



# **KERN HEALTH SYSTEMS**

## **FINANCE COMMITTEE MEETING**

**Friday, August 4, 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, August 4, 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 June 2, 2017 -  
APPROVE
- 4) Report on KHS investment portfolio for the second quarter ending June 30, 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Proposed renewal and binding of employee benefit plans for medical, vision, dental, life insurance, short-term and long-term disability, and long-term care effective September 1, 2017 (Fiscal Impact: \$5,146,470 Estimated; Budgeted) -  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 6) Proposed renewal and binding of general liability insurance from October 1, 2017 through September 30, 2018 (Fiscal Impact: \$239,475 Estimated; Budgeted) -  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 7) Proposed Retroactive Amendment No. 19 to Physician Services Agreement and Amendment No. 36 to Hospital and Other Facility Services Agreement with Kern Medical relating to services for Medi-Cal SPD enrollees 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

- 8) Proposed modification to the Kern Health Systems Tuition Assistance Program Policy (Fiscal Impact: \$2,000 Estimated; Budgeted) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 9) Report on Kern Health Systems financial statements for May 2017 and June 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 May 2017 and June 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, OCTOBER 6, 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, June 2, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: Deats, McGlew, Melendez

Members absent: Casas, Rhoades

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 April 7, 2017 -  
 APPROVED  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 4) Report on KHS investment portfolio for the first quarter ending March 31, 2017 (Fiscal Impact: None) – GARY SAMPSON, UBS FINANCIAL, HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 5) Proposed Retroactive Amendment No. 18 to Physician Services Agreement and Amendment No. 35 to Hospital and Other Facility Services Agreement with Kern Medical 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) –  
 APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 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) –  
 APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Deats-Melendez: 2 Ayes; 1 Abstention – McGlew; 2 Absent – Casas, Rhoades**
- 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) –  
 APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Melendez-McGlew: 2 Ayes; 1 Abstention – Deats; 2 Absent – Casas, Rhoades**
- 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) – CHRIS TOBIN, ALLIANT INSURANCE SERVICES, HEARD; APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 9) Report on Kern Health Systems financial statements for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –  
 RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**



- 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) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**

ADJOURN TO FRIDAY, AUGUST 4, 2017 AT 8:00 A.M.

**McGlew**





**To: KHS Finance Committee**

**From: Robert Landis, CFO**

**Date: August 4, 2017**

**Re: Quarterly Review of Kern Health Systems Investment Portfolio**

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**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  
June 30, 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)	\$ 6,600,000	2.20%	50%	0.08%	1 Day	None
Morgan Stanley Money Market	(B)	(1)	\$ 47,100,000	15.72%	20%	0.84%	1 Day	None
Local Agency Investment Fund (LAIF)	(C)	(2)	\$ 64,500,000	21.52%	50%	0.92%	2 Days	None
US T-Bills at Wells Fargo		(1)	\$ 60,000,000	20.02%	100%	0.76%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)		\$ 38,300,000	12.78%		1.13%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total			\$ 216,500,000	72.24%		0.87%		

**Long Term Portfolio (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)		\$ 71,000,000	23.69%		1.94%	3 Days	Subject to Interest Rate and Credit Fluctuations
Certificates of Deposit	(F)		\$ 1,500,000	0.50%	30%	1.26%	3 Days	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)		\$ 10,700,000	3.57%		1.32%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total			\$ 83,200,000	27.76%		1.85%		
<b>Total Portfolio</b>			<b>\$ 299,700,000</b>	<b>100.00%</b>		<b>1.14%</b>		

**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	1.17%	1.24%	1.30%	1.30%
2 year	1.38%	1.60%	1.70%	1.60%
3 year	1.58%	1.72%	1.90%	1.80%
5 year	1.93%	2.20%	2.38%	2.20%

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
  - (B) \$17 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 \$78 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 6 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 June 30, 2017

## Prepared for

Kern Health Systems  
BOARD REVIEW

## Accounts included in this review

Account	Name	Type
EB 02120	BOND PORTFOLIO	Portfolio Management Program
Risk profile:	Conservative	
Return Objective:	Current Income	

## What's inside

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

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

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



# Asset allocation review

as of June 30, 2017

**Prepared for Kern Health Systems**  
 EB 02120 • BOND PORTFOLIO • Portfolio Management Program  
 Risk profile: Conservative  
 Return Objective: Current Income

	Market value (\$)	% of portfolio
<b>Cash</b>	<b>1,394,579.56</b>	<b>1.96</b>
Cash	1,394,579.56	1.96
<b>Fixed Income</b>	<b>69,614,006.09</b>	<b>98.04</b>
US	69,614,006.09	98.04
Equity	0.00	0.00
Commodities	0.00	0.00
Non-Traditional	0.00	0.00
Other	0.00	0.00
<b>Total Portfolio</b>	<b>\$71,008,585.65</b>	<b>100%</b>

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



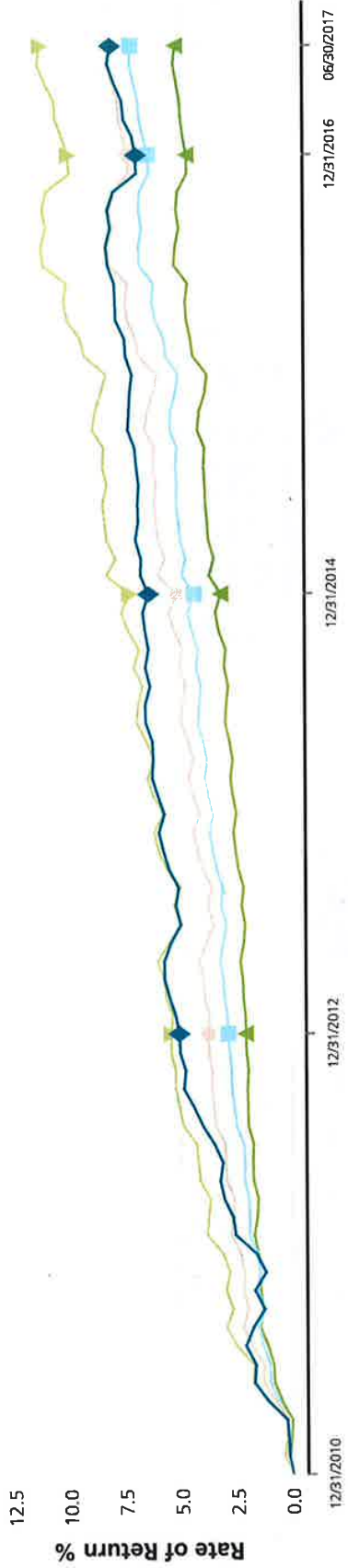
■ Cash 1.96%  
 ■ US Fixed Income 98.04%



# Cumulative performance

as of June 30, 2017

Prepared for Kern Health Systems  
 EB 02120 • BOND PORTFOLIO • Portfolio Management Program  
 Risk profile: Conservative  
 Return Objective: Current Income



	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 06/30/2017	Annualized 12/31/2010 to 06/30/2017
◆ Net Time-weighted ROR	5.07	6.39	6.90	8.06	1.20

### Benchmarks - Time-weighted returns

■ Benchmark 1	3.75	5.16	7.27	8.13	1.21
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	7.13	1.06
▲ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	11.24	1.65
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	5.10	0.77

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

Report created on: July 02, 2017



Prepared for Kern Health Systems  
 EB 02120 • BOND PORTFOLIO • Portfolio Management Program  
 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.

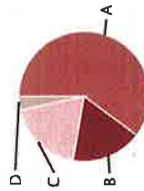
as of June 30, 2017

## Bond overview

Total quantity	69,195,000
Total market value	\$69,227,212.76
Total accrued interest	\$386,793.33
Total market value plus accrued interest	\$69,614,006.09
Total estimated annual bond interest	\$1,522,594.57
Average coupon	2.25%
Average current yield	2.20%
Average yield to maturity	1.94%
Average yield to worst	1.94%
Average modified duration	2.68
Average effective maturity	2.82

## Credit quality of bond holdings

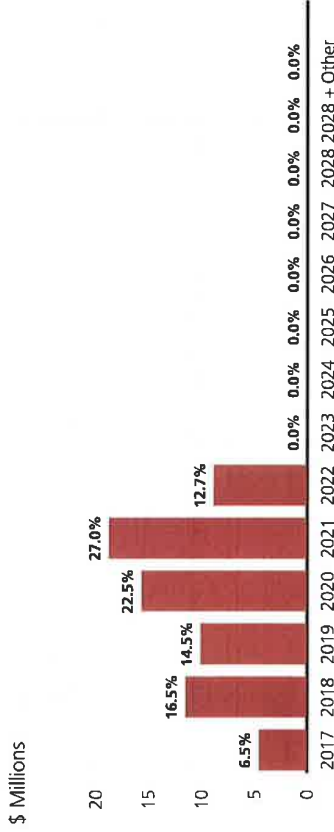
Effective credit rating	Issues	Value on 06/30/2017 (\$)	% of port.
<b>A</b> Aaa/AAA/AAA	16	41,904,380.60	60.29
<b>B</b> Aa/AA/AA	15	12,178,583.79	17.45
<b>C</b> A/A/A	15	13,199,978.61	18.92
<b>D</b> Baa/BBB/BBB	3	2,331,063.09	3.33
<b>E</b> Non-investment grade	0	0.00	0.00
<b>F</b> Certificate of deposit	0	0.00	0.00
<b>G</b> Not rated	0	0.00	0.00
<b>Total</b>	<b>49</b>	<b>\$69,614,006.09</b>	<b>100%</b>



## Investment type allocation

Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Municipals	7,559,566.51	255,747.78	7,815,314.28	11.23
U.S. corporates	19,894,311.21	0.00	19,894,311.21	28.58
U.S. federal agencies	41,437,728.15	0.00	41,437,728.15	59.52
U.S. treasuries	466,652.45	0.00	466,652.45	0.67
<b>Total</b>	<b>\$69,358,258.32</b>	<b>\$255,747.78</b>	<b>\$69,614,006.09</b>	<b>100%</b>

## 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 June 30, 2017

## Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	maturity (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2017	7	4,543,000	90,284.07	1.99%	1.19%	1.19%	0.35	0.35	4,518,166.77	29,382.64	4,568,929.15	6.57%
2018	13	11,285,000	338,345.00	2.96%	1.60%	1.60%	1.10	1.10	11,455,918.88	-11,442.83	11,534,560.33	16.53%
2019	7	9,979,000	203,607.50	2.02%	1.65%	1.65%	1.84	1.84	10,094,169.95	-21,268.10	10,117,410.68	14.55%
2020	7	15,629,000	339,277.50	2.17%	2.12%	2.12%	2.84	2.84	15,831,228.83	-193,507.12	15,695,996.29	22.59%
2021	11	18,920,000	346,478.00	1.85%	2.14%	2.13%	3.74	3.74	19,032,291.26	-334,796.46	18,802,104.46	27.01%
2022	4	8,839,000	204,602.50	2.32%	2.34%	2.34%	4.35	4.35	8,836,201.69	-9,132.75	8,895,005.18	12.75%
2023	0	0			NA	NA	NA	NA				
2024	0	0			NA	NA	NA	NA				
2025	0	0			NA	NA	NA	NA				
2026	0	0			NA	NA	NA	NA				
2027	0	0			NA	NA	NA	NA				
2028	0	0			NA	NA	NA	NA				
2029	0	0			NA	NA	NA	NA				
2030	0	0			NA	NA	NA	NA				
2031	0	0			NA	NA	NA	NA				
2032	0	0			NA	NA	NA	NA				
2033	0	0			NA	NA	NA	NA				
2034	0	0			NA	NA	NA	NA				
2035	0	0			NA	NA	NA	NA				
2036	0	0			NA	NA	NA	NA				
2037	0	0			NA	NA	NA	NA				
2038	0	0			NA	NA	NA	NA				
2039	0	0			NA	NA	NA	NA				
2040	0	0			NA	NA	NA	NA				
2041	0	0			NA	NA	NA	NA				
2042	0	0			NA	NA	NA	NA				
2043	0	0			NA	NA	NA	NA				
2044	0	0			NA	NA	NA	NA				
2045	0	0			NA	NA	NA	NA				
2046	0	0			NA	NA	NA	NA				
2046 +	0	0			NA	NA	NA	NA				
Other	0	0			NA	NA	NA	NA				
<b>Total</b>	<b>49</b>	<b>69,195,000</b>	<b>\$1,522,594.57</b>	<b>2.20%</b>	<b>1.94%</b>	<b>1.94%</b>	<b>2.68</b>	<b>2.68</b>	<b>\$69,767,977.38</b>	<b>\$-540,764.62</b>	<b>\$69,614,006.09</b>	



Prepared for Kern Health Systems  
 EB 02120 • BOND PORTFOLIO • Portfolio Management Program  
 Risk profile: Conservative  
 Return Objective: Current Income

Bond holdings - as of June 30, 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.	
												69,195,000
<b>Total Bond Portfolio</b>						<b>2.20%</b>		<b>\$-540,764.62</b>		<b>\$386,793.33</b>		<b>\$69,614,006.09</b>

	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.	
												265,000
<b>Maturing 2017</b>						<b>1.34%</b>		<b>85.06</b>		<b>1,467.53</b>		
COAST CMTY COLLEGE DIST TAX SR B BE/R/ 1.338 080117 DTD 052913 /CA CUSIP: 190335GN3 Initial Purchase Date: 03/28/2014 Original Maturity: 08/01/2017	Aa1/NR/AA+ NR/NR/NR	265,000	1.34%	08/01/2017		3,545.70 1.34%	0.83% 0.83%	265,028.89 85.06	100.043	265,113.95 1,467.53	0.38%	
MERCED CA UN HIGH SCH DI TAX B1-QU BE/R/ 5.379 080117 DTD 030311 /CA CUSIP: 587635EA7 Initial Purchase Date: 01/28/2015 Original Maturity: 08/01/2017	NR/AA-/A+ NR/AA-/NR	295,000	5.38%	08/01/2017		15,868.05 5.36%	1.30% 1.30%	296,017.39 9.21	100.348	296,026.60 6,567.61	0.43%	
GENL ELEC CAP CORP 05.625% 091517 DTD092407 FC031508 MED TERM NTS CUSIP: 36962G3H5 Initial Purchase Date: 09/30/2013 Original Maturity: 09/15/2017	A1/AA-/AA- NR/NR/NR	500,000	5.63%	09/15/2017		28,125.00 5.58%	1.66% 1.66%	503,935.73 154.27	100.818	504,090.00 8,203.13	0.73%	
NEVADA ST TAX SR E OID99.614 BE/R/ .900 100117 DTD 062414 /NV CUSIP: 641461H92 Initial Purchase Date: 07/16/2014 Original Maturity: 10/01/2017	Aa2/AA+/AA NR/AA+/NR	425,000	0.90%	10/01/2017		3,825.00 0.90%	1.06% 1.06%	421,676.50 3,153.50	99.960	424,830.00 945.63	0.61%	
ST OF CA VAR GEN OBLI BN BE/R/ 5.000 100117 DTD 101509 /CA CUSIP: 13063BAF9 Initial Purchase Date: 04/16/2013 Original Maturity: 10/01/2017	Aa3/AA-/AA- NR/AA-/NR	250,000	5.00%	10/01/2017		12,500.00 4.95%	0.78% 0.78%	252,587.62 69.88	101.063	252,657.50 3,090.28	0.36%	



Bond holdings - as of June 30, 2017 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2017</b>												
CHEVRON CORP B/E 01.104%	Aa2/NR/AA-	808,000	1.10%	12/05/2017	11/05/2017	8,920.32	1.24%	0.43	804,873.04	99.942	807,531.36	1.17%
120517 DTD120512 FC060513	NR/NR/NR				100.00	1.10%	1.24%		2,658.32		619.47	
CALL@MW+7.5BP												
CUSIP: 166764AA8												
Initial Purchase Date: 02/14/2014												
Original Maturity: 12/05/2017												
FNMA NTS 00.875 % DUE	Aaa/AAA/AA+	2,000,000	0.88%	12/20/2017		17,500.00	1.16%	0.47	1,974,047.60	99.865	1,997,300.00	2.89%
122017 DTD 103012 FC	NR/NR/NR					0.88%	1.16%		23,252.40		486.11	
12202012												
CUSIP: 3135G0RTZ												
Initial Purchase Date: 06/18/2014												
Original Maturity: 12/20/2017												
<b>Total 2017</b>		<b>4,543,000</b>	<b>1.99%</b>	<b>11/08/2017</b>		<b>\$90,284.07</b>	<b>1.19%</b>	<b>0.35</b>	<b>\$4,518,166.77</b>		<b>\$4,547,549.41</b>	<b>6.57%</b>
						<b>1.99%</b>	<b>1.19%</b>		<b>\$29,382.64</b>		<b>\$21,379.74</b>	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2018</b>												
GOLDMAN SACHS GROUP INC	A3/A/BBB+	650,000	5.95%	01/18/2018		38,675.00	1.84%	0.53	664,400.62	102.235	664,527.50	0.96%
05.950% 011818 DTD011808	NR/NR/NR					5.82%	1.84%		126.88		17,403.75	
FC071808 NTS												
CUSIP: 38141GFG4												
Initial Purchase Date: 12/03/2015												
Original Maturity: 01/18/2018												
AT&T INC CALL @MMW+BP	Baa1/A-/BBB+	500,000	5.50%	02/01/2018		27,500.00	1.79%	0.57	509,730.32	102.149	510,745.00	0.74%
05.500% 020118 DTD020108	NR/NR/NR					5.38%	1.79%		1,014.68		11,381.94	
FC080108												
CUSIP: 00206RAJ1												
Initial Purchase Date: 07/09/2013												
Original Maturity: 02/01/2018												
ST OF CA VAR GEN OBLI BN TAX	Aa3/AA-/AA-	250,000	5.95%	03/01/2018		14,875.00	1.72%	0.65	257,272.45	102.799	256,997.50	0.37%
BE/R/ 5.950 030118 DTD 040110	NR/AA-/NR					5.79%	1.72%		-274.95		4,917.01	
/CA												
CUSIP: 130638FT4												
Initial Purchase Date: 03/16/2015												
Original Maturity: 03/01/2018												
GENERAL ELEC CAP CORP	A1/AA-/AA-	1,000,000	1.63%	04/02/2018		16,250.00	1.42%	0.75	1,000,708.22	100.155	1,001,550.00	1.45%
01.625% 040218 DTD040213	NR/NR/NR					1.62%	1.42%		841.78		3,972.22	
FC100213 NTS B/E												
CUSIP: 36962G6W9												
Initial Purchase Date: 04/15/2013												
Original Maturity: 04/02/2018												



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 Return Objective: Current Income

Bond holdings - as of June 30, 2017 (continued)

	Effective rating/ Underlying rating (Moody/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/I (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.	
<b>Maturing 2018</b>												
CONOCOPHILLIPS CO NTS 01.500% 051518 DTD051815 FC111515 CALL@MW+10BP CUSIP: 20826FALO Initial Purchase Date: 12/16/2015 Original Maturity: 05/15/2018	Baa2/A-/A- NR/NR/NR	500,000	1.50%	05/15/2018		7,500.00 1.50%	1.63% 1.63%	493,725.00 5,725.00	99.890	499,450.00 937.50	0.72%	
ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513 CUSIP: 857477AK9 Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018	A1/AA-/A NR/NR/NR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.47% 1.47%	334,762.15 -107.20	99.897	334,654.95 565.31	0.48%	
EI DU PONT DE NEMOURS 06.000% 071518 DTD072808 FC011509 CALL@MW +30BP CUSIP: 263534BT5 Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018	A3/A/A- NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.74%	1.66% 1.66%	468,588.33 1,481.67	104.460	470,070.00 12,375.00	0.68%	
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	Aa2/NR/A+ NR/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.06%	1.52% 1.52%	302,147.70 -374.70	100.591	301,773.00 2,570.25	0.44%	
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	A2/NR/AA Baa1/NR/A-	500,000	5.60%	08/01/2018		28,000.00 5.39%	1.98% 1.98%	521,198.49 -1,853.49	103.869	519,345.00 11,588.89	0.75%	
INTERCONTINENTAL EXCHANGE 02.500% 101518 DTD100813 FC041514 CALL@MW+20BP CUSIP: 45866FAB0 Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018	A2/NR/A NR/NR/NR	300,000	2.50%	10/15/2018		7,500.00 2.48%	1.78% 1.78%	302,442.60 310.50	100.918	302,753.10 1,562.50	0.44%	
FHLB NTS 01.050 % DUE 102618 DTD 072616 FC 10262016 CUSIP: 3130A8RP0 Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018	Aaa/NR/AA+ NR/NR/NR	5,000,000	1.05%	10/26/2018		52,500.00 1.05%	1.41% 1.41%	5,000,000.00 -23,200.00	99.536	4,976,800.00 9,333.33	7.19%	



Bond holdings - as of June 30, 2017 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2018</b>												
BAKER HUGHES INC NTS 07.500% 11/15/18 DTD102808 CALL@MAKE WHOLE +50BPS CUSIP: 057224AY3 Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018	Baa1/NR/A NR/NR/NR	750,000	7.50%	11/15/2018		56,250.00 6.97%	1.89%	1.31	801,905.19 4,877.31	107.571	806,782.50 7,031.25	1.17%
MERRILL LYNCH GLOBAL NTS 06.875% 11/15/18 DTD112498 FC051599 CUSIP: 590188JN9 Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018	Baa1/A/BBB+ NR/NR/NR	750,000	6.88%	11/15/2018		51,562.50 6.45%	2.03%	1.31	799,037.81 -10.31	106.537	799,027.50 6,445.31	1.15%
<b>Total 2018</b>		<b>11,285,000</b>	<b>3.06%</b>	<b>08/16/2018</b>		<b>\$338,345.00</b> <b>2.96%</b>	<b>1.60%</b>	<b>1.10</b>	<b>\$11,455,918.88</b> <b>\$-11,442.83</b>		<b>\$11,444,476.05</b> <b>\$90,084.28</b>	<b>16.53%</b>

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2019</b>												
FFCB BOND 01.030 % DUE 040519 DTD 070516 FC 10052016 CUSIP: 3133EGJW6 Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019 CALIFORNIA ST TAX BER/ 2.250 050119 DTD 050114 /CA CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019 FNMA NTS 01.125 % DUE 072619 DTD 072616 FC 01262017 CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019 MORGAN STANLEY 05.625% 092319 DTD092309 FC032310 MMW+35BP CUSIP: 61747YC12 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019	Aaa/AAA/AA+ NR/NR/NR	5,000,000	1.03%	04/05/2019		51,500.00 1.04%	1.44%	1.74	4,996,250.00 -32,050.00	99.284	4,964,200.00 12,159.72	7.17%
	Aa3/AA-/AA- NR/AA-/NR	2,500,000	2.25%	05/01/2019		56,250.00 2.23%	1.81%	1.79	2,512,760.92 7,014.08	100.791	2,519,775.00 9,218.75	3.64%
	Aaa/AAA/AA+ NR/NR/NR	594,000	1.13%	07/26/2019	07/26/2017 100.00	6,682.50 1.14%	1.56%	2.03	593,109.00 -4,395.60	99.110	588,713.40 2,858.63	0.85%
	A3/A/BBB+ NR/NR/NR	750,000	5.63%	09/23/2019		42,187.50 5.24%	2.19%	2.08	799,451.76 6,288.24	107.432	805,740.00 11,367.19	1.16%



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Bond holdings - as of June 30, 2017 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.	
<b>Maturing 2019</b>												
Aa3/AA-/AA- NR/AA-/NR	400,000	6.20%	10/01/2019		24,800.00 5.67%	1.90% 1.90%	2.10	436,600.33 1,135.67	109.434	437,736.00 6,131.11	0.63%	
CALIFORNIA ST TAX BE/R/ 6.200 100119 DTD 101509 /CA CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019												
Aaa/AAA/AA+ NR/NR/NR	485,000		10/01/2019			1.75% 1.75%	2.17	462,932.25 3,720.20	96.217	466,652.45 0.00	0.67%	
FHLMC MED TERM NTS 00.0000% DUE 100119 CUSIP: 3128X25W6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019												
A3/A-/A- NR/NR/NR	250,000	8.88%	11/15/2019		22,187.50 7.65%	1.93% 1.93%	2.17	293,065.69 -2,980.69	116.034	290,085.00 2,773.44	0.42%	
UNTD TECHNOLOGIES CORP 08.875% 111519 DTD111389 FC051590 DEB CUSIP: 913017AAR0 Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019												
<b>Total 2019</b>					<b>9,979,000</b>	<b>2.21%</b>	<b>05/25/2019</b>	<b>\$203,607.50</b> <b>2.02%</b>	<b>1.84</b>	<b>\$10,094,169.95</b> <b>\$-21,268.10</b>	<b>\$10,072,901.85</b> <b>\$44,508.83</b>	<b>14.55%</b>

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified Duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2020</b>											
Baa3/BBB/BBB NR/NR/NR	1,000,000	2.00%	03/15/2020		20,000.00 2.00%	2.09% 2.09%	2.61	999,370.00 -1,740.00	99.763	997,630.00 5,833.33	1.44%
ABBOTT LABS NTS B/E 02.0000% 031520 DTD031015 FC091515 CALL@MMW+10BP CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020											
Aaa/AAA/AA+ NR/NR/NR	1,750,000	1.50%	03/23/2020	09/23/2017 100.00	26,250.00 1.51%	1.73% 1.73%	2.65	1,748,250.00 -8,750.00	99.400	1,739,500.00 7,072.92	2.51%
FNMA NTS 01.500 % DUE 032320 DTD 032316 FC 09232016 CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020											
A3/A-/A- NR/NR/NR	2,000,000	5.15%	04/30/2020		103,000.00 4.73%	1.91% 1.91%	2.64	2,200,148.83 -22,188.83	108.898	2,177,960.00 17,166.67	3.15%
NBCUNIVERSAL MEDIA LLC 05.150% 043020 DTD043011 CALL@MMW+25BP CUSIP: 63946BAD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020											



Bond holdings - as of June 30, 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. qf (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2020</b>											
QUALCOMM INC NTS B/E 02.250% 05/20/20 DTD052015 FC112015	A1/NR/A NR/NR/NR	2,879,000	2.25%	05/20/2020		64,777.50 2.23%	1.91% 1.91%	2,890,780.00 15,541.71	100.949	2,906,321.71 7,197.50	4.20%
CUSIP: 747525AD5 Initial Purchase Date: 02/22/2017											
FHLMC MED TERM NTS 01.500 % DUE 06/29/20 DTD 06/29/16 FC 12292016	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	09/29/2017 100.00	52,500.00 1.54%	2.39% 2.39%	3,500,000.00 -89,915.00	97.431	3,410,085.00 145.83	4.93%
CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016											
FNMA NTS 01.350 % DUE 082420 DTD 082416 FC 02242017	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.35%	08/24/2020	08/24/2017 100.00	47,250.00 1.39%	2.32% 2.32%	3,498,250.00 -100,415.00	97.081	3,397,835.00 16,537.50	4.91%
CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016											
J P MORGAN CHASE & CO 02.550% 10/29/20 DTD102915 FC042916 NTS B/E	A3/A+/A- NR/NR/NR	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.53%	2.29% 2.28%	994,430.00 13,960.00	100.839	1,008,390.00 4,320.83	1.46%
CUSIP: 46625HNX4 Initial Purchase Date: 11/04/2015											
Original Maturity: 10/29/2020											
<b>Total 2020</b>		<b>15,629,000</b>	<b>2.21%</b>	<b>06/16/2020</b>		<b>\$339,277.50</b> <b>2.17%</b>	<b>2.12%</b> <b>2.12%</b>	<b>\$15,831,228.83</b> <b>\$-193,507.12</b>		<b>\$15,637,721.71</b> <b>\$58,274.58</b>	<b>22.59%</b>
<b>Maturing 2021</b>											
E I DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MMW+15BP B/E CUSIP: 263534CB3	A3/A/A- NR/NR/NR	400,000	3.63%	01/15/2021		14,500.00 3.46%	2.24% 2.24%	422,175.71 -3,459.71	104.679	418,716.00 6,645.83	0.60%
CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016											
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 1.50%	2.04% 2.04%	4,496,625.00 -86,670.00	97.999	4,409,955.00 24,438.75	6.37%
CUSIP: 3133EGRN7 Initial Purchase Date: 08/12/2016											
Original Maturity: 02/17/2021											



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Bond holdings - as of June 30, 2017 (continued)

	Effective rating/ Underlying rating (Mdy/Fich/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2021</b>												
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 1.52%	1.89% 1.89%	3.61	3,524,118.75 -53,474.25	98.458	3,470,644.50 13,218.75	5.01%
CUSIP: 3134GAEEO Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021												
E I DU PONT DE NEMOURS 04.250% 040121 DTD032511 CALL@MW+15BP	A3/A/A- NR/NR/NR	250,000	4.25%	04/01/2021		10,625.00 3.98%	2.32% 2.32%	3.44	271,583.34 -4,375.84	106.883	267,207.50 2,626.74	0.39%
CUSIP: 263534CE7 Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021												
BURLINGTON NITHN SANTA FE 04.100% 060121 DTD051911 CALL@MW +15BP CORP NTS	A3/NR/A NR/NR/NR	1,000,000	4.10%	06/01/2021	03/01/2021 100.00	41,000.00 3.87%	2.51% 2.41%	3.37	1,061,589.53 -2,449.53	105.914	1,059,140.00 3,302.78	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 1.58%	2.36% 2.36%	3.89	3,750,000.00 -120,412.50	96.789	3,629,587.50 24,225.00	5.24%
CUSIP: 3136G3S97 Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021												
FHLB NTS 01.550 % DUE 090121 DTD 090116 FC 03012017	Aaa/NR/AA+ NR/NR/NR	500,000	1.55%	09/01/2021		7,750.00 1.58%	2.09% 2.09%	3.99	499,375.00 -10,075.00	97.860	489,300.00 2,561.81	0.71%
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	Aa2/NR/NR NR/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.14%	2.04% 2.04%	3.94	994,250.00 9,970.00	100.422	1,004,220.00 11,287.50	1.45%
CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021												
FHLB BOND 01.520 % DUE 092321 DTD 092316 FC 03232017	Aaa/NR/AA+ NR/NR/NR	2,290,000	1.52%	09/23/2021		34,808.00 1.56%	2.23% 2.23%	4.05	2,289,150.00 -64,918.80	97.128	2,224,231.20 9,378.82	3.21%
CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021												





Bond holdings - as of June 30, 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.
<b>Maturing 2021</b>											
FHLB BOND 01.600 % DUE	Aaa/NR/AA+	255,000	1.60%	09/27/2021		4,080.00	1.96%	255,000.00	98.552	251,307.60	0.36%
092721 DTD 092716 FC	NR/NR/NR					1.62%	1.96%	-3,692.40		1,054.00	
03272017											
CUSIP: 3130A9IZ5											
Initial Purchase Date: 09/27/2016											
Original Maturity: 09/27/2021											
MISSISSIPPI ST TAX SR G	Aa2/AA/AA	1,450,000	2.47%	11/01/2021		35,815.00	2.08%	1,468,423.93	101.599	1,473,185.50	2.13%
BE/R/ 2.470 110121 DTD 120815	NR/AA/NR					2.43%	2.08%	4,761.57		5,869.68	
/MS											
CUSIP: 605581GN1											
Initial Purchase Date: 02/22/2017											
Original Maturity: 11/01/2021											
<b>Total 2021</b>		<b>18,920,000</b>	<b>1.85%</b>	<b>06/07/2021</b>		<b>\$346,478.00</b>	<b>2.14%</b>	<b>\$19,032,291.26</b>		<b>\$18,697,494.80</b>	<b>27.01%</b>
						<b>1.85%</b>	<b>2.13%</b>	<b>\$-334,796.46</b>		<b>\$104,609.66</b>	

	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.
<b>Maturing 2022</b>											
APPLE INC NTS B/E 02.500%	Aa1/NR/AA+	2,000,000	2.50%	02/09/2022	01/09/2022	50,000.00	2.30%	2,005,388.03	100.886	2,017,720.00	2.91%
020922 DTD020917 FC080917	NR/NR/NR				100.00	2.48%	2.29%	12,331.97		19,583.33	
CALL@MW+10BP											
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		56,000.00	2.36%	2,496,875.00	99.493	2,487,325.00	3.59%
022222 DTD 022217 FC	NR/NR/NR					2.25%	2.36%	-9,550.00		19,911.11	
08222017											
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		74,100.00	2.40%	3,246,637.50	99.479	3,233,067.50	4.67%
030122 DTD 030117 FC	NR/NR/NR					2.29%	2.40%	-13,570.00		24,494.17	
09012017											
CUSIP: 3133EHAV5											
Initial Purchase Date: 03/01/2017											
Original Maturity: 03/01/2022											
PEPSICO INC NTS B/E 02.250%	A1/AA+	1,089,000	2.25%	05/02/2022	04/02/2022	24,502.50	2.25%	1,087,301.16	99.996	1,088,956.44	1.57%
050222 DTD050217 FC110217	NR/NR/NR				100.00	2.25%	2.25%	1,655.28		3,947.63	
CALL@MW+10BP											
CUSIP: 713448DT2											
Initial Purchase Date: 05/16/2017											
Original Maturity: 05/02/2022											
<b>Total 2022</b>		<b>8,839,000</b>	<b>2.32%</b>	<b>03/02/2022</b>		<b>\$204,602.50</b>	<b>2.34%</b>	<b>\$8,836,201.69</b>		<b>\$8,827,068.94</b>	<b>12.75%</b>
						<b>2.32%</b>	<b>2.34%</b>	<b>\$-9,132.75</b>		<b>\$67,936.24</b>	



**Prepared for Kern Health Systems**  
 EB 02120 • BOND PORTFOLIO • Portfolio Management Program  
 Risk profile: Conservative  
 Return Objective: Current Income

Bond holdings - as of June 30, 2017 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/I (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
	69,195,000	2.25%	04/23/2020	NA	\$1,522,594.57	1.94%	2.68	\$69,767,977.38	NA	\$69,227,212.76	100%
<b>Total Bond Portfolio</b>					<b>2.20%</b>	<b>1.94%</b>	<b>\$-540,764.62</b>			<b>\$386,793.33</b>	
										<b>\$69,614,006.09</b>	



## 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 weights each contribution/withdrawal based upon the day the cashflow occurred. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized.

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

**Money-weighted returns:** Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure 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 "v" have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Effective Maturity:** Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income 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 June 30, 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 • Portfolio Management Program  
Risk profile: Conservative  
Return Objective: Current Income

Kern Health Systems  
 Investment Activity for 2nd Quarter 2017

**PURCHASES**

Trade Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Coupon	YTM	Price	Cost
05/16/2017	BOUGHT	PEPSICO INC NTS	A1/A+	1,089,000	05/02/2022	2.25%	2.28%	99.844	\$ (1,087,301.16)
									\$ (1,087,301.16)

**MATURITIES / REDEMPTIONS**

Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Proceeds
05/01/2017	MATURITY	TARGET CORP		-1,500,000	05/01/2017	\$ 1,500,000.00
						\$ 1,500,000.00

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



*Enclosed is your Wells Fargo Securities, LLC account statement. If you have elected Wells Fargo Bank, N.A. (WFB) as the safekeeping agent for your securities, then also enclosed is 1) a separate WFB safekeeping statement and 2) a page summarizing activity and investments in your WFS account and its related WFB account.*

*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.*

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***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

**Combined Summary  
 Brokerage Account and Bank Safekeeping Account**

**Statement Period  
 06/01/2017 - 06/30/2017**

KERN HEALTH SYSTEMS  
 9700 STOCKDALE HWY

**Account Number  
 1AB84780**

**Total Account Value Summary - US Dollar (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	24,695,499.21	<b>47,126,696.49</b>	30%
Bonds	126,857,047.78	<b>110,504,120.79</b>	70%
Stocks	0.00	0.00	0%
Other***	2,999,163.99	0.00	0%
<b>Total Account Value</b>	<b>\$ 154,551,710.98</b>	<b>\$ 157,630,817.28</b>	<b>100%</b>

**Value Change Since Last Statement Period** \$ 3,079,106.30  
**Percent Increase Since Last Statement Period** 2%  
**Value Last Year-End** \$ 64,661,783.31  
**Percent Increase Since Last Year-End** 144%

\*\*\*Includes amortized Par value of municipal leases and notes.

**Total Income Summary USD**

	This Period	Year-To-Date
Interest	\$ 58,606.28	\$ 424,529.45
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	13,241.36	69,899.83
Other	0.00	0.00
<b>Income Total</b>	<b>\$ 71,847.64</b>	<b>\$ 494,429.28</b>

**Total Money Market Mutual Funds Summary USD**

Description	Amount
<b>Opening Market Value</b>	<b>\$ 24,695,499.21</b>
Deposits and Other Additions	254,557,361.88
Distributions and Other Subtractions	(232,126,164.60)
Dividends Reinvested	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$ 47,126,696.49</b>

Summary



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

JONATHAN CHUANG  
1-213-614-2206

**Brokerage Account Statement**  
**Wells Fargo Securities, LLC**

**Statement Period**  
**06/01/2017 - 06/30/2017**

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	24,695,499.21	0.00	0%
Bonds	126,857,047.78	0.00	0%
Stocks	0.00	0.00	0%
Other***	2,999,163.99	0.00	0%
<b>Total Account Value</b>	<b>\$ 154,551,710.98</b>	<b>\$ 0.00</b>	<b>0%</b>

**Value Change Since Last Statement Period** \$ (154,551,710.98)  
**Percent Decrease Since Last Statement Period** N/A  
**Value Last Year-End** \$ 64,661,783.31  
**Percent Decrease Since Last Year-End** N/A

\*\*\*Includes amortized Par value of municipal leases and notes.

**Income Summary USD**

	This Period	Year-To-Date
Interest	\$ 58,606.28	\$ 424,529.45
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	9,595.42	66,253.89
Other	0.00	0.00
<b>Income Total</b>	<b>\$ 68,201.70</b>	<b>\$ 490,783.34</b>

**Money Market Mutual Funds Summary USD**

Description	Amount
<b>Opening Market Value</b>	<b>\$ 24,695,499.21</b>
Deposits and Other Additions	192,430,665.39
Distributions and Other Subtractions	(217,126,164.60)
Dividends Reinvested	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$ 0.00</b>



## 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](http://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](http://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](http://www.wellsfargo.com/com/securities/regulatory).

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

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

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

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

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

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

**Institutional Prime and Institutional Tax Exempt money market mutual funds are required to price and transact at a net asset value ("NAV") per share that fluctuates based upon the pricing of the underlying portfolio of securities and this requirement may impact the value of those fund shares. Additionally, Institutional Prime and Institutional Tax Exempt funds may be subject to redemption fees and/or sales 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  
[wfcustomerservice@wellsfargo.com](mailto:wfcustomerservice@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  
**Daily Account Activity**

Statement Ending:

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
05/31/17	06/01/17	Purchase	912796LE7	UNITED STATES TREASURY BILL	30,000,000.00	99.9735560	(29,992,066.67)	0.00	(29,992,066.67)
06/02/17	06/02/17	Purchase	912796LE7	UNITED STATES TREASURY BILL	10,000,000.00	99.9768890	(9,997,688.89)	0.00	(9,997,688.89)
06/02/17	06/02/17	Purchase	912796LE7	UNITED STATES TREASURY BILL	50,000,000.00	99.9768890	(49,986,444.44)	0.00	(49,986,444.44)
06/05/17	06/06/17	Purchase	97682RTD3	WISCONSIN POWER & LIGHT	3,000,000.00	99.9854170	(2,999,562.50)	0.00	(2,999,562.50)
06/07/17	06/12/17	Purchase	713448CB2	PEPSICO INC	3,000,000.00	100.0246000	(3,000,738.00)	(12,395.83)	(3,013,133.83)
06/13/17	06/13/17	Purchase	97682RTL5	WISCONSIN POWER & LIGHT	3,000,000.00	99.9834720	(2,999,504.17)	0.00	(2,999,504.17)
06/15/17	06/15/17	Purchase	30229AUM9	EXXON MOBIL CORP DISCOUNTED	3,000,000.00	99.9070000	(2,997,210.00)	0.00	(2,997,210.00)
06/15/17	06/15/17	Purchase	912796JX8	UNITED STATES TREASURY BILL	30,000,000.00	99.9854170	(29,995,625.00)	0.00	(29,995,625.00)
06/15/17	06/15/17	Purchase	912796LK3	UNITED STATES TREASURY BILL	30,000,000.00	99.9362220	(29,980,866.67)	0.00	(29,980,866.67)
06/19/17	06/19/17	Purchase	63866AUH9	NATIONWIDE LIFE INS CO 4(2)	3,000,000.00	99.9245560	(2,997,736.67)	0.00	(2,997,736.67)
06/19/17	06/19/17	Purchase	83884EUD5	WASHINGTON GAS LIGHT CO	3,000,000.00	99.9360000	(2,998,080.00)	0.00	(2,998,080.00)
06/15/17	06/20/17	Purchase	69353RDL9	PNC BANK NA	3,000,000.00	100.0486440	(3,001,459.32)	(6,000.70)	(3,007,460.02)
06/20/17	06/20/17	Purchase	90328AUC5	USAA CAPITAL CORP DISCOUNTED	3,000,000.00	99.9450000	(2,998,350.00)	0.00	(2,998,350.00)
06/20/17	06/23/17	Purchase	48126EAA5	JPMORGAN CHASE & CO	5,000,000.00	100.1075110	(5,005,375.55)	(35,555.56)	(5,040,931.11)
06/26/17	06/26/17	Delivered	912796LF4	UNITED STATES TREASURY BILL	(30,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Delivered	912796LG2	UNITED STATES TREASURY BILL	(30,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Delivered	912796LK3	UNITED STATES TREASURY BILL	(30,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02006LSF1	ALLY BANK INTEREST BEARING	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02582JGW4	AMXCA 2014-4 A	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02587CDJ6	AMERICAN EXPRESS FSB INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02587DYK6	AMERICAN EXPRESS CENTURION BK	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02665WAC5	AMERICAN HONDA FINANCE	(1,300,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02665WBE0	AMERICAN HONDA FINANCE	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	05580ADH4	BMW BANK NORTH AMERICA	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	05581WJT3	BMO HARRIS BANK NA INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	06050TLY6	BANK OF AMERICA NA	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	13017HAD8	CALIFORNIA ST EARTHQUAKE AUTH	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	13063CKL3	CALIFORNIA ST TXBL-VARIOUS	(1,310,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	140420TH3	CAPITAL ONE BANK USA INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	14912L6L0	CATERPILLAR FINANCIAL SE	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	161571HG2	CHAIT 2016-A6 A6	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	17275HAY8	CISCO SYSTEMS INC	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	191216BA7	COCA-COLA CO/THE	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	254672F86	DISCOVER BANK INTEREST BEARING	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	30229AUM9	EXXON MOBIL CORP DISCOUNTED	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	36962G6K5	GENERAL ELECTRIC CO	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	38141GFM1	GOLDMAN SACHS GROUP INC	(1,000,000.00)		0.00	0.00	0.00

06/13/2013 13:18:04 018 20227 LHM#21 00103262 24110 0010 20448 03/01/17 P

Brokerage

**KERN HEALTH SYSTEMS**  
Account Number: 1AB84780

**Daily Account Activity (Continued)**

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Transaction Activity USD</b>									
06/26/17	06/26/17	Security Delivery	43814GAD2	HAROT 2014-2 A4	(1,350,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	44890RAD3	HART 2014-A A4	(1,030,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	48126EAA5	JPMORGAN CHASE & CO	(5,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	48126XAM7	JP MORGAN CHASE BANK INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	63966AUH9	NATIONWIDE LIFE INS CO 4(2)	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	69353RDL9	PNC BANK NA	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	713448CB2	PEPSICO INC	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	795450ZE8	SALLIE MAE BK/SALT LIKE	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	89233P6S0	TOYOTA MOTOR CREDIT CORP	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	89236TCU7	TOYOTA MOTOR CREDIT CORP	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	90328AUC5	USAA CAPITAL CORP DISCOUNTED	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	93984EUD5	WASHINGTON GAS LIGHT CO	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	94974BFG0	WELLS FARGO & COMPANY	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	94988J5A1	WELLS FARGO BANK NA	(500,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	94988J5D5	WELLS FARGO BANK NA	(1,000,000.00)		0.00	0.00	0.00

**Income / Payment Activity USD**

06/01/17	06/01/17	Matured	912796LA5	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00
06/02/17	06/02/17	Matured	94974BFX3	WELLS FARGO & COMPANY			3,000,000.00		3,000,000.00
06/02/17	06/02/17	Interest	94974BFX3	WELLS FARGO & COMPANY				10,457.33	10,457.33
06/05/17	06/05/17	Matured	0258M0DN6	AMERICAN EXPRESS CREDIT			2,000,000.00		2,000,000.00
06/05/17	06/05/17	Interest	0258M0DN6	AMERICAN EXPRESS CREDIT				6,926.11	6,926.11
06/05/17	06/05/17	Interest	02587DYK0	AMERICAN EXPRESS CENTURION BK				1,807.53	1,807.53
06/08/17	06/08/17	Matured	48306AT80	KAISER FOUNDATION HOSP			2,000,000.00		2,000,000.00
06/12/17	06/12/17	Interest Reversal	24422ESN0	JOHN DEERE CAPITAL CORP				(11,250.00)	(11,250.00)
06/12/17	06/12/17	Matured	24422ESN0	JOHN DEERE CAPITAL CORP			2,000,000.00		2,000,000.00
06/12/17	06/12/17	Interest	24422ESN0	JOHN DEERE CAPITAL CORP				11,250.00	11,250.00
06/12/17	06/12/17	Interest	24422ESN0	JOHN DEERE CAPITAL CORP				11,250.00	11,250.00
06/12/17	06/12/17	Interest	05580ADH4	BMW BANK NORTH AMERICA				1,745.21	1,745.21
06/12/17	06/12/17	Matured	93884ETC9	WASHINGTON GAS LIGHT CO			3,000,000.00		3,000,000.00
06/13/17	06/13/17	Matured	97682RTD3	WISCONSIN POWER & LIGHT			3,000,000.00		3,000,000.00
06/15/17	06/15/17	Paydown	44890RAD3	HART 2014-A A4			116,009.61		116,009.61
06/15/17	06/15/17	Interest	44890RAD3	HART 2014-A A4				971.47	971.47
06/15/17	06/15/17	Interest	17275RAY8	CISCO SYSTEMS INC				3,683.12	3,683.12
06/15/17	06/15/17	Interest	02582JGW4	AMXCA 2014-4 A				2,383.33	2,383.33
06/15/17	06/15/17	Interest	161571HG2	CHAIT 2016-A6 A6				916.67	916.67
06/15/17	06/15/17	Matured	912796LE7	UNITED STATES TREASURY BILL			90,000,000.00		90,000,000.00
06/16/17	06/16/17	Interest	14912L6L0	CATERPILLAR FINANCIAL SE				17,000.00	17,000.00

**KERN HEALTH SYSTEMS**  
Account Number: 1A884780

Statement Ending:

June 30, 2017

**Daily Account Activity (Continued)**

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Income / Payment Activity USD</b>									
06/19/17	06/19/17	Matured	52730JBP0	LEVEL ONE BANK INTEREST			250,000.00		250,000.00
06/19/17	06/19/17	Interest	52730JBP0	LEVEL ONE BANK INTEREST				138.01	138.01
06/20/17	06/20/17	Interest	43814GAD2	HAROT 2014-2 A4				1,327.50	1,327.50
06/20/17	06/20/17	Matured	97682RTL5	WISCONSIN POWER & LIGHT			3,000,000.00		3,000,000.00
06/22/17	06/22/17	Matured	912796JX8	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
06/01/17	06/01/17	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
06/02/17	06/02/17	ACH/DDA Transaction	DESIGNATED DDA		60,000,000.00
06/13/17	06/13/17	Wires	WIRE TRANSFER TO:	12,000,000.00	
06/20/17	06/20/17	Wires	WIRE TRANSFER TO:	15,000,000.00	
06/26/17	06/26/17	Cash Wire Journal Entry	SAFEKEEPING ADJ	32,123,050.55	

**Money Market Fund Activity**

Morgan Stan TreasSvc 8314

\*As of June 30, 2017

USD	Dividend earned this period	7 day* simple yield	30 day* simple yield
USD	9,595.42	0.820%	0.740%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
<b>Beginning Balance</b>						
			<b>1.0000</b>	<b>24,695,499.21</b>		<b>24,695,499.21</b>
06/01/17	Purchase	7,933.33		7,933.33		24,703,432.54
06/01/17	Redemption	(15,000,000.00)		(15,000,000.00)		9,703,432.54
06/02/17	Purchase	3,000,000.00		3,000,000.00		12,703,432.54
06/02/17	Purchase	60,000,000.00		60,000,000.00		72,703,432.54
06/02/17	Purchase	10,457.33		10,457.33		72,713,889.87
06/02/17	Redemption	(59,986,133.33)		(59,986,133.33)		12,727,756.54
06/05/17	Purchase	2,001,807.53		2,001,807.53		14,729,564.07
06/05/17	Purchase	6,926.11		6,926.11		14,736,490.18
06/06/17	Redemption	(2,999,562.50)		(2,999,562.50)		11,736,927.68
06/08/17	Purchase	2,000,000.00		2,000,000.00		13,736,927.68
06/12/17	Purchase	2,011,111.38		2,011,111.38		15,748,039.06
06/12/17	Redemption	(11,250.00)		(11,250.00)		15,736,789.06

Brokerage

**KERN HEALTH SYSTEMS**  
Account Number: 1AB84780

**Money Market Fund Activity (Continued)**

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
06/13/17	Purchase	3,000,000.00		3,000,000.00		18,736,789.06
06/13/17	Redemption	(12,000,000.00)		(12,000,000.00)		6,736,789.06
06/13/17	Redemption	(2,999,504.17)		(2,999,504.17)		3,737,284.89
06/15/17	Purchase	90,123,964.20		90,123,964.20		93,861,249.09
06/15/17	Redemption	(29,980,866.67)		(29,980,866.67)		63,880,382.42
06/15/17	Redemption	(29,995,625.00)		(29,995,625.00)		33,884,757.42
06/15/17	Redemption	(2,997,210.00)		(2,997,210.00)		30,887,547.42
06/16/17	Purchase	17,000.00		17,000.00		30,904,547.42
06/19/17	Purchase	250,138.01		250,138.01		31,154,685.43
06/19/17	Redemption	(2,997,736.67)		(2,997,736.67)		28,156,948.76
06/19/17	Redemption	(2,998,080.00)		(2,998,080.00)		25,158,868.76
06/20/17	Redemption	(7,460.02)		(7,460.02)		25,151,408.74
06/20/17	Purchase	1,327.50		1,327.50		25,152,736.24
06/20/17	Redemption	(15,000,000.00)		(15,000,000.00)		10,152,736.24
06/20/17	Redemption	(2,998,350.00)		(2,998,350.00)		7,154,386.24
06/22/17	Purchase	30,000,000.00		30,000,000.00		37,154,386.24
06/23/17	Redemption	(5,040,931.11)		(5,040,931.11)		32,113,455.13
06/26/17	Redemption	(32,113,455.13)		(32,113,455.13)		0.00
06/26/17	Dividends				9,595.42	0.00
	<b>Ending Balance</b>		<b>1.0000</b>			<b>0.00</b>



Wells Fargo Bank, N.A.  
 90 South 7th Street  
 5th Floor MAC N9305-05F  
 Minneapolis, MN 55402

JONATHAN CHUANG  
 1-213-614-2206

**Bank Safekeeping Statement**  
**Wells Fargo Bank, N.A.**

**Statement Period**  
**06/01/2017 - 06/30/2017**

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	0.00	47,126,696.49	30%
Bonds	0.00	110,504,120.79	70%
Stocks	0.00	0.00	0%
<b>Total Account Value</b>	<b>\$ 0.00</b>	<b>\$ 157,630,817.28</b>	<b>100%</b>
<b>Value Change Since Last Statement Period</b>		<b>\$ 157,630,817.28</b>	
<b>Percent Increase Since Last Statement Period</b>		<b>N/A</b>	
<b>Value Last Year-End</b>		<b>\$ N/A</b>	
<b>Percent Increase Since Last Year-End</b>		<b>N/A</b>	

**Income Summary USD**

	This Period	Year-To-Date
Interest	\$ 0.00	\$ 0.00
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	3,645.94	3,645.94
Other	0.00	0.00
<b>Income Total</b>	<b>\$ 3,645.94</b>	<b>\$ 3,645.94</b>

**Money Market Mutual Funds Summary USD**

Description	Amount
<b>Opening Market Value</b>	<b>\$ 0.00</b>
Deposits and Other Additions	62,126,696.49
Distributions and Other Subtractions	(15,000,000.00)
Dividends Reinvested	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$ 47,126,696.49</b>

000195 151803A 0016 2007 UNWJL10935 0011762 7495 0010 30443 0501/17 P

Safekeeping



## 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](http://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](http://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](http://www.wellsfargo.com/com/securities/regulatory).

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

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

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

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

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

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

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

Statement Ending:

**Portfolio Holdings** *Security positions held with Wells Fargo Bank N.A.*

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
<b>Bonds USD</b>								
13017HAD8	CALIFORNIA ST EARTHQUAKE AUTH TXBL	07/01/17	1.824%	2,000,000.000	100.0000	2,000,000.00		N
912796LG2	UNITED STATES TREASURY BILL	07/06/17	0.000%	30,000,000.000	99.9937	29,998,110.00		
90328AUC5	USAA CAPITAL CORP DISCOUNTED COMMERCIAL PAPER	07/12/17	0.000%	3,000,000.000	99.9625	2,998,874.01		
912796LK3	UNITED STATES TREASURY BILL	07/13/17	0.000%	30,000,000.000	99.9785	29,993,550.00		
93884EUD5	WASHINGTON GAS LIGHT CO DISCOUNTED COMMERCIAL PAPER	07/13/17	0.000%	3,000,000.000	99.9600	2,998,799.67		
63866AUH9	NATIONWIDE LIFE INS CO 4(2) DISCOUNTED COMMERCIAL PAPER	07/17/17	0.000%	3,000,000.000	99.9451	2,998,352.43		
30229AUM9	EXXON MOBIL CORP DISCOUNTED COMMERCIAL PAPER	07/21/17	0.000%	3,000,000.000	99.9368	2,998,103.01		
69353RDL9	PNC BANK NA	08/01/17	1.470%	3,000,000.000	100.0151	3,000,453.00		Y
713448CB2	PEPSICO INC	08/13/17	1.250%	3,000,000.000	99.9756	2,999,268.00		N
48126EAA5	JPMORGAN CHASE & CO	08/15/17	2.000%	5,000,000.000	100.0714	5,003,570.00		N
89233P6S0	TOYOTA MOTOR CREDIT CORP	10/05/17	1.250%	2,000,000.000	99.9805	1,999,610.00		N
36962G6K5	GENERAL ELECTRIC CO	11/20/17	1.600%	2,000,000.000	100.0611	2,001,222.00		N
02587CDJ6	AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT	01/08/18	1.400%	250,000.000	100.0531	250,132.75		
94974BFG0	WELLS FARGO & COMPANY	01/16/18	1.500%	1,000,000.000	99.9679	999,679.00		N
94988J5A1	WELLS FARGO BANK NA	01/22/18	1.650%	500,000.000	100.0678	500,339.00		N
06050TLY6	BANK OF AMERICA NA	03/26/18	1.650%	1,000,000.000	100.0661	1,000,661.00		N
191216BA7	COCA-COLA CO/THE	04/01/18	1.150%	2,000,000.000	99.8226	1,996,452.00		N
38141GFM1	GOLDMAN SACHS GROUP INC	04/01/18	6.150%	1,000,000.000	103.2090	1,032,090.00		N
02587DYK8	AMERICAN EXPRESS CENTURIION BK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/04/18	1.450%	250,000.000	100.1229	250,307.25		
05580ADH4	BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT	06/11/18	1.400%	250,000.000	100.0982	250,245.50		
17275RAY8	CISCO SYSTEMS INC	06/15/18	1.556%	1,000,000.000	100.2878	1,002,878.00		N
14912L6L0	CATERPILLAR FINANCIAL SE	06/16/18	1.700%	2,000,000.000	100.1295	2,002,590.00		N
02006LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	100.1322	250,330.50		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	100.1323	250,330.75		

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**Safekeeping**

**KERN HEALTH SYSTEMS**  
Account Number: 1AB84780

Statement Ending:

**Portfolio Holdings (Continued)** *Security positions held with Wells Fargo Bank N.A.*

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
<b>Bonds USD</b>								
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/16/18	1.100%	250,000.000	99.5031	248,757.75		Y
05581WJT3	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.4890	248,722.50		
254672F86	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.5682	248,920.50		
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	100.6427	1,308,355.10		N
795450ZE8	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.3823	248,455.75		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	100.1188	1,001,188.00		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	100.7420	1,319,720.20		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.8060	998,060.00		N
02665WBE0	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	99.0438	990,438.00		N
44890RAD3	HART 2014-A A4	08/15/19	1.320%	767,140.302 1,030,000.000	99.9818	767,000.30		N
161571HG2	CHAIT 2016-A6 A6	01/15/20	1.100%	1,000,000.000	99.8497	998,496.70		N
43814GAD2	HAROT 2014-2 A4	05/18/20	1.180%	1,350,000.000	99.9751	1,349,664.12		N
02582JGW4	AMXCA 2014-4 A	06/15/20	1.430%	2,000,000.000	100.0197	2,000,394.00		N
				110,477,140.302		110,504,120.79	0.00	

\*See important information regarding security pricing on Page 2.

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

**Daily Account Activity**

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Transaction Activity USD</b>									
06/26/17	06/26/17	Receive	912796LF4	UNITED STATES TREASURY BILL	30,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Receive	912796LG2	UNITED STATES TREASURY BILL	30,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Receive	912796LK3	UNITED STATES TREASURY BILL	30,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02006LSF1	ALLY BANK INTEREST BEARING	250,000.00		0.00	0.00	0.00

**KERN HEALTH SYSTEMS**  
Account Number: 1AB84780

Statement Ending:

**Daily Account Activity (Continued)**

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Transaction Activity USD</b>									
06/26/17	06/26/17	Security Receipt	02582JGW4	AMXCA 2014-4 A	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02587CDJ6	AMERICAN EXPRESS FSB INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02587DYK6	AMERICAN EXPRESS CENTURION BK	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02665WAC5	AMERICAN HONDA FINANCE	1,300,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02665WBE0	AMERICAN HONDA FINANCE	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	05580ADH4	BMW BANK NORTH AMERICA	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	05581WJT3	BMO HARRIS BANK NA INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	06050TLY6	BANK OF AMERICA NA	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	13017HAD8	CALIFORNIA ST EARTHQUAKE AUTH	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	13063CKL3	CALIFORNIA ST TXBL-VARIOUS	1,310,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	140420TH3	CAPITAL ONE BANK USA INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	14912L6L0	CATERPILLAR FINANCIAL SE	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	161571HG2	CHAIT 2016-A6 A6	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	17275RAY8	CISCO SYSTEMS INC	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	191216BA7	COCA-COLA CO/THE	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	254672F86	DISCOVER BANK INTEREST BEARING	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	30229AUM9	EXXON MOBIL CORP DISCOUNTED	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	36962G6K5	GENERAL ELECTRIC CO	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	38141GFM1	GOLDMAN SACHS GROUP INC	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	43814GAD2	HAROT 2014-2 A4	1,350,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	44890HAD3	HART 2014-A A4	1,030,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	48126EAA5	JPMORGAN CHASE & CO	5,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	48126XAM7	JP MORGAN CHASE BANK INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	63866AUH9	NATIONWIDE LIFE INS CO 4(2)	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	69353RDL9	PNC BANK NA	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	713448CB2	PEPSICO INC	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	795450ZE6	SALLIE MAE BK/SALT LKE	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	89233P6S0	TOYOTA MOTOR CREDIT CORP	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	89236TCU7	TOYOTA MOTOR CREDIT CORP	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	90328AUC5	USAA CAPITAL CORP DISCOUNTED	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	93884EUD5	WASHINGTON GAS LIGHT CO	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	94974BFG0	WELLS FARGO & COMPANY	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	94988J5A1	WELLS FARGO BANK NA	500,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	94988J5D5	WELLS FARGO BANK NA	1,000,000.00		0.00	0.00	0.00
<b>Income / Payment Activity USD</b>									
06/29/17	06/29/17	Matured	912796LF4	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00

06/13/17 12:58:04 2016 2028710#2510520-00113182 24888.0000 20442 03/01/17 P

Safekeeping

**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
06/26/17	06/26/17	Cash Wire Journal Entry	SAFEKEEPING ADJ		32,123,050.55
06/27/17	06/27/17	Wires	WIRE TRANSFER TO:	15,000,000.00	

**Money Market Fund Activity**

**Morgan Stan TreasSvc 8314**

\*As of June 30, 2017

USD

Dividend earned this period	7 day* simple yield	30 day* simple yield
3,645.94	0.820%	0.740%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
<b>Beginning Balance</b>						<b>0.00</b>
06/26/17	Purchase	32,123,050.55		32,123,050.55		32,123,050.55
06/27/17	Redemption	(15,000,000.00)		(15,000,000.00)		17,123,050.55
06/29/17	Purchase	30,000,000.00		30,000,000.00		47,123,050.55
06/30/17	Purchase	3,645.94		3,645.94		47,126,696.49
06/30/17	Dividend				3,645.94	47,126,696.49
<b>Ending Balance</b>			<b>1.0000</b>	<b>47,126,696.49</b>		<b>47,126,696.49</b>





**TO: KHS Finance Committee**

**FROM: Anita Martin, Director of Human Resources**

**DATE: August 4, 2017**

**SUBJECT: Employee Benefits Renewal 2017/2018**

---

### **Background**

Kern Health Systems (“KHS”) annually reviews and evaluates the employee benefit package. During the evaluation period factors taken into consideration are the improvements of benefits, cost of premium, feasibility of continuation of current plan(s), comprehensive administrative services provided by the carrier(s), plan documents, summary plan descriptions and the employee communication process i.e. clearly written program material including comprehensive summary of benefits, etc.

Of the 6 benefit categories (Health, Vision, Dental, Life Insurance, Short and Long Term Disability and Long Term Care) premium rates for 3 (Life Insurance, Short and Long Term Disability and Long Term Care) will remain the same and 3 (Health, Vision and Dental) will increase. The increases result from annual trend and higher than expected utilization as explained in more detail below.

For the 2017/2018 renewal of employee benefits, management is proposing the following:

- Maintain the current Employee Medical Insurance with Kaiser Permanente. For the current renewal period, Kaiser Permanente initially requested an increase of 14.9% primarily due to higher than expected inpatient utilization and a 96% medical loss ratio. Our insurance broker was able to reduce this increase to 8.5% which is less than our 2017 budgeted increase of 10%. Based on current staffing levels, the monthly premium will be \$377,660 or \$4,531,918 annually. This equates to an annual increase of approximately \$353,254. To help address future medical costs, KHS plans on meeting with Kaiser in the near future to examine the costs specific to KHS employees in 5 categories of services:
  1. Inpatient facility care
  2. Outpatient facility care
  3. Professional services
  4. Pharmacy
  5. Other services

More specific, we to have asked Kaiser to address the following items:

- a. Identify trends in our population that are driving the increases and what can be done by both Kaiser and KHS to reduce or alleviate the patterns.
  - b. Identify specific driving costs and patterns over the last two renewals.
  - c. Share with KHS the access points that our population is using to seek care. For example, are employees relying more heavily on ER than urgent care?
  - d. Share with KHS the number of members enrolled in a care management program and if so, what type of program.
  - e. Provide KHS with data, so that KHS can analyze and determine what type of wellness programs to institute in the upcoming year.
  - f. Discuss with KHS classes that can be offered to employees as well as any wellness programs that can be instituted onsite.
- Change the current vision carrier from VSP to Guardian. The monthly cost if enrollment stays at the current level will be \$4,519 per month or \$54,233 annually. This equates to an annual increase of approximately \$961, but is more than offset by Guardian discount reductions of \$12,117 for Dental and \$3,120 for Life Insurance.
  - Maintain Guardian as the current dental carrier. For the current renewal period, Guardian initially requested an increase of 8.8% primarily due to higher than expected utilization. Our insurance broker was able to reduce this increase to 5.0%, which is less than our 2017 budgeted increase of 10%. Based on renewal date staffing levels, the monthly premium will be \$27,650 or \$331,794 annually. This equates to an annual increase of approximately \$15,796.
  - Maintain Guardian as the current Basic Life Insurance carrier. For the current renewal period, Guardian initially requested an increase of 8.3% primarily due to higher than expected claims submitted. Our insurance broker was able to reduce this increase to 0%. The current monthly premium based on renewal date staffing levels is \$3,121 or \$37,449 annually.
  - Maintain Guardian as the Short-term Disability (“STD”) and Long Term Disability (“LTD”) carrier. The current monthly premium based on renewal date staffing levels for both STD and LTD combined is \$13,957 or \$167,484 annually. This policy had no change in premium for the 2017/2018 renewal period.
  - Maintain current Long-term Care Policy with Unum. The current monthly premium based on current staffing levels is \$1,966 or \$23,592 annually. This policy had no change in premium for the 2017/2018 renewal period.



- Establish Retirement Health Savings Accounts for Officer and Director level employees that would allow employees to contribute a portion of their salary on a pre-tax basis into an account to be used to pay for health care premiums during their retirement. This would be a new benefit with no cost to KHS, as this account is funded 100% by participating employees with no contributions by KHS.

Representatives from Walter Mortensen Insurance/INSURICA will be present to answer questions relating to all of the employee benefit renewals.

**Requested Action**

Approve the renewal and binding of employee benefit plans for medical, vision, dental, life insurance, short-term and long-term disability, long-term care and to establish Retirement Health Savings Accounts for Officer and Director level employees at no cost to KHS and refer to the KHS Board of Directors.





**To: KHS Finance Committee**  
**From: Robert Landis, CFO**  
**Date: August 4, 2017**  
**Re: Analysis of General Liability Insurance**

---

### **Background**

Kern Health Systems (KHS) maintains Liability Insurance that insures against losses from:

- ✓ Bodily Injury
- ✓ Personal Injury
- ✓ Property Damage
- ✓ Public Officials Errors and Omissions (D&O Insurance)
- ✓ Automobile Liability
- ✓ Contractual Liability
- ✓ Employment Practices Liability

KHS utilizes Alliant Insurance Services 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 Liability Insurance coverage.

### **Recommendation**

Management recommends moving coverage from the Special Liability Insurance Program (SLIP) to the Special District Risk Management Authority (SDRMA) for Liability and Property insurance. SDRMA is an insurance pool that writes special districts in California. Established in 1986, the SDRMA has a proven reputation for competitive rates, actuarially based fiscal management and sound underwriting practices. Please see the 2015-16 Annual Report for SDRMA (Attachment 2).

- Rating: SDRMA confidence level rating of 95%
- Term: September 29, 2017 to July 1, 2018 (July 1 renewals thereafter)
- Liability Limit per occurrence or wrongful act: \$25,000,000
- Self-Insured Retention: See comparison (Attachment 1)
- Property included within SDRMA program, See comparison (Attachment 1)
- Annual Premiums: \$239,475. Prior year premium was \$185,625

The majority of this year's premium increase is attributable to the increase in the cost associated with the placement of \$15 million in excess coverage above the \$10 million primary coverage. This excess layer has increased year over year from \$42,257 to \$94,990. The current excess carrier is no longer writing public entities in California. Alliant marketed this excess layer extensively with all viable carriers and presented the most cost effective program.

By switching to SDRMA, KHS will earn a 5% Multi Program Discount on its Workers' Compensation premium, estimated to be \$6,350. This credit will be pro-rated based on the effective date KHS joins the Property/Liability program (approximately \$4,781 credit if bound 9/29/17).

The SLIP renewal is estimated at \$238,358. Management believes the SDRMA policy is more favorable than the SLIP policy due to the higher coverage limits and lower deductibles.

No claims were filed last year.

**Requested Action**

Approve; Refer to KHS Board of Directors for adoption of the resolution authorizing KHS to participate in the Special District Risk Management Authority Property/Liability Program (Attachment 3).

**Kern Health Systems  
Insurance Program Coverage Comparison**

Attachment 1

Property Lines of Coverage	SDRMA	HARPP
Property - Limit	\$1,000,000,000	\$350,000,000
Property - Deductible	\$1,000	\$5,000
Boiler & Machinery - Limit	\$100,000,000	\$100,000,000
Boiler & Machinery - Deductible	\$1,000	\$5,000
Auto Physical Damage - Deductible	250/500 Comp/Collision	\$2,500
Flood - Limit	\$10,000,000	\$5,000,000
Flood - Deductible	\$250,000**	\$100,000**
Pollution - Limit	\$1,000,000	\$2,000,000
Pollution - Deductible	\$75,000 \$250,000 Mold	\$50,000 \$50,000 Mold
Cyber - Limit	\$2,000,000	\$2,000,000
Cyber - Deductible	\$25,000	\$50,000
Liability Lines of Coverage	SDRMA	SLIP
Liability - Limit	\$10,000,000	\$10,000,000
Liability - Property Damage Deductible	\$500	\$100,000
General Liability - Bodily Injury Deductible Personal Injury	\$0	\$100,000
Auto Liability - Bodily Injury Personal Injury Deductible	\$0	\$100,000
Employee Benefits Liability Deductible	\$0	\$100,000
EPLI Deductible	\$0*	\$100,000
Public Officials and Employees' E&O Deductible	\$0	\$100,000
Personal Liability Coverage for Board Members	\$500	\$100,000
Liability Lines of Coverage	Hallmark and Great American	TORUS
Excess Liability Limit	\$15,000,000	\$15,000,000
<p>*Zero deductible, except as respects to discipline, demotion, reassignment or termination: SDRMA is responsible for the first \$10,000; Losses in excess of \$10,000 to \$110,000 are shared SDRMA 50% and KHS 50% up to \$50,000 Losses in excess of \$110,000 to \$10,000,000 are covered 100% by SDRMA</p> <p>** Flood deductible is bought down by a NFIP policy to \$1,250 NFIP - National Flood Insurance Program</p>		

Attachment 2



## 2015-16 ANNUAL REPORT

Maximizing Protection. Minimizing Risk. [www.sdrma.org](http://www.sdrma.org)



## BOARD PRESIDENT'S MESSAGE

**S**pecial District Risk Management Authority (SDRMA) remains committed to its founding values of quality service, fiscal integrity and stability, and member focused programs that maximize protection and minimize risk.

Our goal is to serve as an extension of your agency's staff and provide the best value through proactive loss prevention, effective claims cost containment and enhanced member services. Our partnerships with CSDA, the CSDA Finance Corporation and the Special District Leadership Foundation provide our members access to valuable services, resources, education and training opportunities.



“ Our partnerships with CSDA, the CSDA Finance Corporation and the Special District Leadership Foundation provide our members access to valuable services, resources, education and training opportunities. ”

During the CSDA Annual Conference held in San Diego in October, the SDRMA Board of Directors presented the 2016 Safety Awards. The Earl F. Sayre Excellence in Safety Award was presented to Property/Liability program members demonstrating a commitment to loss prevention and public safety including their participation in SDRMA and CSDA safety and governance training sessions throughout the year. The large member category recipient was Northstar Community Services District and the small member category recipient was Cayucos Sanitary District. The McMurchie Excellence in Safety Award was presented to the Workers' Compensation program members demonstrating a commitment to employee safety and

training to reduce workplace injuries. The large member category recipient was Bear Valley Community Services District and the small member category recipient was Big Bear Area Regional Wastewater Authority.

### Significant Highlights for Fiscal Year 2015-16

- ★ Celebrated our 30th anniversary
- ★ Welcomed 42 new members
- ★ Approved no rate increase for the Property/Liability Program for the 7th year in a row
- ★ Approved no rate increase for the Workers' Compensation Program for the 2nd year in a row
- ★ Received a Favorable Opinion on our Annual Financial Audit Report
- ★ Approved Longevity Distribution credits of over \$856,000 for Property/Liability Program members and over \$327,000 for Workers' Compensation Program members

Finally, we greatly appreciate our members' excellent safety and loss prevention efforts which are demonstrated by either reduced claims or no claims and we recognize those efforts through the No Claims Recognition and President's Special Acknowledgement Award Programs. The No Claims Recognition is to acknowledge members with no "paid" claims during the prior program year. The President's Special Acknowledgement Award is to acknowledge members with no "paid" claims during the prior 5 consecutive program years. For the Property/Liability Program, 425 members had no claims for the prior year and 300 members had no claims over 5 years. For the Workers' Compensation Program, 262 members had no paid claims for the prior year and 131 members had no paid claims over 5 years.

In closing, on behalf of the Board of Directors, thank you for your support and continued participation in helping make SDRMA the premier risk management program in California for over 30 years!

Board President David Aranda



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## ABOUT SDRMA

### JOINT POWERS AUTHORITY

SDRMA is a public agency formed in 1986, under California Government Code Section 6500 et seq., and was established to provide property, liability, workers' compensation and health benefits coverage protection and risk management services statewide exclusively for California public agencies. SDRMA's primary objective is to serve as a single comprehensive resource providing quality coverage protection, risk management services, claims management, as well as a world-class safety and loss prevention program tailored to meet the complex needs of public agencies.



For over 30 years, we've been protecting the resources of California's public agencies.

### SDRMA MISSION

SDRMA's mission is to provide risk financing and risk management services through a financially sound pool to California public agencies, delivered in a timely and responsible cost-efficient manner. SDRMA's professional expertise, technical knowledge, and understanding of public agency operations, coupled with our commitment to responsive, in-house claims management, proactive loss prevention and cost containment enables our members to allocate more of their vital resources to providing essential community programs and services to their constituents.

### CAJPA ACCREDITATION WITH EXCELLENCE

In order to measure the effectiveness of its services and programs, SDRMA participates in the California Association of Joint Powers Authorities (CAJPA) Accreditation Program. Since 2005, SDRMA has been awarded their highest designation, "Accreditation with Excellence". The CAJPA Accreditation program has been operating since 1989 and reviews the organizational structure and activities of a joint powers authority (JPA), comparing the JPA with standards adopted by the Association believed to be advantageous to the preservation and performance of the individual JPA and JPAs in California as a whole.

Compliance with the standards results in a status of "Full Accreditation" or "Accreditation With Excellence" for a three-year period. The process includes a review by independent consultants applying a detailed set of standards that have been accepted by the industry as "best practices." The purpose of the program is to promote professional management and fiscally sound practices, provide industry standards, assure governing boards of management's compliance with accepted standards, and maintain a self-regulating process that is ultimately less expensive and more meaningful than State or Federal regulation.

JPAs such as SDRMA operate comprehensive risk management programs and provide important services for member entities including loss prevention services. CAJPA Accreditation is a measure of how well a pool is being managed and is evidence of the JPA Board's commitment to high standards.



The Accreditation Standards span 21 pages including ten broad categories of review including:

- \* Governing Documents and Administrative Contracts
- \* Government Rules
- \* Insurance and Coverages
- \* Accounting and Finance
- \* Investment of Funds
- \* Funding and Actuarial Standards
- \* Risk Control
- \* Claims Management
- \* Operations and Administrative Management

# ORGANIZATION OVERVIEW



## SDRMA MEMBERS

### SDRMA BOARD OF DIRECTORS

Fulfills the mission of the Authority by establishing policies and providing general direction and oversight for the benefit of our members.

- David Aranda**, SDA, President  
Mountain Meadows Community Services District
- Jean Bracy**, SDA, Vice President  
Mojave Desert Air Quality Management District
- Ed Gray**, Secretary  
Chino Valley Independent Fire District
- Muril Clift**, Director
- Sandy Seifert-Raffelson**, Director  
Herlong Public Utility District
- Michael Scheafer**, Director  
Costa Mesa Sanitary District
- Robert Swan**, Director  
Groveland Community Services District



### CHIEF EXECUTIVE OFFICER

Develops programs for the benefit of the pool. Manages the Authority in accordance with Board policy and direction. Maintains administrative and operational responsibilities.

**Gregory S. Hall**, ARM

### CONSULTANTS

- General Counsel
- Defense Counsel
- Coverage Counsel
- Reinsurance Brokers

### CLAIMS MANAGEMENT LOSS PREVENTION

Manages entire claims process. Assists members in reducing and controlling losses, provides proactive safety training, member safety inspections.

- Dennis Timoney**, ARM  
Chief Risk Officer
- Debbie Yokota**  
Claims Manager
- Danny Peña**  
Senior Claims Examiner
- Heidi Singer**  
Claims Examiner

### ADMINISTRATION

Manages the Authority's business operations and ensures continuity and efficiency in the Authority's programs and operations. Coordinates coverages with carriers. Manages human resource programs.

- C. Paul Frydendal**, CPA  
Chief Operating Officer
- Alana Batzianis**  
Senior HR/Health Benefits Specialist

### FINANCE

Manages the Authority's funds and financial activities. Ensures financial integrity and accountability. Monitors budgeted expenses with actual expenditures.

- Heather Thomson**, CPA  
Chief Financial Officer
- Susan Swanson**, CPA  
Finance Manager
- Michelle Halverson**  
Accountant
- Rajnish Raj**  
Accounting Technician

### MEMBER SERVICES

Serves as the primary contact between the Authority and its members. Ensures effective communication and information for members. Provides resources for member growth and retention.

- Ellen Doughty**, ARM  
Chief Member Services Officer
- Wendy Tucker**  
Member Services Manager
- Rachel Saldaña**  
Administrative Assistant

### CONTRACT SERVICES

Third Party Administrator – Workers' Compensation  
Safety Consultants

### CONTRACT SERVICES

Investment Managers

### CONTRACT SERVICES

Auditors  
Actuaries

### CONTRACT SERVICES

IT Consultants



## PROGRAM OVERVIEW

SDRMA is a Joint Powers Authority (JPA) with over 30 years of trusted experience. SDRMA has a proven reputation for stable, competitive rates, actuarial based fiscal management, and sound underwriting practices. Our goal is to establish a long-term partnership with our members to positively impact the overall cost of claims and risk management by providing member focused services and safety training. Members can annually reduce their future year contributions up to 15% for completion of SDRMA approved risk management and training programs.

### A TRUSTED COMMITMENT TO OUR MEMBERS

- ★ Reflecting the Values of Our Members: SDRMA is committed to conducting business on behalf of our members by doing the right thing in the right way and at the right time based on the highest professional standards and integrity.



SDRMA is committed to conducting business on behalf of our members by doing the right thing in the right way and at the right time.

- ★ Maximizing Coverage and Minimizing Risk: Since formation, SDRMA has successfully met its stated mission by working with and on behalf of its members to develop programs and coverages that provide maximum protection and minimize losses.
- ★ Protecting Member's Assets: SDRMA protects its members by identifying their exposures, assessing their risks and recommending the optimal deductible and coverage limits. We aggressively manage and defend claims for damages and maintain a zero tolerance for fraud.

- ★ Covering our Members: Coverage documents are broad form manuscript policies written on an "occurrence form" to ensure the highest level of coverage and maximum protection of assets for governmental entities providing municipal services.
- ★ Managing our Financial Responsibility: SDRMA's expenditures on operations, claims, excess coverages and other aspects of the financial strategy are continually monitored and evaluated to ensure a high ranking and ability to surpass industry benchmarks, which results in consistently lower rates for our members.
- ★ Maintaining a Fiscally Sound Pool: SDRMA's combined ratios are significantly below the industry average. This consistent performance allows SDRMA to maintain a fiscally sound pool, as well as provide rates that are on average 15% below the commercial marketplace.
- ★ A seven-member Board of Directors govern SDRMA and possess a firsthand understanding of the complex issues of operating municipal services. Elected from within the SDRMA's program membership the Board establishes policy, direction and the vision of the organization. Board members are directors or managers of member agencies.

## MEMBERPLUS SERVICES™

In an effort to help our members prevent and reduce claims, SDRMA provides Complimentary MemberPlus Services.™ These are just a few of the types of MemberPlus Services™ provided to our members:

- Personalized Online Member Resources – MemberPlus Online™ Portal
- State-of-the-Art Online Safety/Compliance Training – TargetSolutions™
- Employment Law Legal Hotline
- Telephone Triage - Company Nurse (Workers' Compensation members only)
- Discounts for CSDA training including Webinars
- Training Workshops (safety, loss prevention)
- Safety, Claims Handling and Risk Reduction Training
- On-site Loss Control Visits and Risk Analysis
- Comprehensive Safety & Risk Management Multimedia Library
- Contribution-reduction Credit Incentive Program (CIP)
- Occupational Safety & Health Program
- Hazard Identification Survey
- Claims Policy/Procedure Manual
- Monthly Review of Claims Loss Reports
- Monthly Safety Management Meeting Materials
- Ergonomic Evaluations of Work Areas
- Contract Review and Transfer of Risk Analysis
- DMV Record Review - EPN Pull Notice Program
- Defensive Driver Training Program\*
- Special Events Liability Assistance\*

\* Additional fees may apply



Members can annually reduce their future year contributions up to 15% for completion of SDRMA approved risk management and training programs.



## MEMBERSHIP PROFILE

SDRMA members provide a wide variety of public services ranging from air quality management to wastewater collection and treatment, as well as municipal services. The diversity of services and risk exposure is beneficial for obtaining the lowest reinsurance cost and in providing stable rates.

Property/Liability Members	500
Workers' Compensation Members	433
Health Benefit Groups	127

2015-16 Members – By Type	PLP	WCP	HBP
Air Pollution Control / Air Quality Management	11	11	2
Airport Districts	3	6	1
Ambulance / Emergency Services / Life Support	0	1	0
Animal Services	2	1	0
Cemetery	19	27	8
Children Services	1	2	2
Community Services Districts	134	94	17
Economic Development Commission	1	1	1
Emergency / Safety Communications	5	3	1
Fire Protection	19	25	4
Flood Control / Levee / Reclamation / Drainage	19	8	1
Harbor / Port	2	7	0
Healthcare / Medical Services / In Home Support	7	6	6
Housing Authority	2	1	0
Irrigation	9	13	2
JPA	22	18	5
Library	10	10	2
Local Agency Formation Commission	21	12	5
Memorial	11	6	0
Municipal Improvement / Resort Improvement	5	5	1
Municipalities	2	4	21
Pest Control / Mosquito Abatement / Mosquito Vector Control	20	12	9
Police Protection	1	0	0
Public Utility	16	17	4
Recreation and Park	18	10	1
Resource Conservation	50	43	9
Sanitary / Sewer / Wastewater	26	19	9
Solid Waste / Waste Management	9	6	2
Transit / Transportation	3	5	7
Water	52	60	7
<b>Totals</b>	<b>500</b>	<b>433</b>	<b>127</b>

## NEW MEMBERS

### PROPERTY/LIABILITY PROGRAM

Audubon Hills Community Services District  
Collins Levee District  
Knolls Property Owners Community Services District  
Lathrop Irrigation District  
Murphys Cemetery District

### WORKERS' COMPENSATION PROGRAM

Adin Cemetery District  
Apple Valley Fire Protection District  
Cameron Estates Community Services District  
Gilsizer County Drainage District  
Grossmont Healthcare District  
Hughson Fire Protection District  
Kern Mosquito & Vector Control District  
Lassen Municipal Utility District  
Palmer Creek Community Services District  
River Pines Public Utility District  
San Mateo County Harbor District  
Sky View County Water District  
Tahoe Paradise Resort Improvements District  
Truckee Donner Public Utilities District

### PROPERTY/LIABILITY AND WORKERS' COMPENSATION

Coastal San Luis Resource Conservation District  
Kern Local Agency Formation Commission  
Marin Resource Conservation District  
Mokelumne Hill Sanitary District  
Placer County Resource Conservation District  
Truckee Fire Protection District of Nevada County

### HEALTH BENEFITS PROGRAM

Alpaugh Irrigation District  
Bighorn-Desert View Water Agency  
City of Calipatria  
Ebbetts Pass Fire District  
First 5 of San Benito  
Fresno Local Agency Formation Commission  
Garberville Sanitary District  
Grizzly Lake Community Services District  
Hi-Desert Memorial Healthcare District  
Marinwood Community Services District  
Modoc County  
Nevada County Transportation Commission  
Oroville Cemetery District  
Placer County Resource Conservation District  
Sutter-Yuba Mosquito and Vector Control District  
Valley Springs Public Utility District  
Weaverville Fire Protection District



## 42 NEW MEMBERS

Membership in our programs continues to grow. We believe this is a reflection of our quality of service and programs, member confidence and competitive rates. We extend a warm welcome to the 42 new members that joined in 2015-16.



## PROPERTY/LIABILITY PACKAGE PROGRAM

SDRMA offers a straightforward uncomplicated program. Coverage documents are broad form manuscript policies written on an "occurrence form" to ensure the highest level of coverage and maximum protection of assets for governmental entities providing municipal services. Our programs have a proven reputation for stable, competitive rates, actuarially based fiscal management, and sound underwriting practices. Responsive, in-house claims management and cost containment, combined with a tailored safety and loss prevention, provides members an unequalled risk management program.

### PROPERTY/LIABILITY PACKAGE PROGRAM COVERAGES:



SDRMA offers a straightforward uncomplicated program.

#### General Liability

Coverage for claims and losses arising from third-party personal injury, bodily injury and property damages. Coverage includes: subsidence (associated with main leaks and breaks), sudden & accidental release of chlorine, water & wastewater as a completed product (not pollution), failure to supply (except for administrative acts), sewer overflow/backups, hazardous material loading/unloading and volunteer/employees.

#### Auto Liability

Auto liability coverage protects members from lawsuits for bodily injury and property damage to the public arising out of ownership, maintenance or use of a covered vehicle. Coverage includes: owned vehicles, non-owned and hired vehicles and uninsured/underinsured motorists.

#### Auto Physical Damage

Auto physical damage (comprehensive and collision) provides protection for damage or loss to a member's owned vehicle. Comprehensive coverage includes: fire, theft, vandalism, windstorm, hail, flood, glass breakage, damage caused by riot or civil commotion and damage from hitting or being hit by birds and animals. Collision coverage provides coverage for repair or replacement for like kind, type and condition based on actual cash value.

#### Public Officials and Employees Errors and Omissions

Coverage for public officials and directors "wrongful acts", alleged or actual negligence, errors or omissions, breach of duty, misfeasance, malfeasance, nonfeasance and defamation.

#### Elected Officials Personal Liability

This highly specialized unique coverage protects elected and/or appointed officials from claims and settlements arising outside the course and scope of their duties. Coverage includes invasion of privacy, libel, slander, defamation of character, discrimination, false arrest and malicious protection.



**Employment Practices Liability**

Coverage for claims and losses arising from "wrongful" employment practices. Coverage includes wrongful termination, sexual harassment and discrimination.

**Employment Benefits Liability**

Coverage for claims and settlements resulting from the negligent administration of employee benefit plans.

**Employee and Public Officials Dishonesty**

Coverage protection for member losses resulting from fraudulent or dishonest acts committed by employees, volunteers or board members. Coverage includes: larceny, theft, embezzlement, forgery and wrongful misappropriation.

**Property Coverage**

Coverage provided for the replacement cost value of reported buildings and contents. Additional extensions provided for accounts receivable, builders' risk, business interruption, commandeered property, cost of construction, debris removal, electronic data processing, extra expense, fine art (appraised value), flood coverage (annual aggregate), terrorism, pollution clean-up (related to property loss), personal property of others and valuable papers. Valuation: Replacement Cost (w/o depreciation).

**Boiler and Machinery**

Coverage for the "sudden and accidental" breakdown of mechanical and electrical machinery. Coverage includes expediting expenses, business income, extra expense, spoilage, water damage, ammonia contamination, hazardous substances, error in description and newly acquired property.

**Cyber**

Coverage includes information security & privacy liability, privacy notification costs, regulatory defense and penalties, website media content liability and system damage and restoration (business interruption from hacking or virus).

**Ancillary Coverages**

Ancillary coverages are offered on a member-by-member basis (such as: pollution liability and earthquake).





# LIABILITY PROGRAM STRUCTURE

An important safeguard and strength of our programs is the use of reinsurance to protect the membership from catastrophic losses. As a result of the financial strength and sound financial management of our programs, SDRMA has been able to obtain superior reinsurance coverage for our membership. Currently, our Liability Program reinsurance partners Genesis Re and Munich Re are ranked the number one and two reinsurers worldwide.

Currently, our Liability Program reinsurance partners are; Genesis Re (A.M. Best Rating A++ Superior) and Munich Re (A.M. Best Rating A+ Superior).



(1) Specific per Occurrence per Member (No Annual Aggregate)

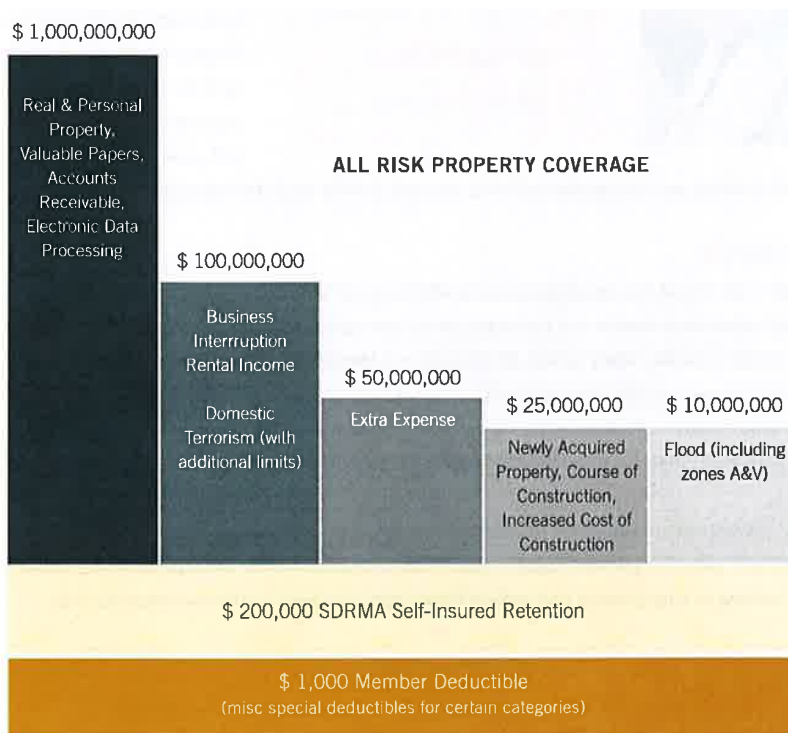
(2) Includes: Employment Practices Liability, Employee Benefits (Annual Aggregate)

# PROPERTY PROGRAM STRUCTURE

Currently, our Property Program reinsurance partner is Public Entity Property Insurance Program (PEPIP). Formed in 1993 to meet the unique property insurance needs faced by public entities, they are the largest single property placement in the world.



**INSURED BY: LEXINGTON INSURANCE COMPANY\***  
**(A.M. BEST RATING A EXCELLENT)**



NOTES: Property Coverage also includes Boiler & Machinery, Contractors Equipment Schedule, Lease Purchase and Fire Vehicles Scheduled

\* The Lexington Insurance Company is the primary carrier for SDRMA's coverage limits in the PEPIP program administered by Alliant Insurance Services, Incorporated



# WORKERS' COMPENSATION PROGRAM

As California's trusted risk management advisor, SDRMA provides special districts, joint powers authorities, cities and other public agencies with comprehensive workers' compensation coverage. Our Workers' Compensation Program has a proven reputation for tremendous stability, competitive rates, actuarially based fiscal management, and sound underwriting practices. Moreover, our responsive claims management and cost containment, combined with tailored safety and loss prevention, provide Members an unrivaled full-service Workers' Compensation Program.



Our primary objective is proactive prevention - to control and prevent losses, and to lower workers' compensation contributions.

### PROTECTING OUR MEMBERS

Our primary objective is proactive prevention - to control and prevent losses, and to lower workers' compensation contributions. Our commitment is to create a safe environment for your employees - which is why our programs are geared to prevent employee injuries, not just provide coverage after they

occur. Monthly safety and prevention bulletins are sent directly to all Members and employees.

### LOSS CONTROL

Our excellent loss ratio is the direct result of the efforts of our Members and a proactive loss prevention program. New Members receive a comprehensive on-site safety analysis by a certified safety officer and are provided a written safety report. We provide our Members with a claims procedure manual and training sessions to assist them with preliminary claims processing. In addition, if a Member's Experience Modification calculations are higher than average, SDRMA takes extra steps to help Members bring down their Experience Modification Factor (EMOD).

All Workers' Compensation Programs in California are required by law to provide the same coverage. The difference is, with an SDRMA Program, you receive superior claims management loss prevention and safety training to help prevent and reduce losses and unequalled value-for-value services.

# WORKERS' COMPENSATION PROGRAM STRUCTURE



Currently, our excess partners, Liberty Insurance Corporation, Ace American Insurance Company, Wesco Insurance Company, Brit Global Specialty USA (Lloyd's) and California State Association of Counties (CSAC) Excess Insurance Authority provide insurance coverage for the various structured layers of the Workers' Compensation Program.





## CLAIMS MANAGEMENT AND ADMINISTRATION

SDRMA recognizes that claims management is a critical component of a risk management program. SDRMA takes a pro-active approach to claims management. Responsive claims management and cost containment, combined with tailored safety and loss prevention, provides our members unequalled full-service programs.

### POSITIVELY IMPACTING CLAIMS COST

We consider claims our product: Our primary program objective is to provide responsive claims management, cost containment, loss control and prevention services that positively impacts the overall cost of property/liability coverages.

- ★ Claims Philosophy: Our philosophy and established practice is to work with and on behalf of our members to satisfactorily resolve claims, not only within the self-insured retention level, but also within the excess insurance layers.



Our philosophy  
and established  
practice is to work  
with and on behalf  
of our members to  
satisfactorily resolve  
claims

- ★ Claims Management: We aggressively manage and defend claims for damages. SDRMA maintains a zero tolerance for fraud.
- ★ Claims Communication: All claims activity is closely communicated and discussed with our members.
- ★ State-of-the-Art Claims Software: SDRMA uses state-of-the-art claims

management software to provide accurate, up-to-date status of each claim, loss run reports and financial information.

- ★ Claims Activity Evaluation: SDRMA member's loss activity is continually monitored and evaluated by our claims management professionals. In the event that a member's loss activity exceeds the pool average, our claims management team will develop an action plan to assist members in claims reduction.
- ★ Claims Settlement Authority: SDRMA's Board of Directors and management team retain ultimate settlement authority and approval of claims within the self-insured retention. We defend claims aggressively and the Board of Directors has instructed staff to make every effort to resolve claims to the benefit of our members.
- ★ Claims Education: SDRMA believes the key to a successful risk management program is quality and relevant education. Our members are provided with a variety of seminars, online and local regional training such as: confined spaces, employment practices and board member ethics and responsibilities.
- ★ Claims Manual: Members are provided with a Claims procedure manual and the necessary forms.



**CLAIMS ARE OUR PRODUCT**

Our philosophy and established practice is to work with and on behalf of our members to satisfactorily resolve claims, not only within the self-insured retention level, but also within the excess insurance layers.



Industry Average Indemnity Cost Per Workers' Compensation Claim: \$82,859  
 SDRMA Average Indemnity Cost Per Workers' Compensation Claim: \$17,213

SDRMA Average Cost per Claim		
Program Year	Workers' Compensation (Indemnity only)	Property/Liability
2015-16	\$17,213	\$15,804
2014-15	\$19,457	\$19,500
2013-14	\$7,131	\$17,730
2012-13	\$15,148	\$19,898
2011-12	\$16,156	\$19,110

**Property/Liability Claims Management Program:** Property/Liability claims are processed, managed and adjusted "in-house." SDRMA utilizes state-of-the-art claims management software and members have online access to claims and loss history information.

**Workers' Compensation Claims Management Program:** Under the direct supervision of SDRMA's Chief Risk Officer, we utilize the third-party administrator expertise of York Risk Services Group, Inc. for our workers' compensation claims management. Members have online access to claims and loss history information.



# HEALTH BENEFITS PROGRAM

SDRMA in partnership with California State Association of Counties (CSAC-EIA Health - current life pool with over 80,000 participants), offers a small group Medical Benefits Program to public agencies with 250 employees or less. Blue Shield is the network provider and there are multiple plan offerings; HMOs, PPOs, and High Deductible HSA Compatible Plans. Express Scripts and Blue Shield are the prescription providers.

SDRMA also offers an Ancillary coverages package including Delta Dental, VSP Vision, VOYA Financial Life, Long Term Disability (LTD) and an MHN Employee Assistance Program (EAP). There

are several available options for each coverage providing maximum flexibility and savings.



SDRMA functions as the administrator of the small group program by marketing the program, enrolling new groups, answering day to day questions, billing, collecting and remitting the monthly medical premiums.

SDRMA functions as the administrator of the small group program by marketing the program, enrolling new groups, answering day to day questions, billing (using a third party TPA), collecting and remitting the monthly

medical premiums. Since SDRMA only serves as the administrator of the Health Benefits Programs, there is no liability risk to SDRMA members.

Groups must be public agencies and are not required to participate in other SDRMA programs.

## CONFIDENCE LEVELS



Providing Confidence in our Programs: The confidence level is a measurement of the Authority's funding level and ability to pay losses. The higher the percentage, the greater the ability to pay losses (current and future claims). SDRMA's Board of Directors has an established policy of maintaining an actuarial confidence level on an undiscounted basis of 90% for Property/Liability and 85% for Workers' Compensation. Currently, both our Property/Liability and Workers' Compensation confidence levels exceed 95%. The actuarial industry average is 75% - 85%.



Our goal is to serve as an extension of your staff so our service is seamless to you and your agency.





## FINANCIAL INFORMATION

## STATEMENT OF NET POSITION – JUNE 30, 2016 AND 2015

ASSETS	2016	2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,527,850	\$ 13,786,494
Current investments	6,555,223	2,989,445
Receivables	5,023,854	2,267,632
Prepaid expenses	2,599,332	2,286,324
<b>Total Current Assets</b>	<b>20,706,259</b>	<b>21,329,895</b>
<b>NONCURRENT ASSETS</b>		
Investments at market	84,573,703	81,408,271
Note receivable	77,792	133,011
Capital assets:		
Land	762,850	762,850
Other capital assets, net	4,562,230	3,996,301
<b>Total Noncurrent Assets</b>	<b>89,976,575</b>	<b>86,300,433</b>
<b>Total Assets</b>	<b>110,682,834</b>	<b>107,630,328</b>
Deferred Outflow On Pensions	332,954	973,962
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	848,433	567,986
Accrued payroll	126,656	103,375
Member payable	1,181,739	995,330
Unearned contributions	8,411,217	7,749,051
Current portion of claim-related liabilities	16,000,000	14,000,000
<b>Total Current Liabilities</b>	<b>26,568,045</b>	<b>23,415,742</b>
<b>NONCURRENT LIABILITIES</b>		
Noncurrent portion of claim-related liabilities	32,136,227	35,364,045
Pension liability, net	50,445	840,009
<b>Total Noncurrent Liabilities</b>	<b>32,186,672</b>	<b>36,204,054</b>
<b>Total Liabilities</b>	<b>58,754,717</b>	<b>59,619,796</b>
Deferred Inflow On Pensions	117,687	294,368
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	5,325,080	4,759,151
Unrestricted	46,818,304	43,930,975
<b>Total Net Position</b>	<b>\$ 52,143,384</b>	<b>\$ 48,690,126</b>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**JUNE 30, 2016 AND 2015**

	2016	2015
<b>OPERATING REVENUES</b>		
Members' contributions	\$ 33,188,001	\$ 30,863,425
Health benefits premiums	28,878,297	24,814,855
Other income	289	-
<b>Total Operating Revenues</b>	<b>62,066,587</b>	<b>55,678,280</b>
<b>OPERATING EXPENSES</b>		
Claims expense	14,958,997	18,615,931
Insurance expense	12,456,321	12,431,395
Health insurance expense	28,310,058	24,328,450
Contract services and CSDA fees	2,249,869	2,262,525
Salaries	1,855,035	1,964,343
General and administrative	1,024,345	836,121
Depreciation expense	168,096	213,320
<b>Total Operating Expenses</b>	<b>61,022,721</b>	<b>60,652,085</b>
<b>Operating Income (Loss)</b>	<b>1,043,866</b>	<b>(4,973,805)</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>		
Rental revenue	376,858	377,541
Rental expense	(317,168)	(301,088)
Net Rental Income (Loss)	59,690	76,453
Investment income	2,349,702	1,262,128
Gain (Loss) on sale of capital assets	-	-
<b>Total Nonoperating Income</b>	<b>2,409,392</b>	<b>1,338,581</b>
<b>Change in Net Position</b>	<b>3,453,258</b>	<b>(3,635,224)</b>
<b>Beginning Net Position</b>	<b>48,690,126</b>	<b>53,369,797</b>
<b>Prior Period Adjustment</b>		<b>(1,044,447)</b>
<b>Beginning Net Position as Restated</b>		<b>52,325,350</b>
<b>Ending Net Position</b>	<b>\$ 52,143,384</b>	<b>\$ 48,690,126</b>

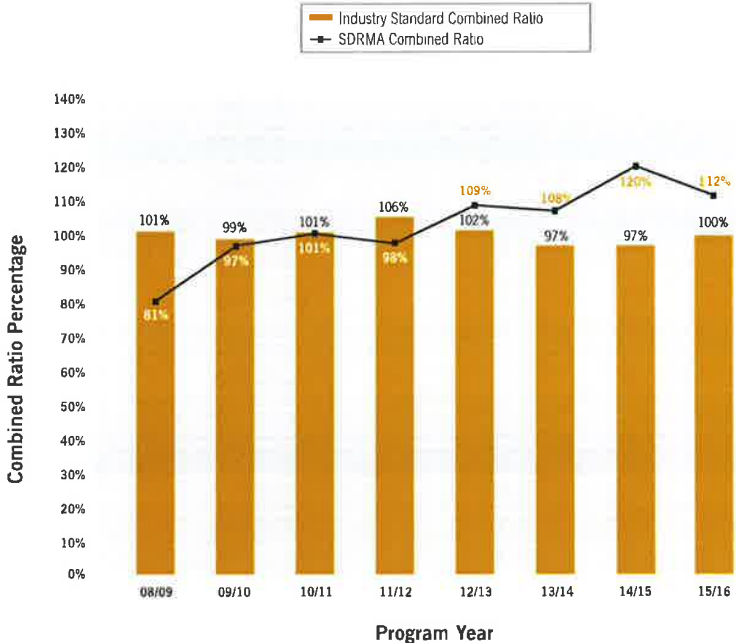


# PROPERTY/LIABILITY COMBINED RATIOS

Combined ratios are a statistical measurement used to evaluate an organization's underwriting performance and takes into consideration annual operating costs, including claims and excess insurance expenditures compared to premiums collected.

SDRMA's high ranking exceeds industry benchmarks resulting in lower rates for our members. This graphical illustration demonstrates that SDRMA's combined pool losses are typically below the combined ratio of the commercial insurance market. However, over the last couple of years, the SDRMA Board of Directors approved using Reserves instead of increasing rates for our members - those Reserves had previously been set aside for that purpose. This is reflected in the higher combined ratio number in the chart below.

### PROPERTY/LIABILITY PROGRAM COMBINED RATIO TREND ANALYSIS

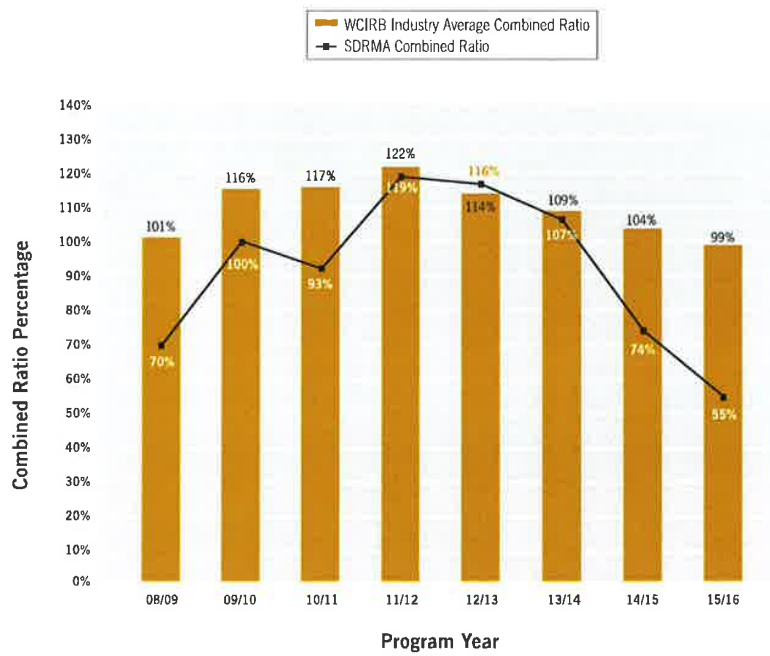


# WORKERS' COMPENSATION COMBINED RATIOS

Combined ratios are an indicator of the organization's sound underwriting principles and skill at mitigating risk. Combined ratios provide a measurement of expenses to premiums collected - ratios greater than 100% indicate that more is paid out in claims and expenses than is collected in premiums. This graphical illustration demonstrates that SDRMA's combined pool losses are consistently below the combined ratio of the commercial market.



## WORKERS' COMPENSATION PROGRAM COMBINED RATIO TREND ANALYSIS





Maximizing Protection. Minimizing Risk. [www.sdrma.org](http://www.sdrma.org)

1112 I Street, Suite 300  
Sacramento, California 95814-2865  
T 916.231.4141 or 800.537.7790  
F 916.231.4111

Attachment 3

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF KERN HEALTH SYSTEMS APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM**

**WHEREAS, Kern Health Systems**, a special district duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), has determined that it is in the best interest and to the advantage of the Agency to participate for at least three full years in the Property/Liability Program offered by the Special District Risk Management Authority (the "Authority"); and

**WHEREAS**, California Government Code Section 6500 *et seq.*, provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

**WHEREAS**, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing its members with risk financing and risk management programs; and

**WHEREAS**, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

**WHEREAS**, participation in Special District Risk Management Authority programs requires the Agency to execute and enter into a Sixth Amended Joint Powers Agreement (the "Amended JPA Agreement"); which states the purpose and powers of the Authority; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AGENCY AS FOLLOWS:**

Section 1. Findings. The Agency Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Agency.

Section 2. Sixth Amended JPA Agreement. The Amended JPA Agreement proposed to be executed and entered into by and between the Agency and members of the Special District Risk Management Authority, in the form presented at this meeting and on file with the Agency Secretary, is hereby approved. The Agency Board and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Authority the Amended JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Program Participation. The Agency Board of Directors approves participating for three full program years in Special District Risk Management Authority Property/Liability Program.

Section 4. Other Actions. The Authorized Officers of the Agency are each hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_ by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Agency Secretary







**To: KHS Finance Committee**

**From: Robert Landis, CFO**

**Date: August 4, 2017**

**Re: Kern Medical Voluntary Participation in IGT Funding Distribution Relating to Services for Medi-Cal SPD Enrollees**

---

**Background**

Department of Health Care Services (DHCS) is providing Kern Medical with the opportunity to participate in a voluntary IGT distributions relating to services provided for Medi-Cal SPD enrollees for the period July 1, 2015 through June 30, 2016 for a maximum amount of \$2,677,048 for Amendment 19 and a maximum amount of \$1,938,552 for Amendment 36.

Agenda item 7 relates to retro-active amendments to our Kern Medical agreement 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

22617 PA

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 19

This Amendment is made this 8<sup>th</sup> day of June (month/year), by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective January 1, 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 base rate increases to PROVIDER with respect to services for Medi-Cal SPD enrollees of PLAN as a result of Medi-Cal managed care capitation rate amounts to PLAN funded in part by intergovernmental transfers ("IGTs"), pursuant to Section 14182.15 of the Welfare and Institutions Code, from the Kern County Hospital Authority to the California Department of Health Care Services ("State DHCS") to help assure the availability of Medi-Cal health care services to Medi-Cal beneficiaries, including seniors and persons with disabilities ("SPD").

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

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

**SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES**

**1. SPD Base Rate Increases to PROVIDER**

**A. Payment**

Pursuant to subdivision (c) of Section 14182.15 of the Welfare and Institutions Code, should PLAN receive any SPD Medi-Cal Managed Care Rate Payments ("SPD MMCR Payments") from State DHCS, the nonfederal share of which is funded in any part by the Kern County Hospital Authority specifically pursuant to the Intergovernmental Agreement Regarding

Transfer of Public Funds, #15-92469 (“Intergovernmental Agreement”) effective for the period of July 1, 2015 through June 30, 2016, all of the provisions below shall apply.

(1) PLAN shall pay to PROVIDER, for services provided during the term of this Amendment, the rates for services set forth in the Agreement of this Agreement, which shall be no less than the rates in effect as of January 1, 2013.

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of \$2,677,048 for the period of July 1, 2015 through June 30, 2016, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B(1)) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN’s monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase 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 SPD MMCR Payments through June 30, 2016. If the PLAN receives any capitation rate increases described in paragraph (2) of subdivision (c) of Section 14182.15 of the Welfare and Institutions Code for which MMCS taxes apply based on the SPD MMCR Payments, 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 PROVIDER the SPD Payments (net of Health Plan Retention) from the remaining amount of the capitation rate increases as specified in paragraph 1.A consistent with Section 14182.15.

(2) PLAN will not retain any other portion of the SPD MMCR Payments received from the State DHCS other than those specified above.

**C. Conditions for Receiving SPD Base Rate Increase Payments**

As a condition for receiving SPD Base Rate Increase Payments, PROVIDER shall, as of the date the particular payment is due:

(1) remain a provider of primary and specialty hospital and non-hospital services in the PLAN, to provide capacity for meeting the complex conditions of SPD Medi-Cal beneficiaries;

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

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

(4) 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 Kern County Hospital Authority 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 with seven (7) calendar days after transferring Kern County Hospital Authority funds to the State DHCS for use as the nonfederal share of the SPD MMCR Payments.

**E. Form and Timing of Payments**

PLAN agrees to pay SPD Base Rate Increase Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the SPD Base Rate Increase Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer). Based on revenue, costs, and other factors, a percentage of the SPD MMCR Payments will be allocated between the hospital and other facility services agreement (42%) and the physician services agreement (58%).

(2) PLAN will pay the SPD Base Rate Increase Payments to PROVIDER no later than thirty (30) calendar days after receipt of the SPD MMCR Payments from State DHCS.

**F. Consideration**

(1) As consideration for the SPD Base Rate Increase Payments, PROVIDER shall use the SPD Base Rate Increase Payments for the following purposes and shall treat the SPD Base Rate Increase Payments in the following manner:

(a) The SPD Base Rate Increase Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the SPD Base Rate Increase 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 SPD Base Rate Increase Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained SPD Base Rate Increase 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 SPD BASE RATE INCREASE 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 SPD BASE RATE INCREASE 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 SPD BASE RATE INCREASE Payments received, but not used. These retained PROVIDER funds may be commingled with other Kern County Hospital Authority 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 Kern County Hospital Authority or federal matching funds will be recycled back to the Kern County Hospital Authority general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement or Amendment constitute patient care revenues.

#### **G. PLAN's Oversight Responsibilities**

PLAN's oversight responsibilities regarding PROVIDER's use of the SPD Base Rate Increase 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 SPD Base Rate Increase 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 SPD Base Rate Increase Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the SPD Base Rate Increase 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 SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER

during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase 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 Section J. PLAN agrees to transmit to the PROVIDER any underpayment of SPD Base Rate Increase Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

**J. Indemnification**

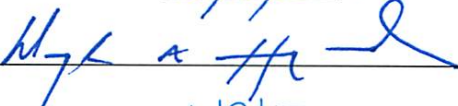

Both parties agree to indemnify, defend and hold harmless the other party and their officers, agents, and employees from any and all claims, demands, judgments, damages, costs, liabilities or losses arising from, or in any way relating to, any losses or delays in capitation payments as a result of intergovernmental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

**2. Term**


The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2018.

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: 6/6/2017  
 By: Title: Chief Executive Officer,   
 PROVIDER: Kern County Hospital Authority                      Date: 6/8/17  
 By: Title: Chief Executive Officer, 

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By:   
Karen S. Barnes, Esq.  
Vice President & General Counsel  
Kern County Hospital Authority

22417 PA

HEALTH PLAN-PROVIDER AGREEMENT  
HOSPITAL AND OTHER FACILITY SERVICES AGREEMENT  
AMENDMENT NO. 36

This Amendment is made this 8<sup>th</sup> day of June (month/year), by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective January 1, 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 base rate increases to PROVIDER with respect to services for Medi-Cal SPD enrollees of PLAN as a result of Medi-Cal managed care capitation rate amounts to PLAN funded in part by intergovernmental transfers ("IGTs"), pursuant to Section 14182.15 of the Welfare and Institutions Code, from the Kern County Hospital Authority to the California Department of Health Care Services ("State DHCS") to help assure the availability of Medi-Cal health care services to Medi-Cal beneficiaries, including seniors and persons with disabilities ("SPD").

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

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

**SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES**

**1. SPD Base Rate Increases to PROVIDER**

**A. Payment**

Pursuant to subdivision (c) of Section 14182.15 of the Welfare and Institutions Code, should PLAN receive any SPD Medi-Cal Managed Care Rate Payments ("SPD MMCR Payments") from State DHCS, the nonfederal share of which is funded in any part by the Kern County Hospital Authority specifically pursuant to the Intergovernmental Agreement Regarding



Transfer of Public Funds, #15-92469 (“Intergovernmental Agreement”) effective for the period of July 1, 2015 through June 30, 2016, all of the provisions below shall apply.

(1) PLAN shall pay to PROVIDER, for services provided during the term of this Amendment, the rates for services set forth in the Agreement of this Agreement, which shall be no less than the rates in effect as of July 1, 2016.

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of \$1,938,552 for the period of July 1, 2015 through June 30, 2016, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B(1)) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN's monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase 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 SPD MMCR Payments through June 30, 2016. If the PLAN receives any capitation rate increases described in paragraph (2) of subdivision (c) of Section 14182.15 of the Welfare and Institutions Code for which MMCS taxes apply based on the SPD MMCR Payments, 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 PROVIDER the SPD Payments (net of Health Plan Retention) from the remaining amount of the capitation rate increases as specified in paragraph 1.A consistent with Section 14182.15.

(2) PLAN will not retain any other portion of the SPD MMCR Payments received from the State DHCS other than those specified above.

**C. Conditions for Receiving SPD Base Rate Increase Payments**

As a condition for receiving SPD Base Rate Increase Payments, PROVIDER shall, as of the date the particular payment is due:

(1) remain a provider of primary and specialty hospital and non-hospital services in the PLAN, to provide capacity for meeting the complex conditions of SPD Medi-Cal beneficiaries;

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

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

(4) 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 Kern County Hospital Authority 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 with seven (7) calendar days after transferring Kern County Hospital Authority funds to the State DHCS for use as the nonfederal share of the SPD MMCR Payments.

**E. Form and Timing of Payments**

PLAN agrees to pay SPD Base Rate Increase Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the SPD Base Rate Increase Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer). Based on revenue, costs, and other factors, a percentage of the SPD MMCR Payments will be allocated between the hospital and other facility services agreement (42%) and the physician services agreement (58%).

(2) PLAN will pay the SPD Base Rate Increase Payments to PROVIDER no later than thirty (30) calendar days after receipt of the SPD MMCR Payments from State DHCS.

**F. Consideration**

(1) As consideration for the SPD Base Rate Increase Payments, PROVIDER shall use the SPD Base Rate Increase Payments for the following purposes and shall treat the SPD Base Rate Increase Payments in the following manner:

(a) The SPD Base Rate Increase Payments shall represent compensation for Medi-Cal services rendered to Medi-Cal PLAN members by PROVIDER during the State fiscal year to which the SPD Base Rate Increase 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 SPD Base Rate Increase Payment amounts shall be retained by PROVIDER to be expended for health care services. Retained SPD Base Rate Increase 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 SPD BASE RATE INCREASE 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 SPD BASE RATE INCREASE 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 SPD BASE RATE INCREASE Payments received, but not used. These retained PROVIDER funds may be commingled with other Kern County Hospital Authority 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 Kern County Hospital Authority or federal matching funds will be recycled back to the Kern County Hospital Authority general fund, the State, or any other intermediary organization. Payments made by the health plan to providers under the terms of this Agreement or Amendment constitute patient care revenues.

#### **G. PLAN's Oversight Responsibilities**

PLAN's oversight responsibilities regarding PROVIDER's use of the SPD Base Rate Increase 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 SPD Base Rate Increase 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 SPD Base Rate Increase Payments, PROVIDER and PLAN agree to work together in all respects to support and preserve the SPD Base Rate Increase 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 SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER

during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase 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 Section J. PLAN agrees to transmit to the PROVIDER any underpayment of SPD Base Rate Increase 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 Kern County Hospital Authority to the State DHCS for the provision of SPD Base Rate Increase Payments to PLAN.

**2. Term**

The term of this Amendment shall commence on July 1, 2015 and shall terminate on September 30, 2018.

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: 4/6/2017


By: Title: Chief Executive Officer, 

PROVIDER: Kern County Hospital Authority

Date: 6/8/17

By: Title: Chief Executive Officer, 

APPROVED AS TO FORM:  
LEGAL SERVICES DEPARTMENT

By   
Karen S. Barnes, Esq.  
Vice President & General Counsel  
Kern County Hospital Authority





**TO: KHS Finance Committee**

**FROM: Anita Martin, Director of Human Services**

**DATE: August 4, 2017**

**SUBJECT: Modification to the Tuition Assistance Program Policy**

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**Background**

At the April 13, 2017 Board of Directors Meeting, under Agenda Item 12, the Board of Directors discussed and authorized the establishment of a Tuition Assistance Program for Kern Health Systems (“KHS”) employees.

Under section II A of the Tuition Assistance Program Policy (attached), employees are entitled to receive reimbursement up to 75% of tuition not to exceed \$5,250 (IRS maximum before taxes).

Since tuition varies from school to school, student employees attending lower tuition institutions receive less than student employees who attend higher tuition intuitions where tuitions exceed \$5,250.

Our desire is to provide a fair and equitable reimbursement to employees attending a community college or state university of lesser cost. Individuals attending a university or college of higher expense, would most likely meet the maximum annual reimbursement at the 75% rate, however, the employees at a lesser costly college or university would not.

Therefore, to ensure an equitable and fair policy, management recommends changing the current policy to pay 100% up to the IRS maximum without tax penalty of \$5,250.

Under the current tuition reimbursement program, the cost of this change in policy to the company for our student employees participating in this program would be approximately \$2,000 for calendar year 2017 and would still be well within the 2017 Tuition Assistance Program budgeted amount.

**Requested Action**

So as not to discriminate against student employees attending lower tuition institutions, recommend to the Board of Directors to approve a modification to the Tuition Assistance Policy from a maximum of 75% to 100% of tuition not to exceed \$5,250.



## Tuition Assistance Program Policy

**Kern Health Systems** provides financial support to employees who participate in externally sponsored educational courses which meet the criteria outlined in this Policy. Such support is intended to enhance employees' professional development and their skills and knowledge related to our business. This Tuition Assistance Policy is an IRS tax-exempt program and the following guidelines are critical to our being able to offer this tax-free tuition reimbursement process.

### Administrative Guidelines

#### I. Requirements

##### A. Eligibility

Active employees who are classified as "full-time" (regularly scheduled to work 30 or more hours per week) with at least six months of continuous service immediately prior to the start of the course are eligible to apply for reimbursement for qualified tuition expenses. (For purposes of this policy, "active" means employees who are not on a leave of absence at the time of taking the course.)

##### B. Termination of Eligibility

1. Eligibility ceases upon notice of termination of employment. No reimbursements will be made to former employees, to employees who have given notice of resignation, or who have been notified that they will be involuntarily terminated. This includes situations in which approval of such reimbursement was previously provided and/or the course was satisfactorily completed prior to the date of termination.

2. Eligibility for tuition reimbursement also ceases when an employee receives an overall performance rating on their most recent annual review **below a "3.00"** –or- is placed on a Performance Improvement Plan ("PIP" or other performance action plan) while taking Tuition Reimbursement courses. In those circumstances, the employee may complete courses that are in session at the time of the performance rating or PIP but will not be eligible for reimbursement for any new courses enrolled in after receiving the performance rating or PIP, and prior to attaining an overall performance rating of "3.00" or better, or resolving any stated performance issues as determined by their manager.

##### C. Types of Assistance

Assistance, when approved, is given in the form of tuition reimbursement after successful course completion. Successful completion of a course shall be evidenced by a report from the school showing a passing grade of at least "C" or better. If grades are not normally awarded, a statement of satisfactory completion must be presented; for instance, this may include a pass/fail situation.

##### D. Approved Schools

Courses taken at one of the approved academic institutions listed on the California Universities and Accredited Colleges list (see attachment "A"), **OR**, with approval of the employee's direct supervisor **AND** the Director of Human Resources, one of the academic institutions listed on the U.S. Department of Education, Accreditation: Universities and Higher Education at <https://www.ed.gov/accreditation?src=rn> will be eligible for consideration. Correspondence courses or online courses will be considered for reimbursement only from approved academic institutions and only when they are determined to be equivalent or superior to comparable resident instruction.



## E. Courses Eligible for Reimbursement

Eligibility for reimbursement of courses applied to a **graduate degree program** will be determined by any of the following criteria:

- Coursework relevant to the employee's current job assignment, or graduate degree;
- Coursework relevant to a position within Kern Health Systems for which the employee is being trained, or aspires to; or
- Coursework relevant to a written development plan established by the employee's manager

Eligibility for reimbursement of **all other courses** will be determined by any one of the following criteria:

- Coursework relevant to the employee's current job assignment, or undergraduate degree;
- Coursework relevant to a position within Kern Health Systems for which the employee is being trained or aspires to; or
- Coursework that applies to a business-related degree and or certificate/certification

Professional certifications are specifically covered under this policy. Decisions regarding the fees and expenses associated with preparatory courses or certification exams are left to the discretion of the department Director.

Situations which are not described, such as testing out of a course for the purpose of credit toward a business-related degree, or reimbursement for the costs of establishing credit for life experience that are applied toward a degree, will be reviewed by the Director of Human Resources and will be considered on an individual basis.

## II. Educational Benefit

### A. Amount Reimbursed

For eligible employees classified as "full-time," reimbursement for eligible expenses is limited to **75% of tuition expenses** up to the following amounts:

- For eligible courses applied to a graduate degree program, up to \$5,250 per calendar year
- For all other eligible courses (including undergraduate programs), up to \$5,250 per calendar year

For purposes of these limits, an employee who begins pursuing a graduate degree in the fall is considered a graduate student for the entire year and is subject to **75% of the tuition** up to \$5,250 limit for all reimbursements sought January 1 - December 31 of the current year. Currently, reimbursements of up to \$5,250 annually will not be subject to income tax withholdings. Tuition expenses do not include; books, parking fees, ASI fees, IRA fees, Student Union fees, Health Facility fees, Electronic Usage/Policy fees, Photo ID fees, or other fees assessed outside of tuition.

### B. Financial Assistance Outside of the Company

Eligible employees who receive assistance from outside sources (scholarships, grants, GI Bill, fellowships, and other stipends) are eligible for tuition reimbursement only if the cost of the tuition exceeds the amount of assistance received. In such cases, Kern Health Systems will reimburse 100% of the difference for qualifying tuition, up to the total dollar amounts noted above.

### C. Payback Agreement

As a condition of tuition reimbursement for all eligible programs, the employee must agree that if he or she voluntarily or involuntarily leaves Kern Health Systems;

- The employee must pay 100% of any tuition reimbursements received during the twelve month period preceding the employee's termination date;

This payback agreement will not be enforced in situations where the employee's position is eliminated and he/she is eligible for severance.

### III. Procedures

To qualify for and receive tuition reimbursement, the employee is required to:

- Complete the Tuition Reimbursement Request Form and the Repayment Agreement form and have both approved by his/her manager and the Director of HR before enrolling in the course. Retain the completed form until the course is completed.
- Enroll, pay the tuition and complete the course.
- Obtain evidence of satisfactory completion of the course as well as a statement/receipt reflecting the amount of the tuition paid (such as a tuition statement or receipt of payment for tuition).
- Submit the approved and signed Tuition Reimbursement Request Form, as well as the grade report and a statement/receipt reflecting the amount of the tuition paid (such as a tuition statement or receipt of payment for tuition) to Human Resources. Any additional paperwork that may affect the amount to be reimbursed (i.e., grants, scholarships, GI bill, etc.) should accompany the paperwork.
- Paperwork should be submitted within 90 days of course completion.
- Approved reimbursements will be paid through Accounting. Reimbursement will generally occur within 30-days of all of the appropriate paperwork. For example, if paperwork is completed and approved by the 1st of the month, the reimbursement will generally occur by the end of that month.



## Tuition Assistance Program Policy (Attachment A)

### California Universities, Accredited Colleges, and Degrees

The nearly 800 colleges and universities in California are maintained by the California Student Aid Commission (CSAC). This commission works to ensure that higher education in the state is affordable and accessible to residents. In ensuring financially accessible higher education in the state, the board works to ultimately provide residents with a high quality of life as well as encourage a positive state economy. In order to reach its goals, the board engages in community outreach, educating the public about higher education options, and providing reports about California's higher education progress as a whole.

#### Accredited Colleges & Universities in California

There are 281 four-year universities and colleges in California. The largest of those four-year universities is the University of California Los Angeles (UCLA) and the University of Southern California (USC). UCLA is a public university established in 1919. It is ranked No. 24 in the nation by [U.S. News & World Report](#). Competing with UCLA, the University of Southern California is also ranked No. 24 in the nation by [U.S. News & World Report](#). It was founded in 1880 and is also situated in Los Angeles.

Though both UCLA and USC are considered to be among the best colleges in California, the top universities in California are the University of California, Berkeley and Stanford University. [U.S. News & World Report](#) ranks UC Berkeley No. 21 among the best universities in the U.S. The university is publicly funded and was founded in 1868; it is known for Professor J. Robert Oppenheimer, who was the director of the atomic bomb's development during World War II. Stanford University, however, is the most prestigious college in California. A private university, it is ranked No. 6 in the nation by [U.S. News & World Report](#). Stanford boasts such alumni as Tiger Woods, President Herbert Hoover, and John Elway.

California is one of 15 members of the Western Interstate Commission of Higher Education (WICHE), a nonprofit organization that works to increase the availability of and better higher education. As part of this organization, California engages in several initiatives to make higher education more accessible and affordable, such as the [Interstate Passport Initiative](#) and the [Knocking at the College Door](#) program. Meanwhile, several higher education institutions have implemented online education to increase postsecondary enrollment and graduates. For instance, USC offers [many online degree](#) options at various levels to accommodate students that need a distance education.

#### Accredited Community Colleges in California

Of the 498 community colleges in California, East Los Angeles College (ELAC) and the City College of San Francisco (CCSF) have the highest enrollments. According to the [National Center for Education Statistics](#), ELAC has more than 37,000 students and CCSF has nearly 35,000. In order to boost graduation and enrollment rates, [CCSF](#) and [ELAC](#) both offer online courses for those students whose schedules require more flexibility. Community colleges in general were founded in order to provide affordable high education. Some students attending community colleges enroll in certificate and associate degree programs to further their careers; others do so to earn a less costly basic education that can be transferred towards a four-year degree.

Recognizing that junior colleges are an imperative component of higher education, Gov. Jerry Brown recently signed the [Student Access Act of 2012](#), making it law. The goal of this act is to increase the rate at which community college degrees and programs are completed in the state. To this end, the act will give precedence to new students who would ordinarily be unable to register for courses filled by students who should have already graduated. It will also require college students to meet with a counselor and establish an education plan in which they designate when they will take their required courses. Moreover, the act will require students to take an assessment exam in order to be placed in courses in which they have the ability to succeed.

## Universities:

- [Antioch University](#) - Los Angeles
- [Azusa Pacific University](#)
- [Biola University](#)
- [California Coast University](#)
- [California Institute of Technology](#) - Pasadena
- [California Lutheran University](#)
- [California National University](#)
- [California Pacific University](#) - San Diego
- [California Polytechnic State University](#) - San Luis Obispo
- [California State Polytechnical University](#) - Pomona
- [California State University](#) - Home Page
- [California State University - Bakersfield](#)
- [California State University - California Maritime Academy](#)
- [California State University - Chico](#)
- [California State University - Dominguez Hills](#)
- [California State University - Fresno](#)
- [California State University - Fullerton](#)
- [California State University - Hayward](#)
- [California State University - Humboldt State University](#)
- [California State University - Long Beach](#)
- [California State University - Los Angeles](#)
- [California State University - Monterey Bay](#)
- [California State University - Northridge](#)
- [California State University - Sacramento](#)
- [California State University - San Bernardino](#)
- [California State University - San Diego State University](#)
- [California State University - San Francisco State University](#)
- [California State University - San Jose State University](#)
- [California State University - San Marcos](#)
- [California State University - Sonoma State University](#)
- [California State University - Stanislaus](#)
- [Chapman University](#) - Orange
- [Claremont Graduate University](#)
- [Concordia University](#) - Irvine
- [Dominican University of California](#)
- [Fielding Graduate University](#)
- [Fresno Pacific University](#)
- [Golden Gate University](#)
- [Hope International University](#)
- [John F. Kennedy University](#) - Orinda
- [La Sierra University](#) - Riverside
- [Lincoln University](#) - San Francisco

- [Loma Linda University and Medical Center](#)
- [Loyola Marymount University](#) - Westchester
- [National University](#) - La Jolla
- [Pacific Western University](#)
- [Pepperdine University](#) - Malibu
- [Point Loma Nazarene University](#)
- [Santa Clara University](#)
- [Southwestern University School of Law](#)
- [Stanford University](#)
- [Touro University International](#)
- [United States International University](#)
- [University of California - Berkley](#)
- [University of California - Davis](#)
- [University of California - Hastings College of Law](#)
- [University of California - Irvine](#)
- [University of California - Los Angeles](#)
- [University of California - Riverside](#)
- [University of California - San Diego](#)
- [University of California - San Francisco](#)
- [University of California - Santa Barbara](#)
- [University of California - Santa Cruz](#)
- [University of Judaism](#)
- [University of La Verne](#)
- [University of Northern California](#)
- [University of Redlands](#)
- [University of San Diego](#)
- [University of San Francisco](#)
- [University of Southern California](#)
- [University of the Pacific](#)
- [Vanguard University of Southern California](#)
- [West Coast University](#)
- [William Howard Taft University](#)
- [Woodbury University](#)

### **Colleges:**

- [Andon College](#)
- [Bethany College](#)
- [Bryman College](#)
- [California Institute of Integral Studies](#)
- [California Maritime Academy](#)
- [California College of Arts and Crafts, San Francisco \(CCASF\)](#) - Oakland
- [California School of Professional Psychology](#)
- [Claremont McKenna College](#)
- [Cogswell Polytechnical College](#)
- [College of Notre Dame](#) - Belmont
- [Cypress College](#)
- [Deep Springs College](#)
- [Fashion Institute of Design & Merchandising](#) - Los Angeles
- [Fuller Theological Seminary](#)
- [Harvey Mudd College](#)
- [Heald College](#)

- [Kwantlen University College](#)
- [LearnWell Online](#)
- [Master's College](#)
- [Master's Seminary](#)
- [Menlo College](#)
- [Mills College](#)
- [Monterey Institute of International Studies](#)
- [Mt. Sierra College](#)
- [Naval Postgraduate School](#)
- [New College of California](#)
- [Occidental College](#)
- [Pacific Union College](#)
- [Palomar College](#) - San Marcos
- [Pitzer College](#)
- [Platt College](#)
- [Pomona College](#)
- [Saint Mary's College of California](#) - Moraga
- [Scripps College](#)
- [Skadron College](#) - San Bernadino
- [Southern California Institute of Architecture](#)
- [Thomas Aquinas College](#)
- [Westmont College](#)
- [Whittier College](#)

### **Community Colleges:**

- [American River College](#)
- [Bakersfield College](#)
- [Barstow College](#)
- [Brooks College](#)
- [Butte College](#) - Oroville
- [Cabrillo College](#) - Aptos
- [Cerritos College](#)
- [Cerro Coso College](#)
- [Chabot College](#)
- [Chabot-Las Positas](#)
- [Chaffey College](#) - Rancho Cucamonga
- [Citrus College](#)
- [City College of San Francisco](#)
- [Coast Community College District](#)
- [Coastline Community College](#)
- [College of Alameda](#) - Alameda
- [College of Marin](#)
- [College of the Canyons](#) - Santa
- [College of the Desert](#) - Palm Desert
- [College of the Redwoods](#)
- [College of the Sequoias](#)
- [College of the Siskiyous](#)
- [Columbia Community College](#) - Sonora
- [Compton Community College](#) - Compton
- [Contra Costa College](#)
- [Contra Costa Community College](#) - Martinez

- [Cosumnes River College](#)
- [Cuesta College](#)
- [De Anza College](#) - Silicon Valley
- [Diablo Valley College](#) - Martinez
- [East Los Angeles College](#) - Monterey park
- [El Camino College](#)
- [Evergreen Valley College](#)
- [Feather River College](#) - Quincy
- [Foothill - De Anza District](#)
- [Fresno City College](#) - Fresno
- [Fullerton College](#)
- [Gavilan College](#)
- [Glendale Community College](#)
- [Golden West College](#)
- [Grossmont-Cuyamaca Community College District](#)
- [Hartnell College](#) - Salinas
- [Imperial Valley College](#)
- [Irvine Valley College](#)
- [Kern Community College District](#)
- [Lake Tahoe Community College](#) - South Lake Tahoe
- [Laney College](#) - Oakland
- [Las Positas College](#) - Livermore
- [Lassen Community College](#)
- [Long Beach City College](#)
- [Los Angeles City College](#)
- [Los Angeles Community College District](#)
- [Los Angeles Harbor College](#)
- [Los Angeles Pierce Community College](#)
- [Los Angeles Trade-Technical College](#)
- [Los Angeles Valley College](#)
- [Los Medanos College](#) - Pittsburg
- [Los Rios Community College District](#)
- [Mendocino Community College](#)
- [Merced College](#) - Merced
- [Merritt College](#)- Oakland
- [Mira Costa College](#)
- [Miramar College](#) - San Diego
- [Mission College](#) - Santa Clara
- [Modesto Junior College](#) - Modesto
- [Monterey Peninsula College](#)
- [Moorpark College](#) - Moorpark
- [Mount San Antonio College](#)
- [Mount San Jacinto College](#)
- [Napa Valley College](#) - Napa
- [Ohlone College](#)
- [Orange Coast College](#)
- [Oxnard College](#) - Oxnard
- [Palo Verde College](#) - Blythe
- [Pasadena City College](#)
- [Peralta Community College District](#) - Oakland
- [Porterville College](#)
- [Rancho Santiago Community College District](#)

- [Reedley College](#) - Reedley
- [Rio Hondo College](#)
- [Riverside Community College](#)
- [Rudolf Steiner College](#) - Fair Oaks
- [Sacramento City College](#)
- [Saddleback College](#)
- [San Bernardino Community College](#)
- [San Diego Community College District](#) - San Diego
- [San Joaquin Delta Community College District](#) - Stockton
- [San Jose City College](#)
- [San Jose - Evergreen Community College District \(SJECCD\)](#)
- [San Luis Obispo Community College District](#) - San Louis Obispo
- [Santa Barbara City College](#)
- [Santa Monica College](#)
- [Santa Rosa Junior College](#)
- [Shasta College](#)
- [Sierra College](#)
- [Solano Community College](#)
- [Southwestern College](#)
- [State Center Community College District](#) - Fresno
- [Taft College](#)
- [Victor Valley Community College](#) - Victorville
- [Vista Community College](#) - Berkley
- [West Hills Community College](#)
- [West Valley College](#) - Saratoga
- [West Valley - Mission Community College District](#) - Saratoga
- [Yosemite Community College District](#) - Modesto
- [Yuba Community College District](#)
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Reference:

<http://www.collegedegree.com/states/california-colleges>





**To: KHS Finance Committee**  
**From: Robert Landis, CFO**  
**Date: August 4, 2017**  
**Re: May 2017 Financial Results**

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The May results reflect a \$1,931,423 Net Increase in Net Position which is an \$823,313 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.5 million favorable variance primarily due to:
  - A) \$.5 million unfavorable variance relating to Family & Other primarily due to higher than expected enrollment (\$.1 million), lower than expected Maternity revenue (\$.5 million) and lower than expected HEP-C revenue (\$.1 million).
  - B) \$1.3 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$1.4 million) and lower than expected Maternity revenue (\$.1 million).
  - C) \$.4 million unfavorable variance relating to SPD members primarily due to lower than expected enrollment (\$.2 million) and lower than expected HEP-C revenue (\$.2 million).
  - D) \$.7 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
  
- 2) Total Medical Costs reflect a \$.1.5 million unfavorable variance primarily due to:
  - A) \$1.8 million unfavorable variance in Physician Services primarily due to higher than expected enrollment and higher than expected utilization of Referral Specialty Services.
  - B) \$.7 million favorable variance in Emergency Room primarily due to lower than expected utilization.
  - C) \$1.3 million unfavorable variance in Inpatient primarily due to higher than expected enrollment and higher than expected Expansion and SPD utilization.
  - D) \$.4 million favorable variance in Pharmacy primarily due to lower than expected HEP-C utilization.
  - E) \$. 7 million favorable IBNR adjustments from the prior year.

The May Medical Loss Ratio is 92.2% which is unfavorable to the 91.4% budgeted amount. The May Administrative Expense Ratio is 4.9 % which is favorable to the 5.7% budgeted amount.

The results for the 5 months ended May 31, 2017 reflects a Net Increase in Net Position of \$17,462,577. This is an \$12,081,376 favorable variance to budget and includes approximately \$4.1 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 89.8% which is favorable to the 91.4% budgeted amount. The year-to-date Administrative Expense Ratio is 4.5% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems  
Financial Packet  
May 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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<b>KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF MAY 31, 2017</b>			
<b>ASSETS</b>	<b>MAY 2017</b>	<b>APRIL 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 112,844,767	\$ 161,023,783	\$ (48,179,016)
Short-Term Investments	178,522,850	178,339,888	182,962
Pass-through Monies Held for Future Payment	2,150,390	3,219,608	(1,069,218)
Premiums Receivable - Net	17,732,550	-	17,732,550
Interest Receivable	338,203	159,621	178,582
Other Receivables	437,727	816,873	(379,146)
Prepaid Expenses & Other Current Assets	871,236	1,088,713	(217,477)
<b>Total Current Assets</b>	<b>\$ 312,897,723</b>	<b>\$ 344,648,486</b>	<b>\$ (31,750,763)</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,851,562	4,851,562	-
Furniture and Equipment	7,171,083	7,269,053	(97,970)
Automobile - Net	20,540	20,932	(392)
Building and Building Improvements - Net	6,852,954	6,880,809	(27,855)
Capital Projects in Process	5,388,192	4,739,454	648,738
<b>Total Capital Assets</b>	<b>\$ 24,284,331</b>	<b>\$ 23,761,810</b>	<b>\$ 522,521</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,540,339</b>	<b>\$ 4,540,339</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 342,022,393</b>	<b>\$ 373,250,635</b>	<b>\$ (31,228,242)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 52,539	\$ 52,239	300
Accrued Salaries and Employee Benefits	2,359,809	2,067,880	291,929
Accrued Other Operating Expenses	1,473,434	1,658,241	(184,807)
Accrued Taxes and Licenses	13,896,267	6,697,675	7,198,592
Other Medical Liabilities - Nonoperating Passthrough	2,150,390	3,219,608	(1,069,218)
DHCS Payable - Net	-	43,930,542	(43,930,542)
Claims Payable (Reported)	18,608,722	15,090,237	3,518,485
IBNR - Inpatient Claims	33,325,957	32,989,117	336,840
IBNR - Physician Claims	11,414,815	11,218,873	195,942
IBNR - Accrued Other Medical	20,498,416	19,324,925	1,173,491
Risk Pool and Withholds Payable	3,377,546	3,995,039	(617,493)
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	37,705,994	37,768,010	(62,016)
<b>Total Current Liabilities</b>	<b>\$ 146,790,563</b>	<b>\$ 179,939,060</b>	<b>\$ (33,148,497)</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	4,713,346	4,724,514	(11,168)
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 4,713,346</b>	<b>\$ 4,724,514</b>	<b>\$ (11,168)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 1,840,334</b>	<b>\$ 1,840,334</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	17,462,577	15,531,154	1,931,423
<b>Total Net Position</b>	<b>\$ 188,678,150</b>	<b>\$ 186,746,727</b>	<b>\$ 1,931,423</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 342,022,393</b>	<b>\$ 373,250,635</b>	<b>\$ (31,228,242)</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED MAY 31, 2017			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>								
164,529	164,900	(371)	Family Members	817,622	818,500	(878)		
58,065	55,300	2,765	Expansion Members	284,508	274,500	10,008		
13,415	13,700	(285)	SPD Members	67,456	68,000	(544)		
5,273	4,100	1,173	Other Members	25,468	20,250	5,218		
7,714	7,100	614	Kaiser Members	37,267	35,250	2,017		
248,996	245,100	3,896	<b>Total Members - MCAL</b>	<b>1,232,321</b>	<b>1,216,500</b>	<b>15,821</b>		
<b>REVENUES</b>								
21,057,784	21,523,008	(465,224)	Title XIX - Medicaid - Family and Other	105,891,680	106,914,563	(1,022,883)		
21,843,761	20,588,861	1,254,900	Title XIX - Medicaid - Expansion Members	107,576,252	102,214,508	5,361,744		
9,972,611	10,428,714	(456,103)	Title XIX - Medicaid - SPD Members	49,553,974	51,762,959	(2,208,985)		
7,504,758	7,170,940	333,818	Premium - MCO Tax	37,380,247	35,591,063	1,789,185		
376,466	154,078	222,388	Interest /Dividends	1,245,784	764,724	481,060		
-	104,720	(104,720)	Reinsurance Recoveries	-	519,750	(519,750)		
3,514,662	2,809,040	705,622	COB/Subrogation Collections	18,367,845	13,941,651	4,426,194		
(3,949)	-	(3,949)	Rate/Income Adjustments	2,520,327	-	2,520,327		
9	-	9	Other Income (Expense)	83,330	-	83,330		
64,266,102	62,779,360	1,486,742	<b>TOTAL REVENUES</b>	<b>322,619,439</b>	<b>311,709,218</b>	<b>10,910,222</b>		
<b>EXPENSES</b>								
Medical Costs:								
13,797,185	12,008,468	(1,788,717)	Physician Services	65,286,135	59,602,212	(5,683,923)		
2,584,649	2,656,681	72,032	Other Professional Services	12,449,164	13,127,392	678,228		
3,942,442	4,679,235	736,793	Emergency Room	21,194,026	23,224,477	2,030,451		
14,725,286	13,448,255	(1,277,031)	Inpatient	73,343,747	66,749,481	(6,594,266)		
107,515	104,720	(2,795)	Reinsurance Expense	523,210	519,750	(3,460)		
5,787,957	5,590,373	(197,584)	Outpatient Hospital	28,961,398	27,747,300	(1,214,098)		
2,730,233	2,512,914	(217,319)	Other Medical	11,423,696	12,484,146	1,060,450		
8,855,628	9,269,694	414,066	Pharmacy	41,812,720	46,009,958	4,197,238		
567,013	559,300	(7,713)	Pay for Performance Quality Incentive	2,810,377	2,775,938	(34,440)		
(744,814)	-	744,814	IBNR, Incentive, Paid Claims Adjustment	(1,593,721)	-	1,593,721		
52,353,094	50,829,641	(1,523,453)	<b>Total Medical Costs</b>	<b>256,210,752</b>	<b>252,240,654</b>	<b>(3,970,098)</b>		
GROSS MARGIN								
11,913,008	11,949,719	(36,711)		66,408,687	59,468,564	6,940,124		
Administrative:								
1,904,742	1,939,485	34,743	Compensation	8,579,337	9,631,290	1,051,953		
344,437	539,319	194,882	Purchased Services	1,941,628	2,874,392	932,764		
89,505	147,190	57,685	Supplies	379,487	742,634	363,147		
432,721	544,675	111,954	Other Administrative Expenses	2,006,115	2,747,985	741,870		
2,771,405	3,170,668	399,263	<b>Total Administrative Expenses</b>	<b>12,906,567</b>	<b>15,996,300</b>	<b>3,089,733</b>		
55,124,499	54,000,310	(1,124,189)	<b>TOTAL EXPENSES</b>	<b>269,117,319</b>	<b>268,236,954</b>	<b>(880,365)</b>		
9,141,603	8,779,050	362,553	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>53,502,120</b>	<b>43,472,263</b>	<b>10,029,857</b>		
7,198,592	7,170,940	(27,652)	<b>MCO TAX</b>	<b>36,004,781</b>	<b>35,591,063</b>	<b>(413,719)</b>		
1,943,011	1,608,110	334,901	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>17,497,339</b>	<b>7,881,201</b>	<b>9,616,138</b>		
<b>NONOPERATING REVENUE (EXPENSES)</b>								
(11,588)	(500,000)	488,412	Reserve Fund Projects/Community Grants	(34,762)	(2,500,000)	2,465,238		
(11,588)	(500,000)	488,412	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(34,762)</b>	<b>(2,500,000)</b>	<b>2,465,238</b>		
1,931,423	1,108,110	823,313	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>17,462,577</b>	<b>5,381,201</b>	<b>12,081,376</b>		
92.2%	91.4%	-0.8%	<b>MEDICAL LOSS RATIO</b>	<b>89.8%</b>	<b>91.4%</b>	<b>1.5%</b>		
4.9%	5.7%	0.8%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>4.5%</b>	<b>5.8%</b>	<b>1.3%</b>		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED MAY 31, 2017	YEAR-TO-DATE		
				ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
164,529	164,900	(371)	Family Members	817,622	818,500	(878)
58,065	55,300	2,765	Expansion Members	284,508	274,500	10,008
13,415	13,700	(285)	SPD Members	67,456	68,000	(544)
5,273	4,100	1,173	Other Members	25,468	20,250	5,218
7,714	7,100	614	Kaiser Members	37,267	35,250	2,017
248,996	245,100	3,896	<b>Total Members - MCAL</b>	<b>1,232,321</b>	<b>1,216,500</b>	<b>15,821</b>
<b>REVENUES</b>						
124.01	127.36	(3.34)	Title XIX - Medicaid - Family and Other	125.60	127.47	(1.87)
376.19	372.31	3.88	Title XIX - Medicaid - Expansion Members	378.11	372.37	5.75
743.39	761.22	(17.83)	Title XIX - Medicaid - SPD Members	734.61	761.22	(26.61)
31.10	30.13	0.97	Premium - MCO Tax	31.28	30.13	1.15
1.56	0.65	0.91	Interest /Dividends	1.04	0.65	0.40
0.00	0.44	(0.44)	Reinsurance Recoveries	0.00	0.44	(0.44)
14.57	11.80	2.76	COB/Subrogation Collections	15.37	11.80	3.57
(0.02)	0.00	(0.02)	Rate/Income Adjustments	2.11	0.00	2.11
0.00	0.00	0.00	Other Income (Expense)	0.07	0.00	0.07
266.35	263.78	2.57	<b>TOTAL REVENUES</b>	<b>269.96</b>	<b>263.88</b>	<b>6.08</b>
<b>EXPENSES</b>						
Medical Costs:						
57.18	50.46	(6.73)	Physician Services	54.63	50.46	(4.17)
10.71	11.16	0.45	Other Professional Services	10.42	11.11	0.70
16.34	19.66	3.32	Emergency Room	17.73	19.66	1.93
61.03	56.51	(4.52)	<b>Inpatient</b>	61.37	56.51	(4.87)
0.45	0.44	(0.01)	Reinsurance Expense	0.44	0.44	0.00
23.99	23.49	(0.50)	Outpatient Hospital	24.23	23.49	(0.74)
11.32	10.56	(0.76)	Other Medical	9.56	10.57	1.01
36.70	38.95	2.25	Pharmacy	34.99	38.95	3.96
2.35	2.35	(0.00)	Pay for Performance Quality Incentive	2.35	2.35	(0.00)
(3.09)	0.00	3.09	IBNR, Incentive, Paid Claims Adjustment	(1.33)	0.00	1.33
216.98	213.57	(3.41)	<b>Total Medical Costs</b>	<b>214.39</b>	<b>213.54</b>	<b>(0.86)</b>
49.37	50.21	(0.84)	<b>GROSS MARGIN</b>	<b>55.57</b>	<b>50.34</b>	<b>5.23</b>
Administrative:						
7.89	8.15	0.25	Compensation	7.18	8.15	0.97
1.43	2.27	0.84	Purchased Services	1.62	2.43	0.81
0.37	0.62	0.25	Supplies	0.32	0.63	0.31
1.79	2.29	0.50	Other Administrative Expenses	1.68	2.33	0.65
11.49	13.32	1.84	<b>Total Administrative Expenses</b>	<b>10.80</b>	<b>13.54</b>	<b>2.74</b>
228.47	226.89	(1.57)	<b>TOTAL EXPENSES</b>	<b>225.19</b>	<b>227.08</b>	<b>1.89</b>
37.89	36.89	1.00	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>44.77</b>	<b>36.80</b>	<b>7.97</b>
29.83	30.13	0.30	<b>MCO TAX</b>	<b>30.13</b>	<b>30.13</b>	<b>0.00</b>
8.05	6.76	1.30	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>14.64</b>	<b>6.67</b>	<b>7.97</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>						
(0.05)	(2.10)	(2.05)	Reserve Fund Projects/Community Grants	(0.03)	(10.50)	(10.48)
(0.05)	(2.10)	(2.05)	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(0.03)</b>	<b>(10.50)</b>	<b>(10.48)</b>
8.00	4.66	3.35	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>14.61</b>	<b>4.56</b>	<b>10.06</b>
92.2%	91.4%	-0.8%	<b>MEDICAL LOSS RATIO</b>	<b>89.8%</b>	<b>91.4%</b>	<b>1.5%</b>
4.9%	5.7%	0.8%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>4.5%</b>	<b>5.8%</b>	<b>1.3%</b>

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH MAY 31, 2017														
ENROLLMENT														
	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	13 MONTH TOTAL
<b>REVENUES</b>														
Members - MCAL	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	3,042,103
<b>EXPENSES</b>														
Medical Costs:														
Physician Services	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	13,797,185	158,284,159
Other Professional Services	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	2,584,649	30,876,136
Emergency Room	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	3,942,442	55,483,689
Inpatient	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	15,281,823	14,524,702	14,725,286	175,927,440
Reinsurance Expense	179,842	180,699	182,458	183,031	183,648	185,643	187,188	187,800	103,176	103,384	103,399	105,736	107,515	1,993,099
Outpatient Hospital	4,855,347	4,986,698	2,758,213	6,364,762	3,990,250	5,114,588	4,698,013	6,388,140	5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	68,077,409
Other Medical	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	2,373,420	2,730,233	24,848,990
Pharmacy	8,154,315	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	8,098,176	8,128,455	8,166,304	9,063,123	8,149,210	8,855,628	105,880,827
Pay for Performance Quality Incentive	545,291	550,605	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	7,269,178
Expansion Risk Corridor Expense	1,469,399	1,329,868	(215,621)	-	1,059,120	853,019	137,358	413,346	-	-	-	-	-	5,046,489
IBNR, Incentive, Paid Claims Adjustment	(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)	(744,814)	(4,092,818)
Total Medical Costs	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	51,049,856	52,353,094	629,594,598
<b>GROSS MARGIN</b>	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	13,128,694	11,913,008	186,053,327
Administrative:														
Compensation	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	1,806,655	1,650,173	1,904,742	21,110,664
Purchased Services	231,179	532,780	256,055	354,966	343,359	478,654	607,200	470,957	268,436	450,657	436,052	442,046	344,437	5,216,778
Supplies	81,297	84,932	61,144	1,284	70,613	62,414	42,864	53,867	66,872	36,371	86,926	99,813	89,505	99,813
Other Administrative Expenses	304,432	391,548	333,267	338,202	368,192	663,609	265,740	423,090	359,822	363,606	484,727	365,239	432,721	5,094,195
Administrative Expense Adjustment	-	-	-	-	(190,729)	-	-	(1,960,549)	-	-	-	-	-	(2,151,278)
Total Administrative Expenses	2,110,035	2,467,926	2,048,649	2,198,158	2,181,198	2,826,399	2,633,111	756,218	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	30,108,261
<b>TOTAL EXPENSES</b>	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	55,124,499	659,702,859
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	9,262,125	9,849,357	5,314,869	6,965,027	28,921,560	13,886,204	14,635,968	11,418,140	10,897,259	11,473,695	10,571,423	10,571,423	9,141,603	155,945,066
<b>MCO TAX</b>	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	7,204,569	7,198,592	86,584,531
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	4,570,434	3,027,012	3,986,163	4,274,299	3,366,854	1,943,011	69,360,535
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-	-	-	-	(220,405)	-	-	-	(23,174)	-	(11,588)	(243,579)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,467,400	4,570,434	3,027,012	3,986,163	4,251,125	3,366,854	1,931,423	69,116,956
<b>MEDICAL LOSS RATIO</b>	82.9%	81.2%	86.5%	85.5%	82.6%	83.3%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	86.5%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.1%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH MAY 31, 2017														
	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	13 MONTH TOTAL
<b>ENROLLMENT</b>	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	3,042,103
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	126.97	129.88	129.86	132.03	130.94	130.83	128.46	122.95	126.64	119.60	129.31	128.39	124.01	127.91
Title XIX - Medicaid - Expansion Members	425.86	417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	375.46	376.19	379.38
Title XIX - Medicaid - SPD Members	703.09	698.55	760.11	759.39	743.07	758.87	759.67	736.02	736.98	717.78	734.16	740.65	743.39	736.17
Premium - MCO Tax	9.75	9.54	0.51	0.10	93.15	30.70	30.73	42.93	31.88	31.21	31.09	31.13	31.10	28.91
Interest/Dividends	0.69	0.63	0.68	0.65	0.81	1.01	0.95	0.83	0.77	1.10	1.02	1.13	1.56	0.89
Reinsurance Recoveries	0.00	0.00	0.00	0.16	0.13	0.88	0.00	(0.80)	0.00	0.00	0.00	0.00	0.00	0.06
COB/Subrogation Collections	8.27	12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.87	14.81
Rate/Income Adjustments	(3.14)	0.80	(0.07)	7.82	0.06	(1.42)	(0.00)	11.67	0.00	8.50	1.72	0.39	(0.02)	2.03
Other Income (Expense)	(0.01)	(0.45)	0.29	(0.29)	(1.76)	0.00	0.00	(5.38)	0.16	0.00	0.19	(0.00)	0.00	(0.56)
<b>TOTAL REVENUES</b>	247.46	245.57	234.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	268.12
<b>EXPENSES</b>														
<b>Medical Costs:</b>														
Physician Services	44.57	42.85	59.13	53.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	52.03
Other Professional Services	9.04	10.69	9.24	10.41	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	10.15
Emergency Room	17.73	17.26	21.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.64	16.34	18.24
<b>Inpatient</b>	58.55	56.02	73.05	56.96	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	57.83
Reinsurance Expense	0.80	0.79	0.80	0.80	0.79	0.80	0.80	0.80	0.80	0.44	0.43	0.44	0.45	0.66
Outpatient Hospital	21.41	21.86	11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	22.38
Other Medical	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	8.17
Pharmacy	36.10	34.58	31.87	37.95	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	36.70	34.81
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.39
Expansion Risk Corridor Expense	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	1.66
IBNR, Incentive, Paid Claims Adjustment	(12.78)	(16.44)	0.00	14.13	(0.69)	(1.90)	(0.96)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(1.35)
<b>Total Medical Costs</b>	197.12	191.56	202.79	234.85	193.44	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	206.96
<b>GROSS MARGIN</b>	50.35	54.01	32.18	39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	61.16
<b>Administrative:</b>														
Compensation	6.61	6.40	6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.84	7.89	6.94
Purchased Services	1.02	2.34	1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.71
Supplies	0.36	0.37	0.18	0.27	0.30	0.27	0.23	0.23	0.15	0.28	0.36	0.41	0.37	0.28
Other Administrative Expenses	1.35	1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.79	1.67
Administrative Expense Adjustment	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	(0.71)
<b>Total Administrative Expenses</b>	9.34	10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.71	10.60	11.49	9.90
<b>TOTAL EXPENSES</b>	206.46	202.38	211.74	244.42	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	216.86
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	41.01	43.19	23.23	30.34	124.63	58.16	59.29	62.42	48.60	45.92	47.75	43.83	37.89	51.26
<b>MCO TAX</b>	9.75	9.54	0.51	0.10	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	28.46
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	31.26	33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	22.80
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	0.00	0.00	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.05)	(1.04)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	31.26	33.64	22.73	30.24	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	21.76
<b>MEDICAL LOSS RATIO</b>	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	86.5%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.1%

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED MAY 31, 2017</b>			
<b>REVENUES</b>			
Title XIX - Medicaid - Family & Other			
19,179,297	19,074,810	95,242,349	94,687,187
	104,487		555,162
1,595,110	2,073,391	9,433,762	10,366,955
	(478,281)		(933,193)
97,940	218,039	391,760	1,082,133
	(120,099)		(690,373)
90,561	64,862	350,480	321,912
	25,699		28,568
94,876	91,905	473,329	456,375
	2,971		16,954
21,057,784	21,523,008	105,891,680	106,914,563
	(465,224)		(1,022,883)
Total Title XIX - Medicaid - Family & Other			
Title XIX - Medicaid - Expansion Members			
20,893,866	19,531,407	102,526,472	96,950,655
	1,362,459		5,575,817
289,779	409,979	1,811,118	2,049,896
	(120,200)		(238,778)
624,367	614,295	3,063,808	3,049,257
	10,072		14,551
35,749	33,180	174,854	164,700
	2,569		10,154
21,843,761	20,588,861	107,576,252	102,214,508
	1,254,900		5,361,744
Total Title XIX - Medicaid - Expansion Members			
Title XIX - Medicaid - SPD Members			
9,526,143	9,757,004	47,615,300	48,428,922
	(230,861)		(813,622)
293,820	517,962	1,346,675	2,570,907
	(224,142)		(1,224,232)
152,648	153,748	591,999	763,130
	(1,100)		(171,131)
9,972,611	10,428,714	49,553,974	51,762,959
	(456,103)		(2,208,985)
Total Title XIX - Medicaid - SPD Members			



KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED MAY 31, 2017				CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE	
2,648,254	3,350,254	702,000	PHYSICIAN SERVICES	14,725,203	16,628,166	1,902,963	
9,696,053	8,001,873	(1,694,180)	Primary Care Physician Services	44,857,024	39,716,483	(5,140,541)	
1,443,578	647,266	(796,312)	Referral Specialty Services	5,658,608	3,212,525	(2,446,083)	
9,300	9,075	(225)	Urgent Care & After Hours Advice	45,300	45,038	(262)	
13,797,185	12,008,468	(1,788,717)	Hospital Admitting Team	65,286,135	59,602,212	(5,683,923)	
			TOTAL PHYSICIAN SERVICES				
			OTHER PROFESSIONAL SERVICES				
241,148	244,737	3,589	Vision Service Capitation	1,189,084	1,214,687	25,603	
693,556	790,156	96,600	310 - Health Services - Utilization Management - UM Allocation *	3,190,416	3,909,443	719,027	
110,754	120,541	9,787	311 - Health Services - Quality Improvement - UM Allocation *	522,731	597,939	75,208	
62,598	79,850	17,252	312 - Health Services - Education - UM Allocation *	281,947	381,501	99,554	
90,904	91,173	269	313 - Health Services - Pharmacy - UM Allocation *	421,512	452,237	30,725	
40,895	44,427	3,532	314 - Health Homes - UM Allocation *	177,090	189,552	12,462	
61,123	68,256	7,133	616 - Disease Management - UM Allocation *	242,472	338,873	96,401	
178,748	218,611	39,863	Behavior Health Treatment	1,193,737	1,085,045	(108,692)	
271,977	89,319	(182,658)	Mental Health Services	738,698	443,327	(295,371)	
832,946	909,611	76,665	Other Professional Services	4,491,477	4,514,789	23,312	
2,584,649	2,656,681	72,032	TOTAL OTHER PROFESSIONAL SERVICES	12,449,164	13,127,392	678,228	
3,942,442	4,679,235	736,793	EMERGENCY ROOM	21,194,026	23,224,477	2,030,451	
14,725,286	13,448,255	(1,277,031)	INPATIENT HOSPITAL	73,343,747	66,749,481	(6,594,266)	
107,515	104,720	(2,795)	REINSURANCE EXPENSE PREMIUM	523,210	519,750	(3,460)	
5,787,957	5,590,373	(197,584)	OUTPATIENT HOSPITAL SERVICES	28,961,398	27,747,300	(1,214,098)	
			OTHER MEDICAL				
336,918	329,492	(7,426)	Ambulance	1,696,043	1,635,350	(60,693)	
360,563	361,410	847	Home Health Services & CBAS	1,775,936	1,793,838	17,902	
155,745	313,888	158,143	Utilization and Quality Review Expenses	614,834	1,569,441	954,607	
1,443,187	986,636	(456,551)	Long Term/SNF/Hospice	5,419,411	4,897,203	(522,208)	
-	238,000	238,000	Enhanced Medical Benefits	-	1,181,250	1,181,250	
433,820	283,488	(150,332)	Non-Medical Transportation	1,917,472	1,407,064	(510,408)	
2,730,233	2,512,914	(217,319)	TOTAL OTHER MEDICAL	11,423,696	12,484,146	1,060,450	
			PHARMACY SERVICES				
7,588,219	7,497,916	(90,303)	RX - Drugs & OTC	35,858,256	37,215,648	1,357,392	
787,421	1,350,296	562,875	RX - HEP-C	3,937,109	6,702,296	2,765,187	
545,988	487,786	(58,202)	Rx - DME	2,669,123	2,421,110	(248,013)	
(66,000)	(66,303)	(303)	RX - Pharmacy Rebates	(651,768)	(329,096)	(322,672)	
8,855,628	9,269,694	414,066	TOTAL PHARMACY SERVICES	41,812,720	46,009,958	4,197,238	
567,013	559,300	(7,713)	PAY FOR PERFORMANCE QUALITY INCENTIVE	2,810,377	2,775,938	(34,440)	
(744,814)	-	744,814	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(1,593,721)	-	1,593,721	
52,353,094	50,829,641	(1,523,453)	Total Medical Costs	256,210,752	252,240,654	(3,970,098)	

\* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH MAY 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>						
Primary Care Physician Services	3,406,859	3,070,267	2,668,777	2,931,046	2,648,254	14,725,203
Referral Specialty Services	8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	44,857,024
Urgent Care & After Hours Advise	835,481	651,650	1,642,609	1,085,290	1,443,578	5,658,608
Hospital Admitting Team	8,988	8,712	9,300	9,000	9,300	45,300
<b>TOTAL PHYSICIAN SERVICES</b>	<b>12,342,816</b>	<b>12,684,849</b>	<b>13,156,118</b>	<b>13,305,167</b>	<b>13,797,185</b>	<b>65,286,135</b>
<b>OTHER PROFESSIONAL SERVICES</b>						
Vision Service Capitation	234,491	234,963	238,174	240,308	241,148	1,189,084
310 - Health Services - Utilization Management - UM Allocation *	659,425	596,974	655,378	585,083	693,556	3,190,416
311 - Health Services - Quality Improvement - UM Allocation *	101,672	94,856	112,498	102,951	110,754	522,731
312 - Health Services - Education - UM Allocation *	55,993	51,352	57,865	54,139	62,598	281,947
313 - Health Services - Pharmacy - UM Allocation *	86,242	76,174	87,191	81,001	90,904	421,512
314 - Health Homes - UM Allocation *	19,018	28,633	40,290	48,254	40,895	177,090
616 - Disease Management - UM Allocation *	36,728	38,265	51,455	54,901	61,123	242,472
Behavior Health Treatment	300,000	131,003	334,111	249,875	178,748	1,193,737
Mental Health Services	220,889	119,474	38,619	87,739	271,977	738,698
Other Professional Services	927,583	875,268	880,636	975,044	832,946	4,491,477
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>2,642,041</b>	<b>2,246,962</b>	<b>2,496,217</b>	<b>2,479,295</b>	<b>2,584,649</b>	<b>12,449,164</b>
<b>EMERGENCY ROOM</b>	<b>4,687,780</b>	<b>4,450,889</b>	<b>4,100,250</b>	<b>4,012,665</b>	<b>3,942,442</b>	<b>21,194,026</b>
<b>INPATIENT HOSPITAL</b>	<b>13,999,552</b>	<b>14,812,384</b>	<b>15,281,823</b>	<b>14,524,702</b>	<b>14,725,286</b>	<b>73,343,747</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>103,176</b>	<b>103,384</b>	<b>103,399</b>	<b>105,736</b>	<b>107,515</b>	<b>523,210</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>5,477,940</b>	<b>5,813,468</b>	<b>6,116,559</b>	<b>5,765,474</b>	<b>5,787,957</b>	<b>28,961,398</b>
<b>OTHER MEDICAL</b>						
Ambulance	321,788	349,619	341,345	346,373	336,918	1,696,043
Home Health Services & CBAS	370,547	381,556	383,407	279,863	360,563	1,775,936
Utilization and Quality Review Expenses	67,616	115,998	142,141	133,334	155,745	614,834
Long Term/SNF/Hospice	1,022,042	820,073	961,497	1,172,612	1,443,187	5,419,411
Enhanced Medical Benefits	-	-	-	-	-	-
Non-Medical Transportation	315,831	340,260	386,323	441,238	433,820	1,917,472
<b>TOTAL OTHER MEDICAL</b>	<b>2,097,824</b>	<b>2,007,506</b>	<b>2,214,713</b>	<b>2,373,420</b>	<b>2,730,233</b>	<b>11,423,696</b>
<b>PHARMACY SERVICES</b>						
RX - Drugs & OTC	7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	35,858,256
RX - HEP-C	561,061	672,985	971,345	944,297	787,421	3,937,109
Rx - DME	476,382	443,564	669,108	534,081	545,988	2,669,123
RX - Pharmacy Rebates	(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(651,768)
<b>TOTAL PHARMACY SERVICES</b>	<b>8,128,455</b>	<b>7,616,304</b>	<b>9,063,123</b>	<b>8,149,210</b>	<b>8,855,628</b>	<b>41,812,720</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>552,163</b>	<b>559,709</b>	<b>564,724</b>	<b>566,768</b>	<b>567,013</b>	<b>2,810,377</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(141,866)</b>	<b>111,013</b>	<b>(585,473)</b>	<b>(232,581)</b>	<b>(744,814)</b>	<b>(1,593,721)</b>
<b>Total Medical Costs</b>	<b>49,889,881</b>	<b>50,406,468</b>	<b>52,511,453</b>	<b>51,049,856</b>	<b>52,353,094</b>	<b>256,210,752</b>

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH MAY 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>						
Primary Care Physician Services	14.50	12.94	11.11	12.15	10.98	12.32
Referral Specialty Services	34.44	37.73	36.77	38.48	40.19	37.54
Urgent Care & After Hours Advise	3.56	2.75	6.84	4.50	5.98	4.74
Hospital Admitting Team	0.04	0.04	0.04	0.04	0.04	0.04
<b>TOTAL PHYSICIAN SERVICES</b>	<b>52.53</b>	<b>53.45</b>	<b>54.75</b>	<b>55.17</b>	<b>57.18</b>	<b>54.63</b>
<b>OTHER PROFESSIONAL SERVICES</b>						
Vision Service Capitation	1.00	0.99	0.99	1.00	1.00	1.00
310 - Health Services - Utilization Management - UM Allocation *	2.81	2.52	2.73	2.43	2.87	2.67
311 - Health Services - Quality Improvement - UM Allocation *	0.43	0.40	0.47	0.43	0.46	0.44
312 - Health Services - Education - UM Allocation *	0.24	0.22	0.24	0.22	0.26	0.24
313 - Health Services - Pharmacy - UM Allocation *	0.37	0.32	0.36	0.34	0.38	0.35
314 - Health Homes - UM Allocation *	0.08	0.12	0.17	0.20	0.17	0.15
616 - Disease Management - UM Allocation *	0.16	0.16	0.21	0.23	0.25	0.20
Behavior Health Treatment	1.28	0.55	1.39	1.04	0.74	1.00
Mental Health Services	0.94	0.50	0.16	0.36	1.13	0.62
Other Professional Services	3.95	3.69	3.66	4.04	3.45	3.76
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>11.24</b>	<b>9.47</b>	<b>10.39</b>	<b>10.28</b>	<b>10.71</b>	<b>10.42</b>
<b>EMERGENCY ROOM</b>	<b>19.95</b>	<b>18.75</b>	<b>17.06</b>	<b>16.64</b>	<b>16.34</b>	<b>17.73</b>
<b>INPATIENT HOSPITAL</b>	<b>59.58</b>	<b>62.41</b>	<b>63.59</b>	<b>60.22</b>	<b>61.03</b>	<b>61.37</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>0.44</b>	<b>0.44</b>	<b>0.43</b>	<b>0.44</b>	<b>0.45</b>	<b>0.44</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>23.31</b>	<b>24.50</b>	<b>25.45</b>	<b>23.91</b>	<b>23.99</b>	<b>24.23</b>
<b>OTHER MEDICAL</b>						
Ambulance	1.37	1.47	1.42	1.44	1.40	1.42
Home Health Services & CBAS	1.58	1.61	1.60	1.16	1.49	1.49
Utilization and Quality Review Expenses	0.29	0.49	0.59	0.55	0.65	0.51
Long Term/SNF/Hospice	4.35	3.46	4.00	4.86	5.98	4.53
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.00
Non-Medical Transportation	1.34	1.43	1.61	1.83	1.80	1.60
<b>TOTAL OTHER MEDICAL</b>	<b>8.93</b>	<b>8.46</b>	<b>9.22</b>	<b>9.84</b>	<b>11.32</b>	<b>9.56</b>
<b>PHARMACY SERVICES</b>						
RX - Drugs & OTC	30.46	27.67	32.50	27.93	31.45	30.01
RX - HEP-C	2.39	2.84	4.04	3.92	3.26	3.29
Rx - DME	2.03	1.87	2.78	2.21	2.26	2.23
RX - Pharmacy Rebates	(0.28)	(0.28)	(1.61)	(0.27)	(0.27)	(0.55)
<b>TOTAL PHARMACY SERVICES</b>	<b>34.59</b>	<b>32.09</b>	<b>37.71</b>	<b>33.79</b>	<b>36.70</b>	<b>34.99</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>2.35</b>	<b>2.36</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(0.60)</b>	<b>0.47</b>	<b>(2.44)</b>	<b>(0.96)</b>	<b>(3.09)</b>	<b>(1.33)</b>
<b>Total Medical Costs</b>	<b>212.33</b>	<b>212.40</b>	<b>218.52</b>	<b>211.67</b>	<b>216.98</b>	<b>214.39</b>

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT</b> <b>FOR THE MONTH ENDED MAY 31, 2017</b>			
192,888	245,752	1,051,538	1,249,223
	52,864		197,685
126,637	150,322	601,769	701,959
	23,685		100,190
512,776	570,160	2,232,174	2,805,691
	57,384		573,517
126,901	212,500	540,159	1,062,502
	85,599		522,343
472,762	494,260	2,289,317	2,576,962
	21,498		287,645
58,554	83,913	315,999	416,874
	25,359		100,875
1,637	44,975	4,132	224,875
	43,338		220,743
488	3,929	1,003	19,649
	3,441		18,646
1,282	500	1,925	3,650
	(782)		1,725
88,218	80,400	424,947	437,910
	(7,818)		12,963
35	7,550	7,809	37,750
	7,515		29,941
-	-	33	150
	-		117
206,559	194,556	837,431	966,826
	(12,003)		129,395
415,875	501,102	1,890,861	2,491,042
	85,227		600,181
281,586	313,738	1,399,676	1,565,521
	32,152		165,845
49,395	49,562	246,136	250,953
	167		4,817
56,200	44,350	150,871	221,750
	(11,850)		70,879
48,882	56,141	246,154	279,162
	7,259		33,008
130,730	116,958	664,633	683,852
	(13,772)		19,219
2,771,405	3,170,668	12,906,567	15,996,300
	399,263		3,089,733

KERN HEALTH SYSTEMS MEDI-CAL		JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	YEAR TO DATE 2017
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED MAY 31, 2017							
110 - Executive		279,907	177,920	209,756	191,067	192,888	1,051,538
210 - Accounting		110,185	137,255	124,511	103,181	126,637	601,769
220 - Management Information Systems (MIS)		408,164	408,429	469,937	432,868	512,776	2,232,174
225 - Infrastructure		3,723	152,258	173,666	83,611	126,901	540,159
230 - Claims		409,956	432,879	463,333	510,387	472,762	2,289,317
240 - Project Management		63,772	68,960	70,610	54,103	58,554	315,999
310 - Health Services - Utilization Management		159	2,491	(435)	280	1,637	4,132
311 - Health Services - Quality Improvement		500	15	-	-	488	1,003
312 - Health Services - Education		-	(66)	438	271	1,282	1,925,00
313- Pharmacy		85,960	79,829	90,520	80,420	88,218	424,947
314 - Health Homes		-	608	6,000	1,166	35	7,809
616 - Disease Management		33	-	-	-	-	33
320 - Provider Relations		136,674	143,067	186,675	164,456	206,559	837,431
330 - Member Services		364,293	349,583	382,981	378,129	415,875	1,890,861
340 - Corporate Services		263,501	243,425	320,028	291,136	281,586	1,399,676
360 - Audit & Investigative Services		73,998	40,824	45,501	36,418	49,395	246,136
410 - Advertising Media		19,017	3,800	46,065	25,789	56,200	150,871
420 - Sales/Marketing/Public Relations		47,664	55,567	49,579	44,462	48,882	246,154
510 - Human Resources		94,898	104,383	175,095	159,527	130,730	664,633
Total Department Expenses		2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	12,906,567

**KERN HEALTH SYSTEMS  
GROUP HEALTH PLAN - HFAM  
BALANCE SHEET STATEMENT  
AS OF MAY 31, 2017**

<b>ASSETS</b>	<b>MAY 2017</b>	<b>APRIL 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,422,347	\$ 1,422,347	-
Interest Receivable	1,760	880	880
Prepaid Expenses & Other Current Assets	833	1,666	(833)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,424,940</b>	<b>\$ 1,424,893</b>	<b>\$ 47</b>

<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 353,849</b>	<b>\$ 353,849</b>	<b>\$ -</b>

<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	1,051	1,004	47
Total Net Position	\$ 1,071,091	\$ 1,071,044	\$ 47
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,424,940</b>	<b>\$ 1,424,893</b>	<b>\$ 47</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED MAY 31, 2017	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
-	-	-	Members	-	-	-
<b>REVENUES</b>						
-	-	-	Premium	-	-	-
880	-	880	Interest	4,418	-	4,418
-	-	-	Other Investment Income	800	-	800
880	-	880	<b>TOTAL REVENUES</b>	<b>5,218</b>	<b>-</b>	<b>5,218</b>
<b>EXPENSES</b>						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
880	-	880	<b>GROSS MARGIN</b>	<b>5,218</b>	<b>-</b>	<b>5,218</b>
<b>Administrative</b>						
833	-	(833)	Management Fee Expense and Other Admin Exp	4,167	-	(4,167)
833	-	(833)	Total Administrative Expenses	4,167	-	(4,167)
833	-	(833)	<b>TOTAL EXPENSES</b>	<b>4,167</b>	<b>-</b>	<b>(4,167)</b>
47	-	47	<b>OPERATING INCOME (LOSS)</b>	<b>1,051</b>	<b>-</b>	<b>1,051</b>
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
47	-	47	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>1,051</b>	<b>-</b>	<b>1,051</b>
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
95%	0%	-95%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>80%</b>	<b>0%</b>	<b>-80%</b>

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

2017 MEMBER MONTHS
MEDI-CAL

ADULT AND FAMILY	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
PA - FAMILY	36,123	36,255	36,565	35,376	34,185							
MN - FAMILY	0	0	0	0	0							
REFUGEE - FAMILY	1	1	0	2	2							
FOSTER CARE	493	498	508	536	594							
POVERTY-133/200%	2	2	2	2	0							
POVERTY-100%	0	0	0	0	0							
MI - CHILD	104,391	105,746	107,285	108,562	109,014							
CHILD-ACA	-127	430	405	415	422							
FAMILY - UNDER 19	20,203	20,297	19,877	19,885	20,312							
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>161,086</b>	<b>163,229</b>	<b>164,642</b>	<b>164,778</b>	<b>164,529</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

MEDI-CAL EXPANSION	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
LHP Transition Pre-ACA	26	69	58	65	65							
ACA Expansion Adult-Citizen	54,856	55,872	56,493	57,020	57,401							
ACA Expansion CAL Fresh Adult	9	1	4	5	5							
LHP Transition Pre-ACA	514	500	532	573	594							
<b>SUB-TOTAL MANDATORY</b>	<b>55,405</b>	<b>56,442</b>	<b>57,087</b>	<b>57,663</b>	<b>58,065</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

SDP MEMBERS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
SSI-AGED	158	185	191	194	174							
MN - AGED	1,338	1,359	1,388	1,357	1,322							
SSI - BLIND & DIS-ABLED	11,702	11,623	11,614	11,701	11,631							
MN - BLIND & DIS-ABLED	326	393	346	325	288							
<b>SUB-TOTAL MANDATORY SPD</b>	<b>13,524</b>	<b>13,560</b>	<b>13,539</b>	<b>13,577</b>	<b>13,415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL MANDATORY</b>	<b>230,015</b>	<b>233,231</b>	<b>235,268</b>	<b>236,018</b>	<b>236,009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

OTHER MEMBERS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
BCCTP-TOBACCO SETTLEMENT	29	30	27	28	26							

DUALS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
PA - FAMILY DUALS	31	17	15	21	15							
PART D SSI-AGED	615	628	625	673	666							
PART D MN - AGED	1,127	1,116	1,134	1,173	1,229							
PART D SSI - BLIND & DIS-ABLED	2,067	2,011	2,081	2,085	2,128							
PART D MN - BLIND & DIS-ABLED	762	760	740	751	735							
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	2							
PART D MI - ADULT	0	0	0	0	0							
PART D MI - CHILD	316	360	417	427	472							
<b>SUB-TOTAL DUALS</b>	<b>4,919</b>	<b>4,913</b>	<b>5,013</b>	<b>5,132</b>	<b>5,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OTHERS</b>	<b>4,948</b>	<b>4,943</b>	<b>5,040</b>	<b>5,160</b>	<b>5,273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

TOTAL KAISER	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
	7,103	7,365	7,466	7,619	7,714							

TOTAL MEDI-CAL MEMBERS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
	242,066	245,539	247,714	248,797	248,996	0	0	0	0	0	0	0





**To: KHS Finance Committee**  
**From: Robert Landis, CFO**  
**Date: August 4, 2017**  
**Re: June 2017 Financial Results**

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The June results reflect a \$1,036,037 Net Increase in Net Position which is a \$78,565 unfavorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.3 million favorable variance primarily due to:
  - A) \$.6 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$.5 million), lower than expected Maternity revenue (\$.3 million) and higher than expected HEP-C revenue (\$.4 million).
  - B) \$.9 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
- 2) Total Medical Costs reflect a \$2.3 million unfavorable variance primarily due to:
  - A) \$3.1 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 unfavorable variance in Other Professional Services primarily due to higher than expected Autism utilization.
  - C) \$.7 million unfavorable variance in Inpatient primarily due to higher than expected enrollment and higher than expected Family and SPD utilization.
  - D) \$.7 million unfavorable variance in Outpatient Hospital primarily due to higher than expected enrollment along with higher than expected utilization.
  - E) \$2.7 million favorable IBNR adjustments from the prior year.

The June Medical Loss Ratio is 93.9% which is unfavorable to the 91.4% budgeted amount. The June Administrative Expense Ratio is 4.9 % which is favorable to the 5.7% budgeted amount.

The results for the 6 months ended June 30, 2017 reflects a Net Increase in Net Position of \$18,498,614. This is a \$12,002,811 favorable variance to budget and includes approximately \$6.5 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 90.5% which is favorable to the 91.4% budgeted amount. The year-to-date Administrative Expense Ratio is 4.6% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems  
Financial Packet  
June 2017**

**KHS – Medi-Cal Line of Business**

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**KHS Group Health Plan – Healthy Families Line of Business**

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

**KHS Administrative Analysis and Other Reporting**

Monthly Member Count	Page 14
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<b>KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF JUNE 30, 2017</b>			
<b>ASSETS</b>	<b>JUNE 2017</b>	<b>MAY 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 116,335,949	\$ 112,844,767	\$ 3,491,182
Short-Term Investments	181,512,705	178,522,850	2,989,855
Pass-through Monies Held for Future Payment	1,912,487	2,150,390	(237,903)
Premiums Receivable - Net	16,246,403	17,732,550	(1,486,147)
Interest Receivable	148,650	338,203	(189,553)
Other Receivables	673,902	437,727	236,175
Prepaid Expenses & Other Current Assets	863,749	871,236	(7,487)
<b>Total Current Assets</b>	<b>\$ 317,693,845</b>	<b>\$ 312,897,723</b>	<b>\$ 4,796,122</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,876,562	4,851,562	25,000
Furniture and Equipment	6,968,147	7,171,083	(202,936)
Automobile - Net	20,149	20,540	(391)
Building and Building Improvements - Net	6,825,098	6,852,954	(27,856)
Capital Projects in Process	5,900,977	5,388,192	512,785
<b>Total Capital Assets</b>	<b>\$ 24,590,933</b>	<b>\$ 24,284,331</b>	<b>\$ 306,602</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,540,339</b>	<b>\$ 4,540,339</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 347,125,117</b>	<b>\$ 342,022,393</b>	<b>\$ 5,102,724</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 2,707	\$ 52,539	(49,832)
Accrued Salaries and Employee Benefits	2,708,883	2,359,809	349,074
Accrued Other Operating Expenses	1,322,039	1,473,434	(151,395)
Accrued Taxes and Licenses	21,093,626	13,896,267	7,197,359
Other Medical Liabilities - Nonoperating Passthrough	1,912,487	2,150,390	(237,903)
Claims Payable (Reported)	15,664,461	18,608,722	(2,944,261)
IBNR - Inpatient Claims	31,005,178	33,325,957	(2,320,779)
IBNR - Physician Claims	12,650,971	11,414,815	1,236,156
IBNR - Accrued Other Medical	21,083,574	20,498,416	585,158
Risk Pool and Withholds Payable	3,945,579	3,377,546	568,033
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	37,552,239	37,705,994	(153,755)
<b>Total Current Liabilities</b>	<b>\$ 150,868,418</b>	<b>\$ 146,790,563</b>	<b>\$ 4,077,855</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	4,702,178	4,713,346	(11,168)
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 4,702,178</b>	<b>\$ 4,713,346</b>	<b>\$ (11,168)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 1,840,334</b>	<b>\$ 1,840,334</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	18,498,614	17,462,577	1,036,037
<b>Total Net Position</b>	<b>\$ 189,714,187</b>	<b>\$ 188,678,150</b>	<b>\$ 1,036,037</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 347,125,117</b>	<b>\$ 342,022,393</b>	<b>\$ 5,102,724</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JUNE 30, 2017			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
			<b>ENROLLMENT</b>					
164,892	165,500	(608)	Family Members	982,514	984,000	(1,486)		
57,743	55,500	2,243	Expansion Members	342,251	330,000	12,251		
13,856	13,750	106	SPD Members	81,312	81,750	(438)		
5,225	4,125	1,100	Other Members	30,693	24,375	6,318		
7,745	7,125	620	Kaiser Members	45,012	42,375	2,637		
249,461	246,000	3,461	<b>Total Members - MCAL</b>	<b>1,481,782</b>	<b>1,462,500</b>	<b>19,282</b>		
			<b>REVENUES</b>					
21,560,930	21,593,055	(32,125)	Title XIX - Medicaid - Family and Other	127,452,610	128,507,618	(1,055,008)		
21,316,549	20,661,841	654,708	Title XIX - Medicaid - Expansion Members	128,892,801	122,876,349	6,016,452		
10,383,303	10,466,775	(83,472)	Title XIX - Medicaid - SPD Members	59,937,277	62,229,734	(2,292,457)		
7,517,457	7,197,304	320,153	Premium - MCO Tax	44,897,704	42,788,366	2,109,338		
265,238	154,644	110,594	Interest /Dividends	1,511,022	919,369	591,653		
-	105,105	(105,105)	Reinsurance Recoveries	-	624,855	(624,855)		
3,698,257	2,819,395	878,862	COB/Subrogation Collections	22,066,102	16,761,045	5,305,057		
(340,730)	-	(340,730)	Rate/Income Adjustments	2,179,597	-	2,179,597		
(88,814)	-	(88,814)	Other Income (Expense)	(5,484)	-	(5,484)		
<b>64,312,190</b>	<b>62,998,118</b>	<b>1,314,072</b>	<b>TOTAL REVENUES</b>	<b>386,931,629</b>	<b>374,707,336</b>	<b>12,224,293</b>		
			<b>EXPENSES</b>					
			<b>Medical Costs:</b>					
15,174,897	12,052,481	(3,122,416)	Physician Services	80,461,032	71,654,693	(8,806,339)		
3,292,395	2,662,034	(630,361)	Other Professional Services	15,741,559	15,789,426	47,867		
4,764,752	4,696,405	(68,347)	Emergency Room	25,958,778	27,920,882	1,962,104		
14,193,273	13,497,435	(695,838)	Inpatient	87,537,020	80,246,916	(7,290,104)		
106,164	105,105	(1,059)	Reinsurance Expense	629,374	624,855	(4,519)		
6,293,878	5,610,830	(683,048)	Outpatient Hospital	35,255,276	33,358,130	(1,897,146)		
2,620,808	2,522,957	(97,851)	Other Medical	14,044,504	15,007,103	962,599		
9,035,094	9,303,545	268,451	Pharmacy	50,847,814	55,313,503	4,465,689		
568,032	561,356	(6,676)	Pay for Performance Quality Incentive	3,378,409	3,337,294	(41,115)		
(2,727,790)	-	2,727,790	IBNR, Incentive, Paid Claims Adjustment	(4,321,511)	-	4,321,511		
<b>53,321,503</b>	<b>51,012,149</b>	<b>(2,309,354)</b>	<b>Total Medical Costs</b>	<b>309,532,255</b>	<b>303,252,803</b>	<b>(6,279,452)</b>		
			<b>GROSS MARGIN</b>					
10,990,687	11,985,969	(995,282)		77,399,374	71,454,533	5,944,841		
			<b>Administrative:</b>					
1,869,066	1,939,735	70,669	Compensation	10,448,403	11,571,024	1,122,621		
364,323	557,320	192,997	Purchased Services	2,305,951	3,431,711	1,125,760		
30,984	148,385	117,401	Supplies	410,471	891,020	480,549		
492,918	528,624	35,706	Other Administrative Expenses	2,499,033	3,276,609	777,576		
<b>2,757,291</b>	<b>3,174,063</b>	<b>416,772</b>	<b>Total Administrative Expenses</b>	<b>15,663,858</b>	<b>19,170,364</b>	<b>3,506,506</b>		
<b>56,078,794</b>	<b>54,186,212</b>	<b>(1,892,582)</b>	<b>TOTAL EXPENSES</b>	<b>325,196,113</b>	<b>322,423,167</b>	<b>(2,772,946)</b>		
<b>8,233,396</b>	<b>8,811,906</b>	<b>(578,510)</b>	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>61,735,516</b>	<b>52,284,169</b>	<b>9,451,347</b>		
<b>7,197,359</b>	<b>7,197,304</b>	<b>(55)</b>	<b>MCO TAX</b>	<b>43,202,140</b>	<b>42,788,366</b>	<b>(413,774)</b>		
<b>1,036,037</b>	<b>1,614,602</b>	<b>(578,565)</b>	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>18,533,376</b>	<b>9,495,803</b>	<b>9,037,573</b>		
			<b>NONOPERATING REVENUE (EXPENSES)</b>					
-	(500,000)	500,000	Reserve Fund Projects/Community Grants	(34,762)	(3,000,000)	2,965,238		
-	(500,000)	500,000	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(34,762)</b>	<b>(3,000,000)</b>	<b>2,965,238</b>		
<b>1,036,037</b>	<b>1,114,602</b>	<b>(78,565)</b>	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>18,498,614</b>	<b>6,495,803</b>	<b>12,002,811</b>		
<b>93.9%</b>	<b>91.4%</b>	<b>-2.5%</b>	<b>MEDICAL LOSS RATIO</b>	<b>90.5%</b>	<b>91.4%</b>	<b>0.9%</b>		
<b>4.9%</b>	<b>5.7%</b>	<b>0.8%</b>	<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>4.6%</b>	<b>5.8%</b>	<b>1.2%</b>		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED JUNE 30, 2017	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
164,892	165,500	(608)	Family Members	982,514	984,000	(1,486)
57,743	55,500	2,243	Expansion Members	342,251	330,000	12,251
13,856	13,750	106	SPD Members	81,312	81,750	(438)
5,225	4,125	1,100	Other Members	30,693	24,375	6,318
7,745	7,125	620	Kaiser Members	45,012	42,375	2,637
249,461	246,000	3,461	Total Members - MCAL	1,481,782	1,462,500	19,282
<b>REVENUES</b>						
126.74	127.30	(0.56)	Title XIX - Medicaid - Family and Other	125.79	127.44	(1.65)
369.16	372.29	(3.12)	Title XIX - Medicaid - Expansion Members	376.60	372.35	4.25
749.37	761.22	(11.85)	Title XIX - Medicaid - SPD Members	737.13	761.22	(24.09)
31.10	30.13	0.97	Premium - MCO Tax	31.25	30.13	1.12
1.10	0.65	0.45	Interest /Dividends	1.05	0.65	0.40
0.00	0.44	(0.44)	Reinsurance Recoveries	0.00	0.44	(0.44)
15.30	11.80	3.50	COB/Subrogation Collections	15.36	11.80	3.56
(1.41)	0.00	(1.41)	Rate/Income Adjustments	1.52	0.00	1.52
(0.37)	0.00	(0.37)	Other Income (Expense)	(0.00)	0.00	(0.00)
266.07	263.73	2.34	TOTAL REVENUES	269.31	263.86	5.45
<b>EXPENSES</b>						
Medical Costs:						
62.78	50.46	(12.32)	Physician Services	56.00	50.46	(5.54)
13.62	11.14	(2.48)	Other Professional Services	10.96	11.12	0.16
19.71	19.66	(0.05)	Emergency Room	18.07	19.66	1.59
58.72	56.50	(2.21)	Inpatient	60.93	56.51	(4.42)
0.44	0.44	0.00	Reinsurance Expense	0.44	0.44	0.00
26.04	23.49	(2.55)	Outpatient Hospital	24.54	23.49	(1.05)
10.84	10.56	(0.28)	Other Medical	9.78	10.57	0.79
37.38	38.95	1.57	Pharmacy	35.39	38.95	3.56
2.35	2.35	0.00	Pay for Performance Quality Incentive	2.35	2.35	(0.00)
(11.29)	0.00	11.29	IBNR, Incentive, Paid Claims Adjustment	(3.01)	0.00	3.01
220.60	213.55	(7.04)	Total Medical Costs	215.44	213.54	(1.90)
45.47	50.18	(4.71)	GROSS MARGIN	53.87	50.32	3.55
Administrative:						
7.73	8.12	0.39	Compensation	7.27	8.15	0.88
1.51	2.33	0.83	Purchased Services	1.60	2.42	0.81
0.13	0.62	0.49	Supplies	0.29	0.63	0.34
2.04	2.21	0.17	Other Administrative Expenses	1.74	2.31	0.57
11.41	13.29	1.88	Total Administrative Expenses	10.90	13.50	2.60
232.00	226.84	(5.16)	TOTAL EXPENSES	226.34	227.04	0.70
34.06	36.89	(2.83)	OPERATING INCOME (LOSS) BEFORE TAX	42.97	36.82	6.15
29.78	30.13	0.35	MCO TAX	30.07	30.13	0.06
4.29	6.76	(2.47)	OPERATING INCOME (LOSS) NET OF TAX	12.90	6.69	6.21
<b>NONOPERATING REVENUE (EXPENSES)</b>						
0.00	(2.09)	(2.09)	Reserve Fund Projects/Community Grants	(0.02)	(12.56)	(12.53)
0.00	(2.09)	(2.09)	TOTAL NONOPERATING REVENUES (EXPENSES)	(0.02)	(12.56)	(12.53)
4.29	4.67	(0.38)	NET INCREASE (DECREASE) IN NET POSITION	12.88	4.57	8.30
93.9%	91.4%	-2.5%	MEDICAL LOSS RATIO	90.5%	91.4%	0.9%
4.9%	5.7%	0.8%	ADMINISTRATIVE EXPENSE RATIO	4.6%	5.8%	1.2%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JUNE 30, 2017														
	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	13 MONTH TOTAL
<b>ENROLLMENT</b>														
Members - MCAL														
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	21,721,296	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	21,057,784	21,560,930	276,751,823
Title XIX - Medicaid - Expansion Members	20,013,241	20,106,340	20,307,212	20,219,075	19,620,974	20,146,360	20,105,649	20,995,352	21,131,189	22,045,879	21,650,071	21,843,761	21,316,549	269,411,652
Title XIX - Medicaid - SPD Members	8,974,279	10,385,333	10,279,833	10,007,635	10,271,800	10,209,218	9,940,753	9,966,872	9,618,941	9,939,770	10,550,780	9,972,611	10,383,303	129,966,128
Premium - MCO Tax	2,176,933	115,627	23,082	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	7,405,842	7,470,451	7,507,968	7,504,758	7,517,453	93,276,243
Interest/Dividends	144,418	156,158	150,143	186,999	236,189	223,035	194,711	181,883	176,794	245,909	264,732	376,466	265,238	2,802,675
Reinsurance Recoveries	136,469	-	35,587	30,454	205,689	-	(210,968)	-	-	-	-	-	-	197,231
COB/Subrogation Collections	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	3,514,662	3,698,257	46,878,286
Rate/Income Adjustments	182,133	(14,918)	1,795,534	13,093	(333,319)	(541)	2,736,951	-	2,016,975	413,545	93,756	(3,949)	(340,730)	6,559,530
Other Income (Expense)	(101,654)	66,531	(67,508)	(407,903)	215	41	(1,262,113)	37,570	121	46,740	(1,110)	9	(88,814)	(1,777,875)
<b>TOTAL REVENUES</b>	<b>56,006,782</b>	<b>53,758,700</b>	<b>63,075,046</b>	<b>75,990,414</b>	<b>62,271,090</b>	<b>61,192,211</b>	<b>64,838,821</b>	<b>63,670,425</b>	<b>63,704,954</b>	<b>66,799,408</b>	<b>64,178,550</b>	<b>64,266,102</b>	<b>64,312,190</b>	<b>824,064,693</b>
<b>EXPENSES</b>														
Medical Costs:														
Physician Services	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,973	11,369,024	12,342,816	12,684,849	13,156,118	13,305,167	13,797,185	15,174,897	163,391,684
Other Professional Services	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	2,584,649	3,292,395	32,127,256
Emergency Room	3,936,263	4,823,966	4,534,245	4,327,181	4,374,558	4,182,880	4,106,435	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	56,244,106
Inpatient	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	15,281,823	14,524,702	14,725,286	14,193,273	176,896,677
Reinsurance Expense	180,699	182,458	183,031	183,648	185,643	187,188	187,380	103,176	103,384	103,399	105,736	107,515	106,164	1,919,421
Outpatient Hospital	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	5,765,474	5,787,957	6,293,878	69,834,940
Other Medical	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	2,373,420	2,730,233	2,620,808	24,580,675
Pharmacy	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	8,098,176	8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	9,035,094	106,761,606
Pay for Performance Quality Incentive	580,605	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	568,032	7,291,919
Expansion Risk Corridor Expense	1,329,868	(215,621)	-	1,059,120	853,019	137,358	413,346	-	-	-	-	-	-	3,577,090
IBNR, Incentive, Paid Claims Adjustment	(3,748,854)	0	3,244,295	128,791	162,526	(444,334)	1,045,552	(141,866)	(585,473)	(585,473)	(232,581)	(744,814)	(2,727,790)	(3,933,535)
<b>Total Medical Costs</b>	<b>43,689,499</b>	<b>46,395,182</b>	<b>53,911,861</b>	<b>44,887,656</b>	<b>45,836,855</b>	<b>44,672,896</b>	<b>49,466,635</b>	<b>49,889,881</b>	<b>50,406,468</b>	<b>52,511,453</b>	<b>51,049,856</b>	<b>52,353,094</b>	<b>53,321,503</b>	<b>638,392,839</b>
<b>GROSS MARGIN</b>	<b>12,317,283</b>	<b>7,363,518</b>	<b>9,163,185</b>	<b>31,102,758</b>	<b>16,434,235</b>	<b>16,519,315</b>	<b>13,372,186</b>	<b>13,780,544</b>	<b>13,298,486</b>	<b>14,287,955</b>	<b>13,128,694</b>	<b>11,913,008</b>	<b>10,990,687</b>	<b>185,671,854</b>
Administrative:														
Compensation	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	1,904,742	1,869,066	21,486,603
Purchased Services	532,780	256,055	354,966	343,359	478,654	607,200	470,957	268,436	436,052	442,046	442,046	344,437	364,323	5,349,922
Supplies	84,932	61,144	1,284	70,613	62,414	42,864	53,867	66,872	36,371	86,976	99,813	89,505	30,984	787,589
Other Administrative Expenses	391,548	333,267	338,202	368,192	663,609	265,740	423,090	359,822	363,606	484,727	365,239	432,721	492,918	5,282,681
Administrative Expense Adjustment	-	-	-	(190,729)	-	(1,960,549)	-	-	-	-	-	-	-	(2,151,278)
<b>Total Administrative Expenses</b>	<b>2,467,926</b>	<b>2,048,649</b>	<b>2,198,158</b>	<b>2,181,198</b>	<b>2,826,399</b>	<b>2,633,111</b>	<b>736,218</b>	<b>2,362,404</b>	<b>2,401,227</b>	<b>2,814,260</b>	<b>2,557,271</b>	<b>2,771,405</b>	<b>2,757,291</b>	<b>30,755,517</b>
<b>TOTAL EXPENSES</b>	<b>46,157,425</b>	<b>48,443,831</b>	<b>56,110,019</b>	<b>47,068,854</b>	<b>48,663,254</b>	<b>47,306,007</b>	<b>50,202,853</b>	<b>52,252,285</b>	<b>52,807,695</b>	<b>55,325,713</b>	<b>53,607,127</b>	<b>55,124,499</b>	<b>56,078,794</b>	<b>669,148,356</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>9,849,357</b>	<b>5,314,869</b>	<b>6,965,027</b>	<b>28,971,560</b>	<b>13,607,836</b>	<b>13,886,204</b>	<b>14,635,968</b>	<b>11,418,140</b>	<b>10,897,259</b>	<b>11,473,695</b>	<b>10,571,423</b>	<b>9,141,603</b>	<b>8,233,396</b>	<b>154,916,337</b>
<b>MCO TAX</b>														
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>7,672,424</b>	<b>5,199,242</b>	<b>6,941,945</b>	<b>7,306,726</b>	<b>6,423,706</b>	<b>6,687,805</b>	<b>4,570,434</b>	<b>3,927,012</b>	<b>3,986,163</b>	<b>4,274,299</b>	<b>3,366,854</b>	<b>1,943,011</b>	<b>1,036,037</b>	<b>63,335,658</b>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-	-	-	(220,405)	-	-	-	-	-	(11,588)	-	(255,167)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>7,672,424</b>	<b>5,199,242</b>	<b>6,941,945</b>	<b>7,306,726</b>	<b>6,423,706</b>	<b>6,467,400</b>	<b>4,570,434</b>	<b>3,927,012</b>	<b>3,986,163</b>	<b>4,251,125</b>	<b>3,366,854</b>	<b>1,931,423</b>	<b>1,036,037</b>	<b>63,080,491</b>
<b>MEDICAL LOSS RATIO</b>	<b>81.2%</b>	<b>86.5%</b>	<b>85.5%</b>	<b>82.6%</b>	<b>83.2%</b>	<b>82.7%</b>	<b>90.3%</b>	<b>88.8%</b>	<b>89.5%</b>	<b>88.5%</b>	<b>90.1%</b>	<b>92.2%</b>	<b>93.9%</b>	<b>87.4%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>4.6%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>1.3%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.5%</b>	<b>4.3%</b>	<b>4.9%</b>	<b>4.2%</b>

KERN HEALTH SYSTEMS MEDICAL		JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	13 MONTH TOTAL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JUNE 30, 2017		129.88	129.86	132.03	130.94	130.83	128.46	122.95	126.64	119.60	129.31	128.39	124.01	126.74	128.26
ENROLLMENT		417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	375.46	376.19	369.16	374.56
Members - MCAL		698.55	760.11	759.39	743.07	758.87	759.67	758.07	756.98	717.78	734.16	740.65	743.39	749.37	739.25
REVENUES		9.54	0.51	0.10	93.15	30.73	30.73	42.93	31.88	31.21	31.09	31.13	31.10	31.10	30.50
Title XIX - Medicaid - Family and Other		0.63	0.68	0.65	0.81	1.01	0.83	0.77	0.74	0.74	1.02	1.10	1.00	1.10	0.82
Title XIX - Medicaid - SPD Members		0.60	0.00	0.16	0.13	0.88	0.00	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.06
Premium - MCO Tax		12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	15.33
Interest/Dividends		0.80	(0.07)	7.82	0.06	(1.42)	0.00	8.50	11.67	1.72	8.23	(0.02)	(0.02)	(1.41)	2.14
Reinsurance Recoveries		(0.45)	0.29	(0.29)	(1.76)	0.00	0.00	(5.38)	0.16	0.00	0.19	(0.00)	0.00	(0.37)	(0.58)
COB/Subrogation Collections		245.57	234.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	269.48
Rate/Income Adjustments															
Other Income (Expense)															
TOTAL REVENUES		245.57	234.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	269.48
EXPENSES		42.85	59.13	53.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	53.43
Medical Costs:		10.69	9.24	10.04	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	10.51
Physician Services		17.26	21.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.64	16.34	19.71	18.39
Other Professional Services		56.02	73.05	56.96	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	58.72	57.85
Emergency Room		0.79	0.80	0.80	0.79	0.79	0.80	0.80	0.44	0.44	0.43	0.44	0.45	0.44	0.63
Reinsurance Expense		21.86	11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	22.74
Outpatient Hospital		15.68	(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.04
Other Medical		34.58	31.87	37.95	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	36.70	37.38	34.91
Pharmacy		2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.38
Pay for Performance Quality Incentive		5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	1.17
Expansion Risk Corridor Expense		(16.44)	0.00	14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(1.29)
IBNR, Incentive, Paid Claims Adjustment		191.56	202.79	234.85	193.44	195.99	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	208.77
Total Medical Costs		54.01	32.18	39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	60.72
GROSS MARGIN		6.40	6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.63	7.52	6.84	7.89	7.73	7.03
Administrative:		2.34	1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.75
Compensation		0.37	0.27	0.01	0.30	0.27	0.18	0.28	0.15	0.28	0.36	0.41	0.37	0.13	0.26
Purchased Services		1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.79	2.04	1.53
Supplies		0.00	0.00	0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	(0.70)
Other Administrative Expenses		10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.71	10.60	11.49	11.41	10.06
Administrative Expense Adjustment		202.38	211.74	244.42	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	232.00	218.82
Total Administrative Expenses		43.19	23.23	30.34	124.63	58.16	59.29	62.42	48.60	45.92	47.75	43.83	37.89	34.06	50.66
OPERATING INCOME (LOSS) BEFORE TAX		9.54	0.51	0.10	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	29.78	29.95
MCO TAX		33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	20.71
OPERATING INCOME (LOSS) NET OF TAX		0.00	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.05)	0.00	(1.04)
TOTAL NONOPERATING REVENUE (EXPENSES)		33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	20.71
NET INCREASE (DECREASE) IN NET POSITION		81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	87.4%
MEDICAL LOSS RATIO		4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.2%
ADMINISTRATIVE EXPENSE RATIO															

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED JUNE 30, 2017				YEAR-TO-DATE		
CURRENT MONTH				ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
19,037,663	19,143,496	(105,833)	Title XIX - Medicaid - Family & Other	114,280,012	113,830,684	449,328
2,053,405	2,073,391	(19,986)	Premium - Medi-Cal	11,487,167	12,440,346	(953,179)
146,910	218,846	(71,936)	Premium - Maternity Kick	538,670	1,300,979	(762,309)
228,445	65,102	163,343	Premium - Hep C Kick	578,925	387,014	191,911
94,507	92,220	2,287	Premium - BHT Kick	567,836	548,595	19,241
21,560,930	21,593,055	(32,125)	Other	127,452,610	128,507,618	(1,055,008)
			Total Title XIX - Medicaid - Family & Other			
			Title XIX - Medicaid - Expansion Members			
20,113,044	19,602,046	510,998	Premium - Medi-Cal	122,639,516	116,552,701	6,086,815
114,704	409,979	(295,275)	Premium - Maternity Kick	1,925,822	2,459,875	(534,053)
1,052,855	616,516	436,339	Premium - Hep C Kick	4,116,663	3,665,773	450,890
35,946	33,300	2,646	Other	210,800	198,000	12,800
21,316,549	20,661,841	654,708	Total Title XIX - Medicaid - Expansion Members	128,892,801	122,876,349	6,016,452
			Title XIX - Medicaid - SPD Members			
9,784,113	9,792,614	(8,501)	Premium - Medi-Cal	57,399,413	58,221,536	(822,123)
281,578	519,852	(238,274)	Premium - Hep C Kick	1,628,253	3,090,759	(1,462,506)
317,612	154,309	163,303	Premium - BHT Kick	909,611	917,439	(7,828)
10,383,303	10,466,775	(83,472)	Total Title XIX - Medicaid - SPD Members	59,937,277	62,229,734	(2,292,457)



KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JUNE 30, 2017				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
2,973,942	3,362,565	388,623	PHYSICIAN SERVICES	17,699,145	19,990,731	2,291,586
11,276,157	8,031,161	(3,244,996)	Primary Care Physician Services	56,133,181	47,747,644	(8,385,537)
915,798	649,647	(266,151)	Referral Specialty Services	6,574,406	3,862,172	(2,712,234)
9,000	9,108	108	Urgent Care & After Hours Advise	54,300	54,146	(154)
15,174,897	12,052,481	(3,122,416)	Hospital Admitting Team	80,461,032	71,654,693	(8,806,339)
			TOTAL PHYSICIAN SERVICES			
			OTHER PROFESSIONAL SERVICES			
241,282	245,637	4,355	Vision Service Capitation	1,430,366	1,460,324	29,958
694,688	790,155	95,467	310 - Health Services - Utilization Management - UM Allocation *	3,885,104	4,699,598	814,494
103,238	120,541	17,303	311 - Health Services - Quality Improvement - UM Allocation *	625,969	718,479	92,510
67,046	79,850	12,804	312 - Health Services - Education - UM Allocation *	348,993	461,352	112,359
86,061	91,173	5,112	313 - Health Services - Pharmacy - UM Allocation *	507,573	543,410	35,837
40,488	44,427	3,939	314 - Health Homes - UM Allocation *	217,578	233,978	16,400
61,327	68,256	6,929	616 - Disease Management - UM Allocation *	303,799	407,129	103,330
735,000	219,412	(515,588)	Behavior Health Treatment	1,928,737	1,304,456	(624,281)
89,362	89,646	284	Mental Health Services	828,060	532,973	(295,087)
1,173,903	912,938	(260,965)	Other Professional Services	5,665,380	5,427,727	(237,653)
3,292,395	2,662,034	(630,361)	TOTAL OTHER PROFESSIONAL SERVICES	15,741,559	15,789,426	47,867
4,764,752	4,696,405	(68,347)	EMERGENCY ROOM	25,958,778	27,920,882	1,962,104
14,193,273	13,497,435	(695,838)	INPATIENT HOSPITAL	87,537,020	80,246,916	(7,290,104)
106,164	105,105	(1,059)	REINSURANCE EXPENSE PREMIUM	629,374	624,855	(4,519)
6,293,878	5,610,830	(683,048)	OUTPATIENT HOSPITAL SERVICES	35,255,276	33,358,130	(1,897,146)
			OTHER MEDICAL			
309,509	330,703	21,194	Ambulance	2,005,552	1,966,053	(39,499)
515,541	362,731	(152,810)	Home Health Services & CBAS	2,291,477	2,156,569	(134,908)
141,184	315,888	174,704	Utilization and Quality Review Expenses	756,018	1,885,329	1,129,311
1,061,036	990,234	(70,802)	Long Term/SNF/Hospice	6,480,447	5,887,438	(593,009)
162,074	238,875	76,801	Enhanced Medical Benefits	162,074	1,420,125	1,258,051
431,464	284,526	(146,938)	Non-Medical Transportation	2,348,936	1,691,590	(657,346)
2,620,808	2,522,957	(97,851)	TOTAL OTHER MEDICAL	14,044,504	15,007,103	962,599
			PHARMACY SERVICES			
6,993,768	7,525,309	531,541	RX - Drugs & OTC	42,852,024	44,740,957	1,888,933
1,429,338	1,355,214	(74,124)	RX - HEP-C	5,366,447	8,057,510	2,691,063
677,988	489,568	(188,420)	Rx - DME	3,347,111	2,910,678	(436,433)
(66,000)	(66,546)	(546)	RX - Pharmacy Rebates	(717,768)	(395,642)	322,126
9,035,094	9,303,545	268,451	TOTAL PHARMACY SERVICES	50,847,814	55,313,503	4,465,689
568,032	561,356	(6,676)	PAY FOR PERFORMANCE QUALITY INCENTIVE	3,378,409	3,337,294	(41,115)
(2,727,790)	-	2,727,790	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(4,321,511)	-	4,321,511
53,321,503	51,012,149	(2,309,354)	Total Medical Costs	309,532,255	303,252,803	(6,279,452)

\* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JUNE 30, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>							
Primary Care Physician Services	3,406,859	3,070,267	2,668,777	2,931,046	2,648,254	2,973,942	17,699,145
Referral Specialty Services	8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	11,276,157	56,133,181
Urgent Care & After Hours Advise	835,481	651,650	1,642,609	1,085,290	1,443,578	915,798	6,574,406
Hospital Admitting Team	8,988	8,712	9,300	9,000	9,300	9,000	54,300
<b>TOTAL PHYSICIAN SERVICES</b>	<b>12,342,816</b>	<b>12,684,849</b>	<b>13,156,118</b>	<b>13,305,167</b>	<b>13,797,185</b>	<b>15,174,897</b>	<b>80,461,032</b>
<b>OTHER PROFESSIONAL SERVICES</b>							
Vision Service Capitation	234,491	234,963	238,174	240,308	241,148	241,282	1,430,366
310 - Health Services - Utilization Management - UM Allocation *	659,425	596,974	655,378	585,083	693,556	694,688	3,885,104
311 - Health Services - Quality Improvement - UM Allocation *	101,672	94,856	112,498	102,951	110,754	103,238	625,969
312 - Health Services - Education - UM Allocation *	55,993	51,352	57,865	54,139	62,598	67,046	348,993
313 - Health Services - Pharmacy - UM Allocation *	86,242	76,174	87,191	81,001	90,904	86,061	507,573
314 - Health Homes - UM Allocation *	19,018	28,633	40,290	48,254	40,895	40,488	217,578
616 - Disease Management - UM Allocation *	36,728	38,265	51,455	54,901	61,123	61,327	303,799
Behavior Health Treatment	300,000	131,003	334,111	249,875	178,748	735,000	1,928,737
Mental Health Services	220,889	119,474	38,619	87,739	271,977	89,362	828,060
Other Professional Services	927,583	875,268	880,636	975,044	832,946	1,173,903	5,665,380
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>2,642,041</b>	<b>2,246,962</b>	<b>2,496,217</b>	<b>2,479,295</b>	<b>2,584,649</b>	<b>3,292,395</b>	<b>15,741,559</b>
<b>EMERGENCY ROOM</b>	<b>4,687,780</b>	<b>4,450,889</b>	<b>4,100,250</b>	<b>4,012,665</b>	<b>3,942,442</b>	<b>4,764,752</b>	<b>25,958,778</b>
<b>INPATIENT HOSPITAL</b>	<b>13,999,552</b>	<b>14,812,384</b>	<b>15,281,823</b>	<b>14,524,702</b>	<b>14,725,286</b>	<b>14,193,273</b>	<b>87,537,020</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>103,176</b>	<b>103,384</b>	<b>103,399</b>	<b>105,736</b>	<b>107,515</b>	<b>106,164</b>	<b>629,374</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>5,477,940</b>	<b>5,813,468</b>	<b>6,116,559</b>	<b>5,765,474</b>	<b>5,787,957</b>	<b>6,293,878</b>	<b>35,255,276</b>
<b>OTHER MEDICAL</b>							
Ambulance	321,788	349,619	341,345	346,373	336,918	309,509	2,005,552
Home Health Services & CBAS	370,547	381,556	383,407	279,863	360,563	515,541	2,291,477
Utilization and Quality Review Expenses	67,616	115,998	142,141	133,334	155,745	141,184	756,018
Long Term/SNF/Hospice	1,022,042	820,073	961,497	1,172,612	1,443,187	1,061,036	6,480,447
Enhanced Medical Benefits	-	-	-	-	-	162,074	162,074
Non-Medical Transportation	315,831	340,260	386,323	441,238	433,820	431,464	2,348,936
<b>TOTAL OTHER MEDICAL</b>	<b>2,097,824</b>	<b>2,007,506</b>	<b>2,214,713</b>	<b>2,373,420</b>	<b>2,730,233</b>	<b>2,620,808</b>	<b>14,044,504</b>
<b>PHARMACY SERVICES</b>							
RX - Drugs & OTC	7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	6,093,768	42,852,024
RX - HEP-C	561,061	672,985	971,345	944,297	787,421	1,429,338	5,366,447
Rx - DME	476,382	443,564	669,108	534,081	545,988	677,988	3,347,111
RX - Pharmacy Rebates	(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(66,000)	(717,768)
<b>TOTAL PHARMACY SERVICES</b>	<b>8,128,455</b>	<b>7,616,304</b>	<b>9,063,123</b>	<b>8,149,210</b>	<b>8,855,628</b>	<b>9,035,094</b>	<b>50,847,814</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>552,163</b>	<b>559,709</b>	<b>564,724</b>	<b>566,768</b>	<b>567,013</b>	<b>568,032</b>	<b>3,378,409</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(141,866)</b>	<b>111,013</b>	<b>(585,473)</b>	<b>(232,581)</b>	<b>(744,814)</b>	<b>(2,727,790)</b>	<b>(4,321,511)</b>
<b>Total Medical Costs</b>	<b>49,889,881</b>	<b>50,406,468</b>	<b>52,511,453</b>	<b>51,049,856</b>	<b>52,353,094</b>	<b>53,321,503</b>	<b>309,532,255</b>

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JUNE 30, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>							
Primary Care Physician Services	14.50	12.94	11.11	12.15	10.98	12.30	12.32
Referral Specialty Services	34.44	37.73	36.77	38.48	40.19	46.65	39.07
Urgent Care & After Hours Advise	3.56	2.75	6.84	4.50	5.98	3.79	4.58
Hospital Admitting Team	0.04	0.04	0.04	0.04	0.04	0.04	0.04
<b>TOTAL PHYSICIAN SERVICES</b>	<b>52.53</b>	<b>53.45</b>	<b>54.75</b>	<b>55.17</b>	<b>57.18</b>	<b>62.78</b>	<b>56.00</b>
<b>OTHER PROFESSIONAL SERVICES</b>							
Vision Service Capitation	1.00	0.99	0.99	1.00	1.00	1.00	1.00
310 - Health Services - Utilization Management - UM Allocation *	2.81	2.52	2.73	2.43	2.87	2.87	2.70
311 - Health Services - Quality Improvement - UM Allocation *	0.43	0.40	0.47	0.43	0.46	0.43	0.44
312 - Health Services - Education - UM Allocation *	0.24	0.22	0.24	0.22	0.26	0.28	0.24
313 - Health Services - Pharmacy - UM Allocation *	0.37	0.32	0.36	0.34	0.38	0.36	0.35
314 - Health Homes - UM Allocation *	0.08	0.12	0.17	0.20	0.17	0.17	0.15
616 - Disease Management - UM Allocation *	0.16	0.16	0.21	0.23	0.25	0.25	0.21
Behavior Health Treatment	1.28	0.55	1.39	1.04	0.74	3.04	1.34
Mental Health Services	0.94	0.50	0.16	0.36	1.13	0.37	0.58
Other Professional Services	3.95	3.69	3.66	4.04	3.45	4.86	3.94
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>11.24</b>	<b>9.47</b>	<b>10.39</b>	<b>10.28</b>	<b>10.71</b>	<b>13.62</b>	<b>10.96</b>
<b>EMERGENCY ROOM</b>	<b>19.95</b>	<b>18.75</b>	<b>17.06</b>	<b>16.64</b>	<b>16.34</b>	<b>19.71</b>	<b>18.07</b>
<b>INPATIENT HOSPITAL</b>	<b>59.58</b>	<b>62.41</b>	<b>63.59</b>	<b>60.22</b>	<b>61.03</b>	<b>58.72</b>	<b>60.93</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>0.44</b>	<b>0.44</b>	<b>0.43</b>	<b>0.44</b>	<b>0.45</b>	<b>0.44</b>	<b>0.44</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>23.31</b>	<b>24.50</b>	<b>25.45</b>	<b>23.91</b>	<b>23.99</b>	<b>26.04</b>	<b>24.54</b>
<b>OTHER MEDICAL</b>							
Ambulance	1.37	1.47	1.42	1.44	1.40	1.28	1.40
Home Health Services & CBAS	1.58	1.61	1.60	1.16	1.49	2.13	1.59
Utilization and Quality Review Expenses	0.29	0.49	0.59	0.55	0.65	0.58	0.53
Long Term/SNF/Hospice	4.35	3.46	4.00	4.86	5.98	4.39	4.51
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.67	0.11
Non-Medical Transportation	1.34	1.43	1.61	1.83	1.80	1.79	1.63
<b>TOTAL OTHER MEDICAL</b>	<b>8.93</b>	<b>8.46</b>	<b>9.22</b>	<b>9.84</b>	<b>11.32</b>	<b>10.84</b>	<b>9.78</b>
<b>PHARMACY SERVICES</b>							
RX - Drugs & OTC	30.46	27.67	32.50	27.93	31.45	28.93	29.83
RX - HEP-C	2.39	2.84	4.04	3.92	3.26	5.91	3.74
Rx - DME	2.03	1.87	2.78	2.21	2.26	2.80	2.33
RX - Pharmacy Rebates	(0.28)	(0.28)	(1.61)	(0.27)	(0.27)	(0.27)	(0.50)
<b>TOTAL PHARMACY SERVICES</b>	<b>34.59</b>	<b>32.09</b>	<b>37.71</b>	<b>33.79</b>	<b>36.70</b>	<b>37.38</b>	<b>35.39</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>2.35</b>	<b>2.36</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(0.60)</b>	<b>0.47</b>	<b>(2.44)</b>	<b>(0.96)</b>	<b>(3.09)</b>	<b>(11.29)</b>	<b>(3.01)</b>
<b>Total Medical Costs</b>	<b>212.33</b>	<b>212.40</b>	<b>218.52</b>	<b>211.67</b>	<b>216.98</b>	<b>220.60</b>	<b>215.44</b>

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT</b> <b>FOR THE MONTH ENDED JUNE 30, 2017</b>			
255,274	235,752	1,306,812	1,484,975
	(19,522)		178,163
140,068	162,617	741,837	864,576
	22,549		122,739
498,673	570,160	2,730,847	3,375,851
	71,487		645,004
100,980	212,501	641,139	1,275,003
	111,521		633,864
472,980	494,259	2,762,297	3,071,221
	21,279		308,924
57,008	83,913	373,007	500,787
	26,905		127,780
178	44,975	4,310	269,850
	44,797		265,540
-	3,929	1,003	23,578
	3,929		22,575
169	-	2,094	3,650
	(169)		1,556
83,335	81,100	508,282	519,010
	(2,235)		10,728
503	7,550	8,312	45,300
	7,047		36,988
69	-	102	150
	(69)		48
167,646	194,556	1,005,077	1,161,382
	26,910		156,305
409,866	501,102	2,300,727	2,992,144
	91,236		691,417
284,593	313,738	1,684,269	1,879,259
	29,145		194,990
50,015	49,562	296,151	300,515
	(453)		4,364
15,998	44,350	166,869	266,100
	28,352		99,231
53,183	56,291	299,337	335,452
	3,108		36,115
166,753	117,708	831,386	801,560
	(49,045)		(29,826)
2,757,291	3,174,063	15,663,858	19,170,364
	416,772		3,506,506

KERN HEALTH SYSTEMS MEDI-CAL		JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	YEAR TO DATE 2017
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JUNE 30, 2017								
110 - Executive		279,907	177,920	209,756	191,067	192,888	255,274	1,306,812
210 - Accounting		110,185	137,255	124,511	103,181	126,637	140,068	741,837
220 - Management Information Systems (MIS)		408,164	408,429	469,937	432,868	512,776	498,673	2,730,847
225 - Infrastructure		3,723	152,258	173,666	83,611	126,901	100,980	641,139
230 - Claims		409,956	432,879	463,333	510,387	472,762	472,980	2,762,297
240 - Project Management		63,772	68,960	70,610	54,103	58,554	57,008	373,007
310 - Health Services - Utilization Management		159	2,491	(435)	280	1,637	178	4,310
311 - Health Services - Quality Improvement		500	15	-	-	488	0	1,003
312 - Health Services - Education		-	(66)	438	271	1,282	169	2,094.00
313- Pharmacy		85,960	79,829	90,520	80,420	88,218	83,335	508,282
314 - Health Homes		-	608	6,000	1,166	35	503	8,312
616 - Disease Management		33	-	-	-	-	69	102
320 - Provider Relations		136,674	143,067	186,675	164,456	206,559	167,646	1,005,077
330 - Member Services		364,293	349,583	382,981	378,129	415,875	409,866	2,300,727
340 - Corporate Services		263,501	243,425	320,028	291,136	281,586	284,593	1,684,269
360 - Audit & Investigative Services		73,998	40,824	45,501	36,418	49,395	50,015	296,151
410 - Advertising Media		19,017	3,800	46,065	25,789	56,200	15,998	166,869
420 - Sales/Marketing/Public Relations		47,664	55,567	49,579	44,462	48,882	53,183	299,337
510 - Human Resources		94,898	104,383	175,095	159,527	130,730	166,753	831,386
Total Department Expenses		2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	15,663,858

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF JUNE 30, 2017</b>			
<b>ASSETS</b>	<b>JUNE 2017</b>	<b>MAY 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,423,962	\$ 1,422,347	1,615
Interest Receivable	3,206	1,760	1,446
Prepaid Expenses & Other Current Assets	-	833	(833)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,427,168</b>	<b>\$ 1,424,940</b>	<b>\$ 2,228</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	1,615	-	1,615
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 355,464</b>	<b>\$ 353,849</b>	<b>\$ 1,615</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	1,664	1,051	613
Total Net Position	\$ 1,071,704	\$ 1,071,091	\$ 613
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,427,168</b>	<b>\$ 1,424,940</b>	<b>\$ 2,228</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JUNE 30, 2017	YEAR-TO-DATE		
<b>ENROLLMENT</b>						
-	-	-	<b>Members</b>	-	-	-
<b>REVENUES</b>						
-	-	-	<b>Premium</b>	-	-	-
1,446	-	1,446	<b>Interest</b>	5,864	-	5,864
-	-	-	<b>Other Investment Income</b>	800	-	800
1,446	-	1,446	<b>TOTAL REVENUES</b>	6,664	-	6,664
<b>EXPENSES</b>						
-	-	-	<b>Medical Costs</b>	-	-	-
-	-	-	<b>IBNR and Paid Claims Adjustment</b>	-	-	-
-	-	-	<b>Total Medical Costs</b>	-	-	-
1,446	-	1,446	<b>GROSS MARGIN</b>	6,664	-	6,664
<b>Administrative</b>						
833	-	(833)	<b>Management Fee Expense and Other Admin Exp</b>	5,000	-	(5,000)
833	-	(833)	<b>Total Administrative Expenses</b>	5,000	-	(5,000)
833	-	(833)	<b>TOTAL EXPENSES</b>	5,000	-	(5,000)
613	-	613	<b>OPERATING INCOME (LOSS)</b>	1,664	-	1,664
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-
613	-	613	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	1,664	-	1,664
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	0%	0%	0%
58%	0%	-58%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	75%	0%	-75%

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

2017 MEMBER MONTHS
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	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
<b>ADULT AND FAMILY</b>												
PA - FAMILY	36,123	36,255	36,565	35,376	34,185	34,130						
MIN - FAMILY	0	0	0	0	0	0						
REFUGEE - FAMILY	1	1	0	2	2	4						
FOSTER CARE	493	498	508	536	594	608						
POVERTY-133/200%	2	2	2	2	2	1						
POVERTY-100%	0	0	0	0	0	0						
MI - CHILD	104,391	105,746	107,285	108,562	109,014	109,096						
CHILD-ACA	-127	430	405	415	422	426						
FAMILY - UNDER 19	20,203	20,297	19,877	19,885	20,312	20,627						
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>161,086</b>	<b>163,229</b>	<b>164,642</b>	<b>164,778</b>	<b>164,529</b>	<b>164,892</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

212,634
0
10
3,237
9
0
644,094
1,971
121,201
983,156

MEDI-CAL EXPANSION	
LIHP Transition Pre-ACA	343
ACA Expansion Adult-Citizen	338,738
ACA Expansion CAL Fresh Adult	31
LIHP Transition Pre-ACA	3,293
<b>SUB-TOTAL MANDATORY</b>	<b>342,405</b>

26	69	58	65	65	65	60						
54,856	55,872	56,493	57,020	57,401	57,096							
9	1	4	5	5	7							
514	500	532	573	594	580							
<b>55,405</b>	<b>56,442</b>	<b>57,087</b>	<b>57,663</b>	<b>58,065</b>	<b>57,743</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

SDP MEMBERS	
SSI-AGED	1,064
MIN - AGED	8,207
SSI - BLIND & DIS-ABLED	70,205
MIN - BLIND & DIS-ABLED	1,995
<b>SUB-TOTAL MANDATORY SPD</b>	<b>81,471</b>

158	185	191	194	174	162							
1,338	1,359	1,388	1,357	1,322	1,443							
11,702	11,623	11,614	11,701	11,631	11,934							
326	393	346	325	288	317							
<b>13,524</b>	<b>13,560</b>	<b>13,539</b>	<b>13,577</b>	<b>13,415</b>	<b>13,856</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL MANDATORY</b>	<b>1,407,032</b>
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<b>230,015</b>	<b>233,231</b>	<b>235,268</b>	<b>236,018</b>	<b>236,009</b>	<b>236,491</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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OTHER MEMBERS	
BCCTP-TOBACCO SETTLEMENT	170

29	30	27	28	26	30							
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DUALS	
PA - FAMILY DUALS	136
PART D SSI-AGED	3,884
PART D MN - AGED	6,973
PART D SSI - BLIND & DIS-ABLED	12,474
PART D MN - BLIND & DIS-ABLED	4,540
PART D BCCTP-TOBACCO SETTLEMENT	9
PART D MI - ADULT	0
PART D MI - CHILD	2,403
<b>SUB-TOTAL DUALS</b>	<b>30,419</b>

31	17	15	21	15	37							
615	628	625	673	666	677							
1,127	1,116	1,134	1,173	1,229	1,194							
2,067	2,011	2,081	2,085	2,128	2,102							
762	780	740	751	735	772							
1	1	1	2	2	2							
0	0	0	0	0	0							
316	360	417	427	472	411							
<b>4,919</b>	<b>4,913</b>	<b>5,013</b>	<b>5,132</b>	<b>5,247</b>	<b>5,195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL OTHERS</b>	<b>30,589</b>
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<b>4,948</b>	<b>4,943</b>	<b>5,040</b>	<b>5,160</b>	<b>5,273</b>	<b>5,225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>TOTAL KAISER</b>	<b>45,012</b>
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<b>7,103</b>	<b>7,365</b>	<b>7,466</b>	<b>7,619</b>	<b>7,714</b>	<b>7,745</b>							
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<b>TOTAL MEDI-CAL MEMBERS</b>	<b>1,482,633</b>
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<b>242,066</b>	<b>245,539</b>	<b>247,774</b>	<b>248,797</b>	<b>248,996</b>	<b>249,461</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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# KERN • HEALTH SYSTEMS

**May AP Vendor Report**  
**Amount over \$10,000.00**

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4699	ZeOMEGA, INC.*****	450,000.00	450,000.00	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1045	KAISER FOUNDATION HEALTH	344,529.50	1,713,904.73	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4684	DELAWIE	147,330.39	394,405.12	APR. ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T4237	FLUIDEDGE CONSULTING	87,995.29	399,146.65	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T2726	ARGUS HEALTH SYSTEMS, INC.	80,418.75	489,340.40	APR. PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4350	COMPUTER ENTERPRISE INC.	63,781.20	232,511.80	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	55,821.89	198,296.73	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T3460	THE GUARDIAN LIFE INSURANCE CO.	47,301.52	233,582.36	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4695	EDIFECs, INC.	46,080.00	935,414.72	PERPETUAL LICENSES FOR EDI MANAGEMENT	CAPITAL PROJECT IN PROCESS
T4740	HEALTHCARE SCOUTS, INC*****	39,429.73	39,429.73	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4582	HEALTHX, INC	35,000.00	119,200.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4308	TRUXTUN PLACE PARTNERS	28,243.97	138,399.44	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES

# KERN • HEALTH SYSTEMS

**May AP Vendor Report**  
**Amount over \$10,000.00**

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4694	KELLY SERVICES, INC. *****	27,866.73	37,592.39	TEMP HELP 1-QI, DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T4537	BURKE, WILLIAMS, & SORENSEN, LLP*****	27,664.51	44,650.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T2413	TREK IMAGING INC *****	26,409.97	53,111.93	PROMOTIONS GIVEAWAYS	VARIOUS
T2918	STINSONS *****	25,374.53	59,084.60	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	23,875.00	47,000.00	2016 AUDIT FEES	ADMINISTRATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	22,702.38	159,401.14	TEMPORARY HELP - 1 MIS, 1 QI, 1 CLAIMS, 1 UM, 1 PR.	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	16,492.26	81,297.33	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T1408	DELL MARKETING L.P.	15,338.46	956,892.60	HARDWARE-5 DELL LATITUDE E5470, 12-23" MONITOR, 5-OPTIPLX 3050	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	15,135.50	78,565.00	APR. EDI CLAIM PROCESSING	CLAIMS
T4467	MEDISOFTRX, LLC.	14,700.00	72,600.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4168	RELAYHEALTH*****	14,250.33	68,105.95	MAR. EDI CLAIM PROCESSING	CLAIMS
T1189	APPLE ONE INC.	14,178.18	79,379.50	TEMPORARY HELP - 1 PHARM, 1 CS, 3 CLAIMS	VARIOUS
T4587	MCINTOSH & ASSOCIATE*****	13,972.35	15,670.85	FEBRUARY/MARCH PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING

# KERN • HEALTH SYSTEMS

**May AP Vendor Report**  
**Amount over \$10,000.00**

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4747	SYED ALAM, M.D. INC. *****	12,500.00	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4460	PAYSPAN, INC	12,395.25	66,959.27	APRIL ELECTRONIC CLAIMS	FINANCE
T2933	SIERRA PRINTERS, INC.	12,374.67	66,767.73	2017 MCAL MEMBER HANDBOOKS, BUSINESS CARDS, HOME HEALTH MEMBERSHIP BROCHURES, HOME HEALTH LETTERHEADS.	VARIOUS
T4686	CENTRIC HEALTH*****	11,587.50	57,936.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T4742	SIERRA WEST CONSULTING GROUP, INC. *****	11,240.00	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T4193	TECHNOSOCIALWORK.COM	11,123.64	116,174.31	APRIL OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC. *****	10,111.42	10,111.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4748	HANY AZIZ, M.D. INC. *****	10,027.86	10,027.86	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
		<u>1,775,252.78</u>			
	TOTAL VENDORS OVER \$10,000	1,775,252.78			
	TOTAL VENDORS UNDER \$10,000	296,838.92			
	TOTAL VENDOR EXPENSES-May	<u>2,072,091.70</u>			

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

# 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	1,713,904.73	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1408	DELL MARKETING L.P.	956,892.60	HARDWARE- 15- 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, 12- 23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4695	EDIFICS, INC.	935,414.72	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.	489,340.40	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4699	ZeOMEGA, INC. *****	450,000.00	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4237	FLUIDEDGE CONSULTING	399,146.65	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4654	DELAWIE	394,405.12	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T1071	CLINICA SIERRA VISTA	321,481.40	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2167	PG&E	272,555.39	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3460	THE GUARDIAN LIFE INSURANCE CO.	233,582.36	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	232,511.80	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	198,296.73	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	159,401.14	TEMPORARY HELP	VARIOUS
T2704	MCG HEALTH LLC	141,105.21	2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5	HE-UM
T4308	TRUXTUN PLACE PARTNERS	138,399.44	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
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
T4582	HEALTHX, INC	119,200.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4193	TECHNOSOCIALWORK.COM	116,174.31	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2961	SOLUTION BENCH, LLC	105,995.00	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
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
T4165	SHI INTERNATIONAL CO.	84,083.28	VMMWARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROGRESS.



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4546	LEVEL 3 COMMUNIATIONS, LLC	81,297.33	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	79,379.50	TEMPORARY HELP	VARIOUS
T3011	OFFICE ALLY, INC.	78,565.00	EDI CLAIM PROCESSING	CLAIMS
T4664	TURNORTHE, LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CM/DM
T4467	MEDISOFTRX, LLC.	72,600.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2584	UNITED STATES POSTAL SVC.-HASLER	70,000.00	POSTAGE-METERED	VARIOUS
T4168	RELAYHEALTH	68,105.95	EDI CLAIM PROCESSING	CLAIMS
T4460	PAYSPAN, INC	66,959.27	ELECTRONIC CLAIMS	FINANCE
T2933	SIERRA PRINTERS, INC.	66,767.73	PROVIDER DIRECTORIES	PROVIDER RELATIONS
TT4452	WELLS FARGO 3500 2469	61,918.96	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	59,981.37	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION	HUMAN RESOURCES
T2918	STINSONS	59,084.60	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T4686	CENTRIC HEALTH	57,936.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T1272	COFFEY COMMUNICATIONS INC.	57,324.83	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	56,026.87	EDI CLAIM PROCESSING	CLAIMS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2413	TREK IMAGING INC	53,111.93	PROMOTIONS GIVEAWAYS	VARIOUS
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	47,000.00	2016 AUDIT FEES	ADMINISTRATION
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
T4537	BURKE, WILLIAMS & SORENSEN, LLP	44,650.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4478	AMERICAN FIDELITY ASSURANCE CO.	42,777.67	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4740	HEALTHCARE SCOUTS, INC*****	39,429.73	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4694	KELLY SERVICES, INC. *****	37,592.39	TEMP HELP 1- QI, DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,500.00	SPONSORSHIP	MARKETING
T3084	KERN COUNTY-COUNTY COUNSEL	36,134.00	LEGAL FEES	ADMINISTRATION
T4396	KAISER FOUNDATION HEALTH-DMHO	35,840.13	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T4688	VANGUARD MEDICAL CORPORATION	33,891.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2969	AMERICAN BUSINES MACHINES INC	32,948.10	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	32,569.00	2017 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T2755	VELOCITY PARTNERS, LLC	29,376.00	CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT	MIS INFRASTRUCTURE
T4059	KERN VALLEY HEALTH CARE DISTRICT	29,214.39	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4433	MICOR-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4563	SPH ANALYTICS	28,102.95	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4603	ECFIRST.COM	26,554.79	PROFESSIONAL SERVICES - INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T1183	MILLIMAN USA	25,024.50	CY2015 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT
T4386	STACY POEHLMAN	23,303.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
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
T4503	VISION SERVICE PLAN	22,007.99	EMPLOYEE BENEFITS-VISION	VARIOUS





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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4561	SRI & SHARMA, LLC	21,875.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	21,448.00	FLU CLINIC SPONSORSHIPS	MARKETING
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T2446	AT&T MOBILITY	20,421.09	CELLULAR PHONE	MIS INFRASTRUCTURE
T1032	THE BAKERSFIELD CALIFORNIAN	19,996.40	EMPLOYMENT AD	HUMAN RESOURCES
T1128	HALL LETTER SHOP, INC	19,910.24	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH	VARIOUS
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	19,360.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T2441	POPPYROCK DESIGNS	19,032.00	MATERIAL DESIGN	VARIOUS
T3986	JACQUELYN S. JANS	18,720.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T2955	DELTA ELECTRIC INC.	17,613.37	BUILDING MAINTENANCE	CORPORATE SERVICES
T4501	ALLIED UNIVERSAL SECURITY SERVICES	16,270.00	BUILDING SECURITY & PATROLING SERVICES	CORPORATE SERVICES
T4587	MCINTOSH & ASSOCIATE*****	15,670.85	FEBRUARY/MARCH PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4707	SHAFTER PEDIATRICS*****	15,304.59	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	15,033.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	15,000.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	14,284.55	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	13,917.50	INTERPRETATION SERVICES	MEMBER SERVICES
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	13,500.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T2234	HASMUKH AMIN MD	13,007.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	12,704.20	EDI CLAIM PROCESSING	CLAIMS
T3990	SPARKLETTS INC.	12,643.83	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4685	NATIONAL GIFT CARD CORP	12,572.02	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4747	SYED ALAM, M.D. INC.*****	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2941	KERN PRINT SERVICES INC.	12,434.53	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	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
T2469	DST HEALTH SOLUTIONS, INC.*****	11,414.12	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T4742	SIERRA WEST CONSULTING GROUP, INC.*****	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T4268	TRENDWAY CORPORATION*****	10,398.60	3RD FLOOR ADD ON WALLS-HE & CLAIMS	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
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC.*****	10,111.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4748	HANY AZIZ, M.D. INC.*****	10,027.86	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1347	ADVANCED DATA STORAGE*****	10,021.71	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		<u>11,516,954.97</u>		
	TOTAL VENDORS OVER \$10,000	11,516,954.67		
	TOTAL VENDORS UNDER \$10,000	578,986.22		
	TOTAL VENDOR EXPENSES-May	<u>12,095,940.89</u>		

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

# KERN • HEALTH SYSTEMS

**JUNE AP Vendor Report**  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4699	ZeOMEGA, INC. *****	593,685.88	1,043,685.88	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1045	KAISER FOUNDATION HEALTH	349,612.54	2,063,517.27	EMPLOYEE HEALTH BENEFITS	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC*****	235,632.92	235,632.92	2017/2018 WORKERS COMPENSATION PREMIUM	ADMIN
T1071	CLINICA SIERRA VISTA*****	122,663.61	444,145.01	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2726	ARGUS HEALTH SYSTEMS, INC.	88,172.60	577,513.00	MAY PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4237	FLUIDEDGE CONSULTING	88,138.80	487,285.45	APRIL/MAY CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4695	EDIFECs, INC.	67,680.00	1,003,094.72	PERPETUAL LICENSES FOR EDI MANAGEMENT	CAPITAL PROJECT IN PROCESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	50,829.26	210,230.40	TEMPORARY HELP - 1 MIS, 1 HR, 3 CLAIMS, 1 UM, 1 PR, 1 MS.	VARIOUS
T3460	THE GUARDIAN LIFE INSURANCE CO.	47,549.81	281,132.17	JUNE VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	33,592.16	171,991.60	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T4478	AMERICAN FIDELITY ASSURANCE CO.*****	26,394.48	69,172.15	MAY & JUN. EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T2837	TOYS/BABIES R US*****	24,928.87	27,151.13	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION



**JUNE AP Vendor Report**  
**Amount over \$10,000.00**

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4193	TECHNOSOCIALWORK.COM	21,635.19	137,809.50	MAY OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T1189	APPLE ONE INC.	19,665.62	99,045.12	TEMPORARY HELP - 1 PHARM, 1 CS, 3 CLAIMS	VARIOUS
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	18,400.00	37,760.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T3011	OFFICE ALLY, INC.	18,325.75	96,890.75	MAY EDI CLAIM PROCESSING	CLAIMS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC *****	16,985.31	27,101.52	MARCH DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4778	CLINICA LA VICTORIA A MEDICAL CORP*****	16,700.00	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH	COMMUNITY GRANTS
T4546	LEVEL 3 COMMUNICATIONS, LLC	16,669.61	97,966.94	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4737	TEKSYSTEMS, INC. *****	16,398.72	39,198.72	DIRECT HIRE- R. SINGH- CLAIMS BUSINESS ANALYST III	HUMAN RESOURCES
T4768	HEALTHCARE SUPPORT STAFFING, INC*****	16,224.00	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T4733	UNITED STAFFING ASSOCIATES****	15,855.19	15,855.19	TEMP HELP - 1 HOME HEALTH, 1 PM, 1 AIS	VARIOUS
T4479	BAKERSFIELD PEDIATRICS, A MED*****	15,066.84	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4467	MEDISOFTX, LLC.	14,700.00	87,300.00	MAY PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS

# KERN • HEALTH SYSTEMS

**JUNE AP Vendor Report**  
**Amount over \$10,000.00**

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4460	PAYSPAN, INC	12,222.19	79,181.46	MAY EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4538	CHANGE HEALTHCARE SOLUTIONS	12,020.35	68,047.22	MAY EDI CLAIM PROCESSING	CLAIMS
T4168	RELAYHEALTH	11,355.10	79,461.05	APR. EDI CLAIM PROCESSING	CLAIMS
T2787	SAGE SOFTWARE, INC*****	10,395.00	10,395.00	SAGE 300 ACCOUNTING SOFTWARE	FINANCE
T4685	NATIONAL GIFT CARD CORP*****	10,000.00	22,572.02	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
		<u>1,991,499.80</u>			
	TOTAL VENDORS OVER \$10,000	1,991,499.80			
	TOTAL VENDORS UNDER \$10,000	201,545.46			
	<b>TOTAL VENDOR EXPENSES-June</b>	<u><b>2,193,045.26</b></u>			

Note:

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	2,063,517.27	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4699	ZeOMEGA, INC.	1,043,685.88	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4695	EDIFECs, INC.	1,003,094.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T1408	DELL MARKETING L.P.	958,085.47	HARDWARE- 15- 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, 12-23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	594,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T2726	ARGUS HEALTH SYSTEMS, INC.	577,513.00	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T4237	FLUIDEDGE CONSULTING	487,285.45	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T1071	CLINICA SIERRA VISTA	444,145.01	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4654	DELAWIE	394,405.12	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T3460	THE GUARDIAN LIFE INSURANCE CO.	281,132.17	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2167	PG&E	277,581.39	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2686	ALLIANT INSURANCE SERVICES INC*****	235,632.92	2017/2018 WORKERS COMPENSATION PREMIUM	ADMIN
T4350	COMPUTER ENTERPRISE INC.	234,695.80	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	210,230.40	TEMPORARY HELP	VARIOUS
T4696	ZNALYTICS, LLC	198,296.73	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4308	TRUXTUN PLACE PARTNERS	171,991.60	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
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
T4193	TECHNOSOCIALWORK.COM	137,809.50	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4582	HEALTHX, INC	120,700.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T2961	SOLUTION BENCH, LLC	105,995.00	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T1597	BAKERSFIELD MEMORIAL HOSP	100,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR.	HE-DISEASE MANAGEMENT
T1189	APPLE ONE INC.	99,045.12	TEMPORARY HELP	VARIOUS
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4546	LEVEL 3 COMMUNIATIONS, LLC	97,966.94	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	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
T3011	OFFICE ALLY, INC.	96,890.75	EDI CLAIM PROCESSING	CLAIMS
T4467	MEDISOFTRX, LLC.	87,300.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4165	SHI INTERNATIONAL CO.	85,208.60	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4168	RELAYHEALTH	79,461.05	EDI CLAIM PROCESSING	CLAIMS
T4460	PAYSPAN, INC	79,181.46	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4664	TURNORTHE. LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-C/M/D/M
TT4452	WELLS FARGO 3500 2469	70,283.26	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T2584	UNITED STATES POSTAL SVC.-HASLER	70,000.00	POSTAGE-METERED	VARIOUS
T4478	AMERICAN FIDELITY ASSURANCE CO.	69,172.15	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T1861	CEREDIAN BENEFITS SERVICES	69,015.12	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T2933	SIERRA PRINTERS, INC.	68,173.58	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	68,047.22	EDI CLAIM PROCESSING	CLAIMS
T2918	STINSON'S	59,084.60	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T4686	CENTRIC HEALTH	57,936.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS



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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1272	COFFEY COMMUNICATIONS INC.	57,324.83	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T2413	TREK IMAGING INC	53,817.43	PROMOTIONS GIVEAWAYS	VARIOUS
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4405	SMARTERP SOLUTIONS, INC.	47,305.84	2017 CONSULTING FEES	CAPITAL PROJECTS IN PROCESS
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	47,250.00	2016 AUDIT FEES	ADMINISTRATION
T4537	BURKE, WILLIAMS & SORENSEN, LLP	46,201.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4653	FORMS ON FIRE, INC.	44,865.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T4396	KAISER FOUNDATION HEALTH-DMHO	43,359.72	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4694	KELLY SERVICES, INC.	40,993.82	TEMP HELP 1-QI, DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T3084	KERN COUNTY-COUNTY COUNSEL	40,828.80	LEGAL FEES	ADMINISTRATION
T4740	HEALTHCARE SCOUTS, INC	39,429.73	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4737	TEKSYSTEMS, INC.	39,198.72	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	37,760.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,500.00	SPONSORSHIP	MARKETING
T4688	VANGUARD MEDICAL CORPORATION	35,916.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

# KERN • HEALTH SYSTEMS

Year to Date AP Vendor Report  
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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2969	AMERICAN BUSINES MACHINES INC	34,299.40	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	32,569.00	2017 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T4479	BAKERSFIELD PEDIATRICALS, A MEDICAL GROUP	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4059	KERN VALLEY HEALTH CARE DISTRICT	29,474.45	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
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	MICRO-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4563	SPH ANALYTICS	28,477.95	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4386	STACY POEHLMAN	27,979.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T2837	TOYS/BABIES R US*****	27,151.13	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	27,101.52	DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4603	ECFIRST.COM	26,554.79	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T4561	SRI & SHARMA, LLC	26,250.00	PARKING SPACE RENTAL	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1183	MILLIMAN USA	25,024.50	CY2015 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT
T1032	THE BAKERSFIELD CALIFORNIAN	24,179.84	EMPLOYMENT AD	HUMAN RESOURCES
T2562	CACTUS SOFTWARE LLC	23,010.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4685	NATIONAL GIFT CARD CORP	22,572.02	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T3986	JACQUELYN S. JANS	22,500.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	22,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T4503	VISION SERVICE PLAN	22,007.99	EMPLOYEE BENEFITS-VISION	VARIOUS
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	21,448.00	FLU CLINIC SPONSORSHIPS	MARKETING
T1128	HALL LETTER SHOP, INC	21,116.24	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH	VARIOUS
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T2446	AT&T MOBILITY	20,421.09	CELLULAR PHONE	MIS INFRASTRUCTURE
T4501	ALLIED UNIVERSAL SECURITY SERVICES	20,030.00	BUILDING SECURITY & PATROLING SERVICES	CORPORATE SERVICES
T4707	SHAFTER PEDIATRICS	19,678.63	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T2441	POPPYROCK DESIGNS	19,032.00	MATERIAL DESIGN	VARIOUS
T2955	DELTA ELECTRIC INC.	17,613.37	BUILDING MAINTENANCE	CORPORATE SERVICES

# KERN HEALTH SYSTEMS

Year to Date AP Vendor Report  
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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2941	KERN PRINT SERVICES INC.	17,118.25	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T4778	CLINICA LA VICTORIA A MEDICAL CORP*****	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1180	LANGUAGE LINE SERVICES INC.	16,287.96	INTERPRETATION SERVICES	MEMBER SERVICES
T4768	HEALTHCARE SUPPORT STAFFING, INC*****	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T4733	UNITED STAFFING ASSOCIATES*****	15,855.19	TEMP HELP - 1 HOME HEALTH, 1 PM, 1 AIS	VARIOUS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	15,750.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4587	MCINTOSH & ASSOCIATE	15,670.85	FEBRUARY/MARCH PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4183	LAMAR ADVERTISING OF BAKERSFIELD	15,000.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T4294	J. SERVICES JANITORIAL *****	14,755.00	MAINTENANCE-JANITORIAL SERVICES	CORPORATE SERVICES
T3449	CDW GOVERNMENT*****	14,308.63	HARDWARE- 10 CISCO PHONES, 7 APPLE IPAD/TABLES, CABLE, 7 APPLE IPAD/TABLES, 3 MICROSOFT ERGONOMIC, PROJECTOR, 2 CANON SCANNERS, 1 DELL LATITUDE E5440	MIS INFRASTRUCTURE
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	14,284.55	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	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
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T3990	SPARKLETT'S INC.	13,151.93	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T2234	HASMIJUH AMIN MD	13,007.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	12,704.20	EDI CLAIM PROCESSING	CLAIMS
T4747	SYED ALAM, M.D. INC.	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4384	PINNACLE PRIMARY CARE, INC. *****	12,400.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T3010	CORE BUSINESS INTERIORS*****	12,344.48	FURNITURE—(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION	CORPORATE SERVICES
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO*****	11,639.12	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2469	DST HEALTH SOLUTIONS, INC.	11,414.12	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T4742	SIERRA WEST CONSULTING GROUP, INC.	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T3378	CARRIER CORPORATION*****	10,736.19	BUILDING MAINTENANCE	CORPORATE SERVICES

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1644	BRIGHT HOUSE NETWORK*****	10,660.18	INTERNET SERVICES	MIS INFRASTRUCTURE
T3065	CAREERBUILDER, LLC*****	10,500.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T4268	TRENDWAY CORPORATION*****	10,398.30	3RD FLOOR ADD ON WALLS-HE & CLAIMS	CORPORATE SERVICES
T2787	SAGE SOFTWARE, INC*****	10,395.00	SAGE 300 ACCOUNTING SOFTWARE	FINANCE
T4297	PREGMATIC WORKS SOFTWARE	10,203.75	BiXPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE	CAPITAL PROJECT IN PROCESS
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC.	10,111.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4748	HANY AZIZ, M.D. INC.	10,027.86	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1347	ADVANCED DATA STORAGE	10,021.71	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		<u><u>13,698,585.10</u></u>		
	TOTAL VENDORS OVER \$10,000	13,698,585.10		
	TOTAL VENDORS UNDER \$10,000	590,401.05		
	TOTAL VENDOR EXPENSES-June	<u><u>14,288,986.15</u></u>		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
<b>January</b>							
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 Iurriria	Marketing and Corporate Image Consulting	1/1/2017	12/31/2017
Poppyrock Designs	\$36,000.00	Yes	MK	Louie Iurriria	Graphic design services	1/1/2017	12/31/2017
Skillssoft	\$62,510.79	Yes	HR	Arlita Martin	Online training for employees	1/31/2017	1/30/2019
<b>February</b>							
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 Staffrify licenses	2/24/2017	2/23/2018
<b>March</b>							
LifeSigs, 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
<b>May</b>							
J Services	\$61,000.00	Yes	CS	Alonso Hurtado	Janitorial services for Stockdale and Truxtun	5/8/2017	12/31/2017
DPW&B	\$49,000.00	Yes	ACCT	Robin Plumb	Financial auditing services	5/4/2017	5/2/2018
Sierra Printers	\$30,960.85	Yes	PR	Emily Duran	Provider directories	5/4/2017	5/3/2018
Language Line Services	\$56,000.00	Yes	MS	Nate Scott	Translation services	5/29/2017	5/28/2018
<b>June</b>							
Solution Bench	\$30,008.00	Yes	IT	Richard Pruitt	10 Test licenses and 1 UAT server with 10 licenses	6/15/2017	6/14/2018



