



KERN HEALTH SYSTEMS

FINANCE COMMITTEE MEETING

Friday, June 2, 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, June 2, 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 April 7, 2017 -
APPROVE
- 4) Report on KHS investment portfolio for the first quarter ending March 31, 2017 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Proposed Retroactive Amendment No. 18 to Physician Services Agreement and Amendment No. 35 to Hospital and Other Facility Services Agreement with Kern Medical Center for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) –
RETROACTIVE APPROVAL; REFER TO KHS BOARD OF DIRECTORS
- 6) Proposed Retroactive Amendment to Hospital and Other Facility Services Agreement with Kern Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between Kern Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –
RETROACTIVE APPROVAL; REFER TO KHS BOARD OF DIRECTORS

- 7) Proposed Retroactive Amendment to Hospital and Other Facility Services Agreement with Tehachapi Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between Tehachapi Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –
 RETROACTIVE APPROVAL; REFER TO KHS BOARD OF DIRECTORS
- 8) Proposed renewal and binding of insurance coverages for crime, property, general liability, malpractice-professional liability, workers' compensation, fiduciary liability, excess cyber insurance, managed care errors and omissions, earthquake insurance and flood insurance from July 1, 2017 through June 30, 2018 (Fiscal Impact: \$314,000 Estimated; Budgeted) –
 APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 9) Report on Kern Health Systems financial statements for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 10) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, AUGUST 4, 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, April 7, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:02 A.M.

Members present: Deats, McGlew, Melendez (arrived at 8:04 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 February 3, 2017 -
APPROVED

Rhoades-McGlew: 3 Ayes; 2 Absent – Casas, Melendez

NOTE – DIRECTOR MELENDEZ ARRIVED AT 8:04 A.M. AFTER THE VOTE ON
CONSENT ITEMS

4) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of
Kern Health Systems for the year ending December 31, 2016 (Fiscal Impact:
None) – NANCY BELTON, SHANNON WEBSTER, DANIELLS PHILLIPS
VAUGHAN & BOCK, HEARD; RECEIVED AND FILED; REFERRED TO KHS
BOARD OF DIRECTORS

Rhoades-McGlew: 4 Ayes; 1 Absent – Casas

5) Proposed Agreement with American Logistics Company, LLC, for the
Administration of the Non-Emergency Medical Transportation Services, from April
17, 2017 through April 17, 2019 (Fiscal Impact: \$303,360 estimated annually;
Budgeted) –

APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

Rhoades-McGlew: 4 Ayes; 1 Absent – Casas

6) Report on Kern Health Systems financial statements for December 2016 and
January 2017 (Fiscal Impact: None) –

RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

Rhoades-McGlew: 4 Ayes; 1 Absent – Casas

7) Report on Accounts Payable Vendor Report, Administrative Contracts under
\$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through
QNXT system for December 2016 and January 2017 (Fiscal Impact: None) –

RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

Rhoades-McGlew: 4 Ayes; 1 Absent – Casas

ADJOURN TO FRIDAY, JUNE 2, 2017 AT 8:00 A.M.



To: KHS Finance Committee

From: Robert Landis, CFO

Date: June 2, 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
March 31, 2017**

Short Term Portfolio (under 1 year)

Funds held in this time frame are typically utilized to pay providers, meet operating expenses, distribute pass-through monies waiting for additional approvals and/or support to be paid and monies owed to the State For MCO Taxes and/or overpayments. 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) | \$ 9,100,000 | 3.19% | 50% | 0.08% | 1 Day | None |
| Morgan Stanley Money Market | (B) | (1) | \$ 33,200,000 | 11.65% | 20% | 0.56% | 1 Day | None |
| Local Agency Investment Fund (LAIF) | (C) | (2) | \$ 64,400,000 | 22.60% | 50% | 0.82% | 2 Days | None |
| US T-Bills at Wells Fargo | | (1) | \$ 60,000,000 | 21.05% | 100% | 0.58% | 1 Day | Subject to Interest Rate Fluctuations |
| KHS Managed Portfolio at Wells Fargo | (D) | | \$ 34,600,000 | 12.14% | | 0.77% | 3 Days | Subject to Interest Rate Fluctuations |
| Sub-Total | | | \$ 201,300,000 | 70.63% | | 0.66% | | |

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) | | \$ 70,700,000 | 24.81% | | 1.94% | 3 Days | Subject to Interest Rate and Credit Fluctuations |
| Certificates of Deposit | (F) | | \$ 2,000,000 | 0.70% | 30% | 1.30% | 3 Days | Subject to Interest Rate Fluctuations |
| KHS Managed Portfolio at Wells Fargo | (D) | | \$ 11,000,000 | 3.86% | | 1.29% | 3 Days | Subject to Interest Rate and Credit Fluctuations |
| Sub-Total | | | \$ 83,700,000 | 29.37% | | 1.84% | | |
| Total Portfolio | | | \$ 285,000,000 | 100.00% | | 1.01% | | |

Yield Curve

| <u>Yield Curve</u> | <u>A</u> | | | |
|--------------------|-------------------|---------------------------|------------------------|-------------|
| | <u>Treasuries</u> | <u>AA Corporate Bonds</u> | <u>Corporate Bonds</u> | <u>CD's</u> |
| 1 year | 1.05% | 1.20% | 1.38% | 1.10% |
| 2 year | 1.20% | 1.42% | 1.70% | 1.35% |
| 3 year | 1.40% | 1.70% | 2.00% | 1.60% |
| 5 year | 1.80% | 2.05% | 2.30% | 2.00% |

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
 - (B) \$14.5 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 \$72 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) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
 - (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 8 certificates of deposit at \$250,000, which is the FDIC Insurance maximum, maturing in 2018
-
- (1) Funds are utilized to pay providers, meet operating expenses, distribute pass-through monies waiting for additional approvals and/or support and monies owed to the State For MCO Taxes and/or overpayments. 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 March 31, 2017

Prepared for

Kern Health Systems
BOARD REVIEW

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®

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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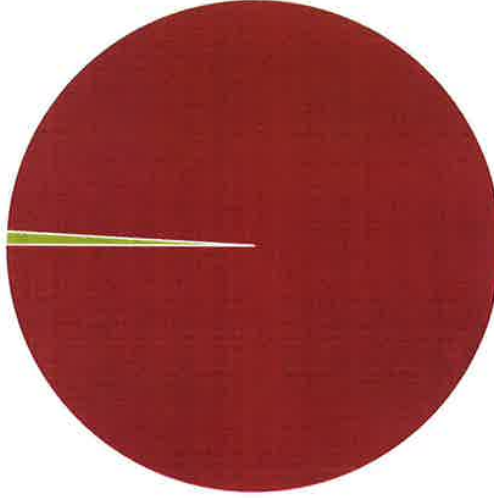
Asset allocation review

as of March 31, 2017

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

| | Market value (\$) | % of portfolio |
|------------------------|------------------------|----------------|
| Cash | 613,814.86 | 0.87 |
| Cash | 613,814.86 | 0.87 |
| Fixed Income | 70,050,212.36 | 99.13 |
| US | 70,050,212.36 | 99.13 |
| Equity | 0.00 | 0.00 |
| Commodities | 0.00 | 0.00 |
| Non-Traditional | 0.00 | 0.00 |
| Other | 0.00 | 0.00 |
| Total Portfolio | \$70,664,027.22 | 100% |

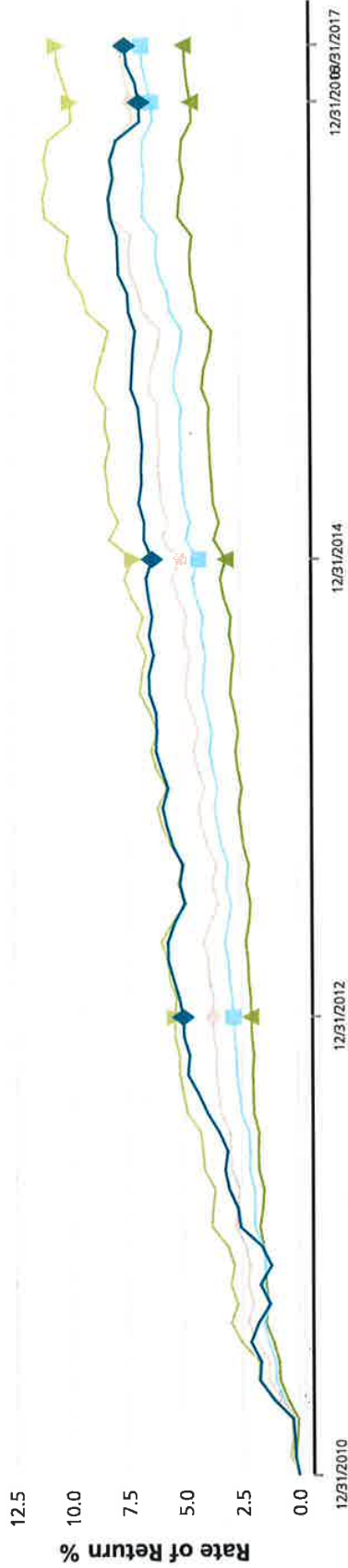
■ Cash 0.87%
 ■ US Fixed Income 99.13%





Cumulative performance

as of March 31, 2017



| | 12/31/2010 to 12/31/2012 | 12/31/2012 to 12/31/2014 | 12/31/2014 to 12/31/2016 | 12/31/2016 to 03/31/2017 | Annualized 12/31/2010 to 03/31/2017 |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| ◆ Net Time-weighted ROR | 5.07 | 6.39 | 6.90 | 7.53 | 1.17 |

Benchmarks - Time-weighted returns

| | | | | | |
|-----------------------------|------|------|------|-------|------|
| ○ Benchmark 1 | 3.75 | 5.16 | 7.27 | 7.72 | 1.20 |
| ■ Barclays Govt/Credit 1-3Y | 2.88 | 4.33 | 6.36 | 6.79 | 1.06 |
| ▼ Barclays Govt/Credit 1-5Y | 5.44 | 7.25 | 9.99 | 10.61 | 1.63 |
| ▲ Barclays US Gov 1-3Y | 2.08 | 3.12 | 4.60 | 4.90 | 0.77 |

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.

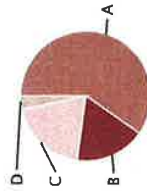
as of March 31, 2017

Bond overview

| | |
|--|-----------------|
| Total quantity | 69,606,000 |
| Total market value | \$69,641,174.88 |
| Total accrued interest | \$409,037.48 |
| Total market value plus accrued interest | \$70,050,212.36 |
| Total estimated annual bond interest | \$1,578,717.07 |
| Average coupon | 2.33% |
| Average current yield | 2.27% |
| Average yield to maturity | 1.94% |
| Average yield to worst | 1.94% |
| Average modified duration | 2.82 |
| Average effective maturity | 2.97 |

Credit quality of bond holdings

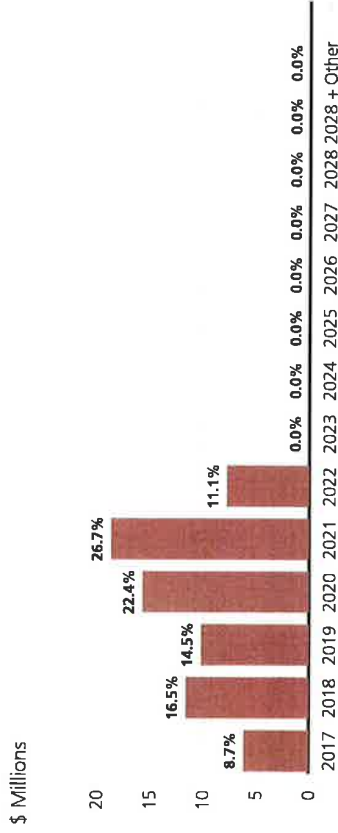
| Effective credit rating | Issues | Value on 03/31/2017 (\$) | % of port. |
|---------------------------------|-----------|--------------------------|-------------|
| A Aaa/AAA/AAA | 16 | 41,795,727.56 | 59.87 |
| B Aa/AA/AA | 15 | 12,204,123.51 | 17.39 |
| C A/A/A | 15 | 13,708,967.40 | 19.42 |
| D Baa/BBB/BBB | 3 | 2,341,393.89 | 3.33 |
| 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 | 49 | \$70,050,212.36 | 100% |



Investment type allocation

| Investment type | Taxable (\$) | Tax-exempt / deferred (\$) | Total (\$) | % of bond port. |
|-----------------------|------------------------|----------------------------|------------------------|-----------------|
| Municipals | 7,595,753.96 | 261,542.50 | 7,857,296.46 | 11.22 |
| U.S. corporates | 20,397,188.33 | 0.00 | 20,397,188.33 | 29.12 |
| U.S. federal agencies | 41,330,510.71 | 0.00 | 41,330,510.71 | 59.00 |
| U.S. treasuries | 465,216.85 | 0.00 | 465,216.85 | 0.66 |
| Total | \$69,788,669.85 | \$261,542.50 | \$70,050,212.35 | 100% |

Bond maturity schedule



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



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 March 31, 2017

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 |
|---------------|-----------|-------------------|-------------------------|-------------------|-----------------------|--------------------|-------------------|--------------------------|---------------------------|------------------------|------------------------------|
| 2017 | 8 | 6,043,000 | 170,909.07 | 2.82% | 1.38% | 1.38% | 0.47 | 6,033,227.74 | 28,149.35 | 6,115,403.01 | 8.7% |
| 2018 | 13 | 11,285,000 | 338,345.00 | 2.94% | 1.51% | 1.51% | 1.33 | 11,497,672.59 | -942.79 | 11,601,210.17 | 16.51% |
| 2019 | 7 | 9,979,000 | 203,607.50 | 2.01% | 1.54% | 1.54% | 2.07 | 10,107,371.49 | -2,371.58 | 10,176,541.20 | 14.51% |
| 2020 | 7 | 15,629,000 | 339,277.50 | 2.17% | 2.20% | 2.20% | 3.06 | 15,849,481.09 | -248,604.71 | 15,697,876.66 | 22.4% |
| 2021 | 11 | 18,920,000 | 346,478.00 | 1.86% | 2.22% | 2.22% | 3.98 | 19,039,942.14 | -416,387.94 | 18,686,079.92 | 26.74% |
| 2022 | 3 | 7,750,000 | 180,100.00 | 2.32% | 2.31% | 2.31% | 4.57 | 7,749,176.14 | 4,461.36 | 7,773,101.39 | 11.13% |
| 2023 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2024 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2025 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2026 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2027 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2028 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2029 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2030 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2031 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2032 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2033 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2034 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2035 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2036 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2037 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2038 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2039 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2040 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2041 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2042 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2043 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2044 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2045 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2046 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2046 + | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| Other | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| Total | 49 | 69,606,000 | \$1,578,717.07 | 2.27% | 1.94% | 1.94% | 2.82 | \$70,276,871.19 | \$-635,696.31 | \$70,050,212.36 | |



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

Bond holdings - as of March 31, 2017 (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 (%) / Modified YTW (%) duration | Adjusted cost basis (\$)/ Unreal. g/l (\$) | Market price (\$) | Mkt. value (\$)/ Accr. interest (\$) | % of bond port. |
|-----------------------------|---|-------------------|--------------|-----------------------|-------------------------------|--|--|--|----------------------|---|-----------------------|
| | | | | | | | | | | | |
| Total Bond Portfolio | | 69,606,000 | 2.33% | 03/18/2020 | NA | \$1,578,717.07 | 1.94% | \$70,276,871.19 | NA | \$69,641,174.88 | 100% |
| | | | | | | 2.27% | \$-635,696.31 | | | \$409,037.48 | |
| | | | | | | | | | | \$70,050,212.36 | |

| | 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 2017 | | | | | | | | | | | |
| TARGET CORP MW T +12.5BP | AZ/A-A | 1,500,000 | 5.38% | 05/01/2017 | | 80,625.00 | 1.99% | 1,504,741.43 | 100.278 | 1,504,170.00 | 2.16% |
| 05.375% 050117 DTD050107 | NR/NR/NR | | | | | 5.36% | 1.99% | -571.43 | | 33,593.75 | |
| 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 | 1.08% | 265,112.78 | 100.085 | 265,225.25 | 0.38% |
| SR B BE/R/ 1.338 080117 | NR/NR/NR | | | | | 1.34% | 1.08% | 112.47 | | 590.95 | |
| 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 | 1.55% | 298,971.10 | 101.266 | 298,734.70 | 0.43% |
| TAX B1-QU BE/R/ 5.379 | NR/NR/NR | | | | | 5.31% | 1.55% | -236.40 | | 2,644.68 | |
| 080117 DTD 030311 /CA | | | | | | | | | | | |
| CUSIP: 587635EA7 | | | | | | | | | | | |
| Initial Purchase Date: 01/28/2015 | | | | | | | | | | | |
| Original Maturity: 08/01/2017 | | | | | | | | | | | |
| GENL ELEC CAP CORP 05.625% | A1/AA-/AA- | 500,000 | 5.63% | 09/15/2017 | | 28,125.00 | 1.33% | 508,658.60 | 101.944 | 509,720.00 | 0.73% |
| 091517 DTD092407 FC031508 | NR/NR/NR | | | | | 5.52% | 1.33% | 1,061.40 | | 1,250.00 | |
| MED TERM INTS | | | | | | | | | | | |
| CUSIP: 36962G3H5 | | | | | | | | | | | |
| 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 | 1.13% | 421,676.50 | 99.888 | 424,524.00 | 0.61% |
| BE/R/ .900 100117 DTD 062414 | NR/NR/NR | | | | | 0.90% | 1.13% | 2,847.50 | | 1,912.50 | |
| NV | | | | | | | | | | | |
| CUSIP: 641461H92 | | | | | | | | | | | |
| Initial Purchase Date: 07/16/2014 | | | | | | | | | | | |
| Original Maturity: 10/01/2017 | | | | | | | | | | | |



Bond holdings - as of March 31, 2017 (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 2017 | | | | | | | | | | | |
| ST OF CA VAR GEN OBLI BN BE/RV 5.000 100117 DTD 101509 /CA | Aa3/AA-/AA- NR/NR/NR | 250,000 | 5.00% | 10/01/2017 | | 12,500.00 4.90% | 0.75% 0.75% | 255,146.69 145.81 | 102.117 | 255,292.50 6,250.00 | 0.37% |
| CUSIP: 130638AF9 Initial Purchase Date: 04/16/2013 | | | | | | | | | | | |
| CHEVRON CORP B/E 01.104% 120517 DTD120512 FC060513 CALL@MW+7.5BP | Aa2/NR/AA- NR/NR/NR | 808,000 | 1.10% | 12/05/2017 | 11/05/2017 100.00 | 8,920.32 1.11% | 1.35% 1.35% | 804,873.04 1,777.60 | 99.833 | 806,650.64 2,874.33 | 1.16% |
| CUSIP: 166764AA8 Initial Purchase Date: 02/14/2014 | | | | | | | | | | | |
| FNMA NTS 00.875 % DUJE 122017 DTD 103012 FC 12202012 | Aaa/AAA/AA+ NR/NR/NR | 2,000,000 | 0.88% | 12/20/2017 | | 17,500.00 0.88% | 1.08% 1.08% | 1,974,047.60 23,012.40 | 99.853 | 1,997,060.00 4,909.72 | 2.87% |
| CUSIP: 3135GORT2 Initial Purchase Date: 06/18/2014 | | | | | | | | | | | |
| Total 2017 | | 6,043,000 | 2.84% | 09/21/2017 | | \$170,909.07 2.82% | 1.38% 1.38% | \$6,033,227.74 \$28,149.35 | | \$6,061,377.09 \$54,025.92 | 8.70% |
| Maturing 2018 | | | | | | | | | | | |
| GOLDMAN SACHS GROUP INC 05.950% 011818 DTD011808 FC071808 NTS | A3/A/BBB+ NR/NR/NR | 650,000 | 5.95% | 01/18/2018 | | 38,675.00 5.76% | 1.80% 1.80% | 670,890.88 344.62 | 103.267 | 671,235.50 7,842.43 | 0.96% |
| CUSIP: 38141GFG4 Initial Purchase Date: 12/03/2015 | | | | | | | | | | | |
| AT&T INC CALL @MMW+BP 05.500% 020118 DTD020108 FC080108 | Baa1/A-/BBB+ NR/NR/NR | 500,000 | 5.50% | 02/01/2018 | | 27,500.00 5.33% | 1.73% 1.73% | 513,843.17 1,691.83 | 103.107 | 515,535.00 4,583.33 | 0.74% |
| CUSIP: 00206RAJ1 Initial Purchase Date: 07/09/2013 | | | | | | | | | | | |
| ST OF CA VAR GEN OBLI BN TAX BE/RV 5.950 030118 DTD 040110 /CA | Aa3/AA-/AA- NR/NR/NR | 250,000 | 5.95% | 03/01/2018 | | 14,875.00 5.72% | 1.59% 1.59% | 259,972.55 -102.55 | 103.948 | 259,870.00 1,239.58 | 0.37% |
| CUSIP: 130638FT4 Initial Purchase Date: 03/16/2015 | | | | | | | | | | | |
| Original Maturity: 03/01/2018 | | | | | | | | | | | |



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Bond holdings - as of March 31, 2017 (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. g1 (\$) | Market price (\$) | Mkt. value (\$)/ Accr. interest (\$) | % of bond port. |
|---|---|-----------|--------|-----------------------|-------------------------------|--|--|---|----------------------|---|-----------------------|
| | | | | | | | | | | | |
| Maturing 2018 | | | | | | | | | | | |
| GENERAL ELEC CAP CORP 01.625% 040218 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9 Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018 CONOCOPHILLIPS CO NTS 01.500% 051518 DTD051815 FC111515 CALL@MW+108P CUSIP: 20826FALO Initial Purchase Date: 12/16/2015 Original Maturity: 05/15/2018 ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513 CUSIP: 857477AK9 Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018 E DU PONT DE NEMOURS 06.000% 071518 DTD072808 FC011509 CALL@MW +308P CUSIP: 263534BT5 Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018 PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 080118 DTD 020713 /CA CUSIP: 695802MR6 Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018 SACRAMENTO CA PENSION OB AGC TAX OID99.264 BE/R/ 5.600 080118 DTD 092811 /CA CUSIP: 786056BEO Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018 INTERCONTINENTALEXCHANGE 02.500% 101518 DTD100813 FC041514 CALL@MW+208P CUSIP: 45866FABO Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018 | A1/AA-/AA- NR/NR/NR | 1,000,000 | 1.63% | 04/02/2018 | | 16,250.00 1.62% | 1.41% 1.41% | 1,000,941.34 1,228.66 | 100.217 | 1,002,170.00 8,079.86 | 1.44% |
| | Baa2/A-/A- NR/NR/NR | 500,000 | 1.50% | 05/15/2018 | | 7,500.00 1.50% | 1.68% 1.68% | 493,725.00 5,270.00 | 99.799 | 498,995.00 2,833.33 | 0.72% |
| | A1/AA-/A- NR/NR/NR | 335,000 | 1.35% | 05/15/2018 | | 4,522.50 1.35% | 1.54% 1.54% | 334,762.15 -485.75 | 99.784 | 334,276.40 1,708.50 | 0.48% |
| | A3/A/A- NR/NR/NR | 450,000 | 6.00% | 07/15/2018 | | 27,000.00 5.67% | 1.45% 1.45% | 472,987.63 3,031.37 | 105.782 | 476,019.00 5,700.00 | 0.68% |
| | Aa2/NR/A+ NR/NR/NR | 300,000 | 2.07% | 08/01/2018 | | 6,210.00 2.05% | 1.45% 1.45% | 302,637.30 -186.30 | 100.817 | 302,451.00 1,035.00 | 0.43% |
| | A2/NR/AA Baa1/NR/A- | 500,000 | 5.60% | 08/01/2018 | | 28,000.00 5.34% | 1.85% 1.85% | 526,023.01 -1,458.01 | 104.913 | 524,565.00 4,666.67 | 0.75% |
| | A2/NR/A NR/NR/NR | 300,000 | 2.50% | 10/15/2018 | | 7,500.00 2.47% | 1.79% 1.79% | 302,909.58 328.32 | 101.079 | 303,237.90 3,458.33 | 0.44% |



Bond holdings - as of March 31, 2017 (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. q/l (\$) | Market price (\$) | Mkt. value (\$)/ Accr. interest (\$) | % of bond port. |
|--|---|-------------------|--------------|-----------------------|-------------------------------|--|--|--|----------------------|---|-----------------------|
| Maturing 2018 | | | | | | | | | | | |
| FHIB NTS 01.050 % DUE 10/26/18 | Aaa/NR/AA+ | 5,000,000 | 1.05% | 10/26/2018 | | 52,500.00 | 1.24% | 5,000,000.00 | 99.709 | 4,985,450.00 | 7.16% |
| DTD 072616 FC 10262016 | NR/NR/NR | | | | | 1.05% | 1.24% | -14,550.00 | | 22,604.17 | |
| CUSIP: 3130A8RPO Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018 | | | | | | | | | | | |
| BAKER HUGHES INC NTS | Baa1/NR/A | 750,000 | 7.50% | 11/15/2018 | | 56,250.00 | 2.01% | 811,168.30 | 108.709 | 815,317.50 | 1.17% |
| 07.500% 111518 DTD102808 | NR/NR/NR | | | | | 6.90% | 2.01% | 4,149.20 | | 21,250.00 | |
| CALL@MAKE WHOLE +50BPS CUSIP: 057224AY3 Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018 | | | | | | | | | | | |
| MERRILL LYNCH GLOBAL NTS | Baa1/A/BBB+ | 750,000 | 6.88% | 11/15/2018 | | 51,562.50 | 2.04% | 807,811.68 | 107.681 | 807,607.50 | 1.16% |
| 06.875% 111518 DTD112498 | NR/NR/NR | | | | | 6.38% | 2.04% | -204.18 | | 19,479.17 | |
| FC051599 CUSIP: 590188IN9 Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018 | | | | | | | | | | | |
| Total 2018 | | 11,285,000 | 3.07% | 08/16/2018 | | \$338,345.00 | 1.51% | \$11,497,672.59 | | \$11,496,729.80 | 16.51% |
| | | | | | | 2.94% | 1.51% | \$-942.79 | | \$104,480.37 | |

| | 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. q/l (\$) | Market price (\$) | Mkt. value (\$)/ Accr. interest (\$) | % of bond port. |
|--|---|-----------|--------|-----------------------|-------------------------------|--|--|--|----------------------|---|-----------------------|
| Maturing 2019 | | | | | | | | | | | |
| FFCB BOND 01.030 % DUE | Aaa/AAA/AA+ | 5,000,000 | 1.03% | 04/05/2019 | | 51,500.00 | 1.35% | 4,996,250.00 | 99.359 | 4,967,950.00 | 7.13% |
| 040519 DTD 070516 FC | NR/NR/NR | | | | | 1.04% | 1.35% | -28,300.00 | | 25,177.78 | |
| 10052016 CUSIP: 3133EGJW6 Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019 | | | | | | | | | | | |
| CALIFORNIA ST TAX | Aa3/AA-/AA- | 2,500,000 | 2.25% | 05/01/2019 | | 56,250.00 | 1.52% | 2,514,465.04 | 101.498 | 2,537,450.00 | 3.64% |
| BE/R/ 2.250 050119 DTD 050114 | NR/NR/NR | | | | | 2.22% | 1.52% | 22,984.96 | | 23,437.50 | |
| JCA CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019 | | | | | | | | | | | |
| FNMA NTS 01.125 % DUE | Aaa/AAA/AA+ | 594,000 | 1.13% | 07/26/2019 | 04/26/2017 | 6,682.50 | 1.52% | 593,109.00 | 99.099 | 588,648.06 | 0.85% |
| 072619 DTD 072616 FC | NR/NR/NR | | | | 100.00 | 1.14% | 1.52% | -4,460.94 | | 1,206.56 | |
| 01262017 CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019 | | | | | | | | | | | |



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Bond holdings - as of March 31, 2017 (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 2019 | | | | | | | | | | | |
| MORGAN STANLEY 05.625% | A3/A/BBB+ | 750,000 | 5.63% | 09/23/2019 | | 42,187.50 | 2.29% | 804,837.55 | 107.979 | 809,842.50 | 1.16% |
| 092319 DTD092309 FC032310 M/W+35BP | NR/NR/NR | | | | | 5.21% | 2.29% | 5,004.95 | | 937.50 | |
| CUSIP: 61747YCJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019 | | | | | | | | | | | |
| CALIFORNIA ST TAX | Aa3/AA-/AA- | 400,000 | 6.20% | 10/01/2019 | | 24,800.00 | 1.71% | 440,571.49 | 110.955 | 443,820.00 | 0.64% |
| BE/R/ 6.200 100119 DTD 101509 /CA | NR/NR/NR | | | | | 5.59% | 1.71% | 3,248.51 | | 12,400.00 | |
| CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019 | | | | | | | | | | | |
| FHLMC MED TERM NTS | Aaa/AAA/AA+ | 485,000 | | 10/01/2019 | | | 1.70% | 460,625.19 | 95.921 | 465,216.85 | 0.67% |
| 00.0000% DUE 100119 | NR/NR/NR | | | | | | 1.70% | 4,591.66 | | 0.00 | |
| CUSIP: 3128X2SW6 Initial Purchase Date: 06/03/2015 | | | | | | | | | | | |
| UNITD TECHNOLOGIES CORP | A3/A-/A- | 250,000 | 8.88% | 11/15/2019 | | 22,187.50 | 2.23% | 297,513.22 | 116.829 | 292,072.50 | 0.42% |
| 08.875% 111519 DTD111389 FC051590 DEB | NR/NR/NR | | | | | 7.60% | 2.23% | -5,440.72 | | 8,381.94 | |
| 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 | 1.54% | \$10,107,371.49 | | \$10,104,999.91 | 14.51% |
| | | | | | | 2.01% | 1.54% | \$-2,371.58 | | \$71,541.29 | |
| Maturing 2020 | | | | | | | | | | | |
| ABBOTT LABS NTS B/E 02.000% | Baa3/BBB/BBB | 1,000,000 | 2.00% | 03/15/2020 | | 20,000.00 | 2.24% | 999,370.00 | 99.330 | 993,300.00 | 1.43% |
| 031520 DTD031015 FC091515 CALL@M/W+10BP | NR/NR/NR | | | | | 2.01% | 2.24% | -6,070.00 | | 888.89 | |
| CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 | | | | | | | | | | | |
| FNMA NTS 01.500 % DUE | Aaa/AAA/AA+ | 1,750,000 | 1.50% | 03/23/2020 | 06/23/2017 | 26,250.00 | 1.71% | 1,748,250.00 | 99.380 | 1,739,150.00 | 2.50% |
| 032320 DTD 032316 FC 09232016 | NR/NR/NR | | | | 100.00 | 1.51% | 1.71% | -9,100.00 | | 583.33 | |
| CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020 | | | | | | | | | | | |



Bond holdings - as of March 31, 2017 (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 | | | | | | | | | | | |
| NBCUNIVERSAL MEDIA LLC 05.150% 04/30/20 DTD043011 CALL@MW+25BP CUSIP: 63946BAD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020 QUALCOMM INC NTS B/E 02.250% 05/20/20 DTD052015 FC112015 CUSIP: 747525AD5 Initial Purchase Date: 02/22/2017 Original Maturity: 05/20/2020 PHILIC MED TERM NTS 01.500 % DUE 06/29/20 DTD 06/29/16 FC 12292016 CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020 FNMA NTS 01.350 % DUE 08/24/20 DTD 08/24/16 FC 02242017 CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020 JP MORGAN CHASE & CO 02.550% 10/29/20 DTD102915 FC042916 NTS B/E CUSIP: 46625HXX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020 | A3/A+/A- NR/NR/NR | 2,000,000 | 5.15% | 04/30/2020 | | 103,000.00 4.72% | 2.07% 2.07% | 2,217,411.95 -34,471.95 | 109.147 | 2,182,940.00 42,916.67 | 3.13% |
| | A1/NR/A+ NR/NR/NR | 2,879,000 | 2.25% | 05/20/2020 | | 64,777.50 2.25% | 2.18% 2.18% | 2,891,769.14 -6,377.76 | 100.222 | 2,885,391.38 23,571.81 | 4.14% |
| | Aaa/AAA/AA+ NR/NR/NR | 3,500,000 | 1.50% | 06/29/2020 | 06/29/2017 100.00 | 52,500.00 1.54% | 2.38% 2.38% | 3,500,000.00 -95,760.00 | 97.264 | 3,404,240.00 13,416.67 | 4.89% |
| | Aaa/AAA/AA+ NR/NR/NR | 3,500,000 | 1.35% | 08/24/2020 | 05/24/2017 100.00 | 47,250.00 1.39% | 2.30% 2.30% | 3,498,250.00 -106,855.00 | 96.897 | 3,391,395.00 4,856.25 | 4.87% |
| | A3/A+/A- NR/NR/NR | 1,000,000 | 2.55% | 10/29/2020 | 09/29/2020 100.00 | 25,500.00 2.54% | 2.42% 2.42% | 994,430.00 10,030.00 | 100.446 | 1,004,460.00 10,766.67 | 1.44% |
| Total 2020 | | 15,629,000 | 2.22% | 06/16/2020 | | \$339,277.50 2.17% | 2.20% 2.20% | \$15,849,481.09 \$-248,604.71 | | \$15,600,876.38 \$97,000.28 | 22.40% |

| | 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 2021 | | | | | | | | | | | |
| E I DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MW+15BP B/E CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021 | A3/A+/A- NR/NR/NR | 400,000 | 3.63% | 01/15/2021 | | 14,500.00 3.49% | 2.57% 2.57% | 423,680.50 -8,604.50 | 103.769 | 415,076.00 3,061.11 | 0.60% |



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Bond holdings - as of March 31, 2017 (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. | |
|---|---|-----------|--------|-----------------------|-------------------------------|--|--|--|----------------------|---|-----------------------|------|
| | | | | | | | | | | | | Year |
| Maturing 2021 | | | | | | | | | | | | |
| FFCB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017 | Aaa/AAA/AA+ NR/NR/NR | 4,500,000 | 1.47% | 02/17/2021 | | 66,150.00 1.49% | 1.90% 1.90% | 4,496,625.00 -67,860.00 | 98.417 | 4,428,765.00 8,085.00 | 6.36% | |
| CUSIP: 3133EGRN7 Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021 | | | | | | | | | | | | |
| FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017 | Aaa/AAA/AA+ NR/NR/NR | 3,525,000 | 1.50% | 03/30/2021 | 06/30/2017 100.00 | 52,875.00 1.55% | 2.32% 2.32% | 3,524,118.75 -108,711.00 | 96.891 | 3,415,407.75 0.00 | 4.90% | |
| CUSIP: 3134GAEE0 Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021 | | | | | | | | | | | | |
| EI DU PONT DE NEMOURS 04.250% 040121 DTD 032511 CALL@MW+15BP CUSIP: 263534CE7 | A3/AA- NR/NR/NR | 250,000 | 4.25% | 04/01/2021 | | 10,625.00 3.98% | 2.47% 2.47% | 272,972.00 -6,119.50 | 106.741 | 266,852.50 5,312.50 | 0.38% | |
| CUSIP: 12189LAD3 Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021 | | | | | | | | | | | | |
| BURLINGTON NTHN SANTA FE 04.100% 060121 DTD 051911 CALL@MW +15BP CORP NTS CUSIP: 12189LAD3 | A3/NR/A NR/NR/NR | 1,000,000 | 4.10% | 06/01/2021 | 03/01/2021 100.00 | 41,000.00 3.85% | 2.47% 2.38% | 1,065,332.89 -1,252.89 | 106.408 | 1,064,080.00 13,666.67 | 1.53% | |
| CUSIP: 12189LAD3 Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021 | | | | | | | | | | | | |
| FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017 | Aaa/AAA/AA+ NR/NR/NR | 3,750,000 | 1.53% | 07/28/2021 | 07/28/2017 100.00 | 57,375.00 1.59% | 2.42% 2.42% | 3,750,000.00 -136,425.00 | 96.362 | 3,613,575.00 10,040.63 | 5.19% | |
| CUSIP: 3136G3597 Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021 | | | | | | | | | | | | |
| FHLB NTS 01.550 % DUE 090121 DTD 090116 FC 03012017 CUSIP: 3130A9BJ9 | Aaa/NR/AA+ NR/NR/NR | 500,000 | 1.55% | 09/01/2021 | | 7,750.00 1.59% | 2.15% 2.15% | 499,375.00 -11,895.00 | 97.496 | 487,480.00 645.83 | 0.70% | |
| CUSIP: 3130A9BJ9 Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021 | | | | | | | | | | | | |
| LOS ANG CAL TAX SR A BE/R/ 2.150 090121 DTD 122116 /CA CUSIP: 544351KQ1 | Aaa/NR/NR NR/NR/NR | 1,000,000 | 2.15% | 09/01/2021 | | 21,500.00 2.15% | 2.10% 2.10% | 994,250.00 7,830.00 | 100.208 | 1,002,080.00 5,972.22 | 1.44% | |
| CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021 | | | | | | | | | | | | |



Bond holdings - as of March 31, 2017 (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 | Aaa/NR/AA+ | 2,290,000 | 1.52% | 09/23/2021 | | 34,808.00 | 2.33% | 2,289,150.00 | 96.575 | 2,211,567.50 | 3.18% |
| 092321 DTD 092316 FC | NR/NR/NR | | | | | 1.57% | 2.33% | -77,582.50 | | 773.51 | |
| 03232017 | | | | | | | | | | | |
| CUSIP: 3130A9FB2 | | | | | | | | | | | |
| Initial Purchase Date: 09/27/2016 | | | | | | | | | | | |
| Original Maturity: 09/23/2021 | | | | | | | | | | | |
| FHLB BOND 01.600 % DUE | Aaa/NR/AA+ | 255,000 | 1.60% | 09/27/2021 | | 4,080.00 | 2.02% | 255,000.00 | 98.219 | 250,458.45 | 0.36% |
| 092721 DTD 092716 FC | NR/NR/NR | | | | | 1.63% | 2.02% | -4,541.55 | | 45.33 | |
| 03272017 | | | | | | | | | | | |
| CUSIP: 3130A9JZ5 | | | | | | | | | | | |
| Initial Purchase Date: 09/27/2016 | | | | | | | | | | | |
| Original Maturity: 09/27/2021 | | | | | | | | | | | |
| MISSISSIPPI ST TAX SR G | Aaa/AA/AA | 1,450,000 | 2.47% | 11/01/2021 | | 35,815.00 | 2.18% | 1,469,438.00 | 101.256 | 1,468,212.00 | 2.11% |
| BE/RV 2.470 110121 DTD 120815 | NR/NR/NR | | | | | 2.44% | 2.18% | -1,226.00 | | 14,922.92 | |
| /MS | | | | | | | | | | | |
| CUSIP: 605581GN1 | | | | | | | | | | | |
| Initial Purchase Date: 02/22/2017 | | | | | | | | | | | |
| Original Maturity: 11/01/2021 | | | | | | | | | | | |
| Total 2021 | | 18,920,000 | 1.85% | 06/07/2021 | | \$346,478.00 | 2.22% | \$19,039,942.14 | | \$18,623,554.20 | 26.74% |
| | | | | | | 1.86% | 2.22% | \$-416,387.94 | | \$62,525.72 | |
| Maturing 2022 | | | | | | | | | | | |
| APPLE INC NTS B/E 02.500% | Aa1/NR/AA+ | 2,000,000 | 2.50% | 02/09/2022 | 01/09/2022 | 50,000.00 | 2.40% | 2,005,663.64 | 100.443 | 2,008,860.00 | 2.88% |
| 020922 DTD 020917 FC 080917 | NR/NR/NR | | | | | 2.49% | 2.40% | 3,196.36 | | 7,222.22 | |
| CALL@MW+10BP | | | | | 100.00 | | | | | | |
| CUSIP: 037833CM0 | | | | | | | | | | | |
| Initial Purchase Date: 02/22/2017 | | | | | | | | | | | |
| Original Maturity: 02/09/2022 | | | | | | | | | | | |
| FFCB BOND 02.240 % DUE | Aaa/AAA/AA+ | 2,500,000 | 2.24% | 02/22/2022 | 05/22/2017 | 56,000.00 | 2.28% | 2,496,875.00 | 99.834 | 2,495,850.00 | 3.58% |
| 082222 DTD 022217 FC | NR/NR/NR | | | | | 2.24% | 2.28% | -1,025.00 | | 6,066.67 | |
| 08222017 | | | | | 100.00 | | | | | | |
| CUSIP: 3133EHAA1 | | | | | | | | | | | |
| Initial Purchase Date: 03/01/2017 | | | | | | | | | | | |
| Original Maturity: 02/22/2022 | | | | | | | | | | | |
| FFCB BOND 02.280 % DUE | Aaa/AAA/AA+ | 3,250,000 | 2.28% | 03/01/2022 | 06/01/2017 | 74,100.00 | 2.29% | 3,246,637.50 | 99.967 | 3,248,927.50 | 4.67% |
| 030122 DTD 030117 FC | NR/NR/NR | | | | | 2.28% | 2.29% | 2,290.00 | | 6,175.00 | |
| 09012017 | | | | | 100.00 | | | | | | |
| CUSIP: 3133EHAV5 | | | | | | | | | | | |
| Initial Purchase Date: 03/01/2017 | | | | | | | | | | | |
| Original Maturity: 03/01/2022 | | | | | | | | | | | |
| Total 2022 | | 7,750,000 | 2.32% | 02/22/2022 | | \$180,100.00 | 2.31% | \$7,749,176.14 | | \$7,753,637.50 | 11.13% |
| | | | | | | 2.32% | 2.31% | \$4,461.36 | | \$19,463.89 | |



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

Bond holdings - as of March 31, 2017 (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. gl (\$) | Market price (\$) | Mkt. value (\$)/ Acct. interest (\$) | % of bond port. |
|---|------------|--------|-----------------------|-------------------------------|--|--|---|----------------------|---|-----------------------|
| | 69,606,000 | 2.33% | 03/18/2020 | NA | \$1,578,717.07 2.27% | 1.94% 1.94% | \$70,276,871.19 -\$635,696.31 | NA | \$69,641,174.88 \$409,037.48 | 100% |
| Total Bond Portfolio | | | | | | | | | \$70,050,212.36 | |



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.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

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 weighs 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 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 'x' 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 account(s) 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

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 UFFs.

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 March 31, 2017

Benchmark composition

Consolidated

Benchmark_1

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

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

Kern Health Systems
Investment Activity for 1st Quarter 2017

PURCHASES

| Trade Date | Activity | Description | Ratings (Mdy/Fitch/S&P) | Quantity | Maturity Date | Coupon | YTM | Price | Cost |
|------------|----------|--------------------|-------------------------|-----------|---------------|--------|-------|---------|--------------------|
| 02/22/2017 | BOUGHT | APPLE INC NTS | Aa1/NR/AA+ | 2,000,000 | 02/09/2022 | 2.50% | 2.44% | 100.289 | \$ (2,005,780.00) |
| 02/22/2017 | BOUGHT | BURLINGTON NTHN | A3/NR/A | 1,000,000 | 06/01/2021 | 4.10% | 2.44% | 106.691 | \$ (1,066,910.00) |
| 02/22/2017 | BOUGHT | MISSISSIPPI ST TAX | Aa2/AA/AA | 1,450,000 | 11/01/2021 | 2.16% | 1.85% | 101.370 | \$ (1,469,865.00) |
| 02/22/2017 | BOUGHT | QUALCOMM INC NTS | A1/NR/A+ | 2,879,000 | 05/20/2020 | 2.25% | 2.10% | 100.458 | \$ (2,892,185.82) |
| 03/01/2017 | BOUGHT | FFCB BOND | Aaa/AAA/AA+ | 2,500,000 | 02/22/2022 | 2.24% | 2.27% | 99.875 | \$ (2,496,875.00) |
| 03/01/2017 | BOUGHT | FFCB BOND | Aaa/AAA/AA+ | 1,750,000 | 03/01/2022 | 2.28% | 2.32% | 99.825 | \$ (1,746,937.50) |
| 03/01/2017 | BOUGHT | FFCB BOND | Aaa/AAA/AA+ | 1,500,000 | 03/01/2022 | 2.28% | 2.28% | 99.980 | \$ (1,499,700.00) |
| | | | | | | | | | \$ (13,178,253.32) |

MATURITIES / REDEMPTIONS

| Date | Activity | Description | Ratings (Mdy/Fitch/S&P) | Quantity | Maturity Date | Proceeds |
|------------|----------|--------------------------|-------------------------|------------|---------------|-----------------|
| 02/15/2017 | MATURITY | WALT DISNEY COMPANY/THE | | -1,000,000 | 02/15/2017 | \$ 1,000,000.00 |
| 03/01/2017 | MATURITY | ST OF CA GEN OBLI BN TAX | | -985,000 | 03/01/2017 | \$ 985,000.00 |
| | | | | | | \$ 1,985,000.00 |

INTERNAL WORKSHEET



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

03/01/2017 - 03/31/2017

Your Investment Account(s)

KERN HEALTH SYSTEMS
 9700 STOCKDALE HWY

Account Number
 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 | 34,060,053.62 | 33,224,689.83 | 24% |
| Bonds | 108,700,108.93 | 107,585,316.77 | 76% |
| Stocks | 0.00 | 0.00 | 0% |
| Total Account Value | \$ 142,760,162.55 | \$ 140,810,006.60 | 100% |
| Value Change Since Last Statement Period | | \$ (1,950,155.95) | |
| Percent Decrease Since Last Statement Period | | 1% | |
| Value Last Year-End | | \$ 64,661,783.31 | |
| Percent Increase Since Last Year-End | | 118% | |

Income Summary USD

| | This Period | Year-To-Date |
|-------------------------------------|---------------------|----------------------|
| Interest | \$ 40,797.17 | \$ 92,416.53 |
| Dividends/Capital Gains | 0.00 | 0.00 |
| Money Market Mutual Funds Dividends | 10,964.40 | 29,871.28 |
| Other | 0.00 | 0.00 |
| Income Total | \$ 51,761.57 | \$ 122,287.81 |

Money Market Mutual Funds Summary USD

| Description | Amount |
|--------------------------------------|-------------------------|
| Opening Market Value | \$ 34,060,053.62 |
| Deposits and Other Additions | 122,148,160.98 |
| Distributions and Other Subtractions | (122,994,489.17) |
| Dividends Reinvested | 10,964.40 |
| Change in Value | 0.00 |
| Closing Market Value | \$ 33,224,689.83 |

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, L.L.C.

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.

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 | | | | | | | | |
| 032556BW1 | ANAHEIM CA HSG & PUBLIC IMPT A TXBL-REF-ELEC UTIL DISTRIBUTIO | 04/01/17 | 0.800% | 1,320,000.000 | 100.0000 | 1,320,000.00 | | Y |
| 48306AR41 | KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER | 04/04/17 | 0.000% | 3,000,000.000 | 99.9891 | 2,999,672.01 | | |
| 59515MR56 | MICROSOFT CORP 4(2) DISCOUNTED COMMERCIAL PAPER | 04/05/17 | 0.000% | 5,000,000.000 | 99.9889 | 4,999,446.55 | | |
| 93884ER56 | WASHINGTON GAS LIGHT CO DISCOUNTED COMMERCIAL PAPER | 04/05/17 | 0.000% | 2,000,000.000 | 99.9889 | 1,999,778.62 | | |
| 912796KQ1 | UNITED STATES TREASURY BILL | 04/06/17 | 0.000% | 30,000,000.000 | 99.9949 | 29,998,470.00 | | |
| 24422EQF9 | JOHN DEERE CAPITAL CORP | 04/13/17 | 5.500% | 1,276,000.000 | 100.0902 | 1,277,150.95 | | N |
| 66844CRM8 | NORTHWESTERN UNIVERSITY DISCOUNTED COMMERCIAL PAPER | 04/21/17 | 0.000% | 3,000,000.000 | 99.8654 | 2,995,962.50 | | |
| 30229ART8 | EXXON MOBIL CORP DISCOUNTED COMMERCIAL PAPER | 04/27/17 | 0.000% | 3,000,000.000 | 99.9372 | 2,998,114.50 | | |
| 912796JP5 | UNITED STATES TREASURY BILL | 04/27/17 | 0.000% | 30,000,000.000 | 99.9513 | 29,985,390.00 | | |
| 037833AM2 | APPLE INC | 05/05/17 | 1.050% | 3,000,000.000 | 100.0052 | 3,000,156.00 | | N |
| 91412GC94 | UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS | 05/15/17 | 0.750% | 2,000,000.000 | 99.9500 | 1,999,000.00 | | Y |
| 8552M2SQ7 | STARBUCKS CORP 4(2) DISCOUNTED COMMERCIAL PAPER | 05/24/17 | 0.000% | 2,000,000.000 | 99.8230 | 1,996,460.00 | | |
| 48306AT80 | KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER | 06/08/17 | 0.000% | 2,000,000.000 | 99.7775 | 1,995,549.50 | | |
| 24422ESN0 | JOHN DEERE CAPITAL CORP | 06/12/17 | 1.125% | 2,000,000.000 | 99.9903 | 1,999,806.00 | | N |
| 52730JBP0 | LEVEL ONE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 06/19/17 | 0.650% | 250,000.000 | 100.0493 | 250,123.25 | | |
| 13017HAD8 | CALIFORNIA ST EARTHQUAKE AUTH TXBL | 07/01/17 | 1.824% | 2,000,000.000 | 100.2380 | 2,004,760.00 | | N |
| 02587CDJ6 | AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT | 01/08/18 | 1.400% | 250,000.000 | 100.2496 | 250,624.00 | | |
| 94974BFG0 | WELLS FARGO & COMPANY | 01/16/18 | 1.500% | 1,000,000.000 | 99.8200 | 998,200.00 | | N |
| 94988J5A1 | WELLS FARGO BANK NA | 01/22/18 | 1.650% | 500,000.000 | 99.9442 | 499,721.00 | | N |
| 06050TLY6 | BANK OF AMERICA NA | 03/26/18 | 1.650% | 1,000,000.000 | 100.0391 | 1,000,391.00 | | N |
| 38141GFM1 | GOLDMAN SACHS GROUP INC | 04/01/18 | 6.150% | 1,000,000.000 | 104.1780 | 1,041,780.00 | | N |
| 02587DYK8 | AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT | 06/04/18 | 1.450% | 250,000.000 | 100.2707 | 250,676.75 | | |

064902 118826 0009 13227 UNW2483200-00014558 74988 0810 23483 040117P

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 | | | | | | | | |
| 05580ADH4 | BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT | 06/11/18 | 1.400% | 250,000.000 | 100.2422 | 250,605.50 | | |
| 17275RAY8 | CISCO SYSTEMS INC | 06/15/18 | 1.441% | 1,000,000.000 | 100.3679 | 1,003,679.00 | | N |
| 02006LSF1 | ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 07/16/18 | 1.650% | 250,000.000 | 100.2866 | 250,716.50 | | |
| 140420TH3 | CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT | 07/16/18 | 1.600% | 250,000.000 | 100.2868 | 250,717.00 | | |
| 48126XAM7 | JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 08/16/18 | 1.100% | 250,000.000 | 99.5134 | 248,783.50 | | Y |
| 05581WJT3 | BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT | 08/17/18 | 1.050% | 250,000.000 | 99.4945 | 248,736.25 | | |
| 254672F86 | DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 08/17/18 | 1.000% | 250,000.000 | 99.5903 | 248,975.75 | | |
| 02665WAC5 | AMERICAN HONDA FINANCE | 10/10/18 | 2.125% | 1,300,000.000 | 100.7661 | 1,309,959.30 | | N |
| 795450ZE8 | SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT | 10/12/18 | 1.150% | 250,000.000 | 99.3623 | 248,405.75 | | |
| 89236TCU7 | TOYOTA MOTOR CREDIT CORP | 02/19/19 | 1.700% | 1,000,000.000 | 100.1682 | 1,001,682.00 | | N |
| 13063CKL3 | CALIFORNIA ST TXBL-VARIOUS PURPOSE | 05/01/19 | 2.250% | 1,310,000.000 | 101.5070 | 1,329,741.70 | | N |
| 94988J5D5 | WELLS FARGO BANK NA | 05/24/19 | 1.750% | 1,000,000.000 | 99.6843 | 996,843.00 | | N |
| 02665WBEO | AMERICAN HONDA FINANCE | 07/12/19 | 1.200% | 1,000,000.000 | 98.6542 | 986,542.00 | | N |
| 161571HG2 | CHAIT 2016-A6 A6 | 01/15/20 | 1.100% | 1,000,000.000 | 99.7779 | 997,778.80 | | N |
| 43814GAD2 | HAROT 2014-2 A4 | 05/18/20 | 1.180% | 1,350,000.000 | 100.0147 | 1,350,198.59 | | N |
| 02582JGW4 | AMXCA 2014-4 A | 06/15/20 | 1.430% | 1,000,000.000 | 100.0720 | 1,000,719.50 | | N |
| | | | | 107,556,000.000 | | 107,585,316.77 | 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.

KERN HEALTH SYSTEMS
 Account Number: 1AB84780
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 |
|--------------------------|-----------------------------|----------|-------------|--------------------------------|----------------|-------------|------------------|---------------|-----------------------|
| 03/02/17 | 03/02/17 | Purchase | 912796KN8 | UNITED STATES TREASURY BILL | 30,000,000.00 | 99.9879440 | (29,996,383.33) | 0.00 | (29,996,383.33) |
| 03/03/17 | 03/03/17 | Purchase | 48308AT80 | KAISER FOUNDATION HOSP | 2,000,000.00 | 99.7844450 | (1,995,688.89) | 0.00 | (1,995,688.89) |
| 03/01/17 | 03/06/17 | Purchase | 13017HAD8 | CALIFORNIA ST EARTHQUAKE AUTH | 2,000,000.00 | 100.3570000 | (2,007,140.00) | (6,586.67) | (2,013,726.67) |
| 03/10/17 | 03/10/17 | Purchase | 59515MR56 | MICROSOFT CORP 4(2) DISCOUNTED | 5,000,000.00 | 99.9602780 | (4,998,013.89) | 0.00 | (4,998,013.89) |
| 03/10/17 | 03/10/17 | Purchase | 93884ER56 | WASHINGTON GAS LIGHT CO | 2,000,000.00 | 99.9494450 | (1,998,988.89) | 0.00 | (1,998,988.89) |
| 03/13/17 | 03/16/17 | Purchase | 24422ESN0 | JOHN DEERE CAPITAL CORP | 2,000,000.00 | 100.0602370 | (2,001,204.74) | (5,875.00) | (2,007,079.74) |
| 03/16/17 | 03/16/17 | Purchase | 912796KQ1 | UNITED STATES TREASURY BILL | 30,000,000.00 | 99.9722920 | (29,991,687.50) | 0.00 | (29,991,687.50) |
| 03/22/17 | 03/27/17 | Purchase | 43814GAD2 | HAROT 2014-2 A4 | 1,350,000.00 | 100.0117187 | (1,350,158.20) | (398.25) | (1,350,556.45) |

Income / Payment Activity USD

| Transaction / Trade Date | Settlement / Eff. Date | Activity | Security ID | Description | Par / Quantity | Price | Principal Amount | Income Amount | Debit / Credit Amount |
|--------------------------|------------------------|----------|-------------|--------------------------------|----------------|-------|------------------|---------------|-----------------------|
| 03/03/17 | 03/03/17 | Matured | 14912L5Z0 | CATERPILLAR FINANCIAL SE | | | 3,365,000.00 | | 3,365,000.00 |
| 03/03/17 | 03/03/17 | Interest | 14912L5Z0 | CATERPILLAR FINANCIAL SE | | | | 16,825.00 | 16,825.00 |
| 03/03/17 | 03/03/17 | Matured | 48308AQ34 | KAISER FOUNDATION HOSP | | | 2,000,000.00 | | 2,000,000.00 |
| 03/08/17 | 03/08/17 | Matured | 07370WVG6 | BEAL BANK USA INTEREST BEARING | | | 250,000.00 | | 250,000.00 |
| 03/08/17 | 03/08/17 | Interest | 07370WVG6 | BEAL BANK USA INTEREST BEARING | | | | 1,869.86 | 1,869.86 |
| 03/09/17 | 03/09/17 | Matured | 03784JQK3 | APPLE BANK FOR SVGS INTEREST | | | 250,000.00 | | 250,000.00 |
| 03/09/17 | 03/09/17 | Interest | 03784JQK3 | APPLE BANK FOR SVGS INTEREST | | | | 1,625.00 | 1,625.00 |
| 03/10/17 | 03/10/17 | Matured | 33583CUV9 | FIRST NIAGARA BANK INTEREST | | | 250,000.00 | | 250,000.00 |
| 03/10/17 | 03/10/17 | Interest | 33583CUV9 | FIRST NIAGARA BANK INTEREST | | | | 1,620.55 | 1,620.55 |
| 03/10/17 | 03/10/17 | Matured | 59013JMU0 | MERRICK BANK INTEREST BEARING | | | 250,000.00 | | 250,000.00 |
| 03/10/17 | 03/10/17 | Interest | 59013JMU0 | MERRICK BANK INTEREST BEARING | | | | 124.66 | 124.66 |
| 03/13/17 | 03/13/17 | Matured | 93884EQD0 | WASHINGTON GAS LIGHT CO | | | 3,000,000.00 | | 3,000,000.00 |
| 03/15/17 | 03/15/17 | Interest | 17275RAY8 | CISCO SYSTEMS INC | | | | 3,183.60 | 3,183.60 |
| 03/15/17 | 03/15/17 | Matured | 30231GAA0 | EXXON MOBIL CORPORATION | | | 1,100,000.00 | | 1,100,000.00 |
| 03/15/17 | 03/15/17 | Interest | 30231GAA0 | EXXON MOBIL CORPORATION | | | | 5,065.50 | 5,065.50 |
| 03/15/17 | 03/15/17 | Interest | 02582JGW4 | AMXCA 2014-4 A | | | | 1,191.67 | 1,191.67 |
| 03/15/17 | 03/15/17 | Interest | 161571HG2 | CHAIT 2016-A6 A6 | | | | 916.67 | 916.67 |
| 03/16/17 | 03/16/17 | Matured | 912796KN8 | UNITED STATES TREASURY BILL | | | 30,000,000.00 | | 30,000,000.00 |
| 03/20/17 | 03/20/17 | Interest | 52730JBP0 | LEVEL ONE BANK INTEREST | | | | 124.66 | 124.66 |
| 03/22/17 | 03/22/17 | Matured | 9113A2QN9 | UNITED PARCEL SERV INC 4(2) | | | 3,000,000.00 | | 3,000,000.00 |
| 03/27/17 | 03/27/17 | Interest | 06050TLY6 | BANK OF AMERICA NA | | | | 8,250.00 | 8,250.00 |
| 03/27/17 | 03/27/17 | Matured | 8552M2QT3 | STARBUCKS CORP 4(2) DISCOUNTED | | | 2,000,000.00 | | 2,000,000.00 |
| 03/30/17 | 03/30/17 | Matured | 912796JJ9 | UNITED STATES TREASURY BILL | | | 30,000,000.00 | | 30,000,000.00 |

Cash Activity USD

| Transaction / Trade Date | Settlement / Eff. Date | Activity | Description | Debit Amount / Disbursements | Credit Amount / Receipts |
|--------------------------|------------------------|---------------------|----------------|------------------------------|--------------------------|
| 03/01/17 | 03/01/17 | ACH/DDA Transaction | DESIGNATED DDA | 10,000,000.00 | |

064061 1238V5 0009 13027 JLNW404300C0014683 74888.0010 22465 06/01/17 P

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Cash Activity USD

| Transaction / Trade Date | Settlement / Eff. Date | Activity | Description | Debit Amount / Disbursements | Credit Amount / Receipts |
|-----------------------------|---------------------------|---------------------|----------------|---------------------------------|-----------------------------|
| 03/02/17 | 03/02/17 | ACH/DDA Transaction | DESIGNATED DDA | | 50,000,000.00 |
| 03/14/17 | 03/14/17 | ACH/DDA Transaction | DESIGNATED DDA | 12,000,000.00 | |
| 03/20/17 | 03/20/17 | ACH/DDA Transaction | DESIGNATED DDA | 15,000,000.00 | |
| 03/27/17 | 03/27/17 | ACH/DDA Transaction | DESIGNATED DDA | 15,000,000.00 | |

Money Market Fund Activity

Morgan Stan TreasSvc 8314

*As of March 31, 2017

| USD | Dividend earned this period | 7 day* simple yield | 30 day* simple yield |
|-----|--------------------------------|------------------------|-------------------------|
| | 10,964.40 | 0.530% | 0.460% |

| Transaction Date | Activity | Shares | Price | Market Value (\$) | Dividend Amount | Share Balance |
|---------------------|--------------------------|-----------------|---------------|----------------------|-----------------|----------------------|
| | Beginning Balance | | 1.0000 | 34,060,053.62 | | 34,060,053.62 |
| 03/01/17 | Redemption | (10,000,000.00) | | (10,000,000.00) | | 24,060,053.62 |
| 03/02/17 | Purchase | 50,000,000.00 | | 50,000,000.00 | | 74,060,053.62 |
| 03/02/17 | Redemption | (29,996,383.33) | | (29,996,383.33) | | 44,063,670.29 |
| 03/03/17 | Purchase | 5,381,825.00 | | 5,381,825.00 | | 49,445,495.29 |
| 03/03/17 | Redemption | (1,995,688.89) | | (1,995,688.89) | | 47,449,806.40 |
| 03/06/17 | Redemption | (2,013,726.67) | | (2,013,726.67) | | 45,436,079.73 |
| 03/08/17 | Purchase | 251,869.86 | | 251,869.86 | | 45,687,949.59 |
| 03/09/17 | Purchase | 251,625.00 | | 251,625.00 | | 45,939,574.59 |
| 03/10/17 | Purchase | 501,745.21 | | 501,745.21 | | 46,441,319.80 |
| 03/10/17 | Redemption | (4,998,013.89) | | (4,998,013.89) | | 41,443,305.91 |
| 03/10/17 | Redemption | (1,998,988.89) | | (1,998,988.89) | | 39,444,317.02 |
| 03/13/17 | Purchase | 3,000,000.00 | | 3,000,000.00 | | 42,444,317.02 |
| 03/14/17 | Redemption | (12,000,000.00) | | (12,000,000.00) | | 30,444,317.02 |
| 03/15/17 | Purchase | 1,110,357.44 | | 1,110,357.44 | | 31,554,674.46 |
| 03/16/17 | Purchase | 27,992,920.26 | | 27,992,920.26 | | 59,547,594.72 |
| 03/16/17 | Redemption | (29,991,687.50) | | (29,991,687.50) | | 29,555,907.22 |
| 03/20/17 | Purchase | 124.66 | | 124.66 | | 29,556,031.88 |
| 03/20/17 | Redemption | (15,000,000.00) | | (15,000,000.00) | | 14,556,031.88 |
| 03/22/17 | Purchase | 3,000,000.00 | | 3,000,000.00 | | 17,556,031.88 |
| 03/27/17 | Purchase | 657,693.55 | | 657,693.55 | | 18,213,725.43 |
| 03/27/17 | Redemption | (15,000,000.00) | | (15,000,000.00) | | 3,213,725.43 |
| 03/30/17 | Purchase | 30,000,000.00 | | 30,000,000.00 | | 33,213,725.43 |

KERN HEALTH SYSTEMS
 Account Number: 1AB84780

Page 7 of 7
 Statement Ending: **March 31, 2017**

Money Market Fund Activity (Continued)

| Transaction Date | Activity | Shares | Price | Market Value (\$) | Dividend Amount | Share Balance |
|------------------|-----------------------|-----------|---------------|----------------------|-----------------|----------------------|
| 03/31/17 | Reinvest | 10,964.40 | | | 10,964.40 | 33,224,689.83 |
| | Ending Balance | | 1.0000 | 33,224,689.83 | | 33,224,689.83 |



To: KHS Finance Committee

From: Robert Landis, CFO

Date: June 2, 2017

Re: Voluntary Participation in IGT Funding Distribution

Background

Department of Health Care Services (DHCS) is providing qualified local hospitals with the opportunity to participate in voluntary IGT distributions for the periods 7/1/15-6/30/16 and 7/1/16-6/30/17. Besides KMC, the two district hospitals in our service area also qualify for participation. Each hospital is required to contribute funding which is matched with federal dollars and returned through KHS to the respective institutions. Hospitals participating with their requested funding amounts include:

1. KMC - \$8,755,249 and \$10,224,684
2. Kern Valley Healthcare District - \$664,373 and \$825,489
3. Tehachapi Valley Healthcare District - \$572,099 and \$710,837

Agenda items 5, 6 and 7 are retro-active amendments to our respective hospital agreements with each institution which will require retro-active approval by the Board in order to facilitate the transfer of such funds.

Requested Action

Retro-active Approval; Refer to KHS Board of Directors

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 18

This Amendment is made this 18th day of May {month/year}, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and the Kern County Hospital Authority, a county hospital authority, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

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

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

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

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

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

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

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

IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #16-93770 ("Intergovernmental Agreement") effective for the periods of July 1, 2015 through June 30, 2016 and July 1, 2016 through June 30, 2017 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"),

PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Local Medi-Cal Managed Care Rate Range (“LMMCRR”) IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller’s Tax

(a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller’s (“MMCS”) tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT MMCRRIs through June 30, 2016. If the PLAN receives any capitation rate increases for MMCS taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

(b) This paragraph does not apply to any service months on or after July 1, 2016.

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

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

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

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

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

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

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

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

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

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

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

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

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within thirty (30) calendar days after receipt from

PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 11.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

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

2. Term

The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2019.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems

Date: 5/4/17

By: Title: Chief Executive Officer

[Handwritten Signature]

PROVIDER: Kern County Hospital Authority

Date: 5-15-17

By: Title: Chief Executive Officer

[Handwritten Signature]

APPROVED AS TO FORM
Office of County Counsel
Kern County

By: [Handwritten Signature: Karen S. James]

Date: 5/15/17

HEALTH PLAN-PROVIDER AGREEMENT
HOSPITAL AND OTHER FACILITY SERVICES AGREEMENT
AMENDMENT NO. 35

This Amendment is made this 15th day of May {month/year}, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and the Kern County Hospital Authority, a county hospital authority, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

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

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

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

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

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

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

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

IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #16-93770 ("Intergovernmental Agreement") effective for the periods of July 1, 2015 through June 30, 2016 and July 1, 2016 through June 30, 2017 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRI"),

PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Local Medi-Cal Managed Care Rate Range (“LMMCRR”) IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller’s Tax

(a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller’s (“MMCS”) tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT MMCRRIs through June 30, 2016. If the PLAN receives any capitation rate increases for MMCS taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

(b) This paragraph does not apply to any service months on or after July 1, 2016.

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

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

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

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

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

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

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

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

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

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

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

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

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within thirty (30) calendar days after receipt from

PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

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

2. Term

The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2019.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: 5/4/17
By: Title: Chief Executive Officer [Signature]

PROVIDER: Kern County Hospital Authority Date: 5/15/17
By: Title: Chief Executive Officer [Signature]

APPROVED AS TO FORM
Office of County Counsel
Kern County
By Karen S. James
Date 5/15/17

HEALTH PLAN/PROVIDER AGREEMENT

AMENDMENT

This Amendment is made this 1st day of July, 2015, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and Kern Valley Hospital, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective January 1, 2001;

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

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

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

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

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

Article X, section 10.14 of the Agreement is amended to read as follows:

IGT MEDI-CAL MANAGED CARE CAPITATION RATE INCREASES

1. IGT Capitation Rate Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds 16-937741 ("Intergovernmental Agreement") effective for the periods of July 1, 2015 through June 30, 2016, and July 1, 2016 through June 30, 2017 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E. below regarding the form and timing of Local Medi-Cal

Managed Care Rate Range (LMMCRR) IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

1) Medi-Cal Managed Care Seller's Tax

a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller's ("MMCS") tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT MMCRRIs through June 30, 2016. If PLAN receives any capitation rate increases for MMCS taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay, as part of the LMMCRR IGT Payments, the remaining amount of the capitation rate increase to PROVIDER.

b) This paragraph does not apply to any service months on or after July 1, 2016.

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

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

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

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

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

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

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

(1) PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of GOVERNMENTAL FUNDING ENTITY funds to the State DHCS, referred to in the Intergovernmental Agreement, within fifteen (15) days of establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less

than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts therein.

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

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

(2) For purposes of subsection (1) (b) above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with

other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

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

J. Indemnification

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


2. Term

The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2019.

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

SIGNATURES

KERN VALLEY HOSPITAL

By: 
Timothy McGlew
Chief Executive Officer

KERN HEALTH SYSTEMS

By: 
Doug Hayward
Chief Executive Officer

APPROVED AS TO FORM:

HEALTH PLAN/PROVIDER AGREEMENT

AMENDMENT

This Amendment is made this day of , by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and TEHACHAPI Valley Hospital, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective January 1, 2001;

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

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

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

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

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

Article X, section 10.14 of the Agreement is amended to read as follows:

IGT MEDI-CAL MANAGED CARE CAPITATION RATE INCREASES

1. IGT Capitation Rate Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds #16-93772 ("Intergovernmental Agreement") effective for the period July 1, 2015 through June 30, 2016 and July 1, 2016 through June 30, 2017 for, Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E. below regarding the form and timing of Local Medi-Cal

Managed Care Rate Range (LMMCRR) IGT PAYMENTS. LMMCRR IGT PAYMENTS paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

- 1) Medi-Cal Managed Care Seller's Tax
 - a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller's ("MMCS") tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT MMCRRIs through June 30, 2016. If PLAN receives any capitation rate increases for MMCS taxes based on the IGT MMCRRIs, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay, as part of the LMMCRR IGT PAYMENTS, the remaining amount of the capitation rate increase to PROVIDER.
 - b) This paragraph does not apply to any service months on or after July1, 2016.
- 2) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

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

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

- (1) remain a participating provider in the PLAN and not issue a notice of termination of the Agreement;
- (2) maintain its current emergency room licensure status and not close its emergency room;
- (3) maintain its current inpatient surgery suites and not close these facilities.

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

- (1) PROVIDER shall provide PLAN with a copy of the schedule regarding the transfer of GOVERNMENTAL FUNDING ENTITY funds to the State DHCS,

referred to in the Intergovernmental Agreement, within fifteen (15) days of establishing such schedule with the State DHCS. Additionally, PROVIDER shall notify PLAN, in writing, no less than seven (7) calendar days prior to any changes to an existing schedule including, but not limited to, changes in the amounts therein.

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

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

(2) For purposes of subsection (1) (b) above, if the retained LMMCRR IGT PAYMENTS, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT PAYMENTS funded pursuant to the Intergovernmental Agreement, has

increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT PAYMENTS received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT PAYMENTS were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT PAYMENTS transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT PAYMENTS made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set

forth below. PLAN agrees to transmit to PROVIDER any underpayment of LMMCRR IGT PAYMENTS within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

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

2. Term

The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2019.

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

SIGNATURES

TEHACHAPI VALLEY HOSPITAL
By: Eugene Suksi
Eugene Suksi
Chief Executive Officer

KERN HEALTH SYSTEMS
By: Doug Hayward
Doug Hayward
Chief Executive Officer

APPROVED AS TO FORM:



To: KHS Finance Committee
From: Robert Landis, CFO
Date: June 2, 2017
Re: Analysis of Insurance Renewals

Background

KHS carries and seeks to renew and bind the following insurance coverages:

- Crime
- Property
- Workers' Compensation
- Fiduciary Liability
- Excess Cyber
- Managed Care Errors and Omissions Liability Insurance
- Earthquake Insurance
- Flood Insurance

KHS utilizes Alliant Insurance Services (“Alliant”) as its insurance agent to access the insurance carrier market and perform the day to day servicing of the account. Alliant has provided early indications for the expiring coverage. It is recommended that Kern Health Systems renew expiring coverages.

- **Crime Insurance**

Management recommends a renewal of the crime insurance policy. Carrying crime insurance is a DMHC requirement.

- National Union Fire Insurance Company of Pittsburgh, PA (AIG)
- Rating: Carrier has an excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2019 (**New** two (2) year policy term with annual billing)
- Coverage: This policy insures against employee theft, forgery, robbery and safe burglary, and computer fraud. KHS Employee benefits plans are also covered for theft of funds.
- Limit per Occurrence: \$10,000,000
- Deductible: \$2,500
- Annual Premium: \$9,355. Prior year premium was \$9,536.

No claims were filed last year.

- **Property Insurance**

Management recommends renewal of the Hospital All Risk Property Program (“HARPP”) through Lexington Insurance. KHS has \$19.8 million of property plant and equipment to insure. Automobile Physical Damage is also included. Primary Cyber Coverage is included at a limit of \$2 million that insures against the damages that occur related to computer system breaches.

- Rating: Carrier has an excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Coverage: This policy insures against losses from property damage
- Limit per Occurrence: \$350,000,000 repair or replacement cost
- Deductible: \$5,000 – Autos (Physical Damage \$2,500)
- Annual Premium: \$22,591. Prior year premium was \$22,935.

No claims were filed last year.

- **Workers’ Compensation Insurance**

Management recommends renewing participation in the workers’ compensation program offered by the Joint Authority, Special District Risk Management Authority (SDRMA). This agency was formed in 1986 to offer risk sharing and risk financing for California public agencies.

KHS joined SDRMA on June 1, 2010.

- Rating: The pool is not an insurance company and no rating is Available.
- Term: July 1, 2017 through June 30, 2018
- Coverage: This policy insures against losses from work related injuries and the employer’s liability to employees.
- Coverage is mandated by the state.
- Limit per Occurrence: Statutory for Workers’ Compensation and \$5,000,000 for Employer’s Liability
- Deductible: N/A
- The annual premium is a function of KHS’ annual payroll (estimated payroll \$23,352,087
- The rate per payroll dollar remains unchanged and includes 15% in CIP points (Credit Incentive Program)
- Since joining SDRMA in 2010, KHS has filed 40 workers’ compensation claims with estimated losses of \$404,077. Experience mod applied to rates increased from 107% in 16/17 to 142% in 17/18.
- Annual Estimated Premium: \$177,821. Prior year estimated premium was \$106,318

- **Fiduciary Liability Insurance**

Management recommends continued coverage for Fiduciary liability covering administrative errors and omissions claims, breach of duty claims and defense for employee benefit claims, such as failure to timely distribute assets, failure to choose/offer prudent investments, failure to monitor investments, breach of responsibilities and negligence in the administration of a plan.

- RLI Insurance Company
- Rating: Carrier has a superior A+ XIII rating from AM Best
- Term: August 1, 2017 through August 1, 2018
- Limit per occurrence: \$1,000,000
- Aggregate: \$1,000,000
- Self-Insured Retention: \$0 Non-indemnifiable losses \$25,000 All other losses
- Annual Premium \$3,348. Last year's premium was \$3,348.

No claims were filed last year.

- **Excess Cyber Liability Insurance**

Management recommends continued coverage for Excess Cyber liability. Included in the Property placement is the limit of \$2,000,000 per incident and in the aggregate. This excess coverage provides KHS with an additional \$2,000,000 in coverage.

- National Union Fire Insurance Company of Pittsburgh, PA (AIG)
- Rating: Carrier has an excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Limit per occurrence: \$2,000,000
- Aggregate: \$2,000,000
- Self-Insured Retention: Primary coverage within the HARPP Program
- Annual Premium: \$29,000. Last year's premium was \$35,000.

No claims were filed last year.

- **Managed Care Errors and Omissions Liability Insurance**

Management recommends renewing the coverage for professional liability covering Kern Health Systems operations for an act, error or omission in the performance of any health care or managed care financial, management or insurance services performed; the design, development and marketing of such service; vicarious liability for the conduct of others performing any such service on our behalf.

- Lexington Insurance Company
- Rating: Carrier has an excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Limit per occurrence: \$1,000,000
- Aggregate: \$3,000,000
- Self-Insured Retention: \$100,000 each claim
- Annual Premium: \$56,830. Last year's premium was \$61,390.

No claims were filed last year.

- **Earthquake Insurance**

Management recommends renewing the Earthquake insurance coverage.

- Everest Indemnity Insurance Company
- Rating: Carrier has excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Limit per occurrence: \$5,000,000
- Aggregate: \$5,000,000
- Deductible: 5% Per unit (unit is defined as replacement cost of the covered Property – Building, Contents and Business Income separately), subject to a minimum of \$50,000
- Annual Premium: \$11,558. Last year's premium was \$13,044.

No claims were filed last year.

- **Flood Insurance**

Management recommends renewing the Flood Insurance coverage.

- Hartford Ins. Company of the Midwest
- Rating: Carrier has a superior A+ XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
9700 Stockdale Hwy – Building and Contents
\$500,000 Building (maximum limit available)
\$500,000 Contents (maximum limit available)
\$1,250.00 Deductible on both Building & Contents
Annual Premium: \$3,323. Last year's premium was \$3,323.

No claims were filed last year.

Representatives from Alliant will be present to answer questions relating to the insurance renewals.

Requested Action

Approve; Refer to KHS Board of Directors.



To: KHS Finance Committee

From: Robert Landis, CFO

Date: June 2, 2017

Re: February 2017 Financial Results

The February results reflect a \$3,986,163 Net Increase in Net Position which is a \$2,815,917 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.6 million favorable variance primarily due to:
 - A) \$1.3 million unfavorable variance relating to Family and Other primarily due to lower than expected Maternity revenue (\$.9 million), lower than expected HEP-C revenue (\$.2 million) and lower than expected BHT revenue (\$.1 million).
 - B) \$.8 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$1.0 million), lower than expected Maternity revenue (\$.1 million) and lower than expected HEP-C revenue (\$.1 million).
 - C) \$.7 million unfavorable variance relating to SPD members primarily due to lower than expected enrollment (\$.2 million), lower than expected HEP-C revenue (\$.3 million) and lower than expected BHT revenue (\$.2 million)
 - D) \$.5 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
 - E) \$2.0 million favorable variance relating to Rate/Income Adjustments primarily due to receiving Maternity revenue for Family and Other relating to the prior year.
- 2) Total Medical Costs reflect a \$.2 million unfavorable variance primarily due to:
 - A) \$.8 million unfavorable variance in Physician Services primarily due to higher than expected enrollment and higher than expected utilization of Referral Specialty Services.
 - B) \$1.5 million unfavorable variance in Inpatient primarily due to higher than expected enrollment and higher than expected utilization
 - C) \$.5 million favorable variance in Other Medical Services primarily due to lower than expected utilization of Long Term/SNF/Hospice Services and Enhanced Medical Benefits.
 - D) \$1.6 million favorable variance in Pharmacy primarily due to fewer than expected prescriptions dispensed (\$.8 million) and lower than expected HEP-C utilization (\$.7 million).

The February Medical Loss Ratio is 89.5% which is favorable to the 91.3% budgeted amount. The February Administrative Expense Ratio is 4.3 % which is favorable to the 5.7% budgeted amount.

The results for the 2 months ended February 28, 2017 reflect a Net Increase in Net Position of \$7,913,175. This is a \$5,688,718 favorable variance to budget and includes approximately \$2.0 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 89.2% which is favorable to the 91.3% budgeted amount. The year-to-date Administrative Expense Ratio is 4.2% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems
Financial Packet
February 2017**

KHS – Medi-Cal Line of Business

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

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 |
|----------------------|---------|

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF FEBRUARY 28, 2017 | | | |
|---|-----------------------|-----------------------|----------------------|
| ASSETS | FEBRUARY 2017 | JANUARY 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 110,710,430 | \$ 107,225,020 | \$ 3,485,410 |
| Short-Term Investments | 170,777,922 | 89,746,882 | 81,031,040 |
| Pass-through Monies Held for Future Payment | 1,593,954 | 1,090,417 | 503,537 |
| Premiums Receivable - Net | 15,620,320 | 88,998,584 | (73,378,264) |
| Interest Receivable | 287,509 | 150,659 | 136,850 |
| Other Receivables | 736,167 | 671,672 | 64,495 |
| Prepaid Expenses & Other Current Assets | 708,515 | 699,596 | 8,919 |
| Total Current Assets | \$ 300,434,817 | \$ 288,582,830 | \$ 11,851,987 |
| RESTRICTED ASSETS | \$ 300,000 | \$ 300,000 | \$ - |
| CAPITAL ASSETS - NET OF ACCUM DEPREE: | | | |
| Land | 4,851,562 | 4,851,562 | - |
| Furniture and Equipment | 6,994,372 | 7,096,427 | (102,055) |
| Automobile - Net | 21,715 | 22,107 | (392) |
| Building and Building Improvements - Net | 6,936,520 | 6,950,650 | (14,130) |
| Capital Projects in Process | 4,278,169 | 3,426,799 | 851,370 |
| Total Capital Assets | \$ 23,082,338 | \$ 22,347,545 | \$ 734,793 |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 4,540,339 | \$ 4,540,339 | \$ - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 328,357,494 | \$ 315,770,714 | \$ 12,586,780 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | \$ 307,944 | \$ 206,959 | 100,985 |
| Accrued Salaries and Employee Benefits | 1,665,416 | 1,704,653 | (39,237) |
| Accrued Other Operating Expenses | 2,234,851 | 2,799,509 | (564,658) |
| Accrued Taxes and Licenses | 13,889,487 | 6,978,391 | 6,911,096 |
| Other Medical Liabilities - Nonoperating Passthrough | 1,593,954 | 1,090,417 | 503,537 |
| Claims Payable (Reported) | 19,829,387 | 16,933,297 | 2,896,090 |
| IBNR - Inpatient Claims | 30,282,508 | 29,129,101 | 1,153,407 |
| IBNR - Physician Claims | 12,413,657 | 12,599,477 | (185,820) |
| IBNR - Accrued Other Medical | 16,865,976 | 18,555,834 | (1,689,858) |
| Risk Pool and Withholds Payable | 3,556,815 | 3,970,602 | (413,787) |
| Statutory Allowance for Claims Processing Expense | 1,926,674 | 1,926,674 | - |
| Other Liabilities | 38,074,892 | 38,134,862 | (59,970) |
| Total Current Liabilities | \$ 142,641,561 | \$ 134,029,776 | \$ 8,611,785 |
| NONCURRENT LIABILITIES: | | | |
| Net Pension Liability | 4,746,851 | 4,758,019 | (11,168) |
| TOTAL NONCURRENT LIABILITIES | \$ 4,746,851 | \$ 4,758,019 | \$ (11,168) |
| DEFERRED INFLOWS OF RESOURCES | \$ 1,840,334 | \$ 1,840,334 | \$ - |
| NET POSITION: | | | |
| Net Position - Beg. of Year | 171,215,573 | 171,215,573 | - |
| Increase (Decrease) in Net Position - Current Year | 7,913,175 | 3,927,012 | 3,986,163 |
| Total Net Position | \$ 179,128,748 | \$ 175,142,585 | \$ 3,986,163 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 328,357,494 | \$ 315,770,714 | \$ 12,586,780 |

| CURRENT MONTH MEMBERS | | | KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED FEBRUARY 28, 2017 | | | YEAR-TO-DATE MEMBER MONTHS | | |
|--|------------|-------------|--|--------------------|--------------------|----------------------------|--------|----------|
| | | | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 162,587 | 163,100 | (513) | Family Members | 323,673 | 325,600 | (1,927) | | |
| 56,288 | 54,700 | 1,588 | Expansion Members | 111,693 | 109,200 | 2,493 | | |
| 13,401 | 13,550 | (149) | SPD Members | 26,925 | 27,050 | (125) | | |
| 5,047 | 4,025 | 1,022 | Other Members | 9,995 | 8,025 | 1,970 | | |
| 7,365 | 7,025 | 340 | Kaiser Members | 14,468 | 14,025 | 443 | | |
| 244,688 | 242,400 | 2,288 | Total Members - MCAL | 486,754 | 483,900 | 2,854 | | |
| REVENUES | | | | | | | | |
| 20,048,215 | 21,312,865 | (1,264,650) | Title XIX - Medicaid - Family and Other | 41,074,880 | 42,555,683 | (1,480,803) | | |
| 21,131,189 | 20,369,922 | 761,267 | Title XIX - Medicaid - Expansion Members | 42,036,541 | 40,666,864 | 1,369,677 | | |
| 9,618,941 | 10,314,531 | (695,590) | Title XIX - Medicaid - SPD Members | 19,585,813 | 20,591,001 | (1,005,188) | | |
| 7,405,842 | 7,091,849 | 313,993 | Premium - MCO Tax | 14,896,970 | 14,157,334 | 739,636 | | |
| 176,794 | 152,378 | 24,416 | Interest /Dividends | 358,677 | 304,190 | 54,487 | | |
| - | 103,565 | (103,565) | Reinsurance Recoveries | - | 206,745 | (206,745) | | |
| 3,306,877 | 2,777,975 | 528,902 | COB/Subrogation Collections | 7,367,832 | 5,545,596 | 1,822,236 | | |
| 2,016,975 | - | 2,016,975 | Rate/Income Adjustments | 2,016,975 | - | 2,016,975 | | |
| 121 | - | 121 | Other Income (Expense) | 37,691 | - | 37,691 | | |
| 63,704,954 | 62,123,085 | 1,581,869 | TOTAL REVENUES | 127,375,379 | 124,027,412 | 3,347,967 | | |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 12,684,849 | 11,876,430 | (808,419) | Physician Services | 25,027,665 | 23,708,846 | (1,318,819) | | |
| 2,246,962 | 2,603,966 | 357,004 | Other Professional Services | 4,889,003 | 5,202,577 | 313,574 | | |
| 4,450,889 | 4,627,725 | 176,836 | Emergency Room | 9,138,669 | 9,238,281 | 99,612 | | |
| 14,812,384 | 13,300,716 | (1,511,668) | Inpatient | 28,811,936 | 26,552,253 | (2,259,683) | | |
| 103,384 | 103,565 | 181 | Reinsurance Expense | 206,560 | 206,745 | 185 | | |
| 5,813,468 | 5,529,003 | (284,465) | Outpatient Hospital | 11,291,408 | 11,037,550 | (253,858) | | |
| 2,007,506 | 2,488,786 | 481,280 | Other Medical | 4,105,330 | 4,969,531 | 864,201 | | |
| 7,616,304 | 9,168,141 | 1,551,837 | Pharmacy | 15,744,759 | 18,302,430 | 2,557,671 | | |
| 559,709 | 553,131 | (6,578) | Pay for Performance Quality Incentive | 1,111,872 | 1,104,206 | (7,666) | | |
| 111,013 | - | (111,013) | IBNR, Incentive, Paid Claims Adjustment | (30,853) | - | 30,853 | | |
| 50,406,468 | 50,251,463 | (155,005) | Total Medical Costs | 100,296,349 | 100,322,419 | 26,070 | | |
| 13,298,486 | 11,871,622 | 1,426,864 | GROSS MARGIN | 27,079,030 | 23,704,993 | 3,374,037 | | |
| Administrative: | | | | | | | | |
| 1,550,593 | 1,899,972 | 349,379 | Compensation | 3,217,867 | 3,826,021 | 608,154 | | |
| 450,657 | 534,319 | 83,661 | Purchased Services | 719,093 | 1,089,535 | 370,442 | | |
| 36,371 | 147,064 | 110,693 | Supplies | 103,243 | 297,222 | 193,979 | | |
| 363,606 | 528,173 | 164,567 | Other Administrative Expenses | 723,428 | 1,110,425 | 386,997 | | |
| 2,401,227 | 3,109,527 | 708,300 | Total Administrative Expenses | 4,763,631 | 6,323,203 | 1,559,572 | | |
| 52,807,695 | 53,360,991 | 553,296 | TOTAL EXPENSES | 105,059,980 | 106,645,622 | 1,585,642 | | |
| 10,897,259 | 8,762,095 | 2,135,164 | OPERATING INCOME (LOSS) BEFORE TAX | 22,315,399 | 17,381,791 | 4,933,609 | | |
| 6,911,096 | 7,091,849 | 180,753 | MCO TAX | 14,402,224 | 14,157,334 | (244,890) | | |
| 3,986,163 | 1,670,246 | 2,315,917 | OPERATING INCOME (LOSS) NET OF TAX | 7,913,175 | 3,224,457 | 4,688,718 | | |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| - | (500,000) | 500,000 | Reserve Fund Projects/Community Grants | - | (1,000,000) | 1,000,000 | | |
| - | (500,000) | 500,000 | TOTAL NONOPERATING REVENUES (EXPENSES) | - | (1,000,000) | 1,000,000 | | |
| 3,986,163 | 1,170,246 | 2,815,917 | NET INCREASE (DECREASE) IN NET POSITION | 7,913,175 | 2,224,457 | 5,688,718 | | |
| 89.5% | 91.3% | 1.8% | MEDICAL LOSS RATIO | 89.2% | 91.3% | 2.1% | | |
| 4.3% | 5.7% | 1.4% | ADMINISTRATIVE EXPENSE RATIO | 4.2% | 5.8% | 1.5% | | |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED FEBRUARY 28, 2017 | | | YEAR-TO-DATE | | |
|--|---------|---------|---|---------|---------|--------------|--------|----------|
| | | | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 162,587 | 163,100 | (513) | Family Members | 323,673 | 325,600 | (1,927) | | |
| 56,288 | 54,700 | 1,588 | Expansion Members | 111,693 | 109,200 | 2,493 | | |
| 13,401 | 13,550 | (149) | SPD Members | 26,925 | 27,050 | (125) | | |
| 5,047 | 4,025 | 1,022 | Other Members | 9,995 | 8,025 | 1,970 | | |
| 7,365 | 7,025 | 340 | Kaiser Members | 14,468 | 14,025 | 443 | | |
| 244,688 | 242,400 | 2,288 | Total Members - MCAL | 486,754 | 483,900 | 2,854 | | |
| REVENUES | | | | | | | | |
| 119.60 | 127.53 | (7.93) | Title XIX - Medicaid - Family and Other | 123.10 | 127.56 | (4.45) | | |
| 375.41 | 372.39 | 3.02 | Title XIX - Medicaid - Expansion Members | 376.36 | 372.41 | 3.95 | | |
| 717.78 | 761.22 | (43.44) | Title XIX - Medicaid - SPD Members | 727.42 | 761.22 | (33.80) | | |
| 31.21 | 30.13 | 1.08 | Premium - MCO Tax | 31.54 | 30.13 | 1.41 | | |
| 0.74 | 0.65 | 0.10 | Interest /Dividends | 0.76 | 0.65 | 0.11 | | |
| 0.00 | 0.44 | (0.44) | Reinsurance Recoveries | 0.00 | 0.44 | (0.44) | | |
| 13.93 | 11.80 | 2.13 | COB/Subrogation Collections | 15.60 | 11.80 | 3.80 | | |
| 8.50 | 0.00 | 8.50 | Rate/Income Adjustments | 4.27 | 0.00 | 4.27 | | |
| 0.00 | 0.00 | 0.00 | Other Income (Expense) | 0.08 | 0.00 | 0.08 | | |
| 268.43 | 263.93 | 4.50 | TOTAL REVENUES | 269.70 | 263.96 | 5.74 | | |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 53.45 | 50.46 | (2.99) | Physician Services | 52.99 | 50.46 | (2.53) | | |
| 9.47 | 11.06 | 1.60 | Other Professional Services | 10.35 | 11.07 | 0.72 | | |
| 18.75 | 19.66 | 0.91 | Emergency Room | 19.35 | 19.66 | 0.31 | | |
| 62.41 | 56.51 | (5.91) | Inpatient | 61.01 | 56.51 | (4.50) | | |
| 0.44 | 0.44 | 0.00 | Reinsurance Expense | 0.44 | 0.44 | 0.00 | | |
| 24.50 | 23.49 | (1.01) | Outpatient Hospital | 23.91 | 23.49 | (0.42) | | |
| 8.46 | 10.57 | 2.11 | Other Medical | 8.69 | 10.58 | 1.88 | | |
| 32.09 | 38.95 | 6.86 | Pharmacy | 33.34 | 38.95 | 5.61 | | |
| 2.36 | 2.35 | (0.01) | Pay for Performance Quality Incentive | 2.35 | 2.35 | (0.00) | | |
| 0.47 | 0.00 | (0.47) | IBNR, Incentive, Paid Claims Adjustment | (0.07) | 0.00 | 0.07 | | |
| 212.40 | 213.50 | 1.10 | Total Medical Costs | 212.36 | 213.51 | 1.15 | | |
| 56.04 | 50.44 | 5.60 | GROSS MARGIN | 57.34 | 50.45 | 6.89 | | |
| Administrative: | | | | | | | | |
| 6.53 | 8.07 | 1.54 | Compensation | 6.81 | 8.14 | 1.33 | | |
| 1.90 | 2.27 | 0.37 | Purchased Services | 1.52 | 2.32 | 0.80 | | |
| 0.15 | 0.62 | 0.47 | Supplies | 0.22 | 0.63 | 0.41 | | |
| 1.53 | 2.24 | 0.71 | Other Administrative Expenses | 1.53 | 2.36 | 0.83 | | |
| 10.12 | 13.21 | 3.09 | Total Administrative Expenses | 10.09 | 13.46 | 3.37 | | |
| 222.51 | 226.71 | 4.19 | TOTAL EXPENSES | 222.45 | 226.97 | 4.52 | | |
| 45.92 | 37.23 | 8.69 | OPERATING INCOME (LOSS) BEFORE TAX | 47.25 | 36.99 | 10.26 | | |
| 29.12 | 30.13 | 1.01 | MCO TAX | 30.49 | 30.13 | (0.36) | | |
| 16.80 | 7.10 | 9.70 | OPERATING INCOME (LOSS) NET OF TAX | 16.76 | 6.86 | 9.89 | | |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| 0.00 | (2.12) | (2.12) | Reserve Fund Projects/Community Grants | 0.00 | (4.25) | (4.25) | | |
| 0.00 | (2.12) | (2.12) | TOTAL NONOPERATING REVENUES (EXPENSES) | 0.00 | (4.25) | (4.25) | | |
| 16.80 | 4.97 | 11.82 | NET INCREASE (DECREASE) IN NET POSITION | 16.76 | 4.73 | 12.02 | | |
| 89.5% | 91.3% | 1.8% | MEDICAL LOSS RATIO | 89.2% | 91.3% | 2.1% | | |
| 4.3% | 5.7% | 1.4% | ADMINISTRATIVE EXPENSE RATIO | 4.2% | 5.8% | 1.5% | | |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH FEBRUARY 28, 2017 | FEBRUARY 2016 | MARCH 2016 | APRIL 2016 | MAY 2016 | JUNE 2016 | JULY 2016 | AUGUST 2016 | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | 13 MONTH TOTAL |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | ENROLLMENT | | | | | | | | | | | | | |
| Members - MCAL | 219,042 | 222,155 | 224,803 | 225,873 | 228,073 | 228,789 | 229,560 | 232,053 | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 2,985,335 |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 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 | 20,429,201 | 21,026,665 | 20,048,215 | 267,555,714 |
| Title XIX - Medicaid - Expansion Members | 21,186,984 | 22,332,378 | 22,221,335 | 22,681,126 | 20,013,241 | 20,106,340 | 20,307,212 | 20,219,075 | 19,820,974 | 20,146,360 | 20,105,649 | 20,905,352 | 21,131,189 | 270,977,215 |
| Title XIX - Medicaid - SPD Members | 9,117,133 | 9,250,198 | 9,598,222 | 9,500,904 | 8,974,279 | 10,385,533 | 10,279,883 | 10,007,655 | 10,231,800 | 10,290,218 | 9,940,753 | 9,966,872 | 9,618,941 | 127,081,121 |
| Premium - MCO Tax | 2,016,667 | 2,116,879 | 2,135,629 | 2,201,211 | 2,176,933 | 2,163,627 | 2,176,832 | 2,161,430 | 2,184,130 | 2,198,399 | 2,065,534 | 2,491,128 | 7,405,842 | 17,145,895 |
| Interest/Dividends | 145,775 | 174,396 | 162,990 | 155,221 | 144,418 | 156,158 | 150,143 | 186,999 | 236,189 | 223,035 | 194,711 | 181,883 | 176,794 | 2,888,712 |
| Reinsurance Recoveries | - | 105,967 | - | - | 136,467 | 136,969 | 35,587 | 30,454 | 205,689 | - | (210,968) | - | - | 303,198 |
| COB/Subrogation Collections | 1,794,713 | 2,530,658 | 2,134,967 | 1,867,649 | 2,758,967 | 1,886,161 | 9,063,870 | 2,787,116 | 3,407,813 | 2,069,154 | 2,839,103 | 4,060,955 | 3,306,877 | 40,508,003 |
| Rate/Income Adjustments | 530,682 | 43,719 | 61,906 | (709,861) | 182,133 | (149,118) | 1,795,534 | 13,093 | (333,319) | (541) | (541) | 2,736,951 | 2,016,975 | 6,322,354 |
| Other Income (Expense) | 241 | 34,127 | 129 | (1,527) | (101,654) | 66,531 | (407,903) | 215 | 41 | (1,262,113) | 37,570 | - | 121 | (1,701,730) |
| TOTAL REVENUES | 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 | 64,838,821 | 63,670,425 | 63,704,954 | 785,080,482 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 10,570,109 | 8,387,281 | 10,184,063 | 10,067,572 | 9,773,684 | 13,528,740 | 12,319,200 | 12,407,247 | 11,839,584 | 11,693,173 | 11,369,024 | 12,342,816 | 12,684,849 | 147,167,142 |
| Other Professional Services | 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 | 2,850,615 | 2,642,041 | 2,246,962 | 28,980,170 |
| Emergency Room | 4,442,421 | 4,418,069 | 4,384,207 | 4,004,335 | 3,956,263 | 4,823,969 | 4,534,245 | 4,577,181 | 4,374,558 | 4,182,880 | 4,106,435 | 4,687,780 | 4,450,889 | 56,675,029 |
| Inpatient | 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 | 12,926,841 | 13,999,552 | 14,812,384 | 172,348,238 |
| Reinsurance Expense | 173,105 | 175,283 | 177,724 | 179,842 | 180,699 | 182,458 | 183,031 | 183,648 | 185,643 | 187,188 | 187,380 | 103,176 | 103,384 | 2,302,561 |
| Outpatient Hospital | 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 | 6,388,140 | 5,477,940 | 5,813,468 | 66,755,021 |
| Other Medical | 2,231,066 | 2,877,876 | 2,473,455 | 2,889,123 | 3,577,133 | (1,333,149) | 1,143,970 | 1,801,979 | 1,296,759 | 1,515,058 | 2,097,824 | 2,007,506 | 2,007,506 | 25,113,021 |
| Pharmacy | 528,669 | 8,591,490 | 7,666,735 | 8,154,315 | 7,887,127 | 7,291,244 | 8,096,666 | 7,680,935 | 8,147,020 | 8,098,176 | 8,128,455 | 7,616,304 | 103,919,753 | |
| Pay for Performance Quality Incentive | 1,355,257 | 1,518,741 | 1,518,741 | 1,469,399 | 1,329,868 | (215,621) | 554,141 | 560,172 | 564,834 | 565,417 | 566,068 | 552,163 | 559,709 | 7,178,272 |
| Expansion Risk Corridor Expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| IBNR, Incentive, Paid Claims Adjustment | (68) | (1,433,650) | (1,978,994) | (2,887,073) | (3,748,854) | 0 | 3,244,295 | 128,791 | 162,526 | (444,354) | 1,045,552 | (141,866) | 111,013 | (5,942,662) |
| Total Medical Costs | 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 | 49,466,635 | 49,889,881 | 50,406,468 | 613,837,257 |
| GROSS MARGIN | 5,981,549 | 10,192,721 | 8,345,285 | 11,372,160 | 12,317,283 | 7,363,518 | 9,163,185 | 31,103,758 | 16,434,235 | 16,519,315 | 15,372,186 | 13,780,544 | 13,298,486 | 171,243,225 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 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 | 1,748,853 | 1,667,274 | 1,550,593 | 20,110,492 |
| Purchased Services | 298,383 | 546,034 | 485,217 | 231,179 | 532,780 | 256,055 | 354,966 | 343,359 | 478,654 | 607,200 | 470,257 | 268,436 | 450,657 | 5,323,877 |
| Supplies | 41,417 | 36,431 | 78,743 | 81,297 | 84,932 | 61,144 | 1,284 | 70,613 | 62,414 | 42,864 | 53,867 | 66,872 | 36,371 | 718,249 |
| Other Administrative Expenses | 379,302 | 316,107 | 375,558 | 304,432 | 391,548 | 333,267 | 338,202 | 368,192 | 663,609 | 265,740 | 423,090 | 359,822 | 363,606 | 4,882,475 |
| Administrative Expense Adjustment | - | 3,600,000 | 500,000 | - | - | - | - | (190,729) | - | - | (1,960,549) | - | - | 1,948,722 |
| Total Administrative Expenses | 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 | 736,218 | 2,362,404 | 2,401,227 | 32,983,815 |
| TOTAL EXPENSES | 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 | 50,202,853 | 52,252,285 | 52,807,695 | 646,821,072 |
| OPERATING INCOME (LOSS) BEFORE TAX | 3,829,601 | 4,194,622 | 5,476,842 | 9,372,160 | 9,849,357 | 5,314,869 | 28,921,560 | 13,886,204 | 13,886,204 | 14,635,968 | 11,118,140 | 10,897,259 | 6,911,096 | 138,259,410 |
| MCO TAX | | | | | | | | | | | | | | |
| OPERATING INCOME (LOSS) NET OF TAX | 2,016,667 | 2,116,879 | 2,135,629 | 2,201,211 | 2,176,933 | 115,627 | 23,082 | 21,614,834 | 7,184,130 | 7,198,399 | 10,065,534 | 7,491,128 | 6,911,096 | 71,251,149 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | - | - | - | - | - | - | - | - | - | - | - | - | - | (220,405) |
| NET INCREASE (DECREASE) IN NET POSITION | 1,812,934 | 2,077,743 | 3,341,213 | 7,060,914 | 7,672,424 | 5,199,242 | 6,941,945 | 7,306,726 | 6,423,706 | 6,687,805 | 4,570,434 | 3,927,012 | 3,986,163 | 67,008,261 |
| MEDICAL LOSS RATIO | | | | | | | | | | | | | | |
| 92.3% | 84.9% | 88.4% | 82.9% | 81.2% | 86.5% | 85.5% | 83.2% | 82.7% | 82.6% | 83.2% | 82.7% | 88.8% | 89.5% | 86.1% |
| 4.2% | 11.2% | 5.4% | 3.9% | 4.6% | 3.8% | 3.5% | 4.0% | 4.9% | 4.2% | 4.9% | 4.2% | 4.3% | 4.6% | |
| ADMINISTRATIVE EXPENSE RATIO | | | | | | | | | | | | | | |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH FEBRUARY 28, 2017 | | | | | | | | | | | | | | |
|--|------------------|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|-------------------|
| E N R O L L M E N T | | | | | | | | | | | | | | |
| | FEBRUARY 2016 | MARCH 2016 | APRIL 2016 | MAY 2016 | JUNE 2016 | JULY 2016 | AUGUST 2016 | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | 13 MONTH TOTAL |
| Members - MCAL | 219,042 | 222,155 | 224,803 | 225,873 | 228,073 | 228,789 | 229,560 | 232,053 | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 2,985,335 |
| R E V E N U E S | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 120.49 | 120.10 | 121.45 | 126.97 | 129.88 | 129.86 | 132.03 | 130.94 | 130.83 | 128.46 | 129.95 | 126.64 | 119.60 | 126.27 |
| Title XIX - Medicaid - Expansion Members | 428.26 | 434.58 | 423.63 | 425.86 | 417.14 | 379.40 | 381.12 | 373.84 | 360.02 | 368.90 | 366.70 | 377.32 | 375.41 | 391.91 |
| Title XIX - Medicaid - SPD Members | 681.04 | 680.59 | 700.75 | 703.09 | 698.55 | 760.11 | 759.39 | 743.07 | 758.87 | 759.39 | 736.07 | 736.98 | 717.78 | 726.17 |
| Premium - MCO Tax | 9.21 | 9.53 | 9.50 | 9.75 | 9.54 | 9.51 | 9.10 | 9.315 | 30.70 | 30.73 | 42.93 | 31.88 | 31.21 | 24.03 |
| Interest/Dividends | 0.67 | 0.79 | 0.73 | 0.69 | 0.63 | 0.68 | 0.65 | 0.81 | 1.01 | 0.95 | 0.83 | 0.77 | 0.74 | 0.77 |
| Reinsurance Recoveries | 0.00 | 0.48 | 0.73 | 0.00 | 0.60 | 0.00 | 0.16 | 0.13 | 0.88 | 0.00 | (0.90) | 0.00 | 0.00 | 0.10 |
| COB/Subrogation Collections | 8.19 | 11.39 | 9.50 | 8.27 | 12.10 | 8.24 | 39.48 | 12.01 | 14.56 | 8.83 | 12.11 | 17.28 | 13.93 | 13.57 |
| Rate/Income Adjustments | 2.42 | 0.20 | 0.28 | (3.14) | 0.80 | (0.07) | 7.82 | (1.42) | (0.00) | (1.42) | (0.00) | 0.00 | 0.00 | 2.12 |
| Other Income (Expense) | 0.00 | 0.15 | 0.00 | (0.01) | (0.45) | (0.01) | (0.29) | (1.76) | 0.00 | 0.00 | (5.38) | 0.16 | 0.00 | (0.57) |
| TOTAL REVENUES | 244.75 | 249.74 | 247.25 | 247.46 | 245.57 | 234.97 | 274.76 | 327.47 | 266.13 | 261.25 | 276.51 | 270.98 | 268.43 | 262.98 |
| E X P E N S E S | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 48.26 | 37.75 | 45.30 | 44.57 | 42.85 | 59.13 | 53.66 | 53.47 | 50.60 | 49.92 | 48.48 | 52.53 | 53.45 | 49.30 |
| Other Professional Services | 7.98 | 8.99 | 8.54 | 9.04 | 10.69 | 9.24 | 10.41 | 10.04 | 7.85 | 10.36 | 12.16 | 11.24 | 9.47 | 9.71 |
| Emergency Room | 20.28 | 19.89 | 19.50 | 17.73 | 17.26 | 21.08 | 19.75 | 18.65 | 18.70 | 17.86 | 17.51 | 19.95 | 18.75 | 18.98 |
| Inpatient | 60.60 | 60.89 | 62.95 | 58.55 | 56.02 | 73.05 | 56.96 | 45.94 | 48.82 | 50.31 | 55.13 | 59.58 | 62.41 | 57.73 |
| Reinsurance Expense | 0.79 | 0.79 | 0.79 | 0.80 | 0.79 | 0.80 | 0.80 | 0.79 | 0.79 | 0.80 | 0.80 | 0.44 | 0.44 | 0.74 |
| Outpatient Hospital | 24.91 | 21.13 | 27.58 | 21.41 | 21.86 | 11.97 | 27.73 | 17.20 | 21.86 | 20.06 | 27.24 | 23.31 | 24.50 | 22.36 |
| Other Medical | 10.19 | 12.95 | 11.00 | 12.79 | 15.68 | (5.83) | 11.04 | 4.93 | 7.70 | 5.54 | 6.46 | 8.93 | 8.46 | 8.41 |
| Pharmacy | 35.83 | 38.67 | 34.10 | 36.10 | 34.58 | 31.87 | 37.95 | 34.89 | 32.83 | 34.78 | 34.54 | 34.59 | 32.09 | 34.81 |
| Pay for Performance Quality Incentive | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.25 | 2.36 | 2.40 |
| Expansion Risk Corridor Expense | 6.19 | 6.84 | 6.76 | 6.51 | 5.83 | (0.94) | 0.00 | 4.56 | 3.65 | 0.59 | 1.76 | 0.00 | 0.00 | 3.16 |
| IBNR, Incentive, Paid Claims Adjustment | (0.00) | (6.45) | (8.80) | (12.78) | (16.44) | (14.13) | 0.56 | 0.69 | (1.90) | (1.90) | 4.46 | (0.60) | 0.47 | (1.99) |
| Total Medical Costs | 217.45 | 203.86 | 210.13 | 197.12 | 191.56 | 202.79 | 234.85 | 193.44 | 195.90 | 190.73 | 210.95 | 212.33 | 212.40 | 205.62 |
| GROSS MARGIN | 27.31 | 45.88 | 37.12 | 50.35 | 54.01 | 32.18 | 39.92 | 134.03 | 70.24 | 70.53 | 65.56 | 58.65 | 56.04 | 57.36 |
| Administrative: | 6.54 | 6.75 | 6.36 | 6.61 | 6.40 | 6.11 | 6.55 | 6.85 | 6.93 | 7.33 | 7.46 | 7.10 | 6.53 | 6.74 |
| Compensation | 1.36 | 2.46 | 2.16 | 1.02 | 2.34 | 1.12 | 1.55 | 1.48 | 2.05 | 2.59 | 2.01 | 1.14 | 1.90 | 1.78 |
| Purchased Services | 0.19 | 0.16 | 0.35 | 0.36 | 0.37 | 0.27 | 0.01 | 0.30 | 0.27 | 0.18 | 0.23 | 0.28 | 0.15 | 0.24 |
| Supplies | 1.73 | 1.42 | 1.67 | 1.35 | 1.72 | 1.46 | 1.47 | 1.59 | 2.84 | 1.13 | 1.80 | 1.53 | 1.53 | 1.64 |
| Other Administrative Expenses | 0.00 | 16.20 | 2.22 | 0.00 | 0.00 | 0.00 | 0.00 | (0.82) | 0.00 | 0.00 | (8.36) | 0.00 | 0.00 | 0.65 |
| Administrative Expense Adjustment | 9.82 | 27.00 | 12.76 | 9.34 | 10.82 | 9.95 | 9.58 | 9.40 | 12.08 | 11.24 | 3.14 | 10.05 | 10.12 | 11.05 |
| TOTAL EXPENSES | 227.27 | 230.86 | 222.89 | 206.46 | 202.38 | 211.74 | 244.42 | 202.84 | 207.98 | 201.97 | 214.09 | 222.39 | 222.51 | 216.67 |
| OPERATING INCOME (LOSS) BEFORE TAX | 17.48 | 18.88 | 24.36 | 41.01 | 43.19 | 23.23 | 30.34 | 124.63 | 58.16 | 59.29 | 62.42 | 48.60 | 45.92 | 46.31 |
| MCO TAX | 9.21 | 9.53 | 9.50 | 9.75 | 9.54 | 9.51 | 10.10 | 93.15 | 30.70 | 30.73 | 42.93 | 31.88 | 29.12 | 23.87 |
| OPERATING INCOME (LOSS) NET OF TAX | 8.28 | 9.35 | 14.86 | 31.26 | 33.64 | 22.73 | 30.24 | 31.49 | 27.45 | 28.55 | 19.49 | 16.71 | 16.80 | 22.45 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.94) | 0.00 | 0.00 | 0.00 | (0.94) |
| NET INCREASE (DECREASE) IN NET POSITION | 8.28 | 9.35 | 14.86 | 31.26 | 33.64 | 22.73 | 30.24 | 31.49 | 27.45 | 27.61 | 19.49 | 16.71 | 16.80 | 21.50 |
| MEDICAL LOSS RATIO | 92.3% | 84.9% | 88.4% | 82.9% | 81.2% | 86.5% | 85.5% | 83.6% | 83.2% | 82.7% | 90.3% | 88.3% | 89.5% | 86.1% |
| ADMINISTRATIVE EXPENSE RATIO | 4.2% | 11.2% | 5.3% | 3.9% | 4.6% | 3.8% | 3.5% | 4.0% | 5.1% | 4.9% | 1.3% | 4.2% | 4.3% | 4.6% |

| CURRENT MONTH | | | YEAR-TO-DATE | | |
|--|-------------------|--------------------|-------------------|-------------------|--------------------|
| ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED FEBRUARY 28, 2017 | | | | | |
| R E V E N U E S | | | | | |
| Title XIX - Medicaid - Family & Other | | | | | |
| 18,816,240 | 18,868,751 | (52,511) | 37,652,725 | 37,668,816 | (16,091) |
| 1,136,813 | 2,073,391 | (936,578) | 3,059,277 | 4,146,782 | (1,087,505) |
| 46,760 | 215,620 | (168,860) | 97,940 | 430,434 | (332,494) |
| (45,422) | 64,143 | (109,565) | 75,515 | 128,046 | (52,531) |
| 93,824 | 90,960 | 2,864 | 189,423 | 181,605 | 7,818 |
| 20,048,215 | 21,312,865 | (1,264,650) | 41,074,880 | 42,555,683 | (1,480,803) |
| Title XIX - Medicaid - Expansion Members | | | | | |
| 20,297,997 | 19,319,493 | 978,504 | 40,203,128 | 38,568,348 | 1,634,780 |
| 293,563 | 409,979 | (116,416) | 760,670 | 819,958 | (59,288) |
| 504,882 | 607,630 | (102,748) | 1,003,885 | 1,213,038 | (209,153) |
| 34,747 | 32,820 | 1,927 | 68,858 | 65,520 | 3,338 |
| 21,131,189 | 20,369,922 | 761,267 | 42,036,541 | 40,666,864 | 1,369,677 |
| Title XIX - Medicaid - Expansion Members | | | | | |
| 9,434,327 | 9,650,175 | (215,848) | 19,089,410 | 19,264,740 | (175,330) |
| 239,325 | 512,291 | (272,966) | 367,275 | 1,022,692 | (655,417) |
| (54,711) | 152,065 | (206,776) | 129,128 | 303,569 | (174,441) |
| 9,618,941 | 10,314,531 | (695,590) | 19,585,813 | 20,591,001 | (1,005,188) |

| CURRENT MONTH | | VARIANCE | YEAR-TO-DATE | | |
|---|------------|-------------|--------------|-------------|-------------|
| ACTUAL | BUDGET | | ACTUAL | BUDGET | VARIANCE |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED FEBRUARY 28, 2017 | | | | | |
| PHYSICIAN SERVICES | | | | | |
| 3,070,267 | 3,313,323 | 243,056 | 6,477,126 | 6,614,335 | 137,209 |
| 8,954,220 | 7,914,008 | (1,040,212) | 17,045,708 | 15,798,728 | (1,246,980) |
| 651,650 | 640,124 | (11,526) | 1,487,131 | 1,277,868 | (209,263) |
| 8,712 | 8,974 | 262 | 17,700 | 17,914 | 214 |
| 12,684,849 | 11,876,430 | (808,419) | 25,027,665 | 23,708,846 | (1,318,819) |
| OTHER PROFESSIONAL SERVICES | | | | | |
| 234,963 | 242,038 | 7,075 | 469,454 | 483,176 | 13,722 |
| 596,974 | 776,377 | 179,403 | 1,256,399 | 1,552,754 | 296,355 |
| 94,856 | 118,953 | 24,097 | 196,528 | 237,905 | 41,377 |
| 51,352 | 71,437 | 20,085 | 107,345 | 142,873 | 35,528 |
| 76,174 | 89,964 | 13,790 | 162,416 | 179,928 | 17,512 |
| 28,633 | 33,566 | 4,933 | 47,651 | 67,132 | 19,481 |
| 38,265 | 67,454 | 29,189 | 74,993 | 134,908 | 59,915 |
| 131,003 | 216,208 | 85,205 | 431,003 | 431,615 | 612 |
| 119,474 | 88,338 | (31,136) | 340,363 | 176,350 | (164,013) |
| 875,268 | 899,631 | 24,363 | 1,802,851 | 1,795,936 | (6,915) |
| 2,246,962 | 2,603,966 | 357,004 | 4,889,003 | 5,202,577 | 313,574 |
| 4,450,889 | 4,627,725 | 176,836 | 9,138,669 | 9,238,281 | 99,612 |
| 14,812,384 | 13,300,716 | (1,511,668) | 28,811,936 | 26,552,253 | (2,259,683) |
| 103,384 | 103,565 | 181 | 206,560 | 206,745 | 185 |
| 5,813,468 | 5,529,003 | (284,465) | 11,291,408 | 11,037,550 | (253,858) |
| TOTAL OTHER PROFESSIONAL SERVICES | | | | | |
| EMERGENCY ROOM | | | | | |
| 349,619 | 325,859 | (23,760) | 671,407 | 650,507 | (20,900) |
| 381,556 | 357,446 | (24,110) | 752,103 | 713,572 | (38,531) |
| 115,998 | 313,888 | 197,890 | 183,614 | 627,777 | 444,163 |
| 820,073 | 975,843 | 155,770 | 1,842,115 | 1,948,088 | 105,973 |
| - | 235,375 | 235,375 | 0 | 469,875 | 469,875 |
| 340,260 | 280,375 | (59,885) | 656,091 | 559,713 | (96,378) |
| 2,007,506 | 2,488,786 | 481,280 | 4,105,330 | 4,969,531 | 864,201 |
| TOTAL OTHER MEDICAL | | | | | |
| PHARMACY SERVICES | | | | | |
| 6,565,755 | 7,415,737 | 849,982 | 13,722,767 | 14,804,080 | 1,081,313 |
| 672,985 | 1,335,541 | 662,556 | 1,234,046 | 2,666,163 | 1,432,117 |
| 443,564 | 482,440 | 38,876 | 919,946 | 963,099 | 43,153 |
| (66,000) | (65,577) | 423 | (132,000) | (130,912) | 1,088 |
| 7,616,304 | 9,168,141 | 1,551,837 | 15,744,759 | 18,302,430 | 2,557,671 |
| 559,709 | 553,131 | (6,578) | 1,111,872 | 1,104,206 | (7,666) |
| 111,013 | - | (111,013) | (30,853) | - | 30,853 |
| 50,406,468 | 50,251,463 | (155,005) | 100,296,349 | 100,322,419 | 26,070 |
| Total Medical Costs | | | | | |

* Medical costs per DMHC regulations

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH FEBRUARY 28, 2017 | JANUARY 2017 | FEBRUARY 2017 | YEAR TO DATE 2017 |
|--|-------------------|-------------------|-------------------------|
| PHYSICIAN SERVICES | | | |
| Primary Care Physician Services | 3,406,859 | 3,070,267 | 6,477,126 |
| Referral Specialty Services | 8,091,488 | 8,954,220 | 17,045,708 |
| Urgent Care & After Hours Advise | 835,481 | 651,650 | 1,487,131 |
| Hospital Admitting Team | 8,988 | 8,712 | 17,700 |
| TOTAL PHYSICIAN SERVICES | 12,342,816 | 12,684,849 | 25,027,665 |
| OTHER PROFESSIONAL SERVICES | | | |
| Vision Service Capitation | 234,491 | 234,963 | 469,454 |
| 310 - Health Services - Utilization Management - UM Allocation * | 659,425 | 596,974 | 1,256,399 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 101,672 | 94,856 | 196,528 |
| 312 - Health Services - Education - UM Allocation * | 55,993 | 51,352 | 107,345 |
| 313 - Health Services - Pharmacy - UM Allocation * | 86,242 | 76,174 | 162,416 |
| 314 - Health Homes - UM Allocation * | 19,018 | 28,633 | 47,651 |
| 616 - Disease Management - UM Allocation * | 36,728 | 38,265 | 74,993 |
| Behavior Health Treatment | 300,000 | 131,003 | 431,003 |
| Mental Health Services | 220,889 | 119,474 | 340,363 |
| Other Professional Services | 927,583 | 875,268 | 1,802,851 |
| TOTAL OTHER PROFESSIONAL SERVICES | 2,642,041 | 2,246,962 | 4,889,003 |
| EMERGENCY ROOM | 4,687,780 | 4,450,889 | 9,138,669 |
| INPATIENT HOSPITAL | 13,999,552 | 14,812,384 | 28,811,936 |
| REINSURANCE EXPENSE PREMIUM | 103,176 | 103,384 | 206,560 |
| OUTPATIENT HOSPITAL SERVICES | 5,477,940 | 5,813,468 | 11,291,408 |
| OTHER MEDICAL | | | |
| Ambulance | 321,788 | 349,619 | 671,407 |
| Home Health Services & CBAS | 370,547 | 381,556 | 752,103 |
| Utilization and Quality Review Expenses | 67,616 | 115,998 | 183,614 |
| Long Term/SNF/Hospice | 1,022,042 | 820,073 | 1,842,115 |
| Enhanced Medical Benefits | - | - | - |
| Non-Medical Transportation | 315,831 | 340,260 | 656,091 |
| TOTAL OTHER MEDICAL | 2,097,824 | 2,007,506 | 4,105,330 |
| PHARMACY SERVICES | | | |
| RX - Drugs & OTC | 7,157,012 | 6,565,755 | 13,722,767 |
| RX - HEP-C | 561,061 | 672,985 | 1,234,046 |
| Rx - DME | 476,382 | 443,564 | 919,946 |
| RX - Pharmacy Rebates | (66,000) | (66,000) | (132,000) |
| TOTAL PHARMACY SERVICES | 8,128,455 | 7,616,304 | 15,744,759 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 552,163 | 559,709 | 1,111,872 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (141,866) | 111,013 | (30,853) |
| Total Medical Costs | 49,889,881 | 50,406,468 | 100,296,349 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH FEBRUARY 28, 2017 | JANUARY 2017 | FEBRUARY 2017 | YEAR TO DATE 2017 |
|---|-------------------------|--------------------------|----------------------------------|
| PHYSICIAN SERVICES | | | |
| Primary Care Physician Services | 14.50 | 12.94 | 13.71 |
| Referral Specialty Services | 34.44 | 37.73 | 36.09 |
| Urgent Care & After Hours Advise | 3.56 | 2.75 | 3.15 |
| Hospital Admitting Team | 0.04 | 0.04 | 0.04 |
| TOTAL PHYSICIAN SERVICES | 52.53 | 53.45 | 52.99 |
| OTHER PROFESSIONAL SERVICES | | | |
| Vision Service Capitation | 1.00 | 0.99 | 0.99 |
| 310 - Health Services - Utilization Management - UM Allocation * | 2.81 | 2.52 | 2.66 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 0.43 | 0.40 | 0.42 |
| 312 - Health Services - Education - UM Allocation * | 0.24 | 0.22 | 0.23 |
| 313 - Health Services - Pharmacy - UM Allocation * | 0.37 | 0.32 | 0.34 |
| 314 - Health Homes - UM Allocation * | 0.08 | 0.12 | 0.10 |
| 616 - Disease Management - UM Allocation * | 0.16 | 0.16 | 0.16 |
| Behavior Health Treatment | 1.28 | 0.55 | 0.91 |
| Mental Health Services | 0.94 | 0.50 | 0.72 |
| Other Professional Services | 3.95 | 3.69 | 3.82 |
| TOTAL OTHER PROFESSIONAL SERVICES | 11.24 | 9.47 | 10.35 |
| EMERGENCY ROOM | 19.95 | 18.75 | 19.35 |
| INPATIENT HOSPITAL | 59.58 | 62.41 | 61.01 |
| REINSURANCE EXPENSE PREMIUM | 0.44 | 0.44 | 0.44 |
| OUTPATIENT HOSPITAL SERVICES | 23.31 | 24.50 | 23.91 |
| OTHER MEDICAL | | | |
| Ambulance | 1.37 | 1.47 | 1.42 |
| Home Health Services & CBAS | 1.58 | 1.61 | 1.59 |
| Utilization and Quality Review Expenses | 0.29 | 0.49 | 0.39 |
| Long Term/SNF/Hospice | 4.35 | 3.46 | 3.90 |
| Enhanced Medical Benefits | 0.00 | 0.00 | 0.00 |
| Non-Medical Transportation | 1.34 | 1.43 | 1.39 |
| TOTAL OTHER MEDICAL | 8.93 | 8.46 | 8.69 |
| PHARMACY SERVICES | | | |
| RX - Drugs & OTC | 30.46 | 27.67 | 29.06 |
| RX - HEP-C | 2.39 | 2.84 | 2.61 |
| Rx - DME | 2.03 | 1.87 | 1.95 |
| RX - Pharmacy Rebates | (0.28) | (0.28) | (0.28) |
| TOTAL PHARMACY SERVICES | 34.59 | 32.09 | 33.34 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.35 | 2.36 | 2.35 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (0.60) | 0.47 | (0.07) |
| Total Medical Costs | 212.33 | 212.40 | 212.36 |

| | | CURRENT MONTH | | YEAR-TO-DATE | |
|---|-----------|---------------|-----------|--------------|-----------|
| ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED FEBRUARY 28, 2017 | | | | | |
| 177,920 | 234,607 | 56,687 | 457,827 | 503,663 | 45,836 |
| 137,255 | 135,990 | (1,265) | 247,440 | 273,005 | 25,565 |
| 408,429 | 555,124 | 146,695 | 816,593 | 1,110,247 | 293,654 |
| 152,258 | 212,500 | 60,242 | 155,981 | 425,001 | 269,020 |
| 432,879 | 478,814 | 45,935 | 842,835 | 957,628 | 114,793 |
| 68,960 | 83,016 | 14,056 | 132,732 | 166,032 | 33,300 |
| 2,491 | 44,975 | 42,484 | 2,650 | 89,950 | 87,300 |
| 15 | 3,929 | 3,914 | 515 | 7,860 | 7,345 |
| (66) | 500 | 566 | (66) | 650 | 716 |
| 79,829 | 86,530 | 6,701 | 165,789 | 172,710 | 6,921 |
| 608 | 7,550 | 6,942 | 608 | 15,100 | 14,492 |
| - | - | - | 33 | 150 | 117 |
| 143,067 | 192,571 | 49,504 | 279,741 | 385,142 | 105,401 |
| 349,583 | 496,280 | 146,697 | 713,876 | 992,561 | 278,685 |
| 243,425 | 312,680 | 69,255 | 506,926 | 625,360 | 118,434 |
| 40,824 | 48,943 | 8,119 | 114,822 | 100,386 | (14,436) |
| 3,800 | 44,350 | 40,550 | 22,817 | 88,700 | 65,883 |
| 55,567 | 55,525 | (42) | 103,231 | 111,127 | 7,896 |
| 104,383 | 115,643 | 11,260 | 199,281 | 297,930 | 98,649 |
| 2,401,227 | 3,109,527 | 708,300 | 4,763,631 | 6,323,203 | 1,559,572 |

| KERN HEALTH SYSTEMS MEDI-CAL | | JANUARY 2017 | FEBRUARY 2017 | YEAR TO DATE 2017 |
|--|--|------------------|------------------|-------------------------|
| SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED FEBRUARY 28, 2017 | | | | |
| 110 - Executive | | 279,907 | 177,920 | 457,827 |
| 210 - Accounting | | 110,185 | 137,255 | 247,440 |
| 220 - Management Information Systems (MIS) | | | | |
| 225 - Infrastructure | | 3,723 | 152,258 | 155,981 |
| 230 - Claims | | 409,956 | 432,879 | 842,835 |
| 240 - Project Management | | 63,772 | 68,960 | 132,732 |
| 310 - Health Services - Utilization Management | | 159 | 2,491 | 2,650 |
| 311 - Health Services - Quality Improvement | | 500 | 15 | 515 |
| 312 - Health Services - Education | | - | (66) | (66) |
| 313- Pharmacy | | 85,960 | 79,829 | 165,789 |
| 314 - Health Homes | | - | 608 | 608 |
| 616 - Disease Management | | 33 | - | 33 |
| 320 - Provider Relations | | 136,674 | 143,067 | 279,741 |
| 330 - Member Services | | 364,293 | 349,583 | 713,876 |
| 340 - Corporate Services | | 263,501 | 243,425 | 506,926 |
| 360 - Audit & Investigative Services | | 73,998 | 40,824 | 114,822 |
| 410 - Advertising Media | | 19,017 | 3,800 | 22,817 |
| 420 - Sales/Marketing/Public Relations | | 47,664 | 55,567 | 103,231 |
| 510 - Human Resources | | 94,898 | 104,383 | 199,281 |
| Total Department Expenses | | 2,362,404 | 2,401,227 | 4,763,631 |

| KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF FEBRUARY 28, 2017 | | | |
|---|----------------------|---------------------|-----------------|
| ASSETS | FEBRUARY 2017 | JANUARY 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,419,689 | \$ 1,419,689 | - |
| Interest Receivable | 1,560 | 780 | 780 |
| Prepaid Expenses & Other Current Assets | 3,333 | 4,167 | (834) |
| TOTAL CURRENT ASSETS | \$ 1,424,582 | \$ 1,424,636 | \$ (54) |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Other Liabilities | 353,849 | 353,849 | - |
| TOTAL CURRENT LIABILITIES | \$ 353,849 | \$ 353,849 | \$ - |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,070,040 | 1,070,040 | - |
| Increase (Decrease) in Net Position - Current Year | 693 | 747 | (54) |
| Total Net Position | \$ 1,070,733 | \$ 1,070,787 | \$ (54) |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,424,582 | \$ 1,424,636 | \$ (54) |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED FEBRUARY 28, 2017 | YEAR-TO-DATE | | |
|---------------|----|-------|--|--------------|-----------|----------------|
| | | | | ACTUAL | BUDGET | VARIANCE |
| | | | ENROLLMENT | | | |
| - | - | - | Members | - | - | - |
| | | | REVENUES | | | |
| - | - | - | Premium | - | - | - |
| 780 | - | 780 | Interest | 1,560 | - | 1,560 |
| | | | Other Investment Income | 800 | - | 800 |
| 780 | - | 780 | TOTAL REVENUES | 2,360 | - | 2,360 |
| | | | EXPENSES | | | |
| | | | Medical Costs | | | |
| - | - | - | IBNR and Paid Claims Adjustment | - | - | - |
| - | - | - | Total Medical Costs | - | - | - |
| 780 | - | 780 | GROSS MARGIN | 2,360 | - | 2,360 |
| | | | Administrative | | | |
| 834 | - | (834) | Management Fee Expense and Other Admin Exp | 1,667 | - | (1,667) |
| 834 | - | (834) | Total Administrative Expenses | 1,667 | - | (1,667) |
| 834 | - | (834) | TOTAL EXPENSES | 1,667 | - | (1,667) |
| (54) | - | (54) | OPERATING INCOME (LOSS) | 693 | - | 693 |
| - | - | - | TOTAL NONOPERATING REVENUE (EXPENSES) | - | - | - |
| (54) | - | (54) | NET INCREASE (DECREASE) IN NET POSITION | 693 | - | 693 |
| 0% | 0% | 0% | MEDICAL LOSS RATIO | 0% | 0% | 0% |
| 107% | 0% | -107% | ADMINISTRATIVE EXPENSE RATIO | 71% | 0% | -71% |

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

| | JAN'17 | FEB'17 | MAR'17 | APR'17 | MAY'17 | JUN'17 | JUL'17 | AUG'17 | SEP'17 | OCT'17 | NOV'17 | DEC'17 |
|-------------------------------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 2017 MEMBER MONTHS | | | | | | | | | | | | |
| ADULT AND FAMILY | | | | | | | | | | | | |
| PA - FAMILY | 36,123 | 36,255 | | | | | | | | | | |
| MN - FAMILY | 0 | 0 | | | | | | | | | | |
| REFUGEE - FAMILY | 1 | 1 | | | | | | | | | | |
| FOSTER CARE | 493 | 498 | | | | | | | | | | |
| POVERTY-133/200% | 2 | 2 | | | | | | | | | | |
| POVERTY-100% | 0 | 0 | | | | | | | | | | |
| MI - CHILD | 104,391 | 105,746 | | | | | | | | | | |
| CHILD-ACA | -127 | 430 | | | | | | | | | | |
| FAMILY - UNDER 19 | 20,203 | 20,297 | | | | | | | | | | |
| SUB-TOTAL ADULT & FAMILY | 161,086 | 163,229 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|-------------------------------|---------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| MEDI-CAL EXPANSION | | | | | | | | | | | | |
| LHP Transition Pre-ACA | 26 | 69 | | | | | | | | | | |
| ACA Expansion Adult-Citizen | 54,856 | 55,872 | | | | | | | | | | |
| ACA Expansion CAL Fresh Adult | 9 | 1 | | | | | | | | | | |
| LHP Transition Pre-ACA | 514 | 500 | | | | | | | | | | |
| SUB-TOTAL MANDATORY | 55,405 | 56,442 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|--------------------------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| SDP MEMBERS | | | | | | | | | | | | |
| SSI-AGED | 158 | 185 | | | | | | | | | | |
| MN - AGED | 1,338 | 1,359 | | | | | | | | | | |
| SSI - BLIND & DIS-ABLED | 11,702 | 11,623 | | | | | | | | | | |
| MN - BLIND & DIS-ABLED | 326 | 393 | | | | | | | | | | |
| SUB-TOTAL MANDATORY SPD | 13,524 | 13,560 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL MANDATORY | 230,015 | 233,231 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|--------------------------|----|----|--|--|--|--|--|--|--|--|--|--|
| OTHER MEMBERS | | | | | | | | | | | | |
| BCCTP-TOBACCO SETTLEMENT | 29 | 30 | | | | | | | | | | |

| | | | | | | | | | | | | |
|---------------------------------|--------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| DUALS | | | | | | | | | | | | |
| PA - FAMILY DUALS | 31 | 17 | | | | | | | | | | |
| PART D SSI -AGED | 615 | 628 | | | | | | | | | | |
| PART D MN - AGED | 1,127 | 1,116 | | | | | | | | | | |
| PART D SSI - BLIND & DIS-ABLED | 2,067 | 2,011 | | | | | | | | | | |
| PART D MN - BLIND & DIS-ABLED | 762 | 780 | | | | | | | | | | |
| PART D BCCTP-TOBACCO SETTLEMENT | 1 | 1 | | | | | | | | | | |
| PART D MI - ADULT | 0 | 0 | | | | | | | | | | |
| PART D MI - CHILD | 316 | 360 | | | | | | | | | | |
| SUB-TOTAL DUALS | 4,919 | 4,913 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OTHERS | 4,948 | 4,943 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|-------------------------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| TOTAL KAISER | 7,103 | 7,365 | | | | | | | | | | |
| TOTAL MEDI-CAL MEMBERS | 242,066 | 245,539 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



To: KHS Finance Committee

From: Robert Landis, CFO

Date: June 2, 2017

Re: March 2017 Financial Results

The March results reflect a \$4,251,125 Net Increase in Net Position which is a \$3,248,129 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$4.5 million favorable variance primarily due to:
 - A) \$.6 million favorable variance relating to Family and Other primarily due higher than expected enrollment (\$.3 million), higher than expected Maternity revenue (\$.4 million) and lower than expected HEP-C revenue (\$.1 million).
 - B) \$1.6 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$1.3 million), higher than expected Maternity revenue (\$.2 million) and higher than expected HEP-C revenue (\$.1 million).
 - C) \$.4 million unfavorable variance relating to SPD members primarily due to lower than expected enrollment (\$.3 million) and lower than expected HEP-C revenue (\$.1 million).
 - D) \$1.9 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
 - E) \$.4 million favorable variance relating to Rate/Income Adjustments primarily due to reinsurance recoveries from 2016.
- 2) Total Medical Costs reflect a \$2.1 million unfavorable variance primarily due to:
 - A) \$1.2 million unfavorable variance in Physician Services primarily due to higher than expected enrollment and higher than expected utilization of Urgent Care services.
 - B) \$1.9 million unfavorable variance in Inpatient primarily due to higher than expected enrollment and higher than expected utilization.
 - C) \$. 6 million favorable IBNR adjustment from the prior year.

The March Medical Loss Ratio is 88.5% which is favorable to the 91.3% budgeted amount. The March Administrative Expense Ratio is 4.7 % which is favorable to the 5.9% budgeted amount.

The results for the 3 months ended March 31, 2017 reflect a Net Increase in Net Position of \$12,164,300. This is an \$8,936,847 favorable variance to budget and includes approximately \$3.0 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 88.9% which is favorable to the 91.3% budgeted amount. The year-to-date Administrative Expense Ratio is 4.4% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems
Financial Packet
March 2017**

KHS – Medi-Cal Line of Business

| | |
|---|---------|
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KHS Group Health Plan – Healthy Families Line of Business

| | |
|---|---------|
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KHS Administrative Analysis and Other Reporting

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|----------------------|---------|
| Monthly Member Count | Page 14 |
|----------------------|---------|

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF MARCH 31, 2017 | | | |
|--|-----------------------|-----------------------|---------------------|
| ASSETS | MARCH 2017 | FEBRUARY 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 105,080,500 | \$ 110,710,430 | \$ (5,629,930) |
| Short-Term Investments | 178,249,343 | 170,777,922 | 7,471,421 |
| Pass-through Monies Held for Future Payment | 1,706,562 | 1,593,954 | 112,608 |
| Premiums Receivable - Net | 18,460,701 | 15,620,320 | 2,840,381 |
| Interest Receivable | 123,244 | 287,509 | (164,265) |
| Other Receivables | 633,546 | 736,167 | (102,621) |
| Prepaid Expenses & Other Current Assets | 1,306,308 | 708,515 | 597,793 |
| Total Current Assets | \$ 305,560,204 | \$ 300,434,817 | \$ 5,125,387 |
| RESTRICTED ASSETS | \$ 300,000 | \$ 300,000 | \$ - |
| CAPITAL ASSETS - NET OF ACCUM DEPREE: | | | |
| Land | 4,851,562 | 4,851,562 | - |
| Furniture and Equipment | 7,357,608 | 6,994,372 | 363,236 |
| Automobile - Net | 21,324 | 21,715 | (391) |
| Building and Building Improvements - Net | 6,908,665 | 6,936,520 | (27,855) |
| Capital Projects in Process | 4,394,914 | 4,278,169 | 116,745 |
| Total Capital Assets | \$ 23,534,073 | \$ 23,082,338 | \$ 451,735 |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 4,540,339 | \$ 4,540,339 | \$ - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 333,934,616 | \$ 328,357,494 | \$ 5,577,122 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | \$ 51,540 | \$ 307,944 | (256,404) |
| Accrued Salaries and Employee Benefits | 1,984,004 | 1,665,416 | 318,588 |
| Accrued Other Operating Expenses | 1,889,257 | 2,234,851 | (345,594) |
| Accrued Taxes and Licenses | 21,088,883 | 13,889,487 | 7,199,396 |
| Other Medical Liabilities - Nonoperating Passthrough | 1,706,562 | 1,593,954 | 112,608 |
| Claims Payable (Reported) | 17,009,782 | 19,829,387 | (2,819,605) |
| IBNR - Inpatient Claims | 27,544,004 | 30,282,508 | (2,738,504) |
| IBNR - Physician Claims | 10,988,184 | 12,413,657 | (1,425,473) |
| IBNR - Accrued Other Medical | 17,605,131 | 16,865,976 | 739,155 |
| Risk Pool and Withholds Payable | 4,121,539 | 3,556,815 | 564,724 |
| Statutory Allowance for Claims Processing Expense | 1,926,674 | 1,926,674 | - |
| Other Liabilities | 38,063,167 | 38,074,892 | (11,725) |
| Total Current Liabilities | \$ 143,978,727 | \$ 142,641,561 | \$ 1,337,166 |
| NONCURRENT LIABILITIES: | | | |
| Net Pension Liability | 4,735,682 | 4,746,851 | (11,169) |
| TOTAL NONCURRENT LIABILITIES | \$ 4,735,682 | \$ 4,746,851 | \$ (11,169) |
| DEFERRED INFLOWS OF RESOURCES | \$ 1,840,334 | \$ 1,840,334 | \$ - |
| NET POSITION: | | | |
| Net Position - Beg. of Year | 171,215,573 | 171,215,573 | - |
| Increase (Decrease) in Net Position - Current Year | 12,164,300 | 7,913,175 | 4,251,125 |
| Total Net Position | \$ 183,379,873 | \$ 179,128,748 | \$ 4,251,125 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 333,934,616 | \$ 328,357,494 | \$ 5,577,122 |

| | | | KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED MARCH 31, 2017 | | | | | |
|--|------------|-------------|---|--|--|----------------------------|--------------------|--------------------|
| CURRENT MONTH MEMBERS | | | | | | YEAR-TO-DATE MEMBER MONTHS | | |
| ACTUAL | BUDGET | VARIANCE | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 164,642 | 163,700 | 942 | Family Members | | | 488,315 | 489,300 | (985) |
| 57,087 | 54,900 | 2,187 | Expansion Members | | | 168,780 | 164,100 | 4,680 |
| 13,539 | 13,600 | (61) | SPD Members | | | 40,464 | 40,650 | (186) |
| 5,040 | 4,050 | 990 | Other Members | | | 15,035 | 12,075 | 2,960 |
| 7,466 | 7,050 | 416 | Kaiser Members | | | 21,934 | 21,075 | 859 |
| 247,774 | 243,300 | 4,474 | Total Members - MCAL | | | 734,528 | 727,200 | 7,328 |
| REVENUES | | | | | | | | |
| 21,940,850 | 21,382,913 | 557,937 | Title XIX - Medicaid - Family and Other | | | 63,015,730 | 63,938,595 | (922,865) |
| 22,045,879 | 20,442,902 | 1,602,977 | Title XIX - Medicaid - Expansion Members | | | 64,082,420 | 61,109,766 | 2,972,654 |
| 9,939,770 | 10,352,592 | (412,822) | Title XIX - Medicaid - SPD Members | | | 29,525,583 | 30,943,593 | (1,418,010) |
| 7,470,551 | 7,118,213 | 352,339 | Premium - MCO Tax | | | 22,367,521 | 21,275,546 | 1,091,975 |
| 245,909 | 152,945 | 92,964 | Interest /Dividends | | | 604,586 | 457,135 | 147,451 |
| - | 103,950 | (103,950) | Reinsurance Recoveries | | | - | 310,695 | (310,695) |
| 4,696,164 | 2,788,330 | 1,907,834 | COB/Subrogation Collections | | | 12,063,996 | 8,333,926 | 3,730,070 |
| 413,545 | - | 413,545 | Rate/Income Adjustments | | | 2,430,520 | - | 2,430,520 |
| 46,740 | - | 46,740 | Other Income (Expense) | | | 84,431 | - | 84,431 |
| 66,799,408 | 62,341,844 | 4,457,564 | TOTAL REVENUES | | | 194,174,787 | 186,369,256 | 7,805,531 |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 13,156,118 | 11,920,442 | (1,235,676) | Physician Services | | | 38,183,783 | 35,629,289 | (2,554,494) |
| 2,496,217 | 2,616,809 | 120,592 | Other Professional Services | | | 7,385,220 | 7,819,385 | 434,165 |
| 4,100,250 | 4,644,895 | 544,645 | Emergency Room | | | 13,238,919 | 13,883,176 | 644,257 |
| 15,281,823 | 13,349,896 | (1,931,927) | Inpatient | | | 44,093,759 | 39,902,149 | (4,191,610) |
| 103,399 | 103,950 | 551 | Reinsurance Expense | | | 309,959 | 310,695 | 736 |
| 6,116,559 | 5,549,460 | (567,099) | Outpatient Hospital | | | 17,407,967 | 16,587,010 | (820,957) |
| 2,214,713 | 2,496,829 | 282,116 | Other Medical | | | 6,320,043 | 7,466,360 | 1,146,317 |
| 9,063,123 | 9,201,992 | 138,869 | Pharmacy | | | 24,807,882 | 27,504,422 | 2,696,540 |
| 564,724 | 555,188 | (9,537) | Pay for Performance Quality Incentive | | | 1,676,596 | 1,659,394 | (17,202) |
| (585,473) | - | 585,473 | IBNR, Incentive, Paid Claims Adjustment | | | (616,326) | - | 616,326 |
| 52,511,453 | 50,439,461 | (2,071,992) | Total Medical Costs | | | 152,807,802 | 150,761,880 | (2,045,922) |
| 14,287,955 | 11,902,383 | 2,385,572 | GROSS MARGIN | | | 41,366,985 | 35,607,376 | 5,759,609 |
| Administrative: | | | | | | | | |
| 1,806,555 | 1,899,801 | 93,246 | Compensation | | | 5,024,422 | 5,725,822 | 701,400 |
| 436,052 | 687,320 | 251,268 | Purchased Services | | | 1,155,145 | 1,776,855 | 621,710 |
| 86,926 | 148,657 | 61,731 | Supplies | | | 190,169 | 445,879 | 255,710 |
| 484,727 | 545,397 | 60,670 | Other Administrative Expenses | | | 1,208,155 | 1,655,822 | 447,667 |
| 2,814,260 | 3,281,174 | 466,914 | Total Administrative Expenses | | | 7,577,891 | 9,604,377 | 2,026,486 |
| 55,325,713 | 53,720,635 | (1,605,078) | TOTAL EXPENSES | | | 160,385,693 | 160,366,257 | (19,436) |
| 11,473,695 | 8,621,209 | 2,852,486 | OPERATING INCOME (LOSS) BEFORE TAX | | | 33,789,094 | 26,002,999 | 7,786,095 |
| 7,199,396 | 7,118,213 | (81,184) | MCO TAX | | | 21,601,620 | 21,275,546 | (326,074) |
| 4,274,299 | 1,502,996 | 2,771,303 | OPERATING INCOME (LOSS) NET OF TAX | | | 12,187,474 | 4,727,453 | 7,460,021 |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| (23,174) | (500,000) | 476,826 | Reserve Fund Projects/Community Grants | | | (23,174) | (1,500,000) | 1,476,826 |
| (23,174) | (500,000) | 476,826 | TOTAL NONOPERATING REVENUES (EXPENSES) | | | (23,174) | (1,500,000) | 1,476,826 |
| 4,251,125 | 1,002,996 | 3,248,129 | NET INCREASE (DECREASE) IN NET POSITION | | | 12,164,300 | 3,227,453 | 8,936,847 |
| 88.5% | 91.3% | 2.8% | MEDICAL LOSS RATIO | | | 88.9% | 91.3% | 2.4% |
| 4.7% | 5.9% | 1.2% | ADMINISTRATIVE EXPENSE RATIO | | | 4.4% | 5.8% | 1.4% |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED MARCH 31, 2017 | | | YEAR-TO-DATE | | |
|--|---------|---------|--|---------|---------|--------------|--------|----------|
| | | | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | ACTUAL | BUDGET | VARIANCE |
| 164,642 | 163,700 | 942 | Family Members | 488,315 | 489,300 | (985) | | |
| 57,087 | 54,900 | 2,187 | Expansion Members | 168,780 | 164,100 | 4,680 | | |
| 13,539 | 13,600 | (61) | SPD Members | 40,464 | 40,650 | (186) | | |
| 5,040 | 4,050 | 990 | Other Members | 15,035 | 12,075 | 2,960 | | |
| 7,466 | 7,050 | 416 | Kaiser Members | 21,934 | 21,075 | 859 | | |
| 247,774 | 243,300 | 4,474 | Total Members - MCAL | 734,528 | 727,200 | 7,328 | | |
| REVENUES | | | | | | | | |
| 129.31 | 127.47 | 1.84 | Title XIX - Medicaid - Family and Other | 125.19 | 127.53 | (2.33) | | |
| 386.18 | 372.37 | 13.81 | Title XIX - Medicaid - Expansion Members | 379.68 | 372.39 | 7.29 | | |
| 734.16 | 761.22 | (27.06) | Title XIX - Medicaid - SPD Members | 729.68 | 761.22 | (31.54) | | |
| 31.09 | 30.13 | 0.96 | Premium - MCO Tax | 31.39 | 30.13 | 1.26 | | |
| 1.02 | 0.65 | 0.38 | Interest /Dividends | 0.85 | 0.65 | 0.20 | | |
| 0.00 | 0.44 | (0.44) | Reinsurance Recoveries | 0.00 | 0.44 | (0.44) | | |
| 19.54 | 11.80 | 7.74 | COB/Subrogation Collections | 16.93 | 11.80 | 5.13 | | |
| 1.72 | 0.00 | 1.72 | Rate/Income Adjustments | 3.41 | 0.00 | 3.41 | | |
| 0.19 | 0.00 | 0.19 | Other Income (Expense) | 0.12 | 0.00 | 0.12 | | |
| 277.97 | 263.88 | 14.09 | TOTAL REVENUES | 272.49 | 263.93 | 8.56 | | |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 54.75 | 50.46 | (4.29) | Physician Services | 53.58 | 50.46 | (3.13) | | |
| 10.39 | 11.08 | 0.69 | Other Professional Services | 10.36 | 11.07 | 0.71 | | |
| 17.06 | 19.66 | 2.60 | Emergency Room | 18.58 | 19.66 | 1.08 | | |
| 63.59 | 56.51 | (7.09) | Inpatient | 61.88 | 56.51 | (5.37) | | |
| 0.43 | 0.44 | 0.01 | Reinsurance Expense | 0.43 | 0.44 | 0.01 | | |
| 25.45 | 23.49 | (1.96) | Outpatient Hospital | 24.43 | 23.49 | (0.94) | | |
| 9.22 | 10.57 | 1.35 | Other Medical | 8.87 | 10.57 | 1.70 | | |
| 37.71 | 38.95 | 1.24 | Pharmacy | 34.81 | 38.95 | 4.14 | | |
| 2.35 | 2.35 | (0.00) | Pay for Performance Quality Incentive | 2.35 | 2.35 | (0.00) | | |
| (2.44) | 0.00 | 2.44 | IBNR, Incentive, Paid Claims Adjustment | (0.86) | 0.00 | 0.86 | | |
| 218.52 | 213.50 | (5.02) | Total Medical Costs | 214.44 | 213.51 | (0.93) | | |
| 59.46 | 50.38 | 9.08 | GROSS MARGIN | 58.05 | 50.43 | 7.62 | | |
| Administrative: | | | | | | | | |
| 7.52 | 8.04 | 0.52 | Compensation | 7.05 | 8.11 | 1.06 | | |
| 1.81 | 2.91 | 1.09 | Purchased Services | 1.62 | 2.52 | 0.90 | | |
| 0.36 | 0.63 | 0.27 | Supplies | 0.27 | 0.63 | 0.36 | | |
| 2.02 | 2.31 | 0.29 | Other Administrative Expenses | 1.70 | 2.34 | 0.65 | | |
| 11.71 | 13.89 | 2.18 | Total Administrative Expenses | 10.63 | 13.60 | 2.97 | | |
| 230.23 | 227.39 | (2.84) | TOTAL EXPENSES | 225.07 | 227.11 | 2.03 | | |
| 47.75 | 36.49 | 11.25 | OPERATING INCOME (LOSS) BEFORE TAX | 47.42 | 36.82 | 10.59 | | |
| 29.96 | 30.13 | 0.17 | MCO TAX | 30.31 | 30.13 | (0.18) | | |
| 17.79 | 6.36 | 11.42 | OPERATING INCOME (LOSS) NET OF TAX | 17.10 | 6.69 | 10.41 | | |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| (0.10) | (2.12) | (2.02) | Reserve Fund Projects/Community Grants | (0.03) | (6.35) | (6.32) | | |
| (0.10) | (2.12) | (2.02) | TOTAL NONOPERATING REVENUES (EXPENSES) | (0.03) | (6.35) | (6.32) | | |
| 17.69 | 4.25 | 13.44 | NET INCREASE (DECREASE) IN NET POSITION | 17.07 | 4.57 | 12.50 | | |
| 88.5% | 91.3% | 2.8% | MEDICAL LOSS RATIO | 88.9% | 91.3% | 2.4% | | |
| 4.7% | 5.9% | 1.2% | ADMINISTRATIVE EXPENSE RATIO | 4.4% | 5.8% | 1.4% | | |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH MARCH 31, 2017 | MARCH | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | JANUARY | FEBRUARY | MARCH | 13 MONTH TOTAL |
|--|-------|-------|------|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|-------------------|
| | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2016 | 2017 | 2017 | 2017 | |

| ENROLLMENT | 222,155 | 224,803 | 225,873 | 228,073 | 228,789 | 229,560 | 232,053 | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 240,308 | 3,006,601 |
|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|

| REVENUES | 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 | 20,429,201 | 21,026,665 | 20,048,215 | 21,940,850 | 270,677,400 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Title XIX - Medicaid - Family and Other | 22,332,378 | 22,221,335 | 22,681,126 | 20,013,241 | 20,106,340 | 20,307,212 | 20,219,075 | 19,620,974 | 20,146,360 | 20,105,649 | 20,905,352 | 21,131,189 | 22,045,879 | 271,836,110 |
| Title XIX - Medicaid - Expansion Members | 9,250,198 | 9,598,222 | 9,500,904 | 8,974,229 | 10,385,333 | 10,279,833 | 10,007,635 | 10,231,800 | 10,209,218 | 9,940,753 | 9,966,872 | 9,618,941 | 9,939,770 | 127,930,758 |
| Premium - MCO Tax | 2,116,879 | 2,135,629 | 2,201,211 | 2,176,933 | 115,627 | 23,082 | 21,614,834 | 7,184,130 | 7,198,399 | 10,065,434 | 7,405,842 | 7,470,851 | 7,470,851 | 77,199,779 |
| Interest/Dividends | 174,396 | 162,990 | 155,221 | 144,418 | 156,158 | 150,443 | 186,999 | 236,189 | 223,035 | 194,711 | 181,883 | 176,794 | 245,909 | 2,388,846 |
| Reinsurance Recoveries | 105,967 | - | - | 136,469 | - | 35,587 | 30,454 | 205,689 | - | (210,968) | - | - | - | 303,198 |
| COB/Subrogation Collections | 2,530,658 | 2,134,967 | 1,867,649 | 2,758,967 | 1,886,161 | 9,063,870 | 2,787,116 | 3,407,813 | 2,069,154 | 2,839,103 | 4,060,955 | 3,306,877 | 4,696,164 | 43,409,454 |
| Rate/Income Adjustments | 43,719 | 61,906 | (709,861) | 182,133 | (14,918) | 1,795,534 | 13,093 | (333,319) | (541) | 2,736,951 | - | 2,016,975 | 413,545 | 6,205,217 |
| Other Income (Expense) | 34,127 | 129 | (1,527) | (101,654) | 66,531 | (67,508) | (407,903) | 215 | 41 | (1,262,113) | 37,570 | 121 | 46,740 | (1,655,231) |
| TOTAL REVENUES | 55,481,664 | 55,583,594 | 55,893,422 | 56,006,782 | 53,758,700 | 63,075,046 | 75,990,414 | 62,271,090 | 61,192,211 | 64,838,821 | 63,670,425 | 63,704,954 | 66,799,408 | 798,268,531 |

| EXPENSES | 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 | 11,369,024 | 12,342,816 | 12,684,849 | 13,156,118 | 149,753,151 |
|---|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|-------------|------------|------------|------------|-------------|
| Medical Costs: | 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 | 2,850,615 | 2,642,041 | 2,246,962 | 2,496,217 | 29,727,537 |
| Physician Services | 4,418,069 | 4,384,207 | 4,004,335 | 3,936,263 | 4,823,966 | 4,534,245 | 4,527,181 | 4,374,358 | 4,182,880 | 4,106,435 | 4,687,780 | 4,450,889 | 4,100,250 | 56,330,858 |
| Other Professional Services | 13,526,617 | 14,151,250 | 13,224,036 | 12,777,639 | 16,712,009 | 13,075,786 | 10,660,875 | 11,423,068 | 11,793,439 | 12,976,841 | 13,999,552 | 14,812,384 | 15,281,823 | 174,355,319 |
| Emergency Room | 175,283 | 177,724 | 179,842 | 180,699 | 182,458 | 183,031 | 183,648 | 185,643 | 187,388 | 187,380 | 187,176 | 187,388 | 187,388 | 2,132,855 |
| Reinsurance Expense | 4,694,700 | 6,199,589 | 4,853,547 | 4,986,698 | 2,738,213 | 6,364,762 | 3,990,250 | 5,114,588 | 4,698,013 | 6,388,140 | 5,477,940 | 5,813,468 | 6,116,559 | 67,418,267 |
| Outpatient Hospital | 8,591,490 | 2,473,455 | 2,889,123 | 3,577,133 | (1,333,149) | 2,534,421 | 1,143,970 | 1,801,979 | 1,296,759 | 1,515,058 | 2,097,824 | 2,007,506 | 2,214,713 | 23,096,668 |
| Other Medical | 536,256 | 542,674 | 545,291 | 550,605 | 552,273 | 554,141 | 560,172 | 564,834 | 565,417 | 566,068 | 552,163 | 559,709 | 564,724 | 7,214,327 |
| Pharmacy | 1,518,741 | 1,518,741 | 1,469,399 | 1,329,868 | (215,621) | - | 1,059,120 | 853,019 | 137,358 | 413,346 | - | - | - | 8,083,971 |
| Pay for Performance Quality Incentive | (1,433,650) | (1,978,994) | (2,887,073) | (3,748,854) | 0 | 3,244,295 | - | 128,791 | 162,526 | (444,334) | 1,045,552 | (141,866) | (585,473) | (6,528,067) |
| Expansion Risk Corridor Expense | 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 | 49,466,635 | 49,889,881 | 50,406,468 | 52,511,453 | 618,718,900 |
| IBNR, Incentive, Paid Claims Adjustment | | | | | | | | | | | | | | |
| Total Medical Costs | 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 | 15,372,186 | 13,780,544 | 13,298,486 | 14,287,955 | 179,549,631 |
| GROSS MARGIN | 1,499,527 | 1,438,925 | 1,493,127 | 1,458,666 | 1,398,183 | 1,503,706 | 1,589,763 | 1,621,722 | 1,717,507 | 1,748,853 | 1,667,274 | 1,550,593 | 1,806,555 | 20,484,201 |
| Administrative: | 546,034 | 485,217 | 231,179 | 532,780 | 256,055 | 354,966 | 343,359 | 478,654 | 607,200 | 470,957 | 268,436 | 450,657 | 436,052 | 5,461,546 |
| Compensation | 36,431 | 78,743 | 81,297 | 84,932 | 61,144 | 1,284 | 70,613 | 62,414 | 42,864 | 53,867 | 66,872 | 36,371 | 86,926 | 763,758 |
| Purchased Services | 316,107 | 375,558 | 304,432 | 391,548 | 333,267 | 338,202 | 368,192 | 663,609 | 265,740 | 423,090 | 359,822 | 363,606 | 484,727 | 4,987,900 |
| Supplies | 3,600,000 | 500,000 | - | - | - | (190,729) | - | - | - | (1,960,549) | - | - | - | 1,948,722 |
| Other Administrative Expenses | 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 | 736,218 | 2,362,404 | 2,401,227 | 2,814,260 | 33,646,127 |
| Administrative Expense Adjustment | 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 | 50,202,853 | 52,252,285 | 52,807,695 | 55,325,713 | 652,365,027 |
| Total Administrative Expenses | 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 | 14,635,968 | 11,418,140 | 10,897,259 | 11,473,695 | 145,903,504 |
| OPERATING INCOME (LOSS) BEFORE TAX | 2,116,879 | 2,135,629 | 2,201,211 | 2,176,933 | 115,627 | 23,082 | 21,614,834 | 7,184,130 | 7,198,399 | 10,065,534 | 7,491,128 | 6,911,096 | 7,199,396 | 76,433,878 |
| MCO TAX | 2,077,743 | 3,341,213 | 7,060,914 | 7,672,424 | 5,199,242 | 6,941,945 | 7,306,726 | 6,423,706 | 6,687,805 | 4,570,434 | 3,927,012 | 3,986,163 | 4,274,239 | 69,469,626 |
| OPERATING INCOME (LOSS) NET OF TAX | - | - | - | - | - | - | - | - | - | - | - | - | - | (243,579) |
| TOTAL EXPENSES | 2,077,743 | 3,341,213 | 7,060,914 | 7,672,424 | 5,199,242 | 6,941,945 | 7,306,726 | 6,423,706 | 6,467,400 | 4,570,434 | 3,927,012 | 3,986,163 | 4,251,125 | 69,226,047 |
| OPERATING INCOME (LOSS) BEFORE TAX | 84.9% | 88.4% | 83.9% | 81.2% | 86.5% | 85.5% | 82.6% | 83.2% | 82.7% | 90.3% | 88.8% | 89.5% | 88.5% | 85.8% |
| NET INCREASE (DECREASE) IN NET POSITION | 11.2% | 8.4% | 3.9% | 4.6% | 3.8% | 3.5% | 4.0% | 5.1% | 4.9% | 1.3% | 4.2% | 4.3% | 4.7% | 4.7% |
| MEDICAL LOSS RATIO | | | | | | | | | | | | | | |
| ADMINISTRATIVE EXPENSE RATIO | | | | | | | | | | | | | | |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH MARCH 31, 2017 | | MARCH 2016 | APRIL 2016 | MAY 2016 | JUNE 2016 | JULY 2016 | AUGUST 2016 | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | 13 MONTH TOTAL |
|---|--|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|-------------------|
| ENROLLMENT | | 222,155 | 224,803 | 225,873 | 228,073 | 228,789 | 229,560 | 232,053 | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 240,308 | 2,766,293 |
| MEMBERS - MICAL | | | | | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | | 120.10 | 121.45 | 126.97 | 129.88 | 129.86 | 132.03 | 130.94 | 130.83 | 128.46 | 122.95 | 126.64 | 119.60 | 129.31 | 127.00 |
| Title XIX - Medicaid - Expansion Members | | 434.58 | 423.63 | 425.86 | 417.14 | 379.40 | 381.12 | 373.84 | 360.02 | 368.90 | 366.70 | 377.32 | 375.41 | 386.18 | 388.36 |
| Title XIX - Medicaid - SPD Members | | 687.59 | 700.75 | 703.09 | 698.55 | 760.11 | 759.39 | 743.07 | 758.87 | 759.67 | 736.02 | 736.98 | 717.78 | 734.16 | 729.77 |
| Premium - MCO Tax | | 9.53 | 9.50 | 9.75 | 9.54 | 0.51 | 0.10 | 93.15 | 30.70 | 30.73 | 42.93 | 31.88 | 31.21 | 31.09 | 25.68 |
| Interest/Dividends | | 0.79 | 0.73 | 0.69 | 0.63 | 0.68 | 0.63 | 0.81 | 1.01 | 0.95 | 0.74 | 0.77 | 0.79 | 1.02 | 0.79 |
| Reinsurance Recoveries | | 0.48 | 0.00 | 0.00 | 0.60 | 0.00 | 0.16 | 0.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 |
| COB/Subrogation Collections | | 11.39 | 9.50 | 8.27 | 12.10 | 8.24 | 39.48 | 12.01 | 14.56 | 8.83 | 12.11 | 17.28 | 13.93 | 19.54 | 14.44 |
| Rate/Income Adjustments | | 0.20 | 0.28 | (3.14) | 0.80 | (0.07) | 7.82 | 0.06 | (1.42) | (0.00) | 11.67 | 0.00 | 8.50 | 1.72 | 2.06 |
| Other Income (Expense) | | 0.15 | 0.00 | (0.01) | (0.45) | 0.29 | (0.29) | (1.76) | 0.00 | 0.00 | (5.98) | 0.16 | 0.00 | 0.19 | (0.55) |
| TOTAL REVENUES | | 249.74 | 247.25 | 247.46 | 245.57 | 234.97 | 274.76 | 327.47 | 266.13 | 261.25 | 276.51 | 270.98 | 268.43 | 277.97 | 265.51 |
| EXPENSES | | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | | |
| Physician Services | | 37.75 | 45.30 | 44.57 | 42.85 | 59.13 | 53.66 | 53.47 | 50.60 | 49.92 | 48.48 | 52.53 | 53.45 | 54.75 | 49.81 |
| Other Professional Services | | 8.99 | 8.54 | 9.04 | 10.69 | 9.24 | 10.41 | 10.04 | 7.85 | 10.36 | 12.16 | 11.24 | 9.47 | 10.39 | 9.89 |
| Emergency Room | | 19.89 | 19.50 | 17.73 | 17.26 | 21.08 | 19.75 | 18.65 | 18.70 | 17.86 | 17.51 | 19.95 | 18.75 | 17.06 | 18.74 |
| Inpatient | | 60.89 | 62.95 | 58.55 | 56.02 | 73.05 | 56.96 | 45.94 | 48.82 | 50.31 | 55.13 | 59.58 | 62.41 | 63.59 | 57.99 |
| Reinsurance Expense | | 0.79 | 0.80 | 0.80 | 0.79 | 0.80 | 0.80 | 0.79 | 0.80 | 0.80 | 0.80 | 0.44 | 0.44 | 0.44 | 0.71 |
| Outpatient Hospital | | 21.13 | 27.58 | 21.41 | 21.86 | 11.97 | 27.73 | 17.20 | 21.86 | 20.06 | 27.24 | 23.31 | 24.50 | 25.45 | 22.42 |
| Other Medical | | 12.95 | 11.00 | 12.79 | 15.68 | (5.83) | 11.04 | 4.93 | 7.70 | 5.54 | 6.46 | 8.93 | 8.46 | 9.22 | 8.35 |
| Pharmacy | | 38.67 | 34.10 | 36.10 | 34.58 | 31.87 | 37.95 | 34.89 | 32.83 | 34.78 | 34.54 | 34.59 | 32.09 | 37.71 | 34.97 |
| Pay for Performance Quality Incentive | | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.35 | 2.36 | 2.35 | 2.40 |
| Expansion Risk Corridor Expense | | 6.84 | (6.80) | 6.76 | 5.83 | (0.94) | 0.00 | 1.76 | 3.65 | 0.59 | 1.76 | 0.00 | 0.00 | 0.00 | 2.69 |
| IBNR, Incentive, Paid Claims Adjustment | | (6.45) | (8.80) | (12.78) | (16.44) | 0.00 | 14.13 | 0.56 | (1.90) | 4.46 | 0.00 | (0.60) | 0.47 | (2.44) | (1.17) |
| Total Medical Costs | | 203.86 | 210.13 | 197.12 | 191.56 | 202.79 | 234.85 | 193.44 | 195.90 | 190.73 | 210.95 | 212.33 | 212.40 | 218.52 | 205.79 |
| GROSS MARGIN | | 45.88 | 37.12 | 50.35 | 54.01 | 32.18 | 39.92 | 134.03 | 70.24 | 70.53 | 65.56 | 58.65 | 56.04 | 59.46 | 59.72 |
| Administrative: | | | | | | | | | | | | | | | |
| Compensation | | 6.75 | 6.36 | 6.61 | 6.40 | 6.11 | 6.55 | 6.85 | 6.93 | 7.33 | 7.46 | 7.10 | 6.53 | 7.52 | 6.81 |
| Purchased Services | | 2.46 | 2.16 | 1.02 | 2.34 | 1.12 | 1.55 | 1.48 | 2.05 | 2.59 | 2.01 | 1.14 | 1.90 | 1.81 | 1.82 |
| Supplies | | 0.16 | 0.35 | 0.36 | 0.37 | 0.27 | 0.01 | 0.30 | 0.27 | 0.18 | 0.23 | 0.28 | 0.15 | 0.36 | 0.25 |
| Other Administrative Expenses | | 1.42 | 1.67 | 1.35 | 1.72 | 1.46 | 1.47 | 1.59 | 2.84 | 1.13 | 1.80 | 1.53 | 1.53 | 2.02 | 1.66 |
| Administrative Expense Adjustment | | 16.20 | 2.22 | 0.00 | 0.00 | 0.00 | 0.00 | (0.82) | 0.00 | 0.00 | (8.36) | 0.00 | 0.00 | 0.00 | 0.65 |
| Total Administrative Expenses | | 27.00 | 12.76 | 9.34 | 10.82 | 8.95 | 9.58 | 9.40 | 12.08 | 11.24 | 3.14 | 10.05 | 10.12 | 11.71 | 11.19 |
| TOTAL EXPENSES | | 230.86 | 222.89 | 206.46 | 202.38 | 211.74 | 244.42 | 202.84 | 207.98 | 201.97 | 214.09 | 222.39 | 222.51 | 230.23 | 216.98 |
| OPERATING INCOME (LOSS) BEFORE TAX | | 18.88 | 24.36 | 41.01 | 43.19 | 23.23 | 30.34 | 124.63 | 58.16 | 59.29 | 62.42 | 48.60 | 45.92 | 47.75 | 48.53 |
| MCO TAX | | 9.53 | 9.50 | 9.75 | 9.54 | 0.51 | 0.10 | 93.15 | 30.70 | 30.73 | 42.93 | 31.88 | 29.12 | 29.96 | 25.42 |
| OPERATING INCOME (LOSS) NET OF TAX | | 9.35 | 14.86 | 31.26 | 33.64 | 22.73 | 30.24 | 31.49 | 27.45 | 28.55 | 19.49 | 16.71 | 16.80 | 17.79 | 23.11 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.94) | 0.00 | 0.00 | 0.00 | (0.10) | (1.04) |
| NET INCREASE (DECREASE) IN NET POSITION | | 9.35 | 14.86 | 31.26 | 33.64 | 22.73 | 30.24 | 31.49 | 27.45 | 27.61 | 19.49 | 16.71 | 16.80 | 17.69 | 22.07 |
| MEDICAL LOSS RATIO | | 84.9% | 88.4% | 82.9% | 81.2% | 86.5% | 85.5% | 82.6% | 83.2% | 82.7% | 90.3% | 88.8% | 89.5% | 88.5% | 85.8% |
| ADMINISTRATIVE EXPENSE RATIO | | 11.2% | 5.4% | 3.9% | 4.6% | 3.8% | 3.5% | 4.0% | 5.1% | 4.9% | 1.3% | 4.2% | 4.3% | 4.7% | 4.7% |

| CURRENT MONTH | | YEAR-TO-DATE | |
|---|-------------------|-------------------|--------------------|
| ACTUAL | BUDGET | ACTUAL | BUDGET |
| | VARIANCE | | VARIANCE |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED MARCH 31, 2017 | | | |
| R E V E N U E S | | | |
| Title XIX - Medicaid - Family & Other | | | |
| 19,190,739 | 18,937,437 | 56,843,464 | 56,606,253 |
| | 253,302 | | 237,211 |
| 2,475,990 | 2,073,391 | 5,535,267 | 6,220,173 |
| | 402,599 | | (684,906) |
| 97,940 | 216,427 | 195,880 | 646,861 |
| | (118,487) | | (450,981) |
| 82,356 | 64,382 | 157,871 | 192,428 |
| | 17,974 | | (34,557) |
| 93,825 | 91,275 | 283,248 | 272,880 |
| | 2,550 | | 10,368 |
| 21,940,850 | 21,382,913 | 63,015,730 | 63,938,596 |
| | 557,937 | | (922,866) |
| Title XIX - Medicaid - Expansion Members | | | |
| 20,652,560 | 19,390,131 | 60,855,688 | 57,958,479 |
| | 1,262,429 | | 2,897,209 |
| 621,817 | 409,980 | 1,382,487 | 1,229,938 |
| | 211,837 | | 152,549 |
| 736,754 | 609,851 | 1,740,639 | 1,822,889 |
| | 126,903 | | (82,250) |
| 34,748 | 32,940 | 103,606 | 98,460 |
| | 1,808 | | 5,146 |
| 22,045,879 | 20,442,902 | 64,082,420 | 61,109,766 |
| | 1,602,977 | | 2,972,654 |
| Title XIX - Medicaid - SPD Members | | | |
| 9,410,276 | 9,685,784 | 28,499,686 | 28,950,524 |
| | (275,508) | | (450,838) |
| 367,275 | 514,181 | 734,550 | 1,536,873 |
| | (146,906) | | (802,323) |
| 162,219 | 152,626 | 291,347 | 456,195 |
| | 9,593 | | (164,848) |
| 9,939,770 | 10,352,592 | 29,525,583 | 30,943,593 |
| | (412,822) | | (1,418,010) |

| CURRENT MONTH | | YEAR-TO-DATE | |
|--|------------|--------------|-------------|
| ACTUAL | BUDGET | ACTUAL | BUDGET |
| VARIANCE | | VARIANCE | |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED MARCH 31, 2017 | | | |
| 2,668,777 | 3,325,633 | 9,145,903 | 9,939,968 |
| 8,835,432 | 7,943,297 | 25,881,140 | 23,742,025 |
| 1,642,609 | 642,505 | 3,129,740 | 1,920,373 |
| 9,300 | 9,008 | 27,000 | 26,922 |
| 13,156,118 | 11,920,442 | 38,183,783 | 35,629,289 |
| PHYSICIAN SERVICES | | | |
| Primary Care Physician Services | | | |
| Referral Specialty Services | | | |
| Urgent Care & After Hours Advise | | | |
| Hospital Admitting Team | | | |
| TOTAL PHYSICIAN SERVICES | | | |
| OTHER PROFESSIONAL SERVICES | | | |
| Vision Service Capitation | | | |
| 238,174 | 242,937 | 707,628 | 726,113 |
| 655,378 | 776,376 | 1,911,777 | 2,329,131 |
| 112,498 | 118,953 | 309,026 | 356,858 |
| 57,865 | 78,927 | 165,210 | 221,801 |
| 87,191 | 89,964 | 249,607 | 269,891 |
| 40,290 | 33,566 | 87,941 | 100,699 |
| 51,455 | 67,453 | 126,448 | 202,361 |
| 334,111 | 217,009 | 765,114 | 648,624 |
| 38,619 | 88,665 | 378,982 | 265,015 |
| 880,636 | 902,958 | 2,683,487 | 2,698,893 |
| 2,496,217 | 2,616,809 | 7,385,220 | 7,819,385 |
| 4,100,250 | 4,644,895 | 13,238,919 | 13,883,176 |
| 15,281,823 | 13,349,896 | 44,093,759 | 39,902,149 |
| 103,399 | 103,950 | 309,959 | 310,695 |
| 6,116,559 | 5,549,460 | 17,407,967 | 16,587,010 |
| TOTAL OTHER PROFESSIONAL SERVICES | | | |
| EMERGENCY ROOM | | | |
| INPATIENT HOSPITAL | | | |
| REINSURANCE EXPENSE PREMIUM | | | |
| OUTPATIENT HOSPITAL SERVICES | | | |
| OTHER MEDICAL | | | |
| Ambulance | | | |
| 341,345 | 327,070 | 1,012,752 | 977,577 |
| 383,407 | 358,768 | 1,135,510 | 1,072,339 |
| 142,141 | 313,888 | 325,755 | 941,665 |
| 961,497 | 979,441 | 2,803,612 | 2,927,528 |
| - | 236,250 | - | 706,125 |
| 386,323 | 281,413 | 1,042,414 | 841,126 |
| 2,214,713 | 2,496,829 | 6,320,043 | 7,466,360 |
| PHARMACY SERVICES | | | |
| RX - Drugs & OTC | | | |
| 7,810,438 | 7,443,130 | 21,533,205 | 22,247,210 |
| 971,345 | 1,340,459 | 2,205,391 | 4,006,622 |
| 669,108 | 484,222 | 1,589,054 | 1,447,321 |
| (387,768) | (65,819) | (519,768) | (196,731) |
| 9,063,123 | 9,201,992 | 24,807,882 | 27,504,422 |
| 564,724 | 555,188 | 1,676,596 | 1,659,394 |
| (585,473) | - | (616,326) | - |
| 52,511,453 | 50,439,461 | 152,807,802 | 150,761,880 |
| TOTAL OTHER MEDICAL | | | |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | | | |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | | | |
| Total Medical Costs | | | |
| (2,071,992) | | | |
| (2,554,494) | | | |

* Medical costs per DMHC regulations

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH MARCH 31, 2017 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | YEAR TO DATE 2017 |
|---|-------------------|-------------------|-------------------|-------------------------|
| PHYSICIAN SERVICES | | | | |
| Primary Care Physician Services | 3,406,859 | 3,070,267 | 2,668,777 | 9,145,903 |
| Referral Specialty Services | 8,091,488 | 8,954,220 | 8,835,432 | 25,881,140 |
| Urgent Care & After Hours Advise | 835,481 | 651,650 | 1,642,609 | 3,129,740 |
| Hospital Admitting Team | 8,988 | 8,712 | 9,300 | 27,000 |
| TOTAL PHYSICIAN SERVICES | 12,342,816 | 12,684,849 | 13,156,118 | 38,183,783 |
| OTHER PROFESSIONAL SERVICES | | | | |
| Vision Service Capitation | 234,491 | 234,963 | 238,174 | 707,628 |
| 310 - Health Services - Utilization Management - UM Allocation * | 659,425 | 596,974 | 655,378 | 1,911,777 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 101,672 | 94,856 | 112,498 | 309,026 |
| 312 - Health Services - Education - UM Allocation * | 55,993 | 51,352 | 57,865 | 165,210 |
| 313 - Health Services - Pharmacy - UM Allocation * | 86,242 | 76,174 | 87,191 | 249,607 |
| 314 - Health Homes - UM Allocation * | 19,018 | 28,633 | 40,290 | 87,941 |
| 616 - Disease Management - UM Allocation * | 36,728 | 38,265 | 51,455 | 126,448 |
| Behavior Health Treatment | 300,000 | 131,003 | 334,111 | 765,114 |
| Mental Health Services | 220,889 | 119,474 | 38,619 | 378,982 |
| Other Professional Services | 927,583 | 875,268 | 880,636 | 2,683,487 |
| TOTAL OTHER PROFESSIONAL SERVICES | 2,642,041 | 2,246,962 | 2,496,217 | 7,385,220 |
| EMERGENCY ROOM | 4,687,780 | 4,450,889 | 4,100,250 | 13,238,919 |
| INPATIENT HOSPITAL | 13,999,552 | 14,812,384 | 15,281,823 | 44,093,759 |
| REINSURANCE EXPENSE PREMIUM | 103,176 | 103,384 | 103,399 | 309,959 |
| OUTPATIENT HOSPITAL SERVICES | 5,477,940 | 5,813,468 | 6,116,559 | 17,407,967 |
| OTHER MEDICAL | | | | |
| Ambulance | 321,788 | 349,619 | 341,345 | 1,012,752 |
| Home Health Services & CBAS | 370,547 | 381,556 | 383,407 | 1,135,510 |
| Utilization and Quality Review Expenses | 67,616 | 115,998 | 142,141 | 325,755 |
| Long Term/SNF/Hospice | 1,022,042 | 820,073 | 961,497 | 2,803,612 |
| Enhanced Medical Benefits | - | - | - | - |
| Non-Medical Transportation | 315,831 | 340,260 | 386,323 | 1,042,414 |
| TOTAL OTHER MEDICAL | 2,097,824 | 2,007,506 | 2,214,713 | 6,320,043 |
| PHARMACY SERVICES | | | | |
| RX - Drugs & OTC | 7,157,012 | 6,565,755 | 7,810,438 | 21,533,205 |
| RX - HEP-C | 561,061 | 672,985 | 971,345 | 2,205,391 |
| Rx - DME | 476,382 | 443,564 | 669,108 | 1,589,054 |
| RX - Pharmacy Rebates | (66,000) | (66,000) | (387,768) | (519,768) |
| TOTAL PHARMACY SERVICES | 8,128,455 | 7,616,304 | 9,063,123 | 24,807,882 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 552,163 | 559,709 | 564,724 | 1,676,596 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (141,866) | 111,013 | (585,473) | (616,326) |
| Total Medical Costs | 49,889,881 | 50,406,468 | 52,511,453 | 152,807,802 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH MARCH 31, 2017 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | YEAR TO DATE 2017 |
|--|-------------------------|--------------------------|-----------------------|----------------------------------|
| PHYSICIAN SERVICES | | | | |
| Primary Care Physician Services | 14.50 | 12.94 | 11.11 | 12.83 |
| Referral Specialty Services | 34.44 | 37.73 | 36.77 | 36.32 |
| Urgent Care & After Hours Advise | 3.56 | 2.75 | 6.84 | 4.39 |
| Hospital Admitting Team | 0.04 | 0.04 | 0.04 | 0.04 |
| TOTAL PHYSICIAN SERVICES | 52.53 | 53.45 | 54.75 | 53.58 |
| OTHER PROFESSIONAL SERVICES | | | | |
| Vision Service Capitation | 1.00 | 0.99 | 0.99 | 0.99 |
| 310 - Health Services - Utilization Management - UM Allocation * | 2.81 | 2.52 | 2.73 | 2.68 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 0.43 | 0.40 | 0.47 | 0.43 |
| 312 - Health Services - Education - UM Allocation * | 0.24 | 0.22 | 0.24 | 0.23 |
| 313 - Health Services - Pharmacy - UM Allocation * | 0.37 | 0.32 | 0.36 | 0.35 |
| 314 - Health Homes - UM Allocation * | 0.08 | 0.12 | 0.17 | 0.12 |
| 616 - Disease Management - UM Allocation * | 0.16 | 0.16 | 0.21 | 0.18 |
| Behavior Health Treatment | 1.28 | 0.55 | 1.39 | 1.07 |
| Mental Health Services | 0.94 | 0.50 | 0.16 | 0.53 |
| Other Professional Services | 3.95 | 3.69 | 3.66 | 3.77 |
| TOTAL OTHER PROFESSIONAL SERVICES | 11.24 | 9.47 | 10.39 | 10.36 |
| EMERGENCY ROOM | 19.95 | 18.75 | 17.06 | 18.58 |
| INPATIENT HOSPITAL | 59.58 | 62.41 | 63.59 | 61.88 |
| REINSURANCE EXPENSE PREMIUM | 0.44 | 0.44 | 0.43 | 0.43 |
| OUTPATIENT HOSPITAL SERVICES | 23.31 | 24.50 | 25.45 | 24.43 |
| OTHER MEDICAL | | | | |
| Ambulance | 1.37 | 1.47 | 1.42 | 1.42 |
| Home Health Services & CBAS | 1.58 | 1.61 | 1.60 | 1.59 |
| Utilization and Quality Review Expenses | 0.29 | 0.49 | 0.59 | 0.46 |
| Long Term/SNF/Hospice | 4.35 | 3.46 | 4.00 | 3.93 |
| Enhanced Medical Benefits | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Medical Transportation | 1.34 | 1.43 | 1.61 | 1.46 |
| TOTAL OTHER MEDICAL | 8.93 | 8.46 | 9.22 | 8.87 |
| PHARMACY SERVICES | | | | |
| RX - Drugs & OTC | 30.46 | 27.67 | 32.50 | 30.22 |
| RX - HEP-C | 2.39 | 2.84 | 4.04 | 3.09 |
| Rx - DME | 2.03 | 1.87 | 2.78 | 2.23 |
| RX - Pharmacy Rebates | (0.28) | (0.28) | (1.61) | (0.73) |
| TOTAL PHARMACY SERVICES | 34.59 | 32.09 | 37.71 | 34.81 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.35 | 2.36 | 2.35 | 2.35 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (0.60) | 0.47 | (2.44) | (0.86) |
| Total Medical Costs | 212.33 | 212.40 | 218.52 | 214.44 |

| CURRENT MONTH | | YEAR-TO-DATE | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED MARCH 31, 2017 | | | |
|---------------|-----------|--------------|--|--|-----------|--------|-----------|
| | | | | ACTUAL | BUDGET | ACTUAL | BUDGET |
| | | | | | | | |
| 209,756 | 239,607 | 29,851 | | 667,583 | 743,270 | | 75,687 |
| 124,511 | 140,785 | 16,274 | 110 - Executive | 371,951 | 413,790 | | 41,839 |
| 469,937 | 555,125 | 85,188 | 210 - Accounting | 1,286,530 | 1,665,372 | | 378,842 |
| 173,666 | 212,500 | 38,834 | 220 - Management Information Systems (MIS) | 329,647 | 637,501 | | 307,854 |
| 463,333 | 631,813 | 168,480 | 225 - Infrastructure | 1,306,168 | 1,589,441 | | 283,273 |
| 70,610 | 83,016 | 12,406 | 230 - Claims | 203,342 | 249,048 | | 45,706 |
| (435) | 44,975 | 45,410 | 240 - Project Management | 2,215 | 134,925 | | 132,710 |
| - | 3,929 | 3,929 | 310 - Health Services - Utilization Management | 515 | 11,789 | | 11,274 |
| 438 | - | (438) | 311 - Health Services - Quality Improvement | 372 | 650 | | 278 |
| 90,520 | 94,900 | 4,380 | 312 - Health Services - Education | 256,309 | 267,610 | | 11,301 |
| 6,000 | 7,550 | 1,550 | 313 - Pharmacy | 6,608 | 22,650 | | 16,042 |
| - | - | - | 314 - Health Homes | 33 | 150 | | 117 |
| 186,675 | 192,571 | 5,896 | 616 - Disease Management | 466,416 | 577,713 | | 111,297 |
| 382,981 | 496,280 | 113,299 | 320 - Provider Relations | 1,096,857 | 1,488,841 | | 391,984 |
| 320,028 | 312,685 | (7,343) | 330 - Member Services | 826,954 | 938,045 | | 111,091 |
| 45,501 | 48,943 | 3,442 | 340 - Corporate Services | 160,323 | 149,329 | | (10,994) |
| 46,065 | 44,350 | (1,715) | 360 - Audit & Investigative Services | 68,882 | 133,050 | | 64,168 |
| 49,579 | 55,754 | 6,175 | 410 - Advertising Media | 152,810 | 166,881 | | 14,071 |
| 175,095 | 116,391 | (58,704) | 420 - Sales/Marketing/Public Relations | 374,376 | 414,321 | | 39,945 |
| 2,814,260 | 3,281,174 | 466,914 | 510 - Human Resources | 7,577,891 | 9,604,377 | | 2,026,486 |
| | | | Total Administrative Expenses | | | | |

| KERN HEALTH SYSTEMS MEDI-CAL | | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | YEAR TO DATE 2017 |
|---|--|-----------------|------------------|---------------|-------------------------|
| SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED MARCH 31, 2017 | | | | | |
| 110 - Executive | | 279,907 | 177,920 | 209,756 | 667,583 |
| 210 - Accounting | | 110,185 | 137,255 | 124,511 | 371,951 |
| 220 - Management Information Systems (MIS) | | 408,164 | 408,429 | 469,937 | 1,286,530 |
| 225 - Infrastructure | | 3,723 | 152,258 | 173,666 | 329,647 |
| 230 - Claims | | 409,956 | 432,879 | 463,333 | 1,306,168 |
| 240 - Project Management | | 63,772 | 68,960 | 70,610 | 203,342 |
| 310 - Health Services - Utilization Management | | 159 | 2,491 | (435) | 2,215 |
| 311 - Health Services - Quality Improvement | | 500 | 15 | - | 515 |
| 312 - Health Services - Education | | - | (66) | 438 | 372.00 |
| 313- Pharmacy | | 85,960 | 79,829 | 90,520 | 256,309 |
| 314 - Health Homes | | - | 608 | 6,000 | 6,608 |
| 616 - Disease Management | | 33 | - | - | 33 |
| 320 - Provider Relations | | 136,674 | 143,067 | 186,675 | 466,416 |
| 330 - Member Services | | 364,293 | 349,583 | 382,981 | 1,096,857 |
| 340 - Corporate Services | | 263,501 | 243,425 | 320,028 | 826,954 |
| 360 - Audit & Investigative Services | | 73,998 | 40,824 | 45,501 | 160,323 |
| 410 - Advertising Media | | 19,017 | 3,800 | 46,065 | 68,882 |
| 420 - Sales/Marketing/Public Relations | | 47,664 | 55,567 | 49,579 | 152,810 |
| 510 - Human Resources | | 94,898 | 104,383 | 175,095 | 374,376 |
| Total Department Expenses | | 2,362,404 | 2,401,227 | 2,814,260 | 7,577,891 |

| KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF MARCH 31, 2017 | | | |
|--|---------------------|----------------------|-----------------|
| ASSETS | MARCH 2017 | FEBRUARY 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,419,689 | \$ 1,419,689 | - |
| Interest Receivable | 2,658 | 1,560 | 1,098 |
| Prepaid Expenses & Other Current Assets | 2,500 | 3,333 | (833) |
| TOTAL CURRENT ASSETS | \$ 1,424,847 | \$ 1,424,582 | \$ 265 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Other Liabilities | 353,849 | 353,849 | - |
| TOTAL CURRENT LIABILITIES | \$ 353,849 | \$ 353,849 | \$ - |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,070,040 | 1,070,040 | - |
| Increase (Decrease) in Net Position - Current Year | 958 | 693 | 265 |
| Total Net Position | \$ 1,070,998 | \$ 1,070,733 | \$ 265 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,424,847 | \$ 1,424,582 | \$ 265 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED MARCH 31, 2017 | YEAR-TO-DATE | | |
|-----------------------|----|-------|---|--------------|-----------|----------------|
| | | | | | | |
| ENROLLMENT | | | | | | |
| - | - | - | Members | - | - | - |
| REVENUES | | | | | | |
| - | - | - | Premium | - | - | - |
| 1,098 | - | 1,098 | Interest | 2,658 | - | 2,658 |
| - | - | - | Other Investment Income | 800 | - | 800 |
| 1,098 | - | 1,098 | TOTAL REVENUES | 3,458 | - | 3,458 |
| EXPENSES | | | | | | |
| - | - | - | Medical Costs | - | - | - |
| - | - | - | IBNR and Paid Claims Adjustment | - | - | - |
| - | - | - | Total Medical Costs | - | - | - |
| 1,098 | - | 1,098 | GROSS MARGIN | 3,458 | - | 3,458 |
| Administrative | | | | | | |
| 833 | - | (833) | Management Fee Expense and Other Admin Exp | 2,500 | - | (2,500) |
| 833 | - | (833) | Total Administrative Expenses | 2,500 | - | (2,500) |
| 833 | - | (833) | TOTAL EXPENSES | 2,500 | - | (2,500) |
| 265 | - | 265 | OPERATING INCOME (LOSS) | 958 | - | 958 |
| - | - | - | TOTAL NONOPERATING REVENUE (EXPENSES) | - | - | - |
| 265 | - | 265 | NET INCREASE (DECREASE) IN NET POSITION | 958 | - | 958 |
| 0% | 0% | 0% | MEDICAL LOSS RATIO | 0% | 0% | 0% |
| 76% | 0% | -76% | ADMINISTRATIVE EXPENSE RATIO | 72% | 0% | -72% |

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

2017 MEMBER MONTHS

| | JAN'17 | FEB'17 | MAR'17 | APR'17 | MAY'17 | JUN'17 | JUL'17 | AUG'17 | SEP'17 | OCT'17 | NOV'17 | DEC'17 |
|-------------------------------------|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| ADULT AND FAMILY | | | | | | | | | | | | |
| PA - FAMILY | 36,123 | 36,255 | 36,565 | | | | | | | | | |
| MIN - FAMILY | 0 | 0 | 0 | | | | | | | | | |
| REFUGEE - FAMILY | 1 | 1 | 0 | | | | | | | | | |
| FOSTER CARE | 493 | 498 | 508 | | | | | | | | | |
| POVERTY-133/200% | 2 | 2 | 2 | | | | | | | | | |
| POVERTY-100% | 0 | 0 | 0 | | | | | | | | | |
| MI - CHILD | 104,391 | 105,746 | 107,285 | | | | | | | | | |
| CHILD-ACA | -127 | 430 | 405 | | | | | | | | | |
| FAMILY - UNDER 19 | 20,203 | 20,297 | 19,877 | | | | | | | | | |
| SUB-TOTAL ADULT & FAMILY | 161,086 | 163,229 | 164,642 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|-------------------------------------|----------------|
| ADULT AND FAMILY | 108,943 |
| PA - FAMILY | 0 |
| MIN - FAMILY | 2 |
| REFUGEE - FAMILY | 1,499 |
| FOSTER CARE | 6 |
| POVERTY-100% | 0 |
| MI - CHILD | 317,422 |
| CHILD-ACA | 708 |
| FAMILY - UNDER 19 | 60,377 |
| SUB-TOTAL ADULT & FAMILY | 488,957 |

| | |
|-------------------------------|----------------|
| MEDI-CAL EXPANSION | 153 |
| LIHP Transition Pre-ACA | 167,221 |
| ACA Expansion Adult-Citizen | 14 |
| ACA Expansion CAL Fresh Adult | 1,546 |
| LIHP Transition Pre-ACA | 168,934 |
| SUB-TOTAL MANDATORY | 168,934 |

| | | | | | | | | | | | | |
|---------------|---------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 26 | 69 | 58 | | | | | | | | | | |
| 54,856 | 55,872 | 56,493 | | | | | | | | | | |
| 9 | 1 | 4 | | | | | | | | | | |
| 514 | 500 | 532 | | | | | | | | | | |
| 55,405 | 56,442 | 57,087 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|--------------------------------|---------------|
| SDP MEMBERS | 534 |
| SSI - AGED | 4,085 |
| MIN - AGED | 34,939 |
| SSI - BLIND & DIS-ABLED | 1,065 |
| MIN - BLIND & DIS-ABLED | 40,623 |
| SUB-TOTAL MANDATORY SPD | 40,623 |

| | | | | | | | | | | | | |
|---------------|---------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 158 | 185 | 191 | | | | | | | | | | |
| 1,338 | 1,359 | 1,388 | | | | | | | | | | |
| 11,702 | 11,623 | 11,614 | | | | | | | | | | |
| 326 | 393 | 346 | | | | | | | | | | |
| 13,524 | 13,560 | 13,539 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|------------------------|----------------|
| TOTAL MANDATORY | 698,514 |
|------------------------|----------------|

| | | | | | | | | | | | | |
|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 230,015 | 233,231 | 235,268 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

| | |
|----------------------|-----------|
| OTHER MEMBERS | 86 |
|----------------------|-----------|

| | | | | | | | | | | | | |
|----|----|----|--|--|--|--|--|--|--|--|--|--|
| 29 | 30 | 27 | | | | | | | | | | |
|----|----|----|--|--|--|--|--|--|--|--|--|--|

| | |
|---------------------------------|---------------|
| BCCTP-TOBACCO SETTLEMENT | 86 |
| DUALS | 63 |
| PA - FAMILY DUALS | 1,868 |
| PART D SSI - AGED | 3,377 |
| PART D MN - AGED | 6,159 |
| PART D SSI - BLIND & DIS-ABLED | 2,282 |
| PART D MN - BLIND & DIS-ABLED | 3 |
| PART D BCCTP-TOBACCO SETTLEMENT | 0 |
| PART D MI - ADULT | 1,093 |
| PART D MI - CHILD | 14,845 |
| SUB-TOTAL DUALS | 14,931 |

| | | | | | | | | | | | | |
|--------------|--------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 31 | 17 | 15 | | | | | | | | | | |
| 615 | 628 | 625 | | | | | | | | | | |
| 1,127 | 1,116 | 1,134 | | | | | | | | | | |
| 2,067 | 2,011 | 2,081 | | | | | | | | | | |
| 762 | 780 | 740 | | | | | | | | | | |
| 1 | 1 | 1 | | | | | | | | | | |
| 0 | 0 | 0 | | | | | | | | | | |
| 316 | 360 | 417 | | | | | | | | | | |
| 4,919 | 4,913 | 5,013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|---------------------|---------------|
| TOTAL OTHERS | 14,931 |
|---------------------|---------------|

| | | | | | | | | | | | | |
|--------------|--------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 4,948 | 4,943 | 5,040 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|--------------|--------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|

| | |
|---------------------|---------------|
| TOTAL KAISER | 21,934 |
|---------------------|---------------|

| | | | | | | | | | | | | |
|--------------|--------------|--------------|--|--|--|--|--|--|--|--|--|--|
| 7,103 | 7,365 | 7,466 | | | | | | | | | | |
|--------------|--------------|--------------|--|--|--|--|--|--|--|--|--|--|

| | |
|------------------------------|----------------|
| TOTAL MEDICAL MEMBERS | 735,379 |
|------------------------------|----------------|

| | | | | | | | | | | | | |
|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 242,066 | 245,539 | 247,774 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|



To: KHS Finance Committee

From: Robert Landis, CFO

Date: June 2, 2017

Re: April 2017 Financial Results

The April results reflect a \$3,366,854 Net Increase in Net Position which is a \$2,321,216 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.6 million favorable variance primarily due to:
 - A) \$.4 million favorable variance relating to Family and Other primarily due higher than expected enrollment (\$.2 million) and higher than expected Maternity revenue (\$.2 million).
 - B) \$1.1 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$1.3 million), lower than expected Maternity revenue (\$.3 million) and higher than expected HEP-C revenue (\$.1 million).
 - C) \$.3 million unfavorable variance relating to SPD members primarily due to lower than expected enrollment (\$.1 million) and lower than expected HEP-C revenue (\$.2 million).
- 2) Total Medical Costs reflect a \$.4 million unfavorable variance primarily due to:
 - A) \$1.3 million unfavorable variance in Physician Services primarily due to higher than expected enrollment and higher than expected utilization of Referral Specialty Services.
 - B) \$.6 million favorable variance in Emergency Room primarily due to lower than expected utilization.
 - C) \$1.1 million unfavorable variance in Inpatient primarily due to higher than expected enrollment and higher than expected SPD utilization.
 - D) \$1.1 million favorable variance in Pharmacy primarily due to lower than expected unit costs (\$.7 million) and lower than expected HEP-C utilization (\$.4 million).

The April Medical Loss Ratio is 90.1% which is favorable to the 91.4% budgeted amount. The April Administrative Expense Ratio is 4.5 % which is favorable to the 5.8% budgeted amount.

The results for the 4 months ended April 30, 2017 reflect a Net Increase in Net Position of \$15,531,154. This is an \$11,258,064 favorable variance to budget and includes approximately \$3.4 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 89.2% which is favorable to the 91.3% budgeted amount. The year-to-date Administrative Expense Ratio is 4.4% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems
Financial Packet
April 2017**

KHS – Medi-Cal Line of Business

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

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 |
|----------------------|---------|

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF APRIL 30, 2017 | | | |
|--|-----------------------|-----------------------|----------------------|
| ASSETS | APRIL 2017 | MARCH 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 161,023,783 | \$ 105,080,500 | \$ 55,943,283 |
| Short-Term Investments | 178,339,888 | 178,249,343 | 90,545 |
| Pass-through Monies Held for Future Payment | 3,219,608 | 1,706,562 | 1,513,046 |
| Premiums Receivable - Net | - | 18,460,701 | (18,460,701) |
| Interest Receivable | 159,621 | 123,244 | 36,377 |
| Other Receivables | 816,873 | 633,546 | 183,327 |
| Prepaid Expenses & Other Current Assets | 1,088,713 | 1,306,308 | (217,595) |
| Total Current Assets | \$ 344,648,486 | \$ 305,560,204 | \$ 39,088,282 |
| RESTRICTED ASSETS | \$ 300,000 | \$ 300,000 | \$ - |
| CAPITAL ASSETS - NET OF ACCUM DEPREE: | | | |
| Land | 4,851,562 | 4,851,562 | - |
| Furniture and Equipment | 7,269,053 | 7,357,608 | (88,555) |
| Automobile - Net | 20,932 | 21,324 | (392) |
| Building and Building Improvements - Net | 6,880,809 | 6,908,665 | (27,856) |
| Capital Projects in Process | 4,739,454 | 4,394,914 | 344,540 |
| Total Capital Assets | \$ 23,761,810 | \$ 23,534,073 | \$ 227,737 |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 4,540,339 | \$ 4,540,339 | \$ - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 373,250,635 | \$ 333,934,616 | \$ 39,316,019 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | \$ 52,239 | \$ 51,540 | 699 |
| Accrued Salaries and Employee Benefits | 2,067,880 | 1,984,004 | 83,876 |
| Accrued Other Operating Expenses | 1,658,241 | 1,889,257 | (231,016) |
| Accrued Taxes and Licenses | 6,697,675 | 21,088,883 | (14,391,208) |
| Other Medical Liabilities - Nonoperating Passthrough | 3,219,608 | 1,706,562 | 1,513,046 |
| DHCS Payable - Net | 43,930,542 | - | 43,930,542 |
| Claims Payable (Reported) | 15,090,237 | 17,009,782 | (1,919,545) |
| IBNR - Inpatient Claims | 32,989,117 | 27,544,004 | 5,445,113 |
| IBNR - Physician Claims | 11,218,873 | 10,988,184 | 230,689 |
| IBNR - Accrued Other Medical | 19,324,925 | 17,605,131 | 1,719,794 |
| Risk Pool and Withholds Payable | 3,995,039 | 4,121,539 | (126,500) |
| Statutory Allowance for Claims Processing Expense | 1,926,674 | 1,926,674 | - |
| Other Liabilities | 37,768,010 | 38,063,167 | (295,157) |
| Total Current Liabilities | \$ 179,939,060 | \$ 143,978,727 | \$ 35,960,333 |
| NONCURRENT LIABILITIES: | | | |
| Net Pension Liability | 4,724,514 | 4,735,682 | (11,168) |
| TOTAL NONCURRENT LIABILITIES | \$ 4,724,514 | \$ 4,735,682 | \$ (11,168) |
| DEFERRED INFLOWS OF RESOURCES | \$ 1,840,334 | \$ 1,840,334 | \$ - |
| NET POSITION: | | | |
| Net Position - Beg. of Year | 171,215,573 | 171,215,573 | - |
| Increase (Decrease) in Net Position - Current Year | 15,531,154 | 12,164,300 | 3,366,854 |
| Total Net Position | \$ 186,746,727 | \$ 183,379,873 | \$ 3,366,854 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 373,250,635 | \$ 333,934,616 | \$ 39,316,019 |

| CURRENT MONTH MEMBERS | | | KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED APRIL 30, 2017 | | | YEAR-TO-DATE MEMBER MONTHS | | |
|-----------------------|------------|-------------|---|--------------------|--------------------|----------------------------|--------|----------|
| | | | | | | ACTUAL | BUDGET | VARIANCE |
| | | | ENROLLMENT | | | | | |
| 164,778 | 164,300 | 478 | Family Members | 653,093 | 653,600 | (507) | | |
| 57,663 | 55,100 | 2,563 | Expansion Members | 226,443 | 219,200 | 7,243 | | |
| 13,577 | 13,650 | (73) | SPD Members | 54,041 | 54,300 | (259) | | |
| 5,160 | 4,075 | 1,085 | Other Members | 20,195 | 16,150 | 4,045 | | |
| 7,619 | 7,075 | 544 | Kaiser Members | 29,553 | 28,150 | 1,403 | | |
| 248,797 | 244,200 | 4,597 | Total Members - MCAL | 983,325 | 971,400 | 11,925 | | |
| | | | REVENUES | | | | | |
| 21,818,166 | 21,452,960 | 365,206 | Title XIX - Medicaid - Family and Other | 84,833,896 | 85,391,555 | (557,659) | | |
| 21,650,071 | 20,515,881 | 1,134,190 | Title XIX - Medicaid - Expansion Members | 85,732,491 | 81,625,647 | 4,106,844 | | |
| 10,055,780 | 10,390,653 | (334,873) | Title XIX - Medicaid - SPD Members | 39,581,363 | 41,334,245 | (1,752,882) | | |
| 7,507,968 | 7,144,576 | 363,392 | Premium - MCO Tax | 29,875,489 | 28,420,123 | 1,455,367 | | |
| 264,732 | 153,511 | 111,221 | Interest/Dividends | 869,318 | 610,647 | 258,671 | | |
| - | 104,335 | (104,335) | Reinsurance Recoveries | - | 415,030 | (415,030) | | |
| 2,789,187 | 2,798,685 | (9,498) | COB/Subrogation Collections | 14,853,183 | 11,132,611 | 3,720,572 | | |
| 93,756 | - | 93,756 | Rate/Income Adjustments | 2,524,276 | - | 2,524,276 | | |
| (1,110) | - | (1,110) | Other Income (Expense) | 83,321 | - | 83,321 | | |
| 64,178,550 | 62,560,602 | 1,617,948 | TOTAL REVENUES | 258,353,337 | 248,929,858 | 9,423,480 | | |
| | | | EXPENSES | | | | | |
| | | | Medical Costs: | | | | | |
| 13,305,167 | 11,964,455 | (1,340,712) | Physician Services | 51,488,950 | 47,593,744 | (3,895,206) | | |
| 2,479,295 | 2,651,326 | 172,031 | Other Professional Services | 9,864,515 | 10,470,712 | 606,197 | | |
| 4,012,665 | 4,662,065 | 649,400 | Emergency Room | 17,251,584 | 18,545,241 | 1,293,657 | | |
| 14,524,702 | 13,399,076 | (1,125,626) | Inpatient | 58,618,461 | 53,301,225 | (5,317,236) | | |
| 105,736 | 104,335 | (1,401) | Reinsurance Expense | 415,695 | 415,030 | (665) | | |
| 5,765,474 | 5,569,917 | (195,557) | Outpatient Hospital | 23,173,441 | 22,156,927 | (1,016,514) | | |
| 2,373,420 | 2,504,872 | 131,452 | Other Medical | 8,693,463 | 9,971,232 | 1,277,769 | | |
| 8,149,210 | 9,235,843 | 1,086,633 | Pharmacy | 32,957,092 | 36,740,264 | 3,783,172 | | |
| 566,768 | 557,244 | (9,524) | Pay for Performance Quality Incentive | 2,243,364 | 2,216,638 | (26,727) | | |
| (232,581) | - | 232,581 | IBNR, Incentive, Paid Claims Adjustment | (848,907) | - | 848,907 | | |
| 51,049,856 | 50,649,133 | (400,723) | Total Medical Costs | 203,857,658 | 201,411,012 | (2,446,646) | | |
| 13,128,694 | 11,911,469 | 1,217,225 | GROSS MARGIN | 54,495,679 | 47,518,845 | 6,976,834 | | |
| | | | Administrative: | | | | | |
| 1,650,173 | 1,965,984 | 315,811 | Compensation | 6,674,595 | 7,691,805 | 1,017,210 | | |
| 442,046 | 558,219 | 116,173 | Purchased Services | 1,597,191 | 2,335,073 | 737,882 | | |
| 99,813 | 149,565 | 49,752 | Supplies | 289,982 | 595,444 | 305,462 | | |
| 365,239 | 547,488 | 182,249 | Other Administrative Expenses | 1,573,394 | 2,203,310 | 629,916 | | |
| 2,557,271 | 3,221,255 | 663,984 | Total Administrative Expenses | 10,135,162 | 12,825,632 | 2,690,471 | | |
| 53,607,127 | 53,870,388 | 263,261 | TOTAL EXPENSES | 213,992,820 | 214,236,645 | 243,825 | | |
| 10,571,423 | 8,690,214 | 1,881,209 | OPERATING INCOME (LOSS) BEFORE TAX | 44,360,517 | 34,693,213 | 9,667,304 | | |
| 7,204,569 | 7,144,576 | (59,993) | MCO TAX | 28,806,189 | 28,420,123 | (386,067) | | |
| 3,366,854 | 1,545,638 | 1,821,216 | OPERATING INCOME (LOSS) NET OF TAX | 15,554,328 | 6,273,091 | 9,281,238 | | |
| | | | NONOPERATING REVENUE (EXPENSES) | | | | | |
| - | (500,000) | 500,000 | Reserve Fund Projects/Community Grants | (23,174) | (2,000,000) | 1,976,826 | | |
| - | (500,000) | 500,000 | TOTAL NONOPERATING REVENUES (EXPENSES) | (23,174) | (2,000,000) | 1,976,826 | | |
| 3,366,854 | 1,045,638 | 2,321,216 | NET INCREASE (DECREASE) IN NET POSITION | 15,531,154 | 4,273,091 | 11,258,064 | | |
| 90.1% | 91.4% | 1.3% | MEDICAL LOSS RATIO | 89.2% | 91.3% | 2.1% | | |
| 4.5% | 5.8% | 1.3% | ADMINISTRATIVE EXPENSE RATIO | 4.4% | 5.8% | 1.4% | | |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED APRIL 30, 2017 | | | YEAR-TO-DATE | | |
|---------------|---------|---------|--|--|--|--------------|---------|----------|
| | | | | | | ACTUAL | BUDGET | VARIANCE |
| 164,778 | 164,300 | 478 | ENROLLMENT | | | 653,093 | 653,600 | (507) |
| 57,663 | 55,100 | 2,563 | Family Members | | | 226,443 | 219,200 | 7,243 |
| 13,577 | 13,650 | (73) | Expansion Members | | | 54,041 | 54,300 | (259) |
| 5,160 | 4,075 | 1,085 | SPD Members | | | 20,195 | 16,150 | 4,045 |
| 7,619 | 7,075 | 544 | Other Members | | | 29,553 | 28,150 | 1,403 |
| 248,797 | 244,200 | 4,597 | Kaiser Members | | | 983,325 | 971,400 | 11,925 |
| | | | Total Members - MCAL | | | | | |
| 128.39 | 127.41 | 0.98 | REVENUES | | | 126.00 | 127.50 | (1.50) |
| 375.46 | 372.34 | 3.12 | Title XIX - Medicaid - Family and Other | | | 378.61 | 372.38 | 6.23 |
| 740.65 | 761.22 | (20.57) | Title XIX - Medicaid - Expansion Members | | | 732.43 | 761.22 | (28.79) |
| 31.13 | 30.13 | 1.00 | Title XIX - Medicaid - SPD Members | | | 31.32 | 30.13 | 1.19 |
| 1.10 | 0.65 | 0.45 | Premium - MCO Tax | | | 0.91 | 0.65 | 0.26 |
| 0.00 | 0.44 | (0.44) | Interest /Dividends | | | 0.00 | 0.44 | (0.44) |
| 11.56 | 11.80 | (0.24) | Reinsurance Recoveries | | | 15.57 | 11.80 | 3.77 |
| 0.39 | 0.00 | 0.39 | COB/Subrogation Collections | | | 2.65 | 0.00 | 2.65 |
| (0.00) | 0.00 | (0.00) | Rate/Income Adjustments | | | 0.09 | 0.00 | 0.09 |
| 266.10 | 263.83 | 2.27 | Other Income (Expense) | | | 270.88 | 263.91 | 6.97 |
| | | | TOTAL REVENUES | | | | | |
| 55.17 | 50.46 | (4.71) | EXPENSES | | | | | |
| 10.28 | 11.18 | 0.90 | Medical Costs: | | | 53.98 | 50.46 | (3.53) |
| 16.64 | 19.66 | 3.02 | Physician Services | | | 10.34 | 11.10 | 0.76 |
| 60.22 | 56.51 | (3.72) | Other Professional Services | | | 18.09 | 19.66 | 1.57 |
| 0.44 | 0.44 | 0.00 | Emergency Room | | | 61.46 | 56.51 | (4.95) |
| 23.91 | 23.49 | (0.42) | Inpatient | | | 0.44 | 0.44 | 0.00 |
| 9.84 | 10.56 | 0.72 | Reinsurance Expense | | | 24.30 | 23.49 | (0.81) |
| 33.79 | 38.95 | 5.16 | Outpatient Hospital | | | 9.11 | 10.57 | 1.46 |
| 2.35 | 2.35 | 0.00 | Other Medical | | | 34.55 | 38.95 | 4.40 |
| (0.96) | 0.00 | 0.96 | Pharmacy | | | 2.35 | 2.35 | (0.00) |
| 211.67 | 213.60 | 1.93 | Pay for Performance Quality Incentive | | | (0.89) | 0.00 | 0.89 |
| | | | IBNR, Incentive, Paid Claims Adjustment | | | 213.74 | 213.53 | (0.21) |
| 54.44 | 50.23 | 4.20 | Total Medical Costs | | | 57.14 | 50.38 | 6.76 |
| | | | GROSS MARGIN | | | | | |
| 6.84 | 8.29 | 1.45 | Administrative: | | | 7.00 | 8.15 | 1.16 |
| 1.83 | 2.35 | 0.52 | Compensation | | | 1.67 | 2.48 | 0.80 |
| 0.41 | 0.63 | 0.22 | Purchased Services | | | 0.30 | 0.63 | 0.33 |
| 1.51 | 2.31 | 0.79 | Supplies | | | 1.65 | 2.34 | 0.69 |
| 10.60 | 13.58 | 2.98 | Other Administrative Expenses | | | 10.63 | 13.60 | 2.97 |
| 222.27 | 227.18 | 4.91 | Total Administrative Expenses | | | 224.36 | 227.13 | 2.76 |
| 43.83 | 36.65 | 7.18 | TOTAL EXPENSES | | | 46.51 | 36.78 | 9.73 |
| 29.87 | 30.13 | 0.26 | OPERATING INCOME (LOSS) BEFORE TAX | | | 30.20 | 30.13 | (0.07) |
| 13.96 | 6.52 | 7.44 | MCO TAX | | | 16.31 | 6.65 | 9.66 |
| | | | OPERATING INCOME (LOSS) NET OF TAX | | | | | |
| 0.00 | (2.11) | (2.11) | NONOPERATING REVENUE (EXPENSES) | | | (0.02) | (8.43) | (8.41) |
| 0.00 | (2.11) | (2.11) | Reserve Fund Projects/Community Grants | | | (0.02) | (8.43) | (8.41) |
| 13.96 | 4.41 | 9.55 | TOTAL NONOPERATING REVENUES (EXPENSES) | | | 16.28 | 4.53 | 11.75 |
| 90.1% | 91.4% | 1.3% | NET INCREASE (DECREASE) IN NET POSITION | | | 89.2% | 91.3% | 2.1% |
| 4.5% | 5.8% | 1.3% | MEDICAL LOSS RATIO | | | 4.4% | 5.8% | 1.4% |
| | | | ADMINISTRATIVE EXPENSE RATIO | | | | | |

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH APRIL 30, 2017 | | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|----------------|--------------|---------------|---------------|--------------|---------------|------------|------------|----------------|
| E N R O L L M E N T | | | | | | | | | | | | | | |
| Members - MCAL | APRIL 2016 | MAY 2016 | JUNE 2016 | JULY 2016 | AUGUST 2016 | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | 13 MONTH TOTAL |
| 224,803 | 225,873 | 228,073 | 228,789 | 229,560 | 232,053 | 233,985 | 234,491 | 234,963 | 237,323 | 240,308 | 241,178 | 241,178 | 241,178 | 3,025,624 |
| R E V E N U E S | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 19,268,416 | 20,200,699 | 21,721,996 | 21,057,468 | 21,487,293 | 21,539,111 | 21,717,599 | 21,346,545 | 20,429,201 | 21,026,665 | 20,048,215 | 21,940,850 | 21,818,166 | 273,602,224 |
| Title XIX - Medicaid - Expansion Members | 22,221,335 | 22,681,126 | 20,013,241 | 20,106,340 | 20,307,212 | 20,219,075 | 19,620,974 | 20,146,360 | 20,105,649 | 20,905,352 | 21,131,189 | 22,045,879 | 21,650,071 | 271,153,803 |
| Title XIX - Medicaid - SPD Members | 9,598,222 | 9,500,904 | 8,974,279 | 10,388,533 | 10,279,833 | 10,007,635 | 10,231,800 | 10,209,218 | 9,940,753 | 9,966,872 | 9,618,941 | 9,939,770 | 10,055,780 | 128,709,340 |
| Premium - MCO Tax | 1,135,629 | 2,201,211 | 2,176,933 | 1,162,627 | 23,082 | 21,614,834 | 7,491,130 | 7,198,399 | 10,065,534 | 7,491,130 | 7,405,842 | 7,470,551 | 7,507,968 | 82,590,868 |
| Interest /Dividends | 162,990 | 155,221 | 144,418 | 156,158 | 150,143 | 186,999 | 236,189 | 223,035 | 194,711 | 181,883 | 176,794 | 245,909 | 264,732 | 2,479,182 |
| Reinsurance Recoveries | - | - | 136,469 | - | 35,587 | 30,454 | 205,689 | - | (210,968) | - | - | - | - | 197,231 |
| COB/Subrogation Collections | 2,134,967 | 1,867,649 | 2,758,967 | 1,886,161 | 9,063,870 | 2,787,116 | 3,407,813 | 2,069,154 | 2,839,103 | 4,060,955 | 3,306,877 | 4,696,164 | 2,789,187 | 43,667,983 |
| Rate/Income Adjustments | 61,906 | (709,861) | 182,133 | (14,918) | 1,795,534 | 13,093 | (333,319) | (541) | 2,736,951 | - | 2,016,975 | 413,545 | 93,756 | 6,255,254 |
| Other Income (Expense) | 129 | (1,527) | (101,654) | 66,531 | (67,508) | (407,903) | 215 | 41 | (1,262,113) | 37,570 | 121 | 46,740 | (1,110) | (1,690,468) |
| TOTAL REVENUES | 55,583,594 | 55,895,422 | 56,006,782 | 53,758,700 | 63,075,046 | 75,990,414 | 62,271,090 | 61,192,211 | 64,838,821 | 63,670,425 | 63,704,954 | 66,799,408 | 64,178,550 | 806,965,417 |
| E X P E N S E S | | | | | | | | | | | | | | |
| Medical Costs: | 10,184,063 | 10,067,372 | 9,773,684 | 13,528,740 | 12,319,200 | 12,407,247 | 11,839,584 | 11,693,173 | 11,369,024 | 12,342,816 | 12,684,849 | 13,156,118 | 13,305,167 | 154,671,037 |
| Physician Services | 1,918,865 | 2,041,275 | 2,438,637 | 2,115,049 | 2,389,356 | 2,329,736 | 1,836,321 | 2,425,983 | 2,850,615 | 2,642,041 | 2,246,962 | 2,496,217 | 2,479,295 | 30,210,352 |
| Other Professional Services | 4,384,207 | 4,004,335 | 3,936,263 | 4,823,966 | 4,534,245 | 4,327,181 | 4,374,358 | 4,182,880 | 4,106,435 | 4,687,780 | 4,450,889 | 4,100,250 | 4,012,665 | 55,925,454 |
| Emergency Room | 14,151,260 | 13,224,036 | 12,777,639 | 16,712,009 | 13,075,786 | 10,660,875 | 11,783,439 | 12,976,841 | 13,999,552 | 14,810,384 | 15,281,823 | 14,524,702 | 14,524,702 | 175,553,404 |
| I n p a t i e n t | 177,724 | 179,842 | 180,699 | 182,458 | 183,031 | 183,648 | 185,643 | 187,188 | 187,380 | 103,176 | 103,384 | 103,999 | 105,736 | 2,063,308 |
| Reinsurance Expense | 6,199,589 | 4,835,247 | 4,986,698 | 2,738,213 | 6,364,762 | 3,920,250 | 5,114,588 | 4,698,013 | 6,388,140 | 5,477,940 | 5,813,468 | 6,116,559 | 5,765,474 | 68,489,041 |
| Outpatient Hospital | 2,473,455 | 2,889,123 | 3,577,133 | (1,333,149) | 2,534,421 | 1,930,270 | 1,801,979 | 1,296,759 | 1,515,058 | 2,097,824 | 2,007,506 | 2,214,713 | 2,373,420 | 24,592,212 |
| Other Medical | 7,666,735 | 8,154,315 | 7,887,127 | 7,291,244 | 8,712,624 | 8,096,666 | 7,680,935 | 8,147,202 | 8,098,176 | 8,128,455 | 7,616,304 | 8,063,123 | 8,149,210 | 96,544,724 |
| Pharmacy | 542,074 | 545,291 | 550,605 | 552,273 | 554,141 | 560,172 | 564,834 | 565,417 | 566,068 | 552,163 | 559,709 | 564,724 | 566,768 | 7,244,839 |
| Pay for Performance Quality Incentive | 1,518,741 | 1,469,399 | 1,529,868 | (215,621) | - | - | 1,059,120 | 853,019 | 413,346 | - | - | - | - | 6,565,230 |
| Expansion Risk Corridor Expense | (1,978,994) | (2,887,073) | (3,748,854) | 0 | 3,244,295 | 128,791 | 162,526 | (444,334) | 1,045,552 | (141,866) | 111,013 | (585,473) | (232,581) | (5,326,998) |
| IBNR, Incentive, Paid Claims Adjustment | 47,238,309 | 44,523,262 | 43,689,459 | 46,395,182 | 53,911,861 | 44,887,656 | 45,836,855 | 44,672,896 | 49,466,635 | 50,406,468 | 52,511,453 | 51,049,856 | 51,049,856 | 616,330,603 |
| Total Medical Costs | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 | 83,455,285 |
| GROSS MARGIN | 11,372,160 | 12,317,283 | 7,363,518 | 9,163,185 | 31,102,758 | 16,431,235 | 16,431,235 | 16,431,235 | 16,431,235 | 16,431,235 | 16,431,235 | 16,431,235 | 16,431,235 | 190,634,814 |
| Administrative: | 1,428,925 | 1,493,127 | 1,458,666 | 1,398,183 | 1,503,706 | 1,589,763 | 1,621,722 | 1,717,307 | 1,748,853 | 1,667,274 | 1,550,593 | 1,806,555 | 1,650,173 | 20,634,847 |
| Compensation | 485,217 | 231,179 | 532,780 | 256,055 | 354,966 | 343,359 | 478,654 | 607,200 | 470,957 | 268,436 | 450,657 | 436,052 | 442,046 | 5,357,558 |
| Purchased Services | 78,743 | 81,297 | 84,932 | 61,144 | 1,284 | 70,613 | 62,414 | 42,864 | 53,867 | 66,872 | 36,371 | 86,926 | 99,813 | 827,140 |
| Supplies | 375,558 | 304,432 | 391,548 | 333,267 | 338,202 | 368,192 | 663,609 | 265,740 | 423,090 | 359,822 | 363,606 | 484,727 | 365,239 | 5,037,032 |
| Other Administrative Expenses | 500,000 | - | - | - | - | (190,729) | - | - | (1,960,549) | - | - | - | - | (1,651,278) |
| Administrative Expense Adjustment | 2,868,443 | 2,110,035 | 2,467,926 | 2,048,649 | 2,198,158 | 2,181,198 | 2,826,399 | 2,633,111 | 736,218 | 2,562,404 | 2,401,227 | 2,814,260 | 2,557,271 | 30,205,299 |
| Total Administrative Expenses | 50,106,752 | 46,633,297 | 46,157,425 | 48,443,831 | 56,110,019 | 47,068,854 | 48,663,254 | 47,306,007 | 50,202,853 | 52,252,285 | 52,807,695 | 55,325,713 | 53,607,127 | 646,535,902 |
| TOTAL EXPENSES | 54,776,842 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 | 52,622,125 |
| OPERATING INCOME (LOSS) BEFORE TAX | 2,135,629 | 2,201,211 | 2,176,933 | 1,162,627 | 23,082 | 21,614,834 | 7,491,130 | 7,198,399 | 10,065,534 | 7,491,130 | 6,911,096 | 7,199,396 | 7,204,569 | 81,521,568 |
| MCO TAX | 3,341,213 | 7,060,914 | 7,673,424 | 5,199,242 | 6,941,945 | 7,306,726 | 6,423,706 | 6,687,505 | 4,570,454 | 3,927,012 | 3,986,163 | 4,274,299 | 3,366,854 | 70,758,737 |
| OPERATING INCOME (LOSS) NET OF TAX | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,63,579) |
| TOTAL NONOPERATING REVENUE (EXPENSES) | 3,341,213 | 7,060,914 | 7,673,424 | 5,199,242 | 6,941,945 | 7,306,726 | 6,423,706 | 6,467,400 | 4,570,454 | 3,927,012 | 3,986,163 | 4,251,125 | 3,366,854 | 70,515,158 |
| NET INCREASE (DECREASE) IN NET POSITION | 88.4% | 82.9% | 81.2% | 86.5% | 85.5% | 82.6% | 83.2% | 82.7% | 90.3% | 88.8% | 89.5% | 88.5% | 90.1% | 85.1% |
| MEDICAL LOSS RATIO | 5.4% | 3.9% | 4.6% | 3.8% | 3.5% | 4.0% | 5.1% | 4.9% | 4.3% | 4.7% | 4.3% | 4.7% | 4.5% | 4.2% |
| ADMINISTRATIVE EXPENSE RATIO | | | | | | | | | | | | | | |

| KERN HEALTH SYSTEMS MEDICAL | | APRIL 2016 | MAY 2016 | JUNE 2016 | JULY 2016 | AUGUST 2016 | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | 13 MONTH TOTAL |
|---|--|---------------|-------------|--------------|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------------|
| STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH APRIL 30, 2017 | | 121.45 | 126.97 | 129.88 | 129.86 | 132.03 | 130.94 | 130.83 | 128.46 | 122.95 | 126.64 | 119.60 | 129.31 | 128.39 | 127.68 |
| REVENUE | | 423.63 | 425.86 | 417.14 | 379.40 | 381.12 | 373.84 | 360.02 | 368.90 | 366.70 | 377.32 | 375.41 | 386.74 | 375.46 | 383.44 |
| Title XIX - Medicaid - Expansion Members | | 700.75 | 703.09 | 698.55 | 760.11 | 759.39 | 745.07 | 758.87 | 759.67 | 756.02 | 756.98 | 717.78 | 734.16 | 740.65 | 733.35 |
| Title XIX - Medicaid - SPD Members | | 9.50 | 9.75 | 9.54 | 0.51 | 0.10 | 0.10 | 30.70 | 30.73 | 42.53 | 31.88 | 31.21 | 31.09 | 31.13 | 27.30 |
| Premium - MCO Tax | | 0.73 | 0.69 | 0.63 | 0.00 | 0.16 | 0.13 | 0.88 | 0.95 | 0.74 | 0.77 | 0.82 | 1.02 | 1.10 | 0.82 |
| Interest/Dividends | | 0.00 | 0.00 | 0.60 | 0.00 | 0.16 | 0.13 | 0.88 | 0.95 | 0.74 | 0.77 | 0.82 | 1.02 | 1.10 | 0.82 |
| Reinsurance Recoveries | | 0.00 | 0.00 | 0.60 | 0.00 | 0.16 | 0.13 | 0.88 | 0.95 | 0.74 | 0.77 | 0.82 | 1.02 | 1.10 | 0.82 |
| COB/Subrogation Collections | | 9.50 | 8.27 | 12.10 | 8.24 | 39.48 | 12.01 | 14.56 | 8.83 | 12.11 | 17.28 | 13.93 | 19.54 | 11.56 | 14.43 |
| Rate/Income Adjustments | | 0.28 | (3.14) | 0.80 | (0.07) | 7.82 | 0.06 | (1.42) | (0.00) | 11.67 | 0.00 | 8.50 | 1.72 | 0.39 | 2.07 |
| Other Income (Expense) | | 0.00 | (0.01) | (0.45) | 0.29 | (0.29) | (1.70) | 0.00 | 0.00 | (5.38) | 0.16 | 0.00 | 0.19 | (0.00) | (0.56) |
| TOTAL REVENUES | | 247.25 | 247.46 | 245.57 | 234.97 | 274.76 | 327.47 | 266.13 | 261.25 | 276.51 | 270.98 | 268.43 | 277.97 | 266.10 | 266.71 |
| EXPENSES | | 45.30 | 44.57 | 42.85 | 59.13 | 53.66 | 53.47 | 50.60 | 49.92 | 48.48 | 52.53 | 53.45 | 54.75 | 55.17 | 51.12 |
| Medical Costs: | | 8.54 | 9.04 | 10.69 | 9.24 | 10.41 | 10.04 | 7.85 | 10.36 | 12.16 | 11.24 | 9.47 | 10.39 | 10.28 | 9.98 |
| Physician Services | | 19.50 | 17.73 | 21.08 | 17.26 | 18.70 | 18.65 | 18.70 | 17.86 | 17.51 | 19.95 | 18.75 | 17.06 | 16.64 | 18.48 |
| Other Professional Services | | 62.95 | 58.55 | 56.02 | 73.05 | 56.96 | 48.82 | 55.13 | 50.31 | 59.58 | 59.58 | 62.41 | 63.59 | 60.22 | 57.96 |
| Emergency Room | | 0.79 | 0.80 | 0.79 | 0.80 | 0.80 | 0.79 | 0.80 | 0.80 | 0.80 | 0.44 | 0.44 | 0.43 | 0.44 | 0.68 |
| Inpatient | | 27.58 | 21.41 | 21.86 | 11.97 | 27.73 | 17.20 | 21.86 | 20.06 | 27.24 | 23.31 | 24.50 | 25.45 | 23.91 | 22.64 |
| Reinsurance Expense | | 11.00 | 12.79 | 15.68 | (5.33) | 11.04 | 4.93 | 7.70 | 5.54 | 6.46 | 8.93 | 8.46 | 9.22 | 9.84 | 8.13 |
| Outpatient Hospital | | 34.10 | 36.10 | 34.58 | 31.87 | 37.95 | 34.89 | 32.83 | 34.78 | 34.54 | 34.59 | 32.09 | 37.71 | 33.79 | 31.91 |
| Other Medical | | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.41 | 2.35 | 2.36 | 2.35 | 2.35 | 2.39 |
| Pharmacy | | 6.76 | 6.51 | 5.83 | (0.94) | 0.00 | 4.56 | 3.65 | 0.59 | 1.76 | 0.00 | 0.00 | 0.00 | 0.00 | 2.17 |
| Pay for Performance Quality Incentive | | (8.80) | (12.78) | (16.44) | 0.00 | 14.13 | 0.56 | (1.90) | (1.90) | 4.46 | (0.60) | 0.00 | (2.44) | (0.90) | (1.76) |
| Expansion Risk Corridor Expense | | 210.13 | 197.12 | 191.56 | 202.79 | 234.85 | 193.44 | 195.90 | 190.73 | 210.95 | 212.33 | 212.40 | 218.52 | 211.67 | 203.70 |
| IBNR, Incentive, Paid Claims Adjustment | | 37.12 | 50.35 | 54.01 | 32.18 | 39.92 | 134.03 | 70.24 | 70.53 | 65.56 | 58.65 | 56.04 | 59.46 | 54.44 | 63.01 |
| Total Medical Costs | | 6.36 | 6.61 | 6.40 | 6.11 | 6.55 | 6.85 | 6.93 | 7.33 | 7.46 | 7.10 | 6.53 | 7.52 | 6.84 | 6.82 |
| Administrative: | | 2.16 | 1.02 | 2.34 | 1.12 | 1.55 | 1.48 | 2.05 | 2.59 | 2.01 | 1.14 | 1.90 | 1.81 | 1.83 | 1.77 |
| Compensation | | 0.35 | 0.36 | 0.37 | 0.27 | 0.30 | 0.30 | 0.27 | 0.18 | 0.23 | 0.28 | 0.15 | 0.36 | 0.41 | 0.27 |
| Purchased Services | | 1.67 | 1.35 | 1.72 | 1.46 | 1.47 | 1.59 | 2.84 | 1.13 | 1.80 | 1.53 | 2.02 | 2.02 | 1.51 | 1.66 |
| Supplies | | 2.22 | 0.00 | 0.00 | 0.00 | (0.82) | 0.00 | (0.82) | 0.00 | (8.36) | 0.00 | 0.00 | 0.00 | 0.00 | (0.55) |
| Other Administrative Expenses | | 12.76 | 9.34 | 10.82 | 8.95 | 9.58 | 9.40 | 12.08 | 11.24 | 3.14 | 10.05 | 10.12 | 11.71 | 10.60 | 9.98 |
| Administrative Expense Adjustment | | 222.89 | 206.46 | 202.38 | 211.74 | 244.42 | 202.84 | 207.98 | 201.97 | 214.09 | 222.39 | 222.51 | 230.23 | 222.27 | 213.69 |
| Total Administrative Expenses | | 24.36 | 41.01 | 43.19 | 23.23 | 30.34 | 124.63 | 58.16 | 59.29 | 62.42 | 48.60 | 45.92 | 47.75 | 43.33 | 50.33 |
| TOTAL EXPENSES | | 9.50 | 9.75 | 9.54 | 0.51 | 0.10 | 93.15 | 30.70 | 30.73 | 42.93 | 31.88 | 29.12 | 29.96 | 29.87 | 26.94 |
| OPERATING INCOME (LOSS) BEFORE TAX | | 14.86 | 31.26 | 33.64 | 22.73 | 30.24 | 31.49 | 27.45 | 28.55 | 19.49 | 16.71 | 16.80 | 17.79 | 13.96 | 23.39 |
| MCO TAX | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.94) | 0.00 | 0.00 | 0.00 | (0.10) | 0.00 | (1.04) |
| OPERATING INCOME (LOSS) NET OF TAX | | 14.86 | 31.26 | 33.64 | 22.73 | 30.24 | 31.49 | 27.45 | 27.61 | 19.49 | 16.71 | 16.80 | 17.69 | 13.96 | 22.35 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | | 88.4% | 82.9% | 81.2% | 86.5% | 85.5% | 83.6% | 83.2% | 82.7% | 90.3% | 88.8% | 89.5% | 88.5% | 90.1% | 85.1% |
| NET INCREASE (DECREASE) IN NET POSITION | | 5.4% | 3.9% | 4.6% | 3.8% | 3.5% | 4.0% | 5.1% | 4.9% | 1.3% | 4.2% | 4.3% | 4.7% | 4.5% | 4.2% |
| MEDICAL LOSS RATIO | | | | | | | | | | | | | | | |
| ADMINISTRATIVE EXPENSE RATIO | | | | | | | | | | | | | | | |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED APRIL 30, 2017 | | | | YEAR-TO-DATE | | |
|---|------------|-----------|--|--------------|------------|-------------|
| CURRENT MONTH | | REVENUES | | ACTUAL | BUDGET | VARIANCE |
| ACTUAL | BUDGET | VARIANCE | | | | |
| 19,219,588 | 19,006,124 | 213,464 | Title XIX - Medicaid - Family & Other | 76,063,052 | 75,612,377 | 450,675 |
| 2,303,385 | 2,073,391 | 229,994 | Premium - Medi-Cal | 7,838,652 | 8,293,564 | (454,912) |
| 97,940 | 217,233 | (119,293) | Premium - Maternity Kick | 293,820 | 864,094 | (570,274) |
| 102,048 | 64,622 | 37,426 | Premium - Hep C Kick | 259,919 | 257,050 | 2,869 |
| 95,205 | 91,590 | 3,615 | Premium - BHT Kick | 378,453 | 364,470 | 13,983 |
| 21,818,166 | 21,452,960 | 365,206 | Other | 84,833,896 | 85,391,555 | (557,659) |
| | | | Total Title XIX - Medicaid - Family & Other | | | |
| | | | Title XIX - Medicaid - Expansion Members | | | |
| 20,776,918 | 19,460,769 | 1,316,149 | Premium - Medi-Cal | 81,632,606 | 77,419,248 | 4,213,358 |
| 138,852 | 409,979 | (271,127) | Premium - Maternity Kick | 1,521,339 | 1,639,917 | (118,578) |
| 698,802 | 612,073 | 86,729 | Premium - Hep C Kick | 2,439,441 | 2,434,962 | 4,479 |
| 35,499 | 33,060 | 2,439 | Other | 139,105 | 131,520 | 7,585 |
| 21,650,071 | 20,515,881 | 1,134,190 | Total Title XIX - Medicaid - Expansion Members | 85,732,491 | 81,625,647 | 4,106,844 |
| | | | Title XIX - Medicaid - SPD Members | | | |
| 9,589,471 | 9,721,394 | (131,923) | Premium - Medi-Cal | 38,089,157 | 38,671,918 | (582,761) |
| 318,305 | 516,072 | (197,767) | Premium - Hep C Kick | 1,052,855 | 2,052,945 | (1,000,090) |
| 148,004 | 153,187 | (5,183) | Premium - BHT Kick | 439,351 | 609,382 | (170,031) |
| 10,055,780 | 10,390,653 | (334,873) | Total Title XIX - Medicaid - SPD Members | 39,581,363 | 41,334,245 | (1,752,882) |

| CURRENT MONTH | | YEAR-TO-DATE | |
|---|------------|--------------|-------------|
| ACTUAL | BUDGET | ACTUAL | BUDGET |
| VARIANCE | | VARIANCE | |
| KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED APRIL 30, 2017 | | | |
| PHYSICIAN SERVICES | | | |
| 2,931,046 | 3,337,944 | 12,076,949 | 13,277,912 |
| 9,279,831 | 7,972,585 | 35,160,971 | 31,714,610 |
| 1,085,290 | 644,886 | 4,215,030 | 2,565,259 |
| 9,000 | 9,041 | 36,000 | 35,963 |
| 13,305,167 | 11,964,455 | 51,488,950 | 47,593,744 |
| OTHER PROFESSIONAL SERVICES | | | |
| 240,308 | 243,837 | 947,936 | 969,950 |
| 585,083 | 790,156 | 2,496,860 | 3,119,287 |
| 102,951 | 120,541 | 411,977 | 477,398 |
| 54,139 | 79,850 | 219,349 | 301,651 |
| 81,001 | 91,173 | 330,608 | 361,064 |
| 48,254 | 44,427 | 136,195 | 145,125 |
| 54,901 | 68,256 | 181,349 | 270,617 |
| 249,875 | 217,810 | 1,014,989 | 866,434 |
| 87,739 | 88,992 | 466,721 | 354,008 |
| 975,044 | 906,284 | 3,658,531 | 3,605,178 |
| 2,479,295 | 2,651,326 | 9,864,515 | 10,470,712 |
| 4,012,665 | 4,662,065 | 17,251,584 | 18,545,241 |
| 14,524,702 | 13,399,076 | 58,618,461 | 53,301,225 |
| 105,736 | 104,335 | 415,695 | 415,030 |
| 5,765,474 | 5,569,917 | 23,173,441 | 22,156,927 |
| OTHER MEDICAL | | | |
| 346,373 | 328,281 | 1,359,125 | 1,305,858 |
| 279,863 | 360,089 | 1,415,373 | 1,432,428 |
| 133,334 | 313,888 | 459,089 | 1,255,553 |
| 1,172,612 | 983,039 | 3,976,224 | 3,910,567 |
| - | 237,125 | - | 943,250 |
| 441,238 | 282,451 | 1,483,652 | 1,123,576 |
| 2,373,420 | 2,504,872 | 8,693,463 | 9,971,232 |
| PHARMACY SERVICES | | | |
| 6,736,832 | 7,470,523 | 28,270,037 | 29,717,732 |
| 944,297 | 1,345,378 | 3,149,688 | 5,352,000 |
| 534,081 | 486,004 | 2,123,135 | 1,933,325 |
| (66,000) | (66,061) | (585,768) | (262,793) |
| 8,149,210 | 9,235,843 | 32,957,092 | 36,740,264 |
| 566,768 | 557,244 | 2,243,364 | 2,216,638 |
| (232,581) | - | (848,907) | - |
| 51,049,856 | 50,649,133 | 203,857,658 | 201,411,012 |
| Total Medical Costs | | | |

* Medical costs per DMHC regulations

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH APRIL 30, 2017 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | YEAR TO DATE 2017 |
|---|-------------------------|--------------------------|-----------------------|-----------------------|----------------------------------|
| PHYSICIAN SERVICES | | | | | |
| Primary Care Physician Services | 3,406,859 | 3,070,267 | 2,668,777 | 2,931,046 | 12,076,949 |
| Referral Specialty Services | 8,091,488 | 8,954,220 | 8,835,432 | 9,279,831 | 35,160,971 |
| Urgent Care & After Hours Advise | 835,481 | 651,650 | 1,642,609 | 1,085,290 | 4,215,030 |
| Hospital Admitting Team | 8,988 | 8,712 | 9,300 | 9,000 | 36,000 |
| TOTAL PHYSICIAN SERVICES | 12,342,816 | 12,684,849 | 13,156,118 | 13,305,167 | 51,488,950 |
| OTHER PROFESSIONAL SERVICES | | | | | |
| Vision Service Capitation | 234,491 | 234,963 | 238,174 | 240,308 | 947,936 |
| 310 - Health Services - Utilization Management - UM Allocation * | 659,425 | 596,974 | 655,378 | 585,083 | 2,496,860 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 101,672 | 94,856 | 112,498 | 102,951 | 411,977 |
| 312 - Health Services - Education - UM Allocation * | 55,993 | 51,352 | 57,865 | 54,139 | 219,349 |
| 313 - Health Services - Pharmacy - UM Allocation * | 86,242 | 76,174 | 87,191 | 81,001 | 330,608 |
| 314 - Health Homes - UM Allocation * | 19,018 | 28,633 | 40,290 | 48,254 | 136,195 |
| 616 - Disease Management - UM Allocation * | 36,728 | 38,265 | 51,455 | 54,901 | 181,349 |
| Behavior Health Treatment | 300,000 | 131,003 | 334,111 | 249,875 | 1,014,989 |
| Mental Health Services | 220,889 | 119,474 | 38,619 | 87,739 | 466,721 |
| Other Professional Services | 927,583 | 875,268 | 880,636 | 975,044 | 3,658,531 |
| TOTAL OTHER PROFESSIONAL SERVICES | 2,642,041 | 2,246,962 | 2,496,217 | 2,479,295 | 9,864,515 |
| EMERGENCY ROOM | 4,687,780 | 4,450,889 | 4,100,250 | 4,012,665 | 17,251,584 |
| INPATIENT HOSPITAL | 13,999,552 | 14,812,384 | 15,281,823 | 14,524,702 | 58,618,461 |
| REINSURANCE EXPENSE PREMIUM | 103,176 | 103,384 | 103,399 | 105,736 | 415,695 |
| OUTPATIENT HOSPITAL SERVICES | 5,477,940 | 5,813,468 | 6,116,559 | 5,765,474 | 23,173,441 |
| OTHER MEDICAL | | | | | |
| Ambulance | 321,788 | 349,619 | 341,345 | 346,373 | 1,359,125 |
| Home Health Services & CBAS | 370,547 | 381,556 | 383,407 | 279,863 | 1,415,373 |
| Utilization and Quality Review Expenses | 67,616 | 115,998 | 142,141 | 133,334 | 459,089 |
| Long Term/SNF/Hospice | 1,022,042 | 820,073 | 961,497 | 1,172,612 | 3,976,224 |
| Enhanced Medical Benefits | - | - | - | - | - |
| Non-Medical Transportation | 315,831 | 340,260 | 386,323 | 441,238 | 1,483,652 |
| TOTAL OTHER MEDICAL | 2,097,824 | 2,007,506 | 2,214,713 | 2,373,420 | 8,693,463 |
| PHARMACY SERVICES | | | | | |
| RX - Drugs & OTC | 7,157,012 | 6,565,755 | 7,810,438 | 6,736,832 | 28,270,037 |
| RX - HEP-C | 561,061 | 672,985 | 971,345 | 944,297 | 3,149,688 |
| Rx - DME | 476,382 | 443,564 | 669,108 | 534,081 | 2,123,135 |
| RX - Pharmacy Rebates | (66,000) | (66,000) | (387,768) | (66,000) | (585,768) |
| TOTAL PHARMACY SERVICES | 8,128,455 | 7,616,304 | 9,063,123 | 8,149,210 | 32,957,092 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 552,163 | 559,709 | 564,724 | 566,768 | 2,243,364 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (141,866) | 111,013 | (585,473) | (232,581) | (848,907) |
| Total Medical Costs | 49,889,881 | 50,406,468 | 52,511,453 | 51,049,856 | 203,857,658 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH APRIL 30, 2017 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | YEAR TO DATE 2017 |
|--|-----------------|------------------|---------------|---------------|-------------------------|
| PHYSICIAN SERVICES | | | | | |
| Primary Care Physician Services | 14.50 | 12.94 | 11.11 | 12.15 | 12.66 |
| Referral Specialty Services | 34.44 | 37.73 | 36.77 | 38.48 | 36.87 |
| Urgent Care & After Hours Advise | 3.56 | 2.75 | 6.84 | 4.50 | 4.42 |
| Hospital Admitting Team | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 |
| TOTAL PHYSICIAN SERVICES | 52.53 | 53.45 | 54.75 | 55.17 | 53.98 |
| OTHER PROFESSIONAL SERVICES | | | | | |
| Vision Service Capitation | 1.00 | 0.99 | 0.99 | 1.00 | 0.99 |
| 310 - Health Services - Utilization Management - UM Allocation * | 2.81 | 2.52 | 2.73 | 2.43 | 2.62 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 0.43 | 0.40 | 0.47 | 0.43 | 0.43 |
| 312 - Health Services - Education - UM Allocation * | 0.24 | 0.22 | 0.24 | 0.22 | 0.23 |
| 313 - Health Services - Pharmacy - UM Allocation * | 0.37 | 0.32 | 0.36 | 0.34 | 0.35 |
| 314 - Health Homes - UM Allocation * | 0.08 | 0.12 | 0.17 | 0.20 | 0.14 |
| 616 - Disease Management - UM Allocation * | 0.16 | 0.16 | 0.21 | 0.23 | 0.19 |
| Behavior Health Treatment | 1.28 | 0.55 | 1.39 | 1.04 | 1.06 |
| Mental Health Services | 0.94 | 0.50 | 0.16 | 0.36 | 0.49 |
| Other Professional Services | 3.95 | 3.69 | 3.66 | 4.04 | 3.84 |
| TOTAL OTHER PROFESSIONAL SERVICES | 11.24 | 9.47 | 10.39 | 10.28 | 10.34 |
| EMERGENCY ROOM | 19.95 | 18.75 | 17.06 | 16.64 | 18.09 |
| INPATIENT HOSPITAL | 59.58 | 62.41 | 63.59 | 60.22 | 61.46 |
| REINSURANCE EXPENSE PREMIUM | 0.44 | 0.44 | 0.43 | 0.44 | 0.44 |
| OUTPATIENT HOSPITAL SERVICES | 23.31 | 24.50 | 25.45 | 23.91 | 24.30 |
| OTHER MEDICAL | | | | | |
| Ambulance | 1.37 | 1.47 | 1.42 | 1.44 | 1.42 |
| Home Health Services & CBAS | 1.58 | 1.61 | 1.60 | 1.16 | 1.48 |
| Utilization and Quality Review Expenses | 0.29 | 0.49 | 0.59 | 0.55 | 0.48 |
| Long Term/SNF/Hospice | 4.35 | 3.46 | 4.00 | 4.86 | 4.17 |
| Enhanced Medical Benefits | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Medical Transportation | 1.34 | 1.43 | 1.61 | 1.83 | 1.56 |
| TOTAL OTHER MEDICAL | 8.93 | 8.46 | 9.22 | 9.84 | 9.11 |
| PHARMACY SERVICES | | | | | |
| RX - Drugs & OTC | 30.46 | 27.67 | 32.50 | 27.93 | 29.64 |
| RX - HEP-C | 2.39 | 2.84 | 4.04 | 3.92 | 3.30 |
| Rx - DME | 2.03 | 1.87 | 2.78 | 2.21 | 2.23 |
| RX - Pharmacy Rebates | (0.28) | (0.28) | (1.61) | (0.27) | (0.61) |
| TOTAL PHARMACY SERVICES | 34.59 | 32.09 | 37.71 | 33.79 | 34.55 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.35 | 2.36 | 2.35 | 2.35 | 2.35 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (0.60) | 0.47 | (2.44) | (0.96) | (0.89) |
| Total Medical Costs | 212.33 | 212.40 | 218.52 | 211.67 | 213.74 |

| | | CURRENT MONTH | | YEAR-TO-DATE | |
|--|-----------|---------------|------------|--------------|-----------|
| ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED APRIL 30, 2017 | | | | | |
| 191,067 | 260,201 | 69,134 | 858,650 | 1,003,471 | 144,821 |
| 103,181 | 137,847 | 34,666 | 475,132 | 551,637 | 76,505 |
| 432,868 | 570,160 | 137,292 | 1,719,398 | 2,235,532 | 516,134 |
| 83,611 | 212,500 | 128,889 | 413,258 | 850,002 | 436,744 |
| 510,387 | 493,261 | (17,126) | 1,816,555 | 2,082,702 | 266,147 |
| 54,103 | 83,913 | 29,810 | 257,445 | 332,961 | 75,516 |
| 280 | 44,975 | 44,695 | 2,495 | 179,900 | 177,405 |
| - | 3,931 | 3,931 | 515 | 15,720 | 15,205 |
| 271 | 2,500 | 2,229 | 643 | 3,150 | 2,507 |
| 80,420 | 89,900 | 9,480 | 336,729 | 357,510 | 20,781 |
| 1,166 | 7,550 | 6,384 | 7,774 | 30,200 | 22,426 |
| - | - | - | 33 | 150 | 117 |
| 164,456 | 194,556 | 30,100 | 630,872 | 772,269 | 141,397 |
| 378,129 | 501,098 | 122,969 | 1,474,986 | 1,989,939 | 514,953 |
| 291,136 | 313,738 | 22,602 | 1,118,090 | 1,251,783 | 133,693 |
| 36,418 | 52,062 | 15,644 | 196,741 | 201,391 | 4,650 |
| 25,789 | 44,350 | 18,561 | 94,671 | 177,400 | 82,729 |
| 44,462 | 56,140 | 11,678 | 197,272 | 223,021 | 25,749 |
| 159,527 | 152,573 | (6,954) | 533,903 | 566,894 | 32,991 |
| 2,557,271 | 3,221,255 | 663,984 | 10,135,162 | 12,825,632 | 2,690,470 |

| KERN HEALTH SYSTEMS MEDI-CAL | | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | YEAR TO DATE 2017 |
|---|--|-----------------|------------------|---------------|---------------|-------------------------|
| SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED APRIL 30, 2017 | | | | | | |
| 110 - Executive | | 279,907 | 177,920 | 209,756 | 191,067 | 858,650 |
| 210 - Accounting | | 110,185 | 137,255 | 124,511 | 103,181 | 475,132 |
| 220 - Management Information Systems (MIS) | | 408,164 | 408,429 | 469,937 | 432,868 | 1,719,398 |
| 225 - Infrastructure | | 3,723 | 152,258 | 173,666 | 83,611 | 413,258 |
| 230 - Claims | | 409,956 | 432,879 | 463,333 | 510,387 | 1,816,555 |
| 240 - Project Management | | 63,772 | 68,960 | 70,610 | 54,103 | 257,445 |
| 310 - Health Services - Utilization Management | | 159 | 2,491 | (435) | 280 | 2,495 |
| 311 - Health Services - Quality Improvement | | 500 | 15 | - | - | 515 |
| 312 - Health Services - Education | | - | (66) | 438 | 271 | 643.00 |
| 313- Pharmacy | | 85,960 | 79,829 | 90,520 | 80,420 | 336,729 |
| 314 - Health Homes | | - | 608 | 6,000 | 1,166 | 7,774 |
| 616 - Disease Management | | 33 | - | - | - | 33 |
| 320 - Provider Relations | | 136,674 | 143,067 | 186,675 | 164,456 | 630,872 |
| 330 - Member Services | | 364,293 | 349,583 | 382,981 | 378,129 | 1,474,986 |
| 340 - Corporate Services | | 263,501 | 243,425 | 320,028 | 291,136 | 1,118,090 |
| 360 - Audit & Investigative Services | | 73,998 | 40,824 | 45,501 | 36,418 | 196,741 |
| 410 - Advertising Media | | 19,017 | 3,800 | 46,065 | 25,789 | 94,671 |
| 420 - Sales/Marketing/Public Relations | | 47,664 | 55,567 | 49,579 | 44,462 | 197,272 |
| 510 - Human Resources | | 94,898 | 104,383 | 175,095 | 159,527 | 533,903 |
| Total Department Expenses | | 2,362,404 | 2,401,227 | 2,814,260 | 2,557,271 | 10,135,162 |

**KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF APRIL 30, 2017**

| ASSETS | APRIL 2017 | MARCH 2017 | INC(DEC) |
|--|---------------------|---------------------|--------------|
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,422,347 | \$ 1,419,689 | 2,658 |
| Interest Receivable | 880 | 2,658 | (1,778) |
| Prepaid Expenses & Other Current Assets | 1,666 | 2,500 | (834) |
| TOTAL CURRENT ASSETS | \$ 1,424,893 | \$ 1,424,847 | \$ 46 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Other Liabilities | 353,849 | 353,849 | - |
| TOTAL CURRENT LIABILITIES | \$ 353,849 | \$ 353,849 | \$ - |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,070,040 | 1,070,040 | - |
| Increase (Decrease) in Net Position - Current Year | 1,004 | 958 | 46 |
| Total Net Position | \$ 1,071,044 | \$ 1,070,998 | \$ 46 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,424,893 | \$ 1,424,847 | \$ 46 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED APRIL 30, 2017 | YEAR-TO-DATE | | |
|-----------------------|----|-------|---|--------------|----|---------|
| | | | | | | |
| ENROLLMENT | | | | | | |
| - | - | - | Members | - | - | - |
| REVENUES | | | | | | |
| - | - | - | Premium | - | - | - |
| 880 | - | 880 | Interest | 3,538 | - | 3,538 |
| - | - | - | Other Investment Income | 800 | - | 800 |
| 880 | - | 880 | TOTAL REVENUES | 4,338 | - | 4,338 |
| EXPENSES | | | | | | |
| - | - | - | Medical Costs | - | - | - |
| - | - | - | IBNR and Paid Claims Adjustment | - | - | - |
| - | - | - | Total Medical Costs | - | - | - |
| 880 | - | 880 | GROSS MARGIN | 4,338 | - | 4,338 |
| Administrative | | | | | | |
| 834 | - | (834) | Management Fee Expense and Other Admin Exp | 3,334 | - | (3,334) |
| 834 | - | (834) | Total Administrative Expenses | 3,334 | - | (3,334) |
| 834 | - | (834) | TOTAL EXPENSES | 3,334 | - | (3,334) |
| 46 | - | 46 | OPERATING INCOME (LOSS) | 1,004 | - | 1,004 |
| - | - | - | TOTAL NONOPERATING REVENUE (EXPENSES) | - | - | - |
| 46 | - | 46 | NET INCREASE (DECREASE) IN NET POSITION | 1,004 | - | 1,004 |
| 0% | 0% | 0% | MEDICAL LOSS RATIO | 0% | 0% | 0% |
| 95% | 0% | -95% | ADMINISTRATIVE EXPENSE RATIO | 77% | 0% | -77% |

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

| | 2017 MEMBER MONTHS | | | | | | | | | | | |
|-------------------------------------|--------------------|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | JAN'17 | FEB'17 | MAR'17 | APR'17 | MAY'17 | JUN'17 | JUL'17 | AUG'17 | SEP'17 | OCT'17 | NOV'17 | DEC'17 |
| MEDI-CAL | | | | | | | | | | | | |
| ADULT AND FAMILY | | | | | | | | | | | | |
| PA - FAMILY | 36,123 | 36,255 | 36,565 | 35,376 | | | | | | | | |
| MN - FAMILY | 0 | 0 | 0 | 0 | | | | | | | | |
| REFUGEE - FAMILY | 1 | 1 | 0 | 2 | | | | | | | | |
| FOSTER CARE | 493 | 498 | 508 | 536 | | | | | | | | |
| POVERTY-133/200% | 2 | 2 | 2 | 2 | | | | | | | | |
| POVERTY-100% | 0 | 0 | 0 | 0 | | | | | | | | |
| MI - CHILD | 104,391 | 105,746 | 107,285 | 108,562 | | | | | | | | |
| CHILD-ACA | -127 | 430 | 405 | 415 | | | | | | | | |
| FAMILY - UNDER 19 | 20,203 | 20,297 | 19,877 | 19,885 | | | | | | | | |
| SUB-TOTAL ADULT & FAMILY | 161,086 | 163,229 | 164,642 | 164,778 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|-------------------------------|----------------|
| MEDI-CAL EXPANSION | |
| LHP Transition Pre-ACA | 218 |
| ACA Expansion Adult-Citizen | 224,241 |
| ACA Expansion CAL Fresh Adult | 19 |
| LHP Transition Pre-ACA | 2,119 |
| SUB-TOTAL MANDATORY | 226,597 |

| | |
|--------------------------------|----------------|
| SDP MEMBERS | |
| SSI-AGED | 728 |
| MN - AGED | 5,442 |
| SSI - BLIND & DIS-ABLED | 46,640 |
| MN - BLIND & DIS-ABLED | 1,390 |
| SUB-TOTAL MANDATORY SPD | 54,200 |
| TOTAL MANDATORY | 934,532 |

| | |
|--------------------------|-----|
| OTHER MEMBERS | |
| BCCTP-TOBACCO SETTLEMENT | 114 |

| | |
|---------------------------------|---------------|
| DUALS | |
| PA - FAMILY DUALS | 84 |
| PART D SSI-AGED | 2,541 |
| PART D MN - AGED | 4,550 |
| PART D SSI - BLIND & DIS-ABLED | 8,244 |
| PART D MN - BLIND & DIS-ABLED | 3,033 |
| PART D BCCTP-TOBACCO SETTLEMENT | 5 |
| PART D MI - ADULT | 0 |
| PART D MI - CHILD | 1,520 |
| SUB-TOTAL DUALS | 19,977 |
| TOTAL OTHERS | 20,091 |

| | |
|-------------------------------|----------------|
| TOTAL KAISER | 29,553 |
| TOTAL MEDI-CAL MEMBERS | 984,176 |

| | | | | | | | | | | | | |
|---------------|---------------|---------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 26 | 69 | 58 | 65 | | | | | | | | | |
| 54,856 | 55,872 | 56,493 | 57,020 | | | | | | | | | |
| 9 | 1 | 4 | 5 | | | | | | | | | |
| 514 | 500 | 532 | 573 | | | | | | | | | |
| 55,405 | 56,442 | 57,087 | 57,663 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|----------------|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 158 | 185 | 191 | 194 | | | | | | | | | |
| 1,338 | 1,359 | 1,388 | 1,357 | | | | | | | | | |
| 11,702 | 11,623 | 11,614 | 11,701 | | | | | | | | | |
| 326 | 393 | 346 | 325 | | | | | | | | | |
| 13,524 | 13,560 | 13,539 | 13,577 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 230,015 | 233,231 | 235,268 | 236,018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|----|----|----|----|--|--|--|--|--|--|--|--|--|
| 29 | 30 | 27 | 28 | | | | | | | | | |
|----|----|----|----|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | | | | |
|--------------|--------------|--------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 31 | 17 | 15 | 21 | | | | | | | | | |
| 615 | 628 | 625 | 673 | | | | | | | | | |
| 1,127 | 1,116 | 1,134 | 1,173 | | | | | | | | | |
| 2,067 | 2,011 | 2,081 | 2,085 | | | | | | | | | |
| 762 | 780 | 740 | 751 | | | | | | | | | |
| 1 | 1 | 1 | 2 | | | | | | | | | |
| 0 | 0 | 0 | 0 | | | | | | | | | |
| 316 | 360 | 417 | 427 | | | | | | | | | |
| 4,919 | 4,913 | 5,013 | 5,132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4,948 | 4,943 | 5,040 | 5,160 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | | |
|----------------|----------------|----------------|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 7,103 | 7,365 | 7,466 | 7,619 | | | | | | | | | |
| 242,066 | 245,539 | 247,714 | 248,797 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

KERN•HEALTH SYSTEMS

February AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---------------------------------|---------------|--------------|---|--|
| T4695 | EDIFECs, INC. ***** | 800,120.00 | 800,120.00 | PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION | CAPITAL PROJECT IN PROCESS |
| T1408 | DELL MARKETING L.P. | 768,444.88 | 923,801.37 | HARDWARE- 10- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T1045 | KAISER FOUNDATION HEALTH | 343,207.94 | 688,449.09 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4165 | SHI INTERNATIONAL CO. ***** | 68,535.72 | 72,966.68 | VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 45,745.80 | 91,918.74 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |
| T4653 | FORMS ON FIRE, INC. ***** | 44,865.75 | 44,865.75 | SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT | HE-QI |
| T4546 | LEVEL 3 COMMUNIATIONS, LLC** | 30,887.24 | 30,887.24 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS IMPRASTRUCTURE |
| T4308 | TRUXTUN PLACE PARTNERS | 28,169.83 | 53,801.95 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T4603 | ECFIRST.COM***** | 26,554.79 | 26,554.79 | PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY | CAPITAL PROJECT IN PROCESS |
| T4696 | ZNALYTICS, LLC***** | 25,587.01 | 25,587.01 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |

KERN HEALTH SYSTEMS

February AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---------------------------------------|---------------|--------------|--|--|
| T2918 | STINSON'S***** | 24,276.61 | 24,276.61 | OCT., NOV., & DEC. OFFICE SUPPLIES & EQUIP UNDER \$1,000 | VARIOUS |
| T4392 | TRIZETTO CORPORATION | 24,077.35 | 195,830.19 | CONSULTING SERVICES | MIS INFRASTRUCTURE |
| T4686 | CENTRIC HEALTH***** | 23,175.00 | 23,175.00 | COMMUNITY BENEFIT PROGRAM GRANT | COMMUNITY GRANTS |
| T4688 | VANGUARD MEDICAL CORPORATION***** | 20,991.09 | 20,991.09 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4497 | SKILLSOFT CORPORATION***** | 20,836.93 | 20,836.93 | YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING | HUMAN RESOURCES |
| T2597 | FUSION STORM INC.***** | 18,298.05 | 18,298.05 | HARDWARE- 2 FAN MODULES EX4300 | MIS INFRASTRUCTURE |
| T4193 | TECHNOSOCIALWORK.COM | 17,191.73 | 36,693.10 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T4582 | HEALTHX, INC***** | 17,000.00 | 17,000.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T4237 | FLUIDEDGE CONSULTING | 16,500.00 | 46,700.00 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T3011 | OFFICE ALLY, INC. | 15,058.50 | 29,733.75 | EDI CLAIM PROCESSING | CLAIMS |
| T4467 | MEDISOFTRX, LLC. | 14,700.00 | 28,500.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 14,226.64 | 37,596.38 | TEMPORARY HELP - 1 MIS, 1 QI, 1 CLAIMS, 1 UM, 1 PR. | VARIOUS |
| T4059 | KERN VALLEY HEALTH CARE DISTRICT***** | 14,061.35 | 15,711.35 | 2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |

KERN•HEALTH SYSTEMS

February AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|-----------------------------------|---------------------|--------------|--|--------------------|
| T2840 | ATALASOFT, INC.***** | 14,040.00 | 14,040.00 | SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE | MIS INFRASTRUCTURE |
| T2413 | TREK IMAGING INC***** | 12,705.46 | 15,677.30 | PROMOTIONS GIVEAWAYS | VARIOUS |
| T2961 | SOLUTION BENCH, LLC***** | 12,650.00 | 12,650.00 | M-FILES LICENSES & MAINTENANCE | MIS INFRASTRUCTURE |
| T2755 | VELOCITY PARTNERS, LLC | 12,144.00 | 23,904.00 | CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT | MIS INFRASTRUCTURE |
| T1189 | APPLE ONE INC. | 11,450.07 | 23,146.52 | TEMPORARY HELP - 1 PHARM, 1 CS, 3 CLAIMS | VARIOUS |
| T4538 | CHANGE HEALTHCARE | 11,061.76 | 22,567.59 | EDI CLAIM PROCESSING | CLAIMS |
| T4683 | CLAUDIA M. BACA***** | 11,010.58 | 13,410.58 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| | | 2,507,574.08 | | | |
| | TOTAL VENDORS OVER \$10,000 | 2,507,574.08 | | | |
| | TOTAL VENDORS UNDER \$10,000 | 239,999.34 | | | |
| | TOTAL VENDOR EXPENSES-Feb. | 2,747,573.42 | | | |

Note:

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

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---------------------------------|--------------|--|--|
| T1408 | DELL MARKETING L.P. | 923,801.37 | HARDWARE- 10- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLX 3040 W/ MONITORS, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T4695 | EDIFECs, INC. ***** | 800,120.00 | PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION | CAPITAL PROJECT IN PROCESS |
| T1045 | KAISER FOUNDATION HEALTH | 688,449.09 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T2167 | PG&E | 242,476.51 | ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES | CORPORATE SERVICES |
| T4392 | TRIZETTO CORPORATION | 195,830.19 | 2016 QNXT PERPETUAL LICENSE FEES | MIS INFRASTRUCTURE |
| T2726 | ARGUS HEALTH SYSTEMS, INC. | 153,529.06 | PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T3473 | PACIFIC HEALTH CONSULTING GROUP | 99,000.00 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 91,918.74 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |
| T1071 | CLINICA SIERRA VISTA | 85,741.72 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4664 | TURNORTHE. LLC | 76,686.27 | HARDWARE - 2 NIMBLE STORAGE EXPANSION | CAPITAL PROJECT IN PROCESS-CM/DM |
| T4165 | SHI INTERNATIONAL CO. ***** | 72,966.68 | VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|-----------------------|
| T4054 | ASSOCIATION FOR COMMUNITY AFFILIATED PLANS | 58,476.00 | 2017 ACAP DUES | ADMINISTRATION |
| T4308 | TRUXTUN PLACE PARTNERS | 53,801.95 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T1597 | BAKERSFIELD MEMORIAL HOSP | 50,000.00 | BMH DIABETIC CLINIC 2016-4TH QUARTER | HE-DISEASE MANAGEMENT |
| T4237 | FLUIDEDGE CONSULTING | 46,700.00 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T4653 | FORMS ON FIRE, INC. ***** | 44,865.75 | SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT | HE-QI |
| T2933 | SIERRA PRINTERS, INC. | 40,038.79 | PROVIDER DIRECTORIES | PROVIDER RELATIONS |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 37,596.38 | TEMPORARY HELP | VARIOUS |
| T4193 | TECHNOSOCIALWORK.COM | 36,693.16 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T4678 | XEROX STATE HEALTHCARE, LLC | 33,870.00 | CONSULTING SERVICES | PROVIDER RELATIONS |
| T1861 | CEREDIAN BENEFITS SERVICES | 33,424.68 | DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION | HUMAN RESOURCES |
| T1404 | CALIFORNIA ASSOCIATION OF HEALTH PLANS | 32,469.00 | 2017 ANNUAL DUES ASSESSMENT | ADMINISTRATION |
| T4546 | LEVEL 3 COMMUNIATIONS, LLC***** | 30,887.24 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T2584 | UNITED STATES POSTAL SVC.-HASLER | 30,000.00 | POSTAGE-METERED | VARIOUS |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|----------------------------------|--------------|--|-----------------------------|
| T3011 | OFFICE ALLY, INC. | 29,733.75 | EDI CLAIM PROCESSING | CLAIMS |
| T4467 | MEDISOFTRX, LLC. | 28,500.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T4654 | DELAWIE | 27,690.00 | ARCHITECTURAL SERVICES | CAPITAL PROJECT |
| T4168 | RELAYHEALTH | 27,083.16 | EDI CLAIM PROCESSING | CLAIMS |
| T4603 | ECFIRST.COM***** | 26,554.79 | PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY | CAPITAL PROJECT IN PROCESS |
| T4696 | ZNALYTICS, LLC***** | 25,587.01 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T2969 | AMERICAN BUSINESS MACHINES INC | 24,514.42 | HARDWARE AND MAINTENANCE | CORPORATE SERVICES |
| T2918 | STINSON'S***** | 24,276.61 | OFFICE SUPPLIES & EQUIP UNDER \$1,000 | VARIOUS |
| T2755 | VELOCITY PARTNERS, LLC | 23,904.00 | CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT | MIS INFRASTRUCTURE |
| T4646 | LOOKINGPOINT, INC. | 23,754.20 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T4686 | CENTRIC HEALTH***** | 23,175.00 | COMMUNITY BENEFIT PROGRAM GRANT | COMMUNITY GRANTS |
| T1189 | APPLE ONE INC. | 23,146.52 | TEMPORARY HELP | VARIOUS |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 22,567.59 | EDI CLAIM PROCESSING | CLAIMS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---------------------------------------|--------------|--|--|
| T4452 | WELLS FARGO 3500 2469 | 21,105.05 | CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES | VARIOUS |
| T4688 | VANGUARD MEDICAL CORPORATION***** | 20,991.09 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4497 | SKILLSOFT CORPORATION***** | 20,836.93 | YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING | HUMAN RESOURCES |
| T2597 | FUSION STORM INC.***** | 18,298.05 | HARDWARE- 2 FAN MODULES EX4300 | MIS INFRASTRUCTURE |
| T4582 | HEALTHX, INC***** | 17,000.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T4478 | AMERICAN FIDELITY ASSURANCE CO. | 16,662.29 | EMPLOYEE PAID VOLUNTARY INSURANCE | PAYROLL DEDUCTION |
| T4059 | KERN VALLEY HEALTH CARE DISTRICT***** | 15,711.35 | 2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2413 | TREK IMAGING INC***** | 15,677.30 | PROMOTIONS GIVEAWAYS | VARIOUS |
| T4479 | BAKERSFIELD PEDIATRICS, A MEDICAL | 15,033.42 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2840 | ATALASOFT, INC.***** | 14,040.00 | SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE | MIS INFRASTRUCTURE |
| T4425 | PRO RESTORATION SERVICES INC.***** | 13,726.05 | BUILDING IMPROVEMENT - STRUCTURAL REPAIRS | CORPORATE SERVICES |
| T4683 | CLAUDIA M. BACA***** | 13,410.58 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T4396 | KAISER FOUNDATION HEALTH-DMHO***** | 13,281.36 | EMPLOYEE HEALTH BENEFITS | VARIOUS |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|-------------------------------------|----------------------------|--------------------------------|--------------------|
| T2961 | SOLUTION BENCH, LLC***** | 12,650.00 | M-FILES LICENSES & MAINTENANCE | MIS INFRASTRUCTURE |
| T4460 | PAYSPAN, INC | 12,311.36 | ELECTRONIC CLAIMS | FINANCE |
| T2790 | KERN COUNTY DEPT OF PUBLIC HEALTH | 11,448.00 | FLU CLINIC SPONSORSHIPS | MARKETING |
| T4652 | BAKERSFIELD SYMPHONY ORCHESTRA***** | 11,000.00 | SPONSORSHIP | MARKETING |
| T4386 | STACY POEHLMAN***** | 10,059.00 | PROFESSIONAL SERVICES | PROVIDER RELATIONS |
| | | <u>4,563,071.46</u> | | |
| | TOTAL VENDORS OVER \$10,000 | 4,593,071.46 | | |
| | TOTAL VENDORS UNDER \$10,000 | 390,127.30 | | |
| | TOTAL VENDOR EXPENSES-Feb. | <u><u>4,983,198.76</u></u> | | |

Note:

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

KERN HEALTH SYSTEMS

March AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---|---------------|--------------|---|------------------------------|
| T4327 | MCKESSON TECHNOLOGIES INC. ***** | 419,913.20 | 419,913.20 | ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3 | CLAIMS |
| T4392 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. ***** | 397,835.98 | 593,666.17 | 2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION | MIS INFRASTRUCTURE |
| T1045 | KAISER FOUNDATION HEALTH | 336,091.65 | 1,024,540.74 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T2726 | ARGUS HEALTH SYSTEMS, INC. ***** | 165,062.26 | 318,591.32 | JAN. & FEB. PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T2704 | MCG HEALTH LLC***** | 141,105.21 | 141,105.21 | 2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5 | HE-UM |
| T4237 | FLUIDEDGE CONSULTING | 140,024.97 | 46,700.00 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T2597 | FUSION STORM INC. | 119,986.58 | 138,284.63 | HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR | MIS INFRASTRUCTURE |
| T4654 | DELAWIE***** | 108,838.95 | 136,528.95 | JAN. & FEB. ARCHITECTURE SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T2961 | SOLUTION BENCH, LLC | 93,345.00 | 105,995.00 | M-FILES LICENSES & MAINTENANCE | MIS INFRASTRUCTURE |
| T4350 | COMPUTER ENTERPRISE INC. ***** | 86,703.60 | 94,566.00 | 2017 CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 47,316.72 | 139,235.46 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |

KERN • HEALTH SYSTEMS

March AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---|---------------|--------------|--|--|
| T4193 | TECHNOSOCIALWORK.COM | 46,109.61 | 82,802.77 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 43,471.53 | 81,067.91 | TEMPORARY HELP - 1 MIS, 1 QI, 1 CLAIMS, 1 UM, 1 PR. | VARIOUS |
| T2584 | UNITED STATES POSTAL SVC.-HASLER***** | 40,000.00 | 70,000.00 | POSTAGE-METERED | VARIOUS |
| T4634 | EXECUTIVE STAFFING SOLUTIONS***** | 34,000.00 | 34,000.00 | RECRUITMENT-CLAIMS DIRECTOR | HUMAN RESOURCES |
| T4582 | HEALTHX, INC | 32,200.00 | 49,200.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T1272 | COFFEY COMMUNICATIONS INC.***** | 29,120.61 | 33,380.68 | NEWSLETTER PUBLICATION/MAILING | VARIOUS |
| T4308 | TRUXTUN PLACE PARTNERS | 28,220.04 | 82,021.99 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T4168 | RELAYHEALTH***** | 26,772.46 | 53,855.62 | JAN. & FEB. EDI CLAIM PROCESSING | CLAIMS |
| T4405 | SMARTERP SOLUTIONS, INC.***** | 24,873.60 | 24,873.60 | 2017 CONSULTING FEES | CAPITAL PROJECTS IN PROCESS |
| T4686 | CENTRIC HEALTH***** | 23,174.04 | 46,349.04 | JAN. & FEB. COMMUNITY BENEFIT PROGRAM GRANT | COMMUNITY GRANTS |
| T4698 | INFINITY COMMUNICATIONS & CONSULTING, INC.***** | 22,500.00 | 22,500.00 | TECHNICAL BUILDING ARCHITECTURAL CONSULTING | CAPITAL PROJECT-NEW BUILDING |
| T1189 | APPLE ONE INC. | 21,185.98 | 44,332.50 | TEMPORARY HELP - 1 PHARM, 1 CS, 3 CLAIMS | VARIOUS |
| T4452 | WELLS FARGO 3500 2469 | 19,407.50 | 40,512.55 | CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES | VARIOUS |

KERN • HEALTH SYSTEMS

March AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|-------------------------------------|---------------------|--------------|--|------------------------------|
| T4546 | LEVEL 3 COMMUNICATIONS, LLC | 17,494.77 | 48,382.01 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T3011 | OFFICE ALLY, INC. | 16,128.50 | 45,862.25 | FEBRUARY EDI CLAIM PROCESSING | CLAIMS |
| T2562 | CACTUS SOFTWARE LLC**** | 16,050.00 | 22,972.50 | ANNUAL CACTUS LICENSE & CONSULTING FEES | MIS INFRASTRUCTURE |
| T4678 | XEROX STATE HEALTHCARE, LLC**** | 15,105.00 | 48,975.00 | CONSULTING SERVICES | PROVIDER RELATIONS |
| T4467 | MEDISOFTX, LLC. | 14,700.00 | 43,200.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T4537 | BURKE, WILLIAMS & SORENSEN, LLP**** | 14,040.50 | 16,985.50 | LEGAL FEES | CAPITAL PROJECT-NEW BUILDING |
| T4460 | PAYSPAN, INC**** | 13,773.20 | 26,084.56 | ELECTRONIC CLAIMS | FINANCE |
| T1183 | MILLIMAN USA**** | 11,764.50 | 16,798.25 | CY2015 RDT CONSULTING - ACTUARIAL | ADMINISTRATION |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, | 10,885.41 | 33,453.00 | FEB - EDI CLAIM PROCESSING | CLAIMS |
| T3084 | KERN COUNTY-COUNTY COUNSEL**** | 10,653.30 | 19,652.20 | JAN. LEGAL FEES | ADMINISTRATION |
| T4297 | PREGMATIC WORKS SOFTWARE**** | 10,203.75 | 13,410.58 | BI xPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE | CAPITAL PROJECT IN PROCESS |
| | | 2,598,058.42 | | | |
| | TOTAL VENDORS OVER \$10,000 | 2,598,058.42 | | | |
| | TOTAL VENDORS UNDER \$10,000 | 354,453.47 | | | |
| | TOTAL VENDOR EXPENSES-Mar. | 2,952,511.89 | | | |

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

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 | 1,024,540.74 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T1408 | DELL MARKETING L.P. | 927,218.76 | HARDWARE- 10- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLX 3040 W/ MONITORS, KHS VEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T4695 | EDIFEGS, INC. | 807,200.00 | PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION | CAPITAL PROJECT IN PROCESS |
| T4392 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 593,666.17 | 2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION | MIS INFRASTRUCTURE |
| T4327 | MCKESSON TECHNOLOGIES INC. ***** | 419,913.20 | ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3 | CLAIMS |
| T2726 | ARGUS HEALTH SYSTEMS, INC. | 318,591.32 | PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T2167 | PG&E | 272,502.52 | ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES | CORPORATE SERVICES |
| T4237 | FLUIDEDGE CONSULTING | 186,724.97 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T2704 | MCG HEALTH LLC***** | 141,105.21 | 2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5 | HE-UM |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 139,235.46 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |
| T2597 | FUSION STORM INC. | 138,284.63 | HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR | 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 |
|------------|--|--------------|--|--|
| T4654 | DELAWIE | 136,528.95 | ARCHITECTURE SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T2961 | SOLUTION BENCH, LLC | 105,995.00 | M-FILES LICENSES & MAINTENANCE | MIS INFRASTRUCTURE |
| T3473 | PACIFIC HEALTH CONSULTING GROUP | 99,000.00 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T4350 | COMPUTER ENTERPRISE INC, ***** | 94,566.00 | 2017 CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T1071 | CLINICA SIERRA VISTA | 86,741.72 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4193 | TECHNOSOCIALWORK.COM | 82,802.77 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T4308 | TRUXTUN PLACE PARTNERS | 82,021.99 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 81,067.91 | TEMPORARY HELP | VARIOUS |
| T4165 | SHI INTERNATIONAL CO. | 79,784.60 | VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T4664 | TURNORTHE. LLC | 76,686.27 | HARDWARE - 2 NIMBLE STORAGE EXPANSION | CAPITAL PROJECT IN PROGRESS-CM/DM |
| T2584 | UNITED STATES POSTAL SVC.-HASLER | 70,000.00 | POSTAGE-METERED | VARIOUS |
| T4054 | ASSOCIATION FOR COMMUNITY AFFILIATED PLANS | 58,476.00 | 2017 ACAP DUES | ADMINISTRATION |
| T4168 | RELAYHEALTH | 53,855.62 | EDI CLAIM PROCESSING | CLAIMS |

KERN • HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|-----------------------------------|--------------|--|--|
| T1597 | BAKERSFIELD MEMORIAL HOSP | 50,000.00 | BMH DIABETIC CLINIC 2016-4TH QUARTER | HE-DISEASE MANAGEMENT |
| T4582 | HEALTHX, INC | 49,200.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T4678 | XEROX STATE HEALTHCARE, LLC | 48,975.00 | CONSULTING SERVICES | PROVIDER RELATIONS |
| T4546 | LEVEL 3 COMMUNIATIONS, LLC | 48,382.01 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T4686 | CENTRIC HEALTH | 46,349.04 | COMMUNITY BENEFIT PROGRAM GRANT | COMMUNITY GRANTS |
| T3011 | OFFICE ALLY, INC. | 45,862.25 | EDI CLAIM PROCESSING | CLAIMS |
| T4653 | FORMS ON FIRE, INC. | 44,865.75 | SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT | HE-QI |
| T1189 | APPLE ONE INC. | 44,332.50 | TEMPORARY HELP | VARIOUS |
| T4467 | MEDISOFTRX, LLC. | 43,200.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T2933 | SIERRA PRINTERS, INC. | 41,132.14 | PROVIDER DIRECTORIES | PROVIDER RELATIONS |
| TT4452 | WELLS FARGO 3500 2469 | 40,512.55 | CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES | VARIOUS |
| T4634 | EXECUTIVE STAFFING SOLUTIONS***** | 34,000.00 | RECRUITMENT FEES | HUMAN RESOURCES |
| T2918 | STINSON'S | 33,710.07 | OFFICE SUPPLIES & EQUIP UNDER \$1,000 | VARIOUS |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 33,453.00 | EDI CLAIM PROCESSING | CLAIMS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|--|------------------------------|
| T1861 | CEREDIAN BENEFITS SERVICES | 33,424.68 | DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION | HUMAN RESOURCES |
| T1272 | COFFEY COMMUNICATIONS INC.***** | 33,380.68 | NEWSLETTER PUBLICATION/MAILING | VARIOUS |
| T4646 | LOOKINGPOINT, INC. | 33,337.57 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T1404 | CALIFORNIA ASSOCIATION OF HEALTH PLANS | 32,469.00 | 2017 ANNUAL DUES ASSESSMENT | ADMINISTRATION |
| T2755 | VELOCITY PARTNERS, LLC | 29,136.00 | CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT | MIS INFRASTRUCTURE |
| T4603 | ECFIRST.COM | 26,554.79 | PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY | CAPITAL PROJECT IN PROCESS |
| T4460 | PAYSPAN, INC | 26,084.56 | ELECTRONIC CLAIMS | FINANCE |
| T2969 | AMERICAN BUSINES MACHINES INC | 25,638.35 | HARDWARE AND MAINTENANCE | CORPORATE SERVICES |
| T4696 | ZNALYTICS, LLC***** | 25,587.01 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T4478 | AMERICAN FIDELITY ASSURANCE CO. | 25,088.12 | EMPLOYEE PAID VOLUNTARY INSURANCE | PAYROLL DEDUCTION |
| T4688 | VANGUARD MEDICAL CORPORATION | 25,011.09 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4405 | SMARTERP SOLUTIONS, INC.***** | 24,873.60 | 2017 CONSULTING FEES | CAPITAL PROJECTS IN PROCESS |
| T2562 | CACTUS SOFTWARE LLC***** | 22,972.50 | ANNUAL CACTUS LICENSE & CONSULTING FEES | MIS INFRASTRUCTURE |
| T4698 | INFINITY COMMUNICATIONS & CONSULTING, INC.***** | 22,500.00 | TECHNICAL BUILDING ARCHITECTURAL CONSULTING | CAPITAL PROJECT-NEW BUILDING |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|---|---------------------------------|
| T4497 | SKILLSOFT CORPORATION | 20,836.93 | YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING | HUMAN RESOURCES |
| T4396 | KAISER FOUNDATION HEALTH-DMHO | 20,800.95 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T3084 | KERN COUNTY-COUNTY COUNSEL ***** | 19,652.20 | LEGAL FEES | ADMINISTRATION |
| T4652 | BAKERSFIELD SYMPHONY ORCHESTRA | 19,500.00 | SPONSORSHIP | MARKETING |
| T2413 | TREK IMAGING INC | 19,219.34 | PROMOTIONS GIVEAWAYS | VARIOUS |
| T4683 | CLAUDIA M. BACA | 18,675.34 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T1128 | HALL LETTER SHOP, INC***** | 17,355.20 | NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH | VARIOUS |
| T2955 | DELTA ELECTRIC INC.***** | 17,049.47 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T4537 | BURKE, WILLIAMS & SORENSEN, LLP***** | 16,985.50 | LEGAL FEES | CAPITAL PROJECT-NEW BUILDING |
| T1183 | MILLIMAN USA***** | 16,798.25 | CY2015 RDT CONSULTING - ACTUARIAL | ADMINISTRATION |
| T2790 | KERN COUNTY DEPT OF PUBLIC HEALTH | 16,448.00 | FLU CLINIC SPONSORSHIPS | MARKETING |
| T2676 | WEST COAST MAINTENANCE***** | 15,903.55 | JANITORIAL SERVICES | CORPORATE SERVICES |
| T4059 | KERN VALLEY HEALTH CARE DISTRICT | 15,711.35 | 2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4479 | BAKERSFIELD PEDIATRICS, A MEDICAL GROUP***** | 15,033.42 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T4386 | STACY POEHLMAN | 15,015.00 | PROFESSIONAL SERVICES | PROVIDER RELATIONS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|------------------------------|
| T1032 | BAKERSFIELD CALIFORNIAN***** | 14,948.76 | EMPLOYMENT AD | HUMAN RESOURCES |
| T2840 | ATALASOFT, INC. | 14,040.00 | SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE | MIS INFRASTRUCTURE |
| T4425 | PRO RESTORATION SERVICES INC. | 13,726.05 | BUILDING IMPROVEMENT - STRUCTURAL REPAIRS | CORPORATE SERVICES |
| T4503 | VISION SERVICE PLAN***** | 13,179.94 | EMPLOYEE BENEFITS-VISION | VARIOUS |
| T4561 | SRI & SHARMA, LLC***** | 13,125.00 | PARKING SPACE RENTAL | CORPORATE SERVICES |
| T2441 | POPPYROCK DESIGNS***** | 13,032.00 | MATERIAL DESIGN | VARIOUS |
| T2941 | KERN PRINT SERVICES INC.***** | 12,434.53 | OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD | VARIOUS |
| T2580 | GOLDEN EMPIRE TRANSIT DISTRICT***** | 12,320.00 | DAILY AND MONTHLY PASSES GET BUS PASSES | MEMBER SERVICES |
| T2446 | AT&T MOBILITY***** | 12,195.29 | CELLULAR PHONE | MIS INFRASTRUCTURE |
| T4690 | RONNIE CLAIBORNE A PROFESSIONAL CORPORATION***** | 11,743.55 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T3986 | JACQUELYN S. JANS***** | 11,160.00 | CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN | MARKETING |
| T4297 | PREGMATIC WORKS SOFTWARE***** | 10,203.75 | BI X PRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE | CAPITAL PROJECT IN PROCESS |
| T4609 | GREGORY D. BYNUM AND ASSOCIATES, INC***** | 10,116.21 | DEVELOPMENT OVERHEAD FEES | CAPITAL PROJECT-NEW BUILDING |
| T2844 | MARCH OF DIMES***** | 10,000.00 | 2017 MARCH OF DIMES SPONSORSHIP | VARIOUS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---------------------------------------|---------------------|----------------------------------|-------------|
| T4183 | LAMAR ADVERTISING OF BAKERSFIELD***** | 10,000.00 | OUTDOOR ADVERTISEMENT-BILLBOARDS | ADVERTISING |
| | | <u>7,513,751.65</u> | | |
| | TOTAL VENDORS OVER \$10,000 | 7,513,751.65 | | |
| | TOTAL VENDORS UNDER \$10,000 | 421,959.00 | | |
| | TOTAL VENDOR EXPENSES-Mar. | <u>7,935,710.65</u> | | |

Note:

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

KERN·HEALTH SYSTEMS

April AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---------------------------------|---------------|--------------|---|------------------------------|
| T1045 | KAISER FOUNDATION HEALTH | 344,834.49 | 1,369,375.23 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T1071 | CLINICA SIERRA VISTA**** | 234,739.68 | 321,481.40 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4237 | FLUIDEDGE CONSULTING | 124,426.39 | 311,151.36 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T4696 | ZNALYTICS, LLC**** | 116,887.83 | 142,474.84 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T4654 | DELAWARE | 110,545.78 | 247,074.73 | MAR. ARCHITECTURE SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T2726 | ARGUS HEALTH SYSTEMS, INC. | 90,330.33 | 408,921.65 | MAR. PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T4695 | EDIFECs, INC. **** | 82,134.72 | 889,334.72 | PERPETUAL LICENSES FOR EDI MANAGEMENT | CAPITAL PROJECT IN PROCESS |
| T4327 | MCKESSON TECHNOLOGIES INC. | 75,025.26 | 494,938.46 | ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3 | CLAIMS |
| T4350 | COMPUTER ENTERPRISE INC. | 74,164.60 | 168,730.60 | 2017 CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 55,630.85 | 136,698.76 | TEMPORARY HELP - 1 MIS, 1 QI, 1 CLAIMS, 1 UM, 1 PR. | VARIOUS |
| T1597 | BAKERSFIELD MEMORIAL HOSP**** | 50,000.00 | 100,000.00 | BMH DIABETIC CLINIC 2017-1ST QUARTER | HE-DISEASE MANAGEMENT |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 47,045.38 | 186,280.84 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |

KERN • HEALTH SYSTEMS

April AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|--|---------------|--------------|--|--|
| T4582 | HEALTHX, INC | 35,000.00 | 84,200.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T4433 | MICOR-DYN MEDICAL SYSTEMS, INC. ***** | 28,580.00 | 28,580.00 | APR-DRG GROUPER SOFTWARE/LICENSE | MIS INFRASTRUCTURE |
| T4460 | PAYSPAN, INC | 28,479.46 | 54,564.02 | FEB. & MAR. ELECTRONIC CLAIMS | FINANCE |
| T4308 | TRUXTUN PLACE PARTNERS | 28,133.48 | 110,155.47 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T4563 | SPH ANALYTICS***** | 28,102.95 | 28,102.95 | 2017 MEMBER/PROVIDER SATISFACTION | MEMBER SERVICES |
| T1272 | COFFEY COMMUNICATIONS INC. | 23,944.15 | 57,324.83 | NEWSLETTER PUBLICATION/MAILING | VARIOUS |
| T4737 | TEKSYSTEMS, INC.***** | 22,800.00 | 22,800.00 | DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR | HUMAN RESOURCES |
| T4193 | TECHNOSOCIALWORK.COM | 22,247.90 | 105,050.67 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T1189 | APPLE ONE INC. | 20,868.82 | 65,201.32 | TEMPORARY HELP - 1 PHARM, 1 CS, 3 CLAIMS | VARIOUS |
| T4405 | SMARTERP SOLUTIONS, INC. | 20,000.00 | 44,873.60 | 2017 CONSULTING FEES | CAPITAL PROJECTS IN PROCESS |
| T4415 | DANIELLS PHILLIPS VAUGHAN AND BOCK***** | 18,500.00 | 23,125.00 | 2016 AUDIT FEES | ADMINISTRATION |
| T4478 | AMERICAN FIDELITY ASSURANCE COMPANY***** | 17,689.55 | 42,777.67 | EMPLOYEE PAID VOLUNTARY INSURANCE | PAYROLL DEDUCTION |
| T1861 | CERIDIAN HCM, INC.***** | 17,687.19 | 51,111.87 | DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION | HUMAN RESOURCES |

KERN·HEALTH SYSTEMS

April AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|------------------------------|----------------------------|--------------|--|-----------------------------|
| T3011 | OFFICE ALLY, INC. | 17,567.25 | 63,429.50 | MAR. EDI CLAIM PROCESSING | CLAIMS |
| T4546 | LEVEL 3 COMMUNICATIONS, LLC | 16,423.06 | 64,805.07 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T4467 | MEDISOFTX, LLC. | 14,700.00 | 57,900.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T1408 | DELL MARKETING L.P.***** | 14,335.38 | 941,554.14 | HARDWARE-10 DELL LATITUDE E5470, 4-23" MONITOR | MIS INFRASTRUCTURE |
| T2933 | SIERRA PRINTERS, INC.***** | 13,260.92 | 54,393.06 | 2017 MCAL MEMBER HANDBOOKS, BUSINESS CARDS, HOME HEALTH MEMBERSHIP BROCHURES, HOME HEALTH LETTERHEADS. | VARIOUS |
| T4452 | WELLS FARGO 3500 2469 | 13,169.49 | 53,682.04 | CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES | VARIOUS |
| T4538 | CHANGE HEALTHCARE | 12,593.05 | 46,046.05 | MAR.- EDI CLAIM PROCESSING | CLAIMS |
| T2938 | SAP AMERICA, INC***** | 12,308.32 | 12,308.32 | 2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE | MIS INFRASTRUCTURE |
| T4685 | NATIONAL GIFT CARD CORP***** | 11,867.64 | 12,572.02 | HOME HEALTH INCENTIVE PROGRAM | HOME HEALTH |
| | | <u>1,844,023.92</u> | | | |
| | TOTAL VENDORS OVER \$10,000 | 1,844,023.92 | | | |
| | TOTAL VENDORS UNDER \$10,000 | 244,114.62 | | | |
| | TOTAL VENDOR EXPENSES-Apr. | <u><u>2,088,138.54</u></u> | | | |

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

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 | 1,369,375.23 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T1408 | DELL MARKETING L.P. | 941,554.14 | HARDWARE- 10- LATITUDE E5470, 4 BROCADE 6610, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T4695 | EDIFECs, INC. | 889,334.72 | PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION | CAPITAL PROJECT IN PROCESS |
| T4392 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 594,916.17 | 2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION | MIS INFRASTRUCTURE |
| T4327 | MCKESSON TECHNOLOGIES INC. | 494,938.46 | ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3 | CLAIMS |
| T2726 | ARGUS HEALTH SYSTEMS, INC. | 408,921.65 | PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T1071 | CLINICA SIERRA VISTA | 321,481.40 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4237 | FLUIDEDGE CONSULTING | 311,151.36 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T2167 | PG&E | 272,527.66 | ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES | CORPORATE SERVICES |
| T4654 | DELAWARE | 247,074.73 | ARCHITECTURE SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 186,280.84 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---------------------------------|--------------|---|---|
| T4350 | COMPUTER ENTERPRISE INC. | 168,730.60 | 2017 CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T4696 | ZNALYTICS, LLC | 142,474.84 | CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T2704 | MCG HEALTH LLC | 141,105.21 | 2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5 | HE-UM |
| T2597 | FUSION STORM INC. | 138,284.63 | HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR | MIS INFRASTRUCTURE |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 136,698.76 | TEMPORARY HELP | VARIOUS |
| T4308 | TRUXTUN PLACE PARTNERS | 110,155.47 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T2961 | SOLUTION BENCH, LLC | 105,995.00 | M-FILES LICENSES & MAINTENANCE | MIS INFRASTRUCTURE |
| T4193 | TECHNOSOCIALWORK.COM | 105,050.67 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T1597 | BAKERSFIELD MEMORIAL HOSP | 100,000.00 | BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR. | HE-DISEASE MANAGEMENT |
| T3473 | PACIFIC HEALTH CONSULTING GROUP | 99,000.00 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T4582 | HEALTHX, INC | 84,200.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T4165 | SHI INTERNATIONAL CO. | 84,083.28 | VMWARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROGRESS. |
| T4664 | TURNORTHE, LLC | 76,686.27 | HARDWARE - 2 NIMBLE STORAGE EXPANSION | CAPITAL PROJECT IN PROGRESS-CM/DM |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|-----------------------------|
| T2584 | UNITED STATES POSTAL SVC.-HASLER | 70,000.00 | POSTAGE-METERED | VARIOUS |
| T1189 | APPLE ONE INC. | 65,201.32 | TEMPORARY HELP | VARIOUS |
| T4546 | LEVEL 3 COMMUNIATIONS, LLC | 64,805.07 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T3011 | OFFICE ALLY, INC. | 63,429.50 | EDI CLAIM PROCESSING | CLAIMS |
| T4054 | ASSOCIATION FOR COMMUNITY AFFILIATED PLANS | 58,476.00 | 2017 ACAP DUES | ADMINISTRATION |
| T4467 | MEDISOFTRX, LLC. | 57,900.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T1272 | COFFEY COMMUNICATIONS INC. | 57,324.83 | NEWSLETTER PUBLICATION/MAILING | VARIOUS |
| T4460 | PAYSPAN, INC | 54,564.02 | ELECTRONIC CLAIMS | FINANCE |
| T2933 | SIERRA PRINTERS, INC. | 54,393.06 | PROVIDER DIRECTORIES | PROVIDER RELATIONS |
| T4168 | RELAYHEALTH | 53,855.62 | EDI CLAIM PROCESSING | CLAIMS |
| TT4452 | WELLS FARGO 3500 2469 | 53,682.04 | CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES | VARIOUS |
| T1861 | CEREDIAN BENEFITS SERVICES | 51,111.87 | DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION | HUMAN RESOURCES |
| T4678 | XEROX STATE HEALTHCARE, LLC | 48,975.00 | CONSULTING SERVICES | PROVIDER RELATIONS |
| T4686 | CENTRIC HEALTH | 46,349.04 | COMMUNITY BENEFIT PROGRAM GRANT | COMMUNITY GRANTS |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 46,046.05 | EDI CLAIM PROCESSING | CLAIMS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|-----------------------------|
| T4405 | SMARTERP SOLUTIONS, INC. | 44,873.60 | 2017 CONSULTING FEES | CAPITAL PROJECTS IN PROCESS |
| T4653 | FORMS ON FIRE, INC. | 44,865.75 | SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT | HE-QI |
| T4478 | AMERICAN FIDELITY ASSURANCE CO. | 42,777.67 | EMPLOYEE PAID VOLUNTARY INSURANCE | PAYROLL DEDUCTION |
| T4634 | EXECUTIVE STAFFING SOLUTIONS | 34,000.00 | RECRUITMENT FEES | HUMAN RESOURCES |
| T2918 | STINSON'S | 33,710.07 | OFFICE SUPPLIES & EQUIP UNDER \$1,000 | VARIOUS |
| T4646 | LOOKINGPOINT, INC. | 33,337.57 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T2969 | AMERICAN BUSINESS MACHINES INC | 32,948.10 | HARDWARE AND MAINTENANCE | CORPORATE SERVICES |
| T1404 | CALIFORNIA ASSOCIATION OF HEALTH PLANS | 32,469.00 | 2017 ANNUAL DUES ASSESSMENT | ADMINISTRATION |
| T2755 | VELOCITY PARTNERS, LLC | 29,376.00 | CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT | MIS INFRASTRUCTURE |
| T4433 | MICOR-DYN MEDICAL SYSTEMS, INC. ***** | 28,580.00 | APR-DRG GROUPER SOFTWARE/LICENSE | MIS INFRASTRUCTURE |
| T4396 | KAISER FOUNDATION HEALTH-DMHO | 28,320.54 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T3084 | KERN COUNTY-COUNTY COUNSEL | 28,266.30 | LEGAL FEES | ADMINISTRATION |
| T4563 | SPH ANALYTICS***** | 28,102.95 | 2017 MEMBER/PROVIDER SATISFACTION | MEMBER SERVICES |
| T4652 | BAKERSFIELD SYMPHONY ORCHESTRA | 28,000.00 | SPONSORSHIP | MARKETING |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|------------------------------|
| T4688 | VANGUARD MEDICAL CORPORATION | 27,411.09 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2413 | TREK IMAGING INC | 26,701.96 | PROMOTIONS GIVEAWAYS | VARIOUS |
| T4603 | ECFIRST.COM | 26,554.79 | PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY | CAPITAL PROJECT IN PROCESS |
| T2676 | WEST COAST MAINTENANCE | 23,488.55 | JANITORIAL SERVICES | CORPORATE SERVICES |
| T4415 | DANIELLS PHILLIPS VAUGHAN AND BOCK***** | 23,125.00 | 2016 AUDIT FEES | ADMINISTRATION |
| T2562 | CACTUS SOFTWARE LLC | 23,010.00 | ANNUAL CACTUS LICENSE & CONSULTING FEES | MIS INFRASTRUCTURE |
| T4737 | TEKSYSTEMS, INC.***** | 22,800.00 | DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR | HUMAN RESOURCES |
| T4698 | INFINITY COMMUNICATIONS & CONSULTING, INC. | 22,500.00 | TECHNICAL BUILDING ARCHITECTURAL CONSULTING | CAPITAL PROJECT-NEW BUILDING |
| T4497 | SKILLSOFT CORPORATION | 20,836.93 | YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING | HUMAN RESOURCES |
| T4059 | KERN VALLEY HEALTH CARE DISTRICT | 20,517.44 | 2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2790 | KERN COUNTY DEPT OF PUBLIC HEALTH | 20,448.00 | FLU CLINIC SPONSORSHIPS | MARKETING |
| T1128 | HALL LETTER SHOP, INC | 19,894.15 | NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH | VARIOUS |
| T4386 | STACY POEHLMAN | 19,446.00 | PROFESSIONAL SERVICES | PROVIDER RELATIONS |
| T4683 | CLAUDIA M. BACA | 18,675.34 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T2955 | DELTA ELECTRIC INC. | 17,613.37 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T4503 | VISION SERVICE PLAN | 17,585.22 | EMPLOYEE BENEFITS-VISION | VARIOUS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|---|------------------------------|
| T4561 | SRI & SHARMA, LLC | 17,500.00 | PARKING SPACE RENTAL | CORPORATE SERVICES |
| T4537 | BURKE, WILLIAMS & SORENSEN, LLP | 16,985.50 | LEGAL FEES | CAPITAL PROJECT-NEW BUILDING |
| T1183 | MILLIMAN USA ***** | 16,798.25 | CY2015 RDT CONSULTING - ACTUARIAL | ADMINISTRATION |
| T1032 | THE BAKERSFIELD CALIFORNIAN | 16,508.32 | EMPLOYMENT AD | HUMAN RESOURCES |
| T2441 | POPPYROCK DESIGNS | 16,032.00 | MATERIAL DESIGN | VARIOUS |
| T2446 | AT&T MOBILITY | 15,996.98 | CELLULAR PHONE | MIS INFRASTRUCTURE |
| T4479 | BAKERSFIELD PEDIATRICS, A MEDICAL GROUP | 15,033.42 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T2580 | GOLDEN EMPIRE TRANSIT DISTRICT | 14,960.00 | DAILY AND MONTHLY PASSES GET BUS PASSES | MEMBER SERVICES |
| T3986 | JACQUELYN S. JANS | 14,940.00 | CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN | MARKETING |
| T2840 | ATALASOFT, INC. | 14,040.00 | SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE | MIS INFRASTRUCTURE |
| T4425 | PRO RESTORATION SERVICES INC. | 13,726.05 | BUILDING IMPROVEMENT - STRUCTURAL REPAIRS | CORPORATE SERVICES |
| T4501 | ALLIED UNIVERSAL SECURITY SERVICES***** | 12,798.00 | BUILDING SECURITY & PATROLING SERVICES | CORPORATE SERVICES |
| T4685 | NATIONAL GIFT CARD CORP***** | 12,572.02 | HOME HEALTH INCENTIVE PROGRAM | HOME HEALTH |
| T4183 | LAMAR ADVERTISING OF BAKERSFIELD | 12,500.00 | OUTDOOR ADVERTISEMENT-BILLBOARDS | ADVERTISING |
| T2941 | KERN PRINT SERVICES INC. | 12,434.53 | OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD | VARIOUS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|----------------------|---|------------------------------|
| T2938 | SAP AMERICA, INC***** | 12,308.32 | 2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE | MIS INFRASTRUCTURE |
| T4690 | RONNIE CLAIBORNE A PROFESSIONAL CORPORATION | 11,743.55 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T4674 | STOCKDALE PLAZA OWNERS ASSOCIATION INC. ***** | 11,250.00 | PARKING SPACE RENTAL | CORPORATE SERVICES |
| T4228 | THE SSI GROUP, LLC***** | 10,899.40 | EDI CLAIM PROCESSING | CLAIMS |
| T2234 | HASMUKH AMIN MD***** | 10,467.50 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T3990 | SPARKLETTS INC. ***** | 10,312.59 | DRINKING WATER, WATER COOLER RENTALS | CORPORATE SERVICES |
| T4297 | PREGMATIC WORKS SOFTWARE | 10,203.75 | BIXPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE | CAPITAL PROJECT IN PROCESS |
| T4609 | GREGORY D. BYNUM AND ASSOCIATES, INC | 10,116.21 | DEVELOPMENT OVERHEAD FEES | CAPITAL PROJECT-NEW BUILDING |
| T1180 | LANGUAGE LINE SERVICES INC.***** | 10,077.47 | INTERPRETATION SERVICES | MEMBER SERVICES |
| T2844 | MARCH OF DIMES | 10,000.00 | 2017 MARCH OF DIMES SPONSORSHIP | VARIOUS |
| | | 9,526,573.76 | | |
| | TOTAL VENDORS OVER \$10,000 | 9,526,573.76 | | |
| | TOTAL VENDORS UNDER \$10,000 | 497,275.43 | | |
| | TOTAL VENDOR EXPENSES-Apr. | 10,023,849.19 | | |

Note:

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

| Vendor Name | Contract Amount | Budgeted | Department | Department Head | Services that this vendor will provide to KHS | Effective Date | Termination Date |
|---------------------------------|-----------------|----------|------------|-----------------|--|----------------|------------------|
| January | | | | | | | |
| Velocity Partners | \$48,672.00 | Yes | IT | Richard Pruitt | (2) Two remote technical resources to support ZeOmega | 1/1/2017 | 3/31/2017 |
| CEI | \$54,818.40 | Yes | IT | Richard Pruitt | 2,008 Professional services hours | 1/1/2017 | 12/31/2017 |
| West Coast Maintenance | \$83,820.00 | Yes | CS | Alonso Hurtado | Janitorial Services | 1/1/2017 | 12/31/2017 |
| Jacquelyn S. Jans | \$45,360.00 | Yes | MK | Louie Iturrria | Marketing and Corporate Image Consulting | 1/1/2017 | 12/31/2017 |
| Poppyrock Designs | \$36,000.00 | Yes | MK | Louie Iturrria | Graphic design services | 1/1/2017 | 12/31/2017 |
| Skillsoft | \$62,510.79 | Yes | HR | Anita Martin | Online training for employees | 1/31/2017 | 1/30/2019 |
| February | | | | | | | |
| Solution Bench | \$52,250.00 | Yes | IT | Richard Pruitt | 40 Concurrent licenses, 1 server test and 10 concurrent licenses | 2/24/2017 | 2/23/2018 |
| Solution Bench | \$32,100.00 | Yes | IT | Richard Pruitt | 30 Scanfinity licenses | 2/24/2017 | 2/23/2018 |
| March | | | | | | | |
| LifeSigns, Inc. | \$45,000.00 | Yes | HE | Isabel Silva | ASL interpretation services | 3/2/2017 | 3/1/2018 |
| SPH Analytics | \$43,010.00 | No | PR | Emily Duran | 2017 Member Survey and 2016 Provider Satisfaction Survey | 3/2/2017 | 3/27/2018 |
| April | | | | | | | |
| Micro-Dyn Medical Systems, Inc. | \$28,580.00 | Yes | IT | Richard Pruitt | APR-DRG grouper software licenses | 4/15/2017 | 4/14/2018 |

