15,943.50	166,460.50	OCT. EDI CLAIM PROCESSING	CLAIMS
T4546	LEVEL 3 COMMUNICATIONS, LLC*****	15,528.31	127,345.13	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4467	MEDISOFTX, LLC	13,800.00	55,200.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	MIS INFRASTRUCTURE
T2840	ATALASOFT, INC.*****	13,596.00	13,596.00	SOFTWARE SUPPORT & MAINTENANCE FOR	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	12,996.73	114,842.91	TEMPORARY HELP - (2)UM, (1)HE, (2)CLAIMS, (1)CS, (1)DM	VARIOUS
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	12,875.68	158,289.28	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4563	SPH ANALYTICS*****	11,296.00	28,240.00	2016 MEMBER SURVERY	MEMBER SERVICES

KERN·HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4059	KERN VALLEY HEALTHCARE DISTRICT*****	10,867.77	65,107.07	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	10,785.16	105,083.34	OCT. EDI CLAIM PROCESSING	CLAIMS
T4193	TECHNOSOCIALWORK.COM	10,545.65	189,930.11	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
		<u>1,211,346.03</u>			
	TOTAL VENDORS OVER \$10,000	1,211,346.03			
	TOTAL VENDORS UNDER \$10,000	202,307.94			
	TOTAL VENDOR EXPENSES-Nov.	<u>1,413,653.97</u>			

Note:

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

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	3,494,524.86	EMPLOYEE HEALTH BENEFITS	VARIOUS
WT4504	HEALTH MANAGEMENT SYSTEMS INC	2,330,000.00	AMG SETTLEMENT	ADMINISTRATION
T4592	LAW OFFICE OF JOSEPH K. JOHNSON, PC ATTORNEY TRUST	1,542,771.72	AMG SETTLEMENT-DEMETRE & LEWIS	ADMINISTRATION
T1001	KERN MEDICAL	1,508,898.47	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2726	ARGUS HEALTH SYSTEMS, INC.	784,777.49	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T1071	CLINICA SIERRA VISTA	711,254.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1408	DELL MARKETING L.P.	535,352.96	HARDWARE, SOFTWARE, MICROSOFT LICENSES, MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T4237	FLUIDEDGE CONSULTING	475,697.27	CONSULTING SERVICES-CASE MANAGEMENT/DISEASE MANAGEMENT	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2686	ALLIANT INSURANCE SERVICES INC.	467,185.11	2016-2017 INSURANCE RENEWALS	ADMINISTRATION
T4327	MCKESSON TECHNOLOGIES INC.	466,881.62	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T3460	THE GUARDIAN LIFE INSURANCE CO.	367,525.54	VOLUNTARY LIFE AD&D & DENTAL INSURANCE	VARIOUS
T4392	TRIZETTO CORPORATION	362,401.66	CONSULTING SERVICES	CORE SYSTEM REPLACEMENT
T4308	TRUXTUN PLACE PARTNERS	312,779.22	TRUXTUN- LEASE & UTILITIES EXPENSE	CORPORATE SERVICES
T2167	PG&E	288,956.01	ANNUAL TRUE-UP FOR 2015 USAGE/UTILITIES	CORPORATE SERVICES
T4582	HEALTHX, INC	264,333.32	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4391	OMNI FAMILY HEALTH	222,800.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T2704	MCG HEALTH LLC	221,378.85	2016 MILLIMAN MAINTENANCE-LICENSE FEE- BEHAVIORAL HEALTH CARE -YEAR 2 OF 5	HE-UM
T1845	DEPARTMENT OF MANAGED HEALTH CARE	206,445.28	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1. INSTALLMENT OF 2	ADMINISTRATION
T1597	BAKERSFIELD MEMORIAL HOSP	200,000.00	BMH DIABETIC CLINIC 2015-2016	HE-DISEASE MANAGEMENT
T4193	TECHNOSOCIALWORK.COM	189,930.11	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2755	VELOCITY PARTNERS, LLC	175,824.00	CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	166,460.50	EDI CLAIM PROCESSING	CLAIMS
T4478	AMERICAN FIDELITY ASSURANCE CO.	158,289.28	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4460	PAYSPAN, INC	151,521.88	EXTERNAL CLAIMS PAYMENT PROCESSING & CHANGE REQUEST	FINANCE
T2584	UNITED STATES POSTAL SVC.-HASLER	140,000.00	POSTAGE-METERED	VARIOUS
T2469	DST HEALTH SOLUTIONS, INC	137,116.94	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T4168	RELAYHEALTH	131,899.82	EDI CLAIM PROCESSING	CLAIMS
T1189	APPLE ONE INC.	127,839.64	TEMPORARY HELP	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	127,345.13	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4052	RAHUL SHARMA	126,286.47	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4331	VERSCEND TECHNOLOGIES, INC. *****	126,100.00	ANNUAL LICENSE FEES	HEALTH SERVICES-QI
T4452	WELLS FARGO 3500 2469	123,488.89	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS



Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T4165	SHI INTERNATIONAL CO.	106,450.10	CISCO IRONPORT SECURE EMAIL-LICENSE RENEWAL	MIS INFRASTRUCTURE
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	105,083.34	EDI CLAIM PROCESSING	CLAIMS
T2707	ACT 1 PERSONNEL SERVICES, INC.	102,715.96	TEMPORARY HELP	VARIOUS
T1861	CEREDIAN HCM, INC.	102,019.24	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION	HUMAN RESOURCES
T4039	KERN RURAL WELLNESS CENTERS, INC	100,625.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4569	TICOR TITLE COMPANY	100,000.00	ESCROW DEPOSIT FOR NEW BUILDING	NEW BUILDING PROJECT
T1272	COFFEY COMMUNICATIONS INC.	91,953.00	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T2933	SIERRA PRINTERS, INC.	89,680.24	MEMBER ID CARDS, BUSINESS CARDS, MEDICAL BROCHURES, DRUG FORMULARY GUIDES	VARIOUS
T4294	J. SERVICES JANITORIAL	87,850.00	JANITORIAL SERVICES	CORPORATE SERVICES
T4483	PREMIER VALLEY MEDICAL GROUP	86,000.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4037	DELANO PEDIATRIC GROUP INC	83,700.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1960	LOCAL HEALTH PLANS OF CA. INC	80,000.00	2016/2017 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T4396	KAISER FOUNDATION HEALTH-DMHO	76,189.73	EMPLOYEE HEALTH BENEFIT	VARIOUS
T2234	HASMIUKH AMIN MD	75,529.50	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1183	MILLIMAN USA	72,907.50	CY2014 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T4537	BURKE, WILLIAMS & SORENSEN, LLP	71,154.42	LEGAL FEES	ADMINISTRATION
T3084	KERN COUNTY-COUNTY COUNSEL	70,613.07	LEGAL SERVICES	ADMINISTRATION
T2488	THE LINCOLN NTIONAL LIFE INURANCE	66,738.38	LTD INSURANCE PREMIUM	VARIOUS
T3469	CPACINC.COM INC*****	65,511.00	IVR-DIAGENIX/NUANCE SOFTWARE	MIS INFRASTRUCTURE

KERN HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T2918	STINSON'S	65,480.19	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4059	KERN VALLEY HEALTH CARE DISTRICT	65,107.07	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS/MARKETING
T3001	MERCER	65,000.00	EMPLOYEE COMPENSATION ASSESSMENT	HUMAN RESOURCES
T1128	HALL LETTER SHOP, INC	63,289.33	NEW MEMBER LETTER/ENVELOPES, QI BILLING CARDS, ENG MEMBER HANDBOOK.	VARIOUS
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO	57,908.47	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4467	MEDISOFTRX, LLC.	55,200.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	MIS INFRASTRUCTURE
T4350	COMPUTER INTERPRISE, INC.	51,590.20	MICROSOFT BIZTALK CONSULTANT TO WORK ON ELECTRONIC DATE INTERCHANGE(EDI)	MIS INFRASTRUCTURE
T4345	ASHOK, PARMAR	51,058.78	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	48,075.00	2015 AUDIT FEES	ADMINISTRATION
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	47,877.00	2016 ACAP DUES	ADMINISTRATION
T4503	VISION SERVICE PLAN	47,019.09	EMPLOYEE BENEFITS-VISION	VARIOUS
T2961	SOLUTION BENCH, LLC	45,382.00	LICENSE & PROFESSIONAL SERVICES, SOFTWARE SUPPORT	MIS INFRASTRUCTURE
T3378	CARRIER CORPORATION	45,053.36	BUILDING MAINTENANCE	CORPORATE SERVICES
T1650	UNIVISION TELEVISION GROUP	44,459.25	TELEVISION	ADVERTISING
T2446	AT&T MOBILITY	43,618.74	CELLULAR PHONE	MIS INFRASTRUCTURE
T3070	TW TELECOM	42,246.94	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	41,665.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T3986	JACQUELYN S. JANS	39,600.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T4183	LAMAR ADVERTISING OF BAKERSFIELD	38,500.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T2969	AMERICAN BUSINESS MACHINES INC	38,300.27	MONTHLY COPIER MAINTENANCE & HARDWARE	MIS INFRASTRUCTURE
T4047	CENTRAL CALIFORNIA FOUNDATION FOR HEALTH	37,242.86	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1957	MERCY FOUNDATION-BAKERSFIELD	37,000.00	SB75 OUTREACH SPONSORSHIP & WEB-BASED COMMUNITY ASSESSMENT SPONSORSHIP.	MARKETING
T4384	PINNACLE PRIMARY CARE, INC.	36,500.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2413	TREK IMAGING INC	35,611.61	PROMOTIONS GIVEAWAYS	VARIOUS
T4038	POLYCLINIC MEDICAL CENTER, INC	35,014.24	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4389	EXACT STAFF, INC	34,101.13	TEMPORARY HELP	VARIOUS
T2851	SINCLAIR TELEVISION MEDIA INC	33,502.75	TELEVISION/MEDIA	MARKETING
T4521	PAYSCALE, INC.	33,500.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T1644	BRIGHT HOUSE NETWORK	33,381.84	INTERNET SERVICES	MIS INFRASTRUCTURE
T4607	AGILITY RECOVERY SOLUTIONS INC.*****	32,400.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	AIS
T4604	MICHAEL PITTS	31,850.00	HEALTH HOME CONSULTATION	HE-QI
T2807	DOWLING, AARON & KEELER	31,838.97	LEGAL FEES	ADMINISTRATION
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	31,506.00	2016 ANNUAL DUES ASSESSMENT & SEMINAR REGISTRATION FEES	ADMINISTRATION
T3400	CLIFFORD & BROWN, A PROFESSIONAL CORPORATION	30,398.27	LEGAL FEES	ADMINISTRATION
T4496	VOX NETWORK SOLUTIONS	29,975.00	WORKFORCE MANAGEMENT ADVANCED PACKAGE	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T2441	POPPYROCK DESIGNS	29,439.00	MATERIAL DESIGN	VARIOUS
T4431	ALAN AVERY	28,640.87	MISC. REIMBURSEMENT -EMP EXPENSES & EMP INCENTIVES	VARIOUS
T4182	THE LAMAR COMPANIES	28,850.00	BILLBOARD MEDIA-GET BUS DISPLAY	ADVERTISING
T4563	SPH ANALYTICS	28,240.00	2016 MEMBER SURVERY	MEMBER SERVICES
T4544	BARNERS WEALTH MANAGEMENT GROUP	28,252.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	27,750.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4554	THE KEN BLANCHARD COMPANIES	27,654.66	TRAINING REGISTRATION & MATERIAL	HUMAN RESOURCES
T4216	NEXTAR BROADCASTING INC	27,566.80	TELEVISION	ADVERTISING
T4195	KERO-TV	27,507.00	TELEVISION	ADVERTISING
T4603	ECFIRST.COM	27,496.17	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	MIS INFRASTRUCTURE
T4561	SRI & SHARMA, LLC	26,875.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4484	INSURANCE STAFFERS, INC.	26,204.97	TEMPORARY HELP -(S) CLAIMS	CLAIMS
T4598	KEITH FLP HOLDINGS, A CA LIMITED PARTNERSHIP	25,000.00	DUE DILIGENCE EXTENSION DEPOSIT	CAPITAL PROJECT - NEW BUILDING PROJECT
T4654	DELAWIE*****	24,968.02	ARCHITECTURAL SERVICES	CAPITAL PROJECT
T3076	SPECIAL DISTRICT RISK	24,765.83	2015-2016 WORKER'S COMP TRUE UP	VARIOUS
T4643	MOTOR CITY LEXUS OF BAKERSFIELD	23,500.00	COMPANY AUTOMOBILE	CORPORATE SERVICES
T1347	ADVANCED DATA STORAGE	22,577.37	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T3990	SPARKLETT'S INC	22,342.90	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES

KERN HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T3065	CAREERBUILDER, LLC	21,000.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 1 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T4028	WALL STREET IMPRINTABLES	20,531.97	PROMOTION EXPENSES-MOD T-SHIRTS & WELLNESS PROGRAM	MARKETING/HE
T1032	BAKERSFIELD CALIFORNIAN	19,746.56	EMPLOYMENT AD	HUMAN RESOURCES
T2941	KERN PRINT SERVICES INC.	19,746.45	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T1022	UNUM LIFE INSURANCE CO.	19,217.74	EMPLOYEE LONGE TERM AND LIFE INSURANCE	PAYROLL DEDUCTION
T4198	LAW OFFICES OF CARL SHUSTERMAN	18,510.00	LEGAL FEES	ADMINISTRATION
T4024	NEOPOST USA INC	17,359.20	2016 METER RENTAL FEES & FOLDING/INSERTER MACHINE	CORPORATE SERVICES
T3449	CDW GOVERNMENT	17,306.00	HARDWARE, EQUIPMENT UNDER \$1,000, COMPUTER SUPPLIES	MIS INFRASTRUCTURE
T4417	KAISER FOUNDATION HEALTH PLAN	17,189.64	EMPLOYEE HEALTH BENEFITS	HE-UM
T4228	THE SSI GROUP, INC.	16,491.20	EDI CLAIM PROCESSING	CLAIMS
T2930	PAESSLER AG	16,351.88	PRTG SOFTWARE LICENSE W/MAINTENANCE	MIS INFRASTRUCTURE
T4239	COAST TO COAST COMPUTER	15,929.36	OFFICE SUPPLIES - TONERS	CORPORATE SERVICES
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	15,742.62	LONG- TERM DISABILITY	ADMINISTRATION
T3454	DEPARTMENT OF MANAGEMENT HEALTH CARE	15,000.00	DMCH ENFORCEMENT MATTER 14-459	ADMINISTRATION
T4016	FIRST DATABANK, INC	14,410.00	NATIONAL DRUG CODE DATABASE-SOFTWARE LICENSES	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	14,375.15	INTERPRETATION SERVICES	MEMBER SERVICES
T4610	EVERBRIDGE, INC.	13,950.00	TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T4230	COFFEE BREAK SERVICES, INC.	13,927.03	MISC. SUPPLIES-COFFEE, CREAMER, WATER	CORPORATE SERVICES
T2840	ATALASOFT, INC.*****	13,596.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T1263	THE GAS COMPANY	12,865.07	UTILITIES	CORPORATE SERVICES
T2938	SAP AMERICA, INC	12,308.32	BUSINESS OBJECTS ANNUAL MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T1996	SEQUOIA SANDWICH CO*****	12,301.04	MEETING FOOD EXPENSES	VARIOUS
T3109	HEALTH INDUSTRY COLLABORATION EFFORT*****	11,828.42	APPOINTMENT AVAILABILITY SURVEY & LOBBYING, 2017 ICE ANNUAL CONTRIBUTION	VARIOUS
T4410	OPTUMHEALTH CARE SOLUTIONS	11,624.79	CLAIM AUDIT SERVICES	ADMINISTRATION
T2717	TIN KIN LEE LAW OFFICES	11,389.89	LEGAL FEES	ADMINISTRATION
T3513	FOUR POINTS BAKERSFIELD	11,294.91	P4P PROVIDER DINNER	PROVIDER RELATIONS
T2644	BOARD OF EQUALIZATION	11,061.03	MCO TAX PENALTY-INTEREST	ADMINISTRATION
T4227	FREESTYLE EVENTS SERVICES INC	10,900.00	EMPLOYEE EVENTS & OTHER PROMOTIONAL EVENTS	VARIOUS
T2505	DERREL'S MINI STORAGE, INC.*****	10,528.50	OFF SITE STORAGE	CORPORATE SERVICES
T3052	CARNICERIA RANCHO GRANDE	10,218.75	CATERING SERVICES-EMPLOYEE EVENTS	VARIOUS
T2545	EMDEON BUSINESS SERVICES	10,063.95	EDI CLAIM PROCESSING	CLAIMS
		<u>20,736,273.87</u>		
	TOTAL VENDORS OVER \$10,000	20,736,273.87		
	TOTAL VENDORS UNDER \$10,000	730,113.81		
	TOTAL VENDOR EXPENSES-November	<u>21,466,387.68</u>		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
February							
Level(3)/TWTelecom	\$ 48,122.88	Yes	IT	Richard Pruitt	Voice and data services for Inxstium location	2/1/2016	2/1/2018
March							
Umivision	\$ 31,747.50	Yes	MRK	Louie Iurriria	Spanish TV Advertisement	3/1/2016	11/30/2016
Sierra Printers	\$ 55,362.50	Yes	PR	Emily Duran	Provider Directories 2016	3/15/2016	11/30/2016
May							
Pacific Health Consulting	\$ 99,000.00	Yes	PM	Jeremy McGuire	Consulting services for additional line of business	5/15/2016	10/13/2016
Mercer	\$ 50,000.00	Yes	HR	Anita Peters	Employee Compensation Study	5/19/2016	7/29/2017
FluidEdge	\$ 99,700.00	Yes	UM	Deb Murr	Consulting services for selection of a medical management platform	5/23/2016	8/12/2016
June							
MedisoftRx	\$ 49,000.00	Yes	IT	Richard Pruitt	Home health provider and population analysis	7/1/2016	12/31/2016
Medversant	\$ 66,750.00	Yes	PR	Emily Duran	Provider Directory Solution to comply with SB 137	7/1/2016	6/30/2018
July							
Websolv Computin Inc.	\$ 44,000.00	Yes	IT	Richard Pruitt	Information System Security Assessment	7/26/2016	3/18/2017
Dell	\$ 81,108.05	Yes	IT	Richard Pruitt	Purchase of (5) PowerEdge blade servers Model: M630	7/22/2016	7/22/2021
August							
Milliman	\$ 80,000.00	Yes	Acct	Robin Plumb	Actuarial services	8/20/2016	7/31/2016
FluidEdge	\$ 48,800.00	Yes	UM	Deb Murr	Consulting services for procurement process of CM/DM platform	9/29/2016	10/21/2016
September							
Agility Recovery	\$32,400.00	Yes	AIS	Carl Breining	Disaster recovery and business continuity	9/16/2016	9/15/2017
DME Consulting	\$35,000.00	Yes	UM	Deb Murr	Medical equipment consulting services	9/25/2016	9/24/2017
Lamar	\$41,000.00	Yes	MRK	Louie Iurriria	Billboard advertisement	9/26/2016	9/24/2017
FluidEdge	\$62,000.00	Yes	IT	Richard Pruitt	620 hrs of professional services for EDI/SQL	9/26/2016	1/13/2017
October							
Dell	\$98,228.96	Yes	IT	Richard Pruitt	Brocade channel switches replacements	10/17/2016	10/16/2021
Executive Staffing Solutions	\$34,000.00	Yes	HR	Anita Peters	Director of Claims search	10/14/2016	4/16/2017
November							
CPAC Inc.	\$65,511.00	Yes	IT	Richard Pruitt	Diagenix voice survey (IVR: Software)	11/1/2016	10/31/2017
Dell	\$44,725.13	Yes	IT	Richard Pruitt	(2) Chassis Fiber Module, (1) Brocade Fiber Channel Switching, (1) Ethernet Module and (5) years support and maintenance	11/1/2016	11/10/2021
Dell	\$53,680.09	Yes	IT	Richard Pruitt	(1) Dell M1000E Chassis Enclosure and (5) years of support and maintenance	11/1/2016	11/10/2021
Dell	\$60,207.66	Yes	IT	Richard Pruitt	(5) M630 Blade Servers and (5) year Support and Maintenance	11/1/2016	11/10/2021
Looking Point	\$90,400.00	Yes	IT	Richard Pruitt	Certified CCIE Network Engineer (IVR: Professional Services)	11/1/2016	10/31/2017
FusionStorm	\$83,472.52	Yes	IT	Richard Pruitt	Stockdale (PROD) site, 2 Juniper EX4300 24-Port Switches 3 years support	11/30/2016	11/30/2019
FusionStorm	\$35,665.35	Yes	IT	Richard Pruitt	Fresno (DR) site, 2 Juniper EX4300 24-Port Switches and 3 years support	11/30/2016	11/30/2019
December							
Dell	\$95,398.98	Yes	IT	Richard Pruitt	Veeam Backup	12/1/2016	12/1/2021
Dell	\$77,412.75	Yes	IT	Richard Pruitt	PowerEdge M630 Blades	12/1/2016	12/1/2021
SHI	\$62,254.20	Yes	IT	Richard Pruitt	VMware Enterprise Plus	12/1/2016	12/1/2021
TrueNorth	\$76,686.00	Yes	IT	Richard Pruitt	Nimble Storage Expansion Enclosures H65-35TB	12/1/2016	12/1/2021
Sierra Printers	\$39,323.50	Yes	IT	Richard Pruitt	Printing and shipping of 2016 Medi-Cal Provider Directories	12/1/2016	4/1/2017
Dell	\$77,412.00	Yes	IT	Richard Pruitt	PowerEdge M630 Blade Servers to replace existing UAT servers located at our Stockdale (UAT) site	12/12/2016	12/12/2019
Dell	\$65,234.50	Yes	IT	Richard Pruitt	Brocade 6510 Fiber Channel Switches to replace existing switches located at our Fresno (DR) site	11/30/2016	11/30/2021
Forms on Fire	\$44,865.75	Yes	UM	Deborah Murr	Software subscription, maintenance and support for software	12/12/2016	12/11/2017

