



KERN HEALTH SYSTEMS

FINANCE COMMITTEE MEETING

Friday, December 8, 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, December 8, 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 October 6, 2017 -
APPROVE
- 4) Report on KHS investment portfolio for the third quarter ending September 30, 2017 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Proposed Retroactive Amendment No. 20 to Physician Services Agreement and Amendment No. 39 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
- 6) Proposed policy with OPTUM for reinsurance to mitigate costs incurred by Kern Health Systems for members with high dollar inpatient admissions from January 1, 2018 through December 31, 2018 in an amount not to exceed \$0.47 per member per month (Fiscal Impact: \$1,371,014 estimated; Budgeted) –
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 7) Proposed Kern Health Systems 2018 Operating and Capital Budgets (Fiscal Impact: None) –
APPROVE; REFER TO KHS BOARD OF DIRECTORS

-
- 8) Proposed Budget Request for 2018 Project Consulting Professional Services, from January 1, 2018 through December 31, 2018 (Fiscal Impact: \$2,959,453; Budgeted) –
 APPROVE; REFER TO KHS BOARD OF DIRECTORS
 - 9) Proposed Agreement with Optum, Inc, to provide Claims Edit Platform Solution, maintenance and support in an amount not to exceed \$1,624,098; additionally include purchase of hardware, software and professional services to support installation and deployment \$1,007,030, from December 14, 2017 through December 14, 2020 (Fiscal Impact: \$2,631,128; Budgeted) –
 APPROVE; REFER TO KHS BOARD OF DIRECTORS
 - 10) Proposed Amendment with ZeOmega, Inc, for the implementation of the third phase of the Jiva Software Platform in an amount not to exceed \$338,875; additionally include professional services to support installation and function not to exceed \$2,669,086, from January 1, 2018 through December 31, 2018 (Fiscal Impact: \$3,007,961; Budgeted) –
 APPROVE; REFER TO KHS BOARD OF DIRECTORS
 - 11) Report on Kern Health Systems financial statements for September 2017 and October 2017 (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
 - 12) 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 September 2017 and October 2017 (Fiscal Impact: None) –
 RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, FEBRUARY 2, 2018 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, October 6, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: McGlew, Melendez, Rhoades

Members absent: Deats, Casas

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Also, the Committee may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**
NO ONE HEARD

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))
NO ONE HEARD

SUMMARY
Finance Committee Meeting
Kern Health Systems

Page 2
10/6/2017

- CA-3) Minutes for KHS Finance Committee meeting on August 4, 2017 -
APPROVED
Rhoades-Melendez: 3 Ayes; 2 Absent – Deats, Casas
- 4) Proposed Agreement with DST Health Solutions, LLC, to renew the licensing for the Predictive Modeling Tool, from October 12, 2017 through October 12, 2020, in an amount not to exceed \$0.49 PMPY (Fiscal Impact: \$116,800 estimated annually; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-Melendez: 3 Ayes; 2 Absent – Deats, Casas
- 5) Proposed Agreement with L5 Healthcare Solutions, Inc, for the licensing of the Claims Auditing Tool, from December 1, 2017 through December 1, 2020 (Fiscal Impact: \$219,045; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-Rhoades: 3 Ayes; 2 Absent – Deats, Casas
- 6) Report on Kern Health Systems financial statements for July 2017 and August 2017 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-Melendez: 3 Ayes; 2 Absent – Deats, Casas
- 7) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for July 2017 and August 2017 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-Melendez: 3 Ayes; 2 Absent – Deats, Casas

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

Melendez



To: KHS Finance Committee

From: Robert Landis, CFO

Date: December 8, 2017

Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

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

- Preservation of principal
- Liquidity
- Yield

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

Short-Term Portfolio (Under 1 year)

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

Long-Term Portfolio (1-5 years)

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

Requested Action

Receive and File; Refer to KHS Board of Directors

**Kern Health Systems
Investment Portfolio
September 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 - Cash & Repurchase Agreements	(A)	(1)	\$ 4,900,000	1.48%	50%	0.08%	1 Day	None
Morgan Stanley Money Market	(B)	(1)	\$ 42,200,000	12.76%	20%	0.91%	1 Day	None
Local Agency Investment Fund (LAIF)	(C)	(2)	\$ 64,700,000	19.56%	50%	1.11%	2 Days	None
US T-Bills at Wells Fargo		(1)	\$ 110,000,000	33.25%	100%	0.83%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)		\$ 28,400,000	8.59%		1.23%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total			\$ 250,200,000	75.63%		0.95%		

Long Term Port Folio (1 - 5 years)

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

UBS Managed Portfolio	(E)		\$ 71,300,000	21.55%		1.95%	3 Days	Subject to Interest Rate and Credit Fluctuations
Certificates of Deposit			\$ 250,000	0.08%	30%	1.15%	3 Days	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)		\$ 9,050,000	2.74%		1.35%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total			\$ 80,600,000	24.37%		1.88%		
Total Portfolio			\$ 330,800,000	100.00%		1.17%		

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	1.35%	1.40%	1.50%	1.35%
2 year	1.52%	1.62%	1.75%	1.70%
3 year	1.66%	1.75%	1.92%	1.85%
5 year	1.95%	2.12%	2.34%	2.25%

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
 - (B) \$15 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 \$74 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.
-
- (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 September 30, 2017

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

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

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

Prepared for

Kern Health Systems
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

Asset allocation review.....	2
Cumulative performance.....	3
Bond summary.....	4
Bond holdings.....	5
Important information about this report.....	14



Asset allocation review

as of September 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
Cash	2,021,709.72	2.84
Cash	2,021,709.72	2.84
Fixed Income	69,290,310.64	97.16
US	69,290,310.64	97.16
Equity	0.00	0.00
Commodities	0.00	0.00
Non-Traditional	0.00	0.00
Other	0.00	0.00
Total Portfolio	\$71,312,020.36	100%

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



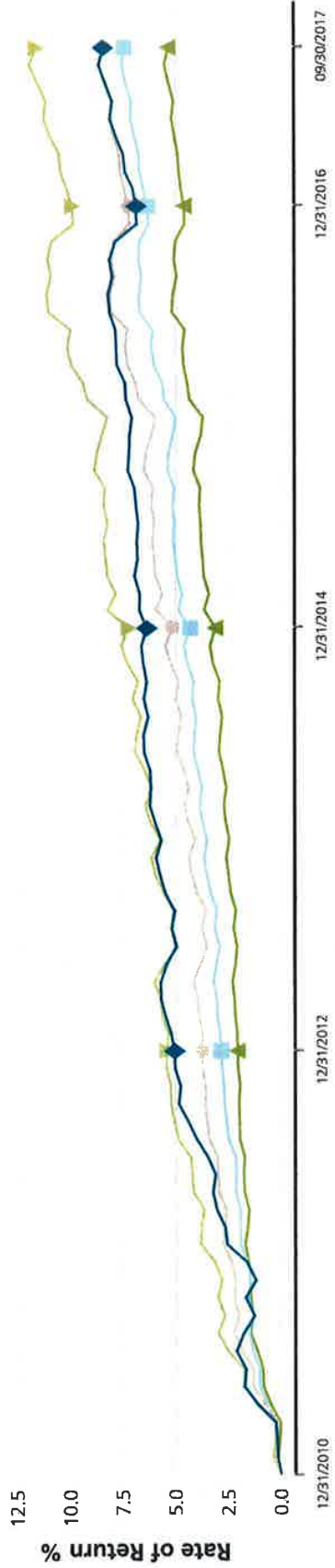
■ Cash 2.84%
 ■ US Fixed Income 97.16%



Cumulative performance

as of September 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 09/30/2017	Annualized 12/31/2010 to 09/30/2017
◆ Net Time-weighted ROR	5.07	6.39	6.90	8.52	1.22

Benchmarks - Time-weighted returns

● Benchmark 1	3.75	5.16	7.27	8.50	1.22
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	7.49	1.08
▲ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	11.72	1.65
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	5.36	0.78

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

Report created on: October 01, 2017



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 September 30, 2017

Bond overview

Total quantity	68,885,000
Total market value	\$68,888,664.23
Total accrued interest	\$401,646.41
Total market value plus accrued interest	\$69,290,310.64
Total estimated annual bond interest	\$1,487,955.82
Average coupon	2.21%
Average current yield	2.16%
Average yield to maturity	1.95%
Average yield to worst	1.95%
Average modified duration	2.57
Average effective maturity	2.69

Credit quality of bond holdings

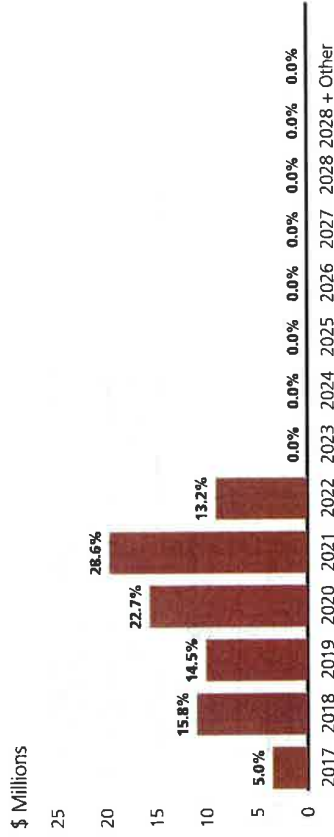
Effective credit rating	Issues	Value on 09/30/2017 (\$)	% of port.
A Aaa/AAA/AAA	16	41,142,928.97	59.55
B Aa/AA/AA	13	12,071,043.19	17.40
C A/A/A	15	13,756,979.76	19.73
D Baa/BBB/BBB	3	2,319,358.71	3.33
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	0	0.00	0.00
Total	47	\$69,290,310.64	100%



Investment type allocation

Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Municipals	6,971,954.26	256,275.28	7,228,229.54	10.43
U.S. corporates	20,919,152.12	0.00	20,919,152.12	30.19
U.S. federal agencies	40,675,088.27	0.00	40,675,088.27	58.70
U.S. treasuries	467,840.70	0.00	467,840.70	0.68
Total	\$69,034,035.35	\$256,275.28	\$69,290,310.63	100%

Bond maturity schedule



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



Bond holdings

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

as of September 30, 2017

Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2017	4	3,483,000	42,745.32	1.23%	1.12%	1.12%	0.17	3,450,654.01	31,053.90	3,497,535.72	5.05%
2018	12	10,785,000	330,845.00	3.03%	1.61%	1.61%	0.87	10,920,660.01	-17,135.97	11,004,252.07	15.83%
2019	7	9,979,000	203,607.50	2.03%	1.79%	1.79%	1.60	10,081,088.97	-38,135.09	10,113,929.59	14.58%
2020	7	15,629,000	339,277.50	2.17%	2.10%	2.10%	2.61	15,813,133.36	-174,187.25	15,735,290.07	22.7%
2021	12	19,920,000	364,978.00	1.85%	2.13%	2.12%	3.53	20,018,354.67	-312,065.62	19,790,770.04	28.61%
2022	5	9,089,000	206,502.50	2.27%	2.20%	2.20%	4.43	9,107,645.98	7,597.26	9,148,533.16	13.23%
2023	0	0			NA	NA	NA				
2024	0	0			NA	NA	NA				
2025	0	0			NA	NA	NA				
2026	0	0			NA	NA	NA				
2027	0	0			NA	NA	NA				
2028	0	0			NA	NA	NA				
2029	0	0			NA	NA	NA				
2030	0	0			NA	NA	NA				
2031	0	0			NA	NA	NA				
2032	0	0			NA	NA	NA				
2033	0	0			NA	NA	NA				
2034	0	0			NA	NA	NA				
2035	0	0			NA	NA	NA				
2036	0	0			NA	NA	NA				
2037	0	0			NA	NA	NA				
2038	0	0			NA	NA	NA				
2039	0	0			NA	NA	NA				
2040	0	0			NA	NA	NA				
2041	0	0			NA	NA	NA				
2042	0	0			NA	NA	NA				
2043	0	0			NA	NA	NA				
2044	0	0			NA	NA	NA				
2045	0	0			NA	NA	NA				
2046	0	0			NA	NA	NA				
2046 +	0	0			NA	NA	NA				
Other	0	0			NA	NA	NA				
Total	47	68,885,000	\$1,487,955.82	2.16%	1.95%	1.95%	2.57	\$69,391,537.00	\$-502,872.77	\$69,290,310.64	



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

Bond holdings - as of September 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.
Total Bond Portfolio		68,885,000	2.21%	06/08/2020	NA	\$1,487,955.82 2.16%	1.95% 1.95%	\$69,391,537.00 \$-502,872.77	NA	\$68,888,664.23 \$401,646.41 \$69,290,310.64	100%
Maturing 2017											
NEVADA ST TAX SR E OID99.614 BE/R/ .900 100117 DTD 062414 /NV	Aa2/AA+/AA NR/AA+/NR	425,000	0.90%	10/01/2017		3,825.00 0.90%	1.08% 1.08%	421,676.50 3,319.25	99.999	424,995.75 1,901.88	0.62%
CUSIP: 641461H92 Initial Purchase Date: 07/16/2014 Original Maturity: 10/01/2017											
ST OF CA VAR GEN OBLI BN BE/R/ 5.000 100117 DTD 101509 /CA	Aa3/AA-/AA- NR/AA-/NR	250,000	5.00%	10/01/2017		12,500.00 5.00%	0.66% 0.66%	250,056.87 3.13	100.024	250,060.00 6,215.28	0.36%
CUSIP: 130638AF9 Initial Purchase Date: 04/16/2013 Original Maturity: 10/01/2017											
CHEVRON CORP B/E 01.104% 120517 DTD 120512 FC060513 CALL@MW+7.5BP	Aa2/NR/AA- NR/NR/NR	808,000	1.10%	12/05/2017	11/05/2017 100.00	8,920.32 1.10%	1.36% 1.36%	804,873.04 2,739.12	99.952	807,612.16 2,849.55	1.17%
CUSIP: 166764AA8 Initial Purchase Date: 02/14/2014 Original Maturity: 12/05/2017											
FNMA NTS 00.875 % DUE 122017 DTD 103012 FC 12202012	Aaa/AAA/AA+ NR/NR/NR	2,000,000	0.88%	12/20/2017		17,500.00 0.88%	1.09% 1.09%	1,974,047.60 24,992.40	99.952	1,999,040.00 4,861.11	2.90%
CUSIP: 3135G0RT2 Initial Purchase Date: 06/18/2014 Original Maturity: 12/20/2017											
Total 2017		3,483,000	1.23%	12/01/2017		\$42,745.32 1.23%	1.12% 1.12%	\$3,450,654.01 \$31,053.90		\$3,481,707.91 \$15,827.81	5.05%



Bond holdings - as of September 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 (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018												
GOLDMAN SACHS GROUP INC 05.950% 011818 DTD011808 FC071808 NTS CUSIP: 38141GFG4 Initial Purchase Date: 12/03/2015 Original Maturity: 01/18/2018 AT&T INC CALL @MMW+BP 05.500% 020118 DTD020108 FC080108 CUSIP: 00206RAJ1 Initial Purchase Date: 07/09/2013 Original Maturity: 02/01/2018 ST OF CA VAR GEN OBLI BN TAX BE/R/ 5.950 030118 DTD 040110 /CA CUSIP: 13063BFT4 Initial Purchase Date: 03/16/2015 Original Maturity: 03/01/2018 GENERAL ELEC CAP CORP 01.625% 040218 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9 Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018 ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513 CUSIP: 857477AK9 Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018 E I DU PONT DE NEMOURS 06.000% 071518 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 263534BT5 Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018 PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 080118 DTD 020713 /CA CUSIP: 695802MR6 Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018	A3/A/BBB+ NR/NR/NR	650,000	5.95%	01/18/2018		38,675.00 5.88%	1.72% 1.72%	0.30	657,934.34 307.66	101.268	658,242.00 7,735.00	0.96%
	Baa1/A-/BBB+ NR/NR/NR	500,000	5.50%	02/01/2018		27,500.00 5.43%	1.72% 1.72%	0.34	505,634.82 715.18	101.270	506,350.00 4,506.94	0.74%
	Aa3/AA-/AA- NR/AA-/NR	250,000	5.95%	03/01/2018		14,875.00 5.84%	1.55% 1.55%	0.42	254,595.79 14.21	101.844	254,610.00 1,198.26	0.37%
	A1/AA-/AA- NR/NR/NR	1,000,000	1.63%	04/02/2018		16,250.00 1.62%	1.48% 1.48%	0.50	1,000,477.65 262.35	100.074	1,000,740.00 8,034.72	1.45%
	A1/AA-/A NR/NR/NR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.51% 1.51%	0.62	334,762.15 -90.45	99.902	334,671.70 1,695.94	0.49%
	A3/A/A- NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.80%	1.67% 1.67%	0.77	464,202.68 1,088.32	103.398	465,291.00 5,625.00	0.68%
	Aa2/NR/A+ NR/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.06%	1.66% 1.66%	0.83	301,661.33 -635.33	100.342	301,026.00 1,017.75	0.44%



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

Bond holdings - as of September 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. gl (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018												
SACRAMENTO CA PENSION OB	A2/NR/AA	500,000	5.60%	08/01/2018		28,000.00	2.10%	0.82	516,402.02	102.892	514,460.00	0.75%
AGC TAX OID99.264 BER/ 5.600 080118 DTD 092811 /CA CUSIP: 7860568E0	Baa1/NR/A-					5.44%	2.10%		-1,942.02		4,588.89	
Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018												
INTERCONTINENTAL EXCHANGE	A2/NR/A	300,000	2.50%	10/15/2018		7,500.00	1.73%	1.02	301,980.10	100.793	302,378.34	0.44%
02.500% 101518 DTD100813 FC041514 CALL@MW+208P CUSIP: 45866FAB0	NR/NR/NR					2.48%	1.73%		398.24		3,437.50	
Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018												
FHLB NTS 01.050 % DUE 102618 DTD 072616 FC 10262016 CUSIP: 3130A8RPO	Aaa/NR/AA+	5,000,000	1.05%	10/26/2018		52,500.00	1.47%	1.06	5,000,000.00	99.555	4,977,750.00	7.23%
Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018	NR/NR/NR					1.05%	1.47%		-22,250.00		22,458.33	
BAKER HUGHES INC NTS 07.500% 111518 DTD102808 CALL@MAKE WHOLE +508PS CUSIP: 057224AY3	A3/NR/A+	750,000	7.50%	11/15/2018		56,250.00	1.79%	1.07	792,691.45	106.339	797,542.50	1.16%
Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018	NR/NR/NR					7.05%	1.79%		4,851.05		21,093.75	
MERRILL LYNCH GLOBAL NTS 06.875% 111518 DTD112498 FC051599	Baa1/A/BBB+	750,000	6.88%	11/15/2018		51,562.50	2.01%	1.07	790,317.68	105.395	790,462.50	1.15%
Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018	NR/NR/NR					6.52%	2.01%		144.82		19,335.94	
Total 2018		10,785,000	3.12%	08/20/2018		\$330,845.00	1.61%	0.87	\$10,920,660.01		\$10,903,524.04	15.83%
						3.03%	1.61%		\$-17,135.97		\$100,728.03	

	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. gl (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2019												
FFCB BOND 01.030 % DUE 040519 DTD 070516 FC 10052016 CUSIP: 3133EGJW6	Aaa/AAA/AA+	5,000,000	1.03%	04/05/2019		51,500.00	1.66%	1.49	4,996,250.00	99.054	4,952,700.00	7.19%
Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019	NR/NR/NR					1.04%	1.66%		-43,550.00		25,034.72	



Bond holdings - as of September 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 (%)/ Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.				
Maturing 2019														
Aa3/AA-/AA- NR/AA-/NR	2,500,000	2.25%	05/01/2019		56,250.00 2.24%	1.93% 1.93%	2,511,070.06 1,504.94	100.503	2,512,575.00 23,281.25	3.65%				
CALIFORNIA ST TAX BE/R/ 2.250 050119 DTD 050114 /CA CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019														
Aaa/AAA/AA+ NR/NR/NR	594,000	1.13%	07/26/2019	10/26/2017 100.00	6,682.50 1.13%	1.56% 1.56%	593,109.00 -3,730.32	99.222	589,378.68 1,188.00	0.86%				
FNMA NTS 01.125 % DUE 072619 DTD 072616 FC 01262017 CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019														
A3/A/BBB+ NR/NR/NR	750,000	5.63%	09/23/2019		42,187.50 5.27%	2.10% 2.10%	794,121.21 6,953.79	106.810	801,075.00 820.31	1.16%				
MORGAN STANLEY 05.625% 092319 DTD 092309 FC 032310 MWW+35BP CUSIP: 61747YCJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019														
Aa3/AA-/AA- NR/AA-/NR	400,000	6.20%	10/01/2019		24,800.00 5.71%	1.81% 1.81%	432,672.85 1,799.15	108.618	434,472.00 12,331.11	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			1.83% 1.83%	465,214.35 2,626.35	96.462	467,840.70 0.00	0.68%				
FHL/MC MED TERM NTS 00.0000% DUE 100119 CUSIP: 3128X2SW6 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 7.79%	2.13% 2.13%	288,651.50 -3,739.00	113.965	284,912.50 8,320.31	0.41%				
UNTD TECHNOLOGIES CORP 08.875% 111519 DTD 111389 FC051590 DEB CUSIP: 913017ARO Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019														
Total 2019					9,979,000	2.21%	05/24/2019		\$203,607.50	1.79%	1.60	\$10,081,088.97	\$10,042,953.88	14.58%
									\$-38,135.09	1.79%			\$70,975.71	



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

Bond holdings - as of September 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 (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2020										
BBB/BBB/BBB NR/NR/NR	1,000,000	2.00%	03/15/2020		20,000.00 2.00%	2.09% 2.09%	999,370.00 -1,500.00	99.787	997,870.00 833.33	1.45%
ABOTT LABS NTS B/E 02.0000% 031520 DTD031015 FC091515 CALL@MW+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	12/23/2017 100.00	26,250.00 1.51%	1.75% 1.75%	1,748,250.00 -8,732.50	99.401	1,739,517.50 510.42	2.53%
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 4.76%	1.93% 1.93%	2,183,034.30 -21,194.30	108.092	2,161,840.00 42,916.67	3.14%
NBC UNIVERSAL MEDIA LLC 05.150% 043020 DTD043011 CALL@MW+25BP CUSIP: 63946BAD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020										
A1/NR/A NR/NR/NR	2,879,000	2.25%	05/20/2020		64,777.50 2.23%	1.84% 1.84%	2,889,799.06 19,689.55	101.059	2,909,488.61 23,391.88	4.22%
QUALCOMM INC NTS B/E 02.250% 052020 DTD052015 FC112015 CUSIP: 747525AD5 Initial Purchase Date: 02/22/2017 Original Maturity: 05/20/2020										
Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	09/29/2017 100.00	52,500.00 1.54%	2.38% 2.38%	3,500,000.00 -84,420.00	97.588	3,415,580.00 13,270.83	4.96%
FHLMC MED TERM NTS 01.500 % DUE 062920 DTD 062916 FC 12292016 CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020										
Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.35%	08/24/2020	11/24/2017 100.00	47,250.00 1.39%	2.34% 2.34%	3,498,250.00 -94,920.00	97.238	3,403,330.00 4,725.00	4.94%
FNMA NTS 01.350 % DUE 082420 DTD 082416 FC 02242017 CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020										
A3/A-/A- NR/NR/NR	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.52%	2.17% 2.16%	994,430.00 16,890.00	101.132	1,011,320.00 10,695.83	1.47%
JP MORGAN CHASE & CO 02.550% 102920 DTD102915 FC042916 NTS B/E CUSIP: 46625HXX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020										
Total 2020										
	15,629,000	2.21%	06/16/2020		\$339,277.50 2.17%	2.10% 2.10%	\$15,813,133.36 -\$174,187.25		\$15,638,946.11 \$96,343.96	22.70%



Bond holdings - as of September 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 (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2021										
E1 DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MW+15BP B/E CUSIP: 263534CB3	400,000	3.63%	01/15/2021		14,500.00 3.46%	2.12% 2.12%	420,675.30 -1,603.30	104.768	419,072.00 3,020.83	0.61%
Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021										
FFCB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017 CUSIP: 3133EGRN7	4,500,000	1.47%	02/17/2021		66,150.00 1.49%	1.88% 1.88%	4,496,625.00 -57,375.00	98.650	4,439,250.00 7,901.25	6.44%
Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021										
FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017 CUSIP: 3134GAE00	3,525,000	1.50%	03/30/2021	09/30/2017 100.00	52,875.00 1.52%	1.97% 1.97%	3,524,118.75 -54,531.75	98.428	3,469,587.00 26,437.50	5.04%
Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021										
E1 DU PONT DE NEMOURS 04.250% 040121 DTD032511 CALL@MW+15BP CUSIP: 263534CF7	250,000	4.25%	04/01/2021		10,625.00 3.99%	2.29% 2.29%	270,209.97 -3,772.47	106.575	266,437.50 5,282.99	0.39%
Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021										
BURLINGTON NTHN SANTA FE 04.100% 060121 DTD051911 CALL@MW +15BP CORP NTS CUSIP: 12189LAD3	1,000,000	4.10%	06/01/2021	03/01/2021 100.00	41,000.00 3.88%	2.49% 2.38%	1,057,870.95 -1,570.95	105.630	1,056,300.00 13,552.78	1.53%
Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021										
FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017 CUSIP: 3136G3S97	3,750,000	1.53%	07/28/2021	10/28/2017 100.00	57,375.00 1.58%	2.40% 2.40%	3,750,000.00 -118,500.00	96.840	3,631,500.00 9,881.25	5.27%
Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021										
FHLB NTS 01.550 % DUE 090121 DTD 090116 FC 03012017 CUSIP: 3130A9BJ9	500,000	1.55%	09/01/2021		7,750.00 1.58%	2.13% 2.13%	499,375.00 -10,165.00	97.842	489,210.00 624.31	0.71%
Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021										



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

Bond holdings - as of September 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.
Maturing 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 2.15%	2.12% 3.74	994,250.00 6,740.00	100.099	1,000,990.00 1,731.94	1.45%
CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021											
CISCO SYSTEMS INC B/E 01.850% 092021 DTD092016 FC032017 CALL@MMW+10BP	A1/NR/AA- NR/NR/NR	1,000,000	1.85%	09/20/2021	08/20/2021 100.00	18,500.00 1.87%	2.13% 3.81	993,660.00 -4,160.00	98.950	989,500.00 513.89	1.44%
CUSIP: 17275RB0 Initial Purchase Date: 09/15/2017 Original Maturity: 09/20/2021											
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%	2.27% 3.83	2,289,150.00 -64,483.70	97.147	2,224,666.30 676.82	3.23%
CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021											
FHLB BOND 01.600 % DUE 092721 DTD 092716 FC 03272017	Aaa/NR/AA+ NR/NR/NR	255,000	1.60%	09/27/2021		4,080.00 1.62%	1.93% 1.93%	255,000.00 -3,174.75	98.755	251,825.25 34.00	0.37%
CUSIP: 3130A9IZ5 Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021											
MISSISSIPPI ST TAX SR G BE/R/ 2.470 110121 DTD 120815 /MS	Aa2/AA/AA NR/AA/NR	1,450,000	2.47%	11/01/2021		35,815.00 2.44%	2.15% 3.84	1,467,419.70 531.30	101.238	1,467,951.00 14,823.43	2.13%
CUSIP: 605581GN1 Initial Purchase Date: 02/22/2017 Original Maturity: 11/01/2021											
Total 2021		19,920,000	1.85%	06/12/2021		\$364,978.00 1.85%	2.13% 3.53	\$20,018,354.67 \$-312,065.62		\$19,706,289.05 \$84,480.99	28.61%

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2022											
APPLE INC NTS B/E 02.500% 020922 DTD020917 FC080917 CALL@MMW+10BP	Aa1/NR/AA+ NR/NR/NR	2,000,000	2.50%	02/09/2022	01/09/2022 100.00	50,000.00 2.47%	2.18% 4.02	2,005,113.76 21,366.24	101.324	2,026,480.00 7,083.33	2.94%
CUSIP: 037833CM0 Initial Purchase Date: 02/22/2017 Original Maturity: 02/09/2022											



Bond holdings - as of September 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.
Maturing 2022											
PEPSICO INC NTS B/E 02.250%	A1/A+	1,089,000	2.25%	05/02/2022	04/02/2022	24,502.50	2.22%	1,087,301.16	100.116	1,090,263.24	1.58%
050222 DT0050217 FC110217	NR/NR				100.00	2.25%	2.22%	2,962.08		10,073.25	
CALL@MW+10BP											
CUSIP: 713448DT2											
Initial Purchase Date: 05/16/2017											
Original Maturity: 05/02/2022											
QUALCOMM INC NTS B/E	A1/NR/A	1,000,000	3.00%	05/20/2022		30,000.00	2.32%	1,027,481.06	102.965	1,029,650.00	1.49%
03-000% 052022 DTD052015	NR/NR					2.91%	2.32%	2,168.94		10,833.33	
FC112015 CALL@MW+15BP											
CUSIP: 747525AE3											
Initial Purchase Date: 09/15/2017											
Original Maturity: 05/20/2022											
FHLB NTS 02.000 % DUE 090122	Aaa/NR/A+	3,000,000	2.00%	09/01/2022	12/01/2017	60,000.00	2.16%	2,988,750.00	99.277	2,978,310.00	4.32%
DTD 090117 FC 03012018	NR/NR				100.00	2.01%	2.16%	-10,440.00		4,833.33	
CUSIP: 3130ACD84											
Initial Purchase Date: 09/26/2017											
Original Maturity: 09/01/2022											
FFCB BOND 02.100 % DUE	Aaa/AAA/AA+	2,000,000	2.10%	09/26/2022	09/26/2018	42,000.00	2.20%	1,999,000.00	99.527	1,990,540.00	2.89%
092622 DTD 092617 FC	NR/NR				100.00	2.11%	2.20%	-8,460.00		466.67	
03262018											
CUSIP: 3133EHZ4											
Initial Purchase Date: 09/26/2017											
Original Maturity: 09/26/2022											
Total 2022		9,089,000	2.28%	06/27/2022		\$206,502.50	2.20%	\$9,107,645.98		\$9,115,243.24	13.23%
						2.27%	2.20%	\$7,597.26		\$33,289.92	
Total Bond Portfolio											
		68,885,000	2.21%	06/08/2020	NA	\$1,487,955.82	1.95%	\$69,391,537.00	NA	\$68,888,664.23	100%
						2.16%	1.95%	\$-502,872.77		\$401,646.41	
										\$69,290,310.64	



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 indices. 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 earned and accrued interest. Change in Value may include programs fees (including wrap fees) and other fees.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

securities.

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

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

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

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

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

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

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



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

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

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

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

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

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

UBS FS All Rights Reserved. Member SIPC.



Additional information about your performance

as of September 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 3rd Quarter 2017

PURCHASES

Trade Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Coupon	YTM	Price	Cost
09/15/2017	BOUGHT	CISCO SYSTEMS INC	A1/NR/AA-	1,000,000	09/20/2021	1.85%	2.02%	99.366	\$ (993,660.00)
09/15/2017	BOUGHT	QUALCOMM INC NTS	A1/NR/A	1,000,000	05/20/2022	3.00%	2.37%	102.770	\$ (1,027,700.00)
09/26/2017	BOUGHT	FFCB BOND	Aaa/AAA/AA+	2,000,000	09/26/2022	2.10%	2.11%	99.950	\$ (1,999,000.00)
09/26/2017	BOUGHT	FHLB NTS	Aaa/NR/AA+	3,000,000	09/01/2022	2.00%	2.08%	99.625	\$ (2,988,750.00)
weighted avg. YTM: 2.12%									\$ (7,009,110.00)

MATURITIES / REDEMPTIONS

Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Proceeds
08/01/2017	MATURITY	MERCED CA UN		-295,000	08/01/2017	\$ 295,000.00
08/01/2017	MATURITY	COAST CMTY COLL		-265,000	08/01/2017	\$ 265,000.00
08/01/2017	CALLED	CONOCOPHILLIPS CO		-500,000	05/15/2018	\$ 500,705.00
09/13/2017	CALLED	FFCB BOND		-2,500,000	02/22/2022	\$ 2,500,000.00
09/13/2017	CALLED	FFCB BOND		-3,250,000	03/01/2022	\$ 3,250,000.00
09/15/2017	MATURITY	GENL ELEC CAP CORP		-500,000	09/15/2017	\$ 500,000.00
						\$ 7,310,705.00

INTERNAL WORKSHEET



Wells Fargo Securities, LLC
PO BOX 5120
SIOUX FALLS, SD 57117-5120
1-800-645-3751

BR STMT 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.

The settlement period for certain securities traded on the secondary market in the United States was trade date plus three business days, commonly referred to as T+3. The financial services industry, in coordination with regulators, has shortened the settlement cycle to trade date plus two business days (T+2) effective 09/05/2017.

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 account summary page.

Bank Account Statement
Wells Fargo Bank, N.A.

Statement Period
09/01/2017 - 09/30/2017

WELLS FARGO SECURITIES
 Wells Fargo Bank, N.A.
 707 WILSHIRE BOULEVARD
 LOS ANGELES CA 90017
 JONATHAN CHUANG
 1-213-614-2206

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	32,484,069.41	42,162,013.51	22%
Bonds	92,294,868.76	147,738,163.03	78%
Stocks	0.00	0.00	0%
Total Account Value	\$ 124,778,938.17	\$ 189,900,176.54	100%
Value Change Since Last Statement Period	\$	\$ 65,121,238.37	52%
Percent Increase Since Last Statement Period	\$	\$	N/A
Value Last Year-End	\$	\$	N/A
Percent Increase Since Last Year-End	\$	\$	N/A

Income Summary USD

	This Period	Year-To-Date
Interest	\$ 89,036.48	\$ 320,004.11
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	21,909.28	67,987.92
Other	0.00	0.00
Income Total	\$ 110,945.76	\$ 387,992.03

Money Market Mutual Funds Summary USD

Description	Amount
Opening Market Value	\$ 32,484,069.41
Deposits and Other Additions	181,706,072.98
Distributions and Other Subtractions	(172,028,128.88)
Dividends Reinvested	0.00
Change in Value	0.00
Closing Market Value	\$ 42,162,013.51

Important Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

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

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

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
89233P6S0	TOYOTA MOTOR CREDIT CORP	10/05/17	1.250%	2,000,000.000	99.9994	1,999,988.30		N
912796LW7	UNITED STATES TREASURY BILL	10/05/17	0.000%	50,000,000.000	99.9939	49,996,974.50		
912796KR9	UNITED STATES TREASURY BILL	10/12/17	0.000%	40,000,000.000	99.9743	39,989,730.00		
166764AX8	CHEVRON CORP	11/09/17	1.671%	3,000,000.000	100.0416	3,001,248.48		N
36962G6K5	GENERAL ELECTRIC CO	11/20/17	1.600%	2,000,000.000	100.0517	2,001,034.44		N
92826CAA0	VISA INC	12/14/17	1.200%	3,000,000.000	100.0345	3,001,034.13		N
89417EAC3	TRAVELERS COS INC	12/15/17	5.750%	2,900,000.000	100.8560	2,924,824.26		N
912796MJ5	UNITED STATES TREASURY BILL	12/28/17	0.000%	20,000,000.000	99.7469	19,949,370.80		
02587CDJ6	AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT	01/08/18	1.400%	250,000.000	100.0415	250,103.75		
94974BFG0	WELLS FARGO & COMPANY	01/16/18	1.500%	1,000,000.000	100.0055	1,000,055.05		N
94988J5A1	WELLS FARGO BANK NA	01/22/18	1.650%	500,000.000	100.0809	500,404.59		N
931142CJ0	WAL-MART STORES INC	02/15/18	5.800%	3,000,000.000	101.5686	3,047,058.12		N
24422ESB6	JOHN DEERE CAPITAL CORP	03/12/18	1.300%	1,000,000.000	99.9366	999,365.65		N
06050TLY6	BANK OF AMERICA NA	03/26/18	1.650%	2,000,000.000	100.0688	2,001,376.80		N
191216BA7	COCA-COLA CO/THE	04/01/18	1.150%	2,000,000.000	99.8652	1,997,303.22		N
38141GFM1	GOLDMAN SACHS GROUP INC	04/01/18	6.150%	1,000,000.000	102.1850	1,021,849.81		N
02587DYK8	AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/04/18	1.450%	250,000.000	100.0814	250,203.50		
05580ADH4	BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT	06/11/18	1.400%	250,000.000	100.0636	250,159.00		
17275RAY8	CISCO SYSTEMS INC	06/15/18	1.630%	1,000,000.000	100.2222	1,002,221.99		N
14912L6L0	CATERPILLAR FINANCIAL SE	06/16/18	1.700%	2,000,000.000	100.1172	2,002,344.24		N
02006LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	100.0794	250,198.50		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	100.0795	250,198.75		
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/16/18	1.100%	250,000.000	99.5635	248,908.75		Y
05581WJT3	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.5482	248,870.50		
254672F86	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.6110	249,027.50		

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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
Bonds USD								
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	100.5849	1,307,604.12		N
795450ZE8	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.4110	248,527.50		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	99.9662	999,662.49		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	100.8240	1,320,794.40		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.9308	999,307.91		N
02665WBEO	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	99.0934	990,933.80		N
44890RAD3	HART 2014-A A4	08/15/19	1.320%	438,127.268	99.9887	438,077.58		N
161571HG2	CHAIT 2016-A6 A6	01/15/20	1.100%	1,000,000.000	99.9185	999,184.60		N
02582JGW4	AMXCA 2014-4 A	06/15/20	1.430%	2,000,000.000	100.0108	2,000,216.00		N
				147,698,127.268		147,738,163.03	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
Transaction Activity USD									
09/07/17	09/07/17	Security Receipt	06050TLY6	BANK OF AMERICA NA	1,000,000.00		0.00	0.00	0.00
09/08/17	09/08/17	Receive	912796KL2	UNITED STATES TREASURY BILL	20,000,000.00		0.00	0.00	0.00
09/27/17	09/27/17	Receive	912796LV9	UNITED STATES TREASURY BILL	50,000,000.00		0.00	0.00	0.00
09/28/17	09/28/17	Received	912796KR9	UNITED STATES TREASURY BILL	10,000,000.00		0.00	0.00	0.00
09/28/17	09/28/17	Received	912796KR9	UNITED STATES TREASURY BILL	10,000,000.00		0.00	0.00	0.00
09/28/17	09/28/17	Received	912796LW7	UNITED STATES TREASURY BILL	50,000,000.00		0.00	0.00	0.00
09/29/17	09/29/17	Receive	912796KR9	UNITED STATES TREASURY BILL	10,000,000.00		0.00	0.00	0.00
Income / Payment Activity USD									
09/08/17	09/08/17	Interest Reversal	94974BGB0	WELLS FARGO & COMPANY			(22,610.00)		(22,610.00)
09/08/17	09/08/17	Matured	94974BGB0	WELLS FARGO & COMPANY			3,230,000.00		3,230,000.00

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period:

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
09/08/17	09/08/17	Interest	94974BGB0	WELLS FARGO & COMPANY				22,610.00	22,610.00
09/08/17	09/08/17	Interest	94974BGB0	WELLS FARGO & COMPANY				22,610.00	22,610.00
09/12/17	09/12/17	Interest	24422ESB6	JOHN DEERE CAPITAL CORP				6,500.00	6,500.00
09/13/17	09/13/17	Matured	02581FYE3	AMERICAN EXPR CENTURION			1,150,000.00		1,150,000.00
09/13/17	09/13/17	Interest	02581FYE3	AMERICAN EXPR CENTURION				34,500.00	34,500.00
09/14/17	09/14/17	Matured	912796KL2	UNITED STATES TREASURY BILL			20,000,000.00		20,000,000.00
09/15/17	09/15/17	Paydown	44890RAD3	HART 2014-A A4			107,434.78		107,434.78
09/15/17	09/15/17	Interest	44890RAD3	HART 2014-A A4				600.12	600.12
09/15/17	09/15/17	Interest	17275RAY8	CISCO SYSTEMS INC				3,975.32	3,975.32
09/15/17	09/15/17	Interest	02582JGW4	AMXCA 2014-4 A				2,383.33	2,383.33
09/15/17	09/15/17	Interest	161571HG2	CHAIT 2016-A6 A6				916.67	916.67
09/18/17	09/18/17	Interest	43814GAD2	HAROT 2014-2 A4				1,051.04	1,051.04
09/21/17	09/21/17	Matured	43814GAD2	HAROT 2014-2 A4			1,068,853.56		1,068,853.56
09/26/17	09/26/17	Interest	06050TLY6	BANK OF AMERICA NA				16,500.00	16,500.00
09/28/17	09/28/17	Matured	912796LV9	UNITED STATES TREASURY BILL			70,000,000.00		70,000,000.00

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
09/06/17	09/06/17	Journal	AUTO SK SETTLEMENT	1,009,423.33	
09/06/17	09/06/17	Wires	WIRE TRANSFER TO:	15,000,000.00	
09/07/17	09/07/17	Journal	AUTO SK SETTLEMENT	1,009,423.33	
09/07/17	09/07/17	Cash Wire Journal Entry	SAFEKEEPING ADJ		1,009,423.33
09/08/17	09/08/17	Cash Wire Journal Entry	SAFEKEEPING ADJ		
09/08/17	09/08/17	ACH/DDA Transaction	DESIGNATED DDA	19,997,166.67	
09/14/17	09/14/17	ACH/DDA Transaction	DESIGNATED DDA		40,000,000.00
09/19/17	09/19/17	Wires	WIRE TRANSFER TO:	25,000,000.00	
09/26/17	09/26/17	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
09/27/17	09/27/17	Cash Wire Journal Entry	SAFEKEEPING ADJ		
09/27/17	09/27/17	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
09/27/17	09/27/17	ACH/DDA Transaction	DESIGNATED DDA	49,998,888.89	
09/28/17	09/28/17	Journal	AUTO SK SETTLEMENT		50,000,000.00
09/28/17	09/28/17	Journal	AUTO SK SETTLEMENT		30,000,000.00
09/28/17	09/28/17	Journal	AUTO SK SETTLEMENT		
09/28/17	09/28/17	ACH/DDA Transaction	DESIGNATED DDA	49,993,194.45	
09/29/17	09/29/17	Journal	AUTO SK SETTLEMENT		10,000,000.00
09/29/17	09/29/17	ACH/DDA Transaction	DESIGNATED DDA	9,996,694.44	
09/29/17	09/29/17	Journal	AUTO SK SETTLEMENT		9,996,811.11
09/29/17	09/29/17	ACH/DDA Transaction	DESIGNATED DDA	9,997,111.11	
09/29/17	09/29/17	ACH/DDA Transaction	DESIGNATED DDA		5,000,000.00

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Money Market Fund Activity

Transaction Date	Activity	Shares	Price	Dividend earned this period	7 day* simple yield	30 day* simple yield	Market Value (\$)	Dividend Amount	Share Balance
	Beginning Balance		1.0000	21,909.28	0.850%	0.850%	32,484,069.41		32,484,069.41
09/06/17	Redemption	(1,009,423.33)					(1,009,423.33)		31,474,646.08
09/06/17	Redemption	(15,000,000.00)					(15,000,000.00)		16,474,646.08
09/07/17	Redemption	(1,009,423.33)					(1,009,423.33)		15,465,222.75
09/07/17	Purchase	1,009,423.33					1,009,423.33		16,474,646.08
09/08/17	Purchase	3,275,220.00					3,275,220.00		19,749,866.08
09/08/17	Purchase	40,000,000.00					40,000,000.00		59,749,866.08
09/08/17	Redemption	(22,610.00)					(22,610.00)		59,727,256.08
09/08/17	Redemption	(19,997,166.67)					(19,997,166.67)		39,730,089.41
09/12/17	Purchase	6,500.00					6,500.00		39,736,589.41
09/13/17	Purchase	1,184,500.00					1,184,500.00		40,921,089.41
09/14/17	Purchase	20,000,000.00					20,000,000.00		60,921,089.41
09/14/17	Redemption	(25,000,000.00)					(25,000,000.00)		35,921,089.41
09/15/17	Purchase	115,310.22					115,310.22		36,036,399.63
09/18/17	Purchase	1,051.04					1,051.04		36,037,450.67
09/19/17	Redemption	(15,000,000.00)					(15,000,000.00)		21,037,450.67
09/21/17	Purchase	1,068,853.56					1,068,853.56		22,106,304.23
09/26/17	Purchase	16,500.00					16,500.00		22,122,804.23
09/26/17	Redemption	(15,000,000.00)					(15,000,000.00)		7,122,804.23
09/27/17	Purchase	50,000,000.00					50,000,000.00		57,122,804.23
09/27/17	Purchase	30,000,000.00					30,000,000.00		87,122,804.23
09/27/17	Redemption	(49,998,888.89)					(49,998,888.89)		37,123,915.34
09/28/17	Purchase	20,006,805.55					20,006,805.55		57,130,720.89
09/28/17	Purchase	10,000,000.00					10,000,000.00		67,130,720.89
09/28/17	Redemption	(9,996,694.44)					(9,996,694.44)		57,134,026.45
09/28/17	Redemption	(9,996,811.11)					(9,996,811.11)		47,137,215.34
09/29/17	Purchase	5,000,000.00					5,000,000.00		52,137,215.34
09/29/17	Purchase	21,909.28					21,909.28		52,159,124.62
09/29/17	Redemption	(9,997,111.11)					(9,997,111.11)		42,162,013.51
09/29/17	Dividend							21,909.28	42,162,013.51
	Ending Balance		1.0000				42,162,013.51		42,162,013.51



To: KHS Finance Committee

From: Robert Landis, CFO

Date: December 8, 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, 2016 through June 30, 2017 for a maximum amount of \$3,613,836 for Amendment 20 and a maximum amount of \$2,616,915 for Amendment 39.

Agenda item 5 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

HEALTH PLAN-PROVIDER AGREEMENT
PHYSICIAN SERVICES AGREEMENT
AMENDMENT NO. 20

This Amendment is made this 16th day of November ²⁰¹⁷ (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 Kern County Hospital Authority ("Governmental Funding Entity") 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, 16-93906 ("Intergovernmental Agreement") effective for the period of July 1, 2016 through June 30, 2017, 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 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 Three Million, Six Hundred Thirteen Thousand, Eight Hundred Thirty-six dollars (\$3,613,836) for the period of July 1, 2016 through June 30, 2017, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B) 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

PLAN will not retain any other portion of the SPD MMCR Payments received from the State DHCS.

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 [as applicable] 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 within 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 in Section J below. 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, 2016 and shall terminate on September 30, 2019.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems

Date: 11/16/17

By: Title: Chief Executive Officer

[Handwritten Signature]

PROVIDER: Kern County Hospital Authority

Date: _____

By: Title: Chief Executive Officer

[Handwritten Signature]

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

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

HEALTH PLAN-PROVIDER AGREEMENT
HOSPITAL AND OTHER FACILITY SERVICES AGREEMENT
AMENDMENT NO. 39

This Amendment is made this 16th day of November (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 Kern County Hospital Authority ("Governmental Funding Entity") 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, 16-93906 ("Intergovernmental Agreement") effective for the period of July 1, 2016 through June 30, 2017, 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 this Agreement, which shall be no less than the rates in effect as of July 1, 2017.

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of Two Million, Six Hundred Sixteen Thousand, Nine Hundred Fifteen dollars (\$2,616,915) for the period of July 1, 2016 through June 30, 2017, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B) 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

PLAN will not retain any other portion of the SPD MMCR Payments received from the State DHCS.

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 [as applicable] 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 within 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 in Section J below. 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, 2016 and shall terminate on September 30, 2019.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems

Date: 11/16/17

By: Title: Chief Executive Officer

[Signature]

PROVIDER: Kern County Hospital Authority

Date: _____

By: Title: Chief Executive Officer

[Signature]

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

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



To: KHS Finance Committee

From: Robert Landis, CFO

Date: December 8, 2017

Re: Annual Renewal of the Reinsurance Policy

Background

Kern Health Systems (“KHS”) has purchased a reinsurance policy to mitigate the costs of catastrophic cases since the plan’s inception. The KHS population has changed significantly over the last several years with SPD members incurring high medical costs. More recently, management believes that there is an increasing trend in the medical expenses for the longer-term enrolled Expansion members. The overall increase in medical costs has led to higher reinsurance premiums over the years.

Discussion

Over the last 3 years KHS has recovered more in reinsurance claims than it has paid in premiums. For the policy years 2014, 2015 and 2016 KHS recovered approximately \$5.9 million in reinsurance claims while paying reinsurance premiums of approximately \$5.4 million. **These 3 years represent a 109% ratio of recoveries to expense.**

Based on information through October 31, 2017, KHS has received approximately \$100,000 in recoveries and has requested approximately \$800,000 in additional recoveries against approximately \$1.1 million in premiums paid. **This represents an overall cumulative 105% ratio for all periods.** Accordingly, continuing with the reinsurance program is still warranted.

Fiscal Impact

The lowest quote for renewal is with the current reinsurance carrier Optum at a blended rate of \$.57 pmpm with the current deductible of \$225,000 per member and a \$.28 pmpm aggregate deductible for a an overall expected reinsurance cost of \$2,479,493.

KHS can lower the Optum premium to a blended rate of \$.47 pmpm and a \$.24 pmpm aggregate deductible by increasing the deductible to \$250,000. This would save approximately \$408,387 of reinsurance costs, but would cost KHS an additional \$25,000 per member that reaches the reinsurance deductible. The savings of \$408,387 would be lost if the members reaching the \$250,000 deductible exceeds 16 ($\$408,387 \text{ savings} / \$25,000 \text{ increase in deductible} = 16.34$ members). Based on utilization data of 12 members exceeding \$250,000 in 2016 and 8 members exceeding \$250,000 through October 31, 2017, management expects the 2018 utilization to be 16 or less members. Accordingly, management recommends increasing the deductible to \$250,000 and lowering the blended rate to \$.47 pmpm and lowering the aggregate deductible to \$.24 pmpm.

The 2018 Budget includes estimated reinsurance premium payments at a blended rate of \$.47 pmpm and reinsurance recoveries at a blended rate of \$.47 pmpm. Estimated fiscal dollar impact is \$1,371,014.

Risk Assessment

Based on the prior program years, the continued expense of the SPD population and the increasing trend in medical expenses for the longer-term enrolled Expansion members, management believes that binding coverage is warranted for 2018 and is recommending the Optum option at a blended rate of \$.47 pmpm and increasing the deductible at \$250,000.

Requested Action

Approve; Refer to KHS Board of Directors



To: KHS Finance Committee

From: Robert Landis, CFO

Date: December 8, 2017

Re: 2018 Budget

Background

The 2018 Budget supports the KHS Goals and Objectives, 2018 Annual Projects and contribute to the new 2018-2021 Strategic Plan Initiatives. The size and scope of the 2018 Goals and Objectives reflect the changing medical complexity that began in 2012 with the addition of the Seniors and Persons with Disabilities (SPD) population and continued in 2014-2017 with CBAS, Childless Adults (Affordable Care Act - Expansion), Children with Autism and most recently Undocumented Children.

This year there are many uncertainties impacting our 2018 Budget including:

- Political atmosphere of repealing and replacing OBAMACARE and the impact that this will have on our Expansion membership and the future rate setting process for all Categories of Aid. Climate of reform has led to uncertainty in the healthcare industry.
- Increased demands and regulatory oversight by DHCS and DMHC.
- Tightening of State budgets along with shifting more risk to health plans.
- Overall reduction in rates for the period July 1, 2017 – June 30, 2018 of approximately 3%. This had a severe impact on our child and adult populations demonstrated by our projected 2018 budgeted loss of \$8.9 million under our Family and Other line of business.
- Increased demand from providers seeking rate increases.
- SPD rates remain inadequate as demonstrated by our projected 2018 budgeted loss of \$7.5 million.
- Providing new benefits and services with no historical data e.g. Non-Emergency Medical Transportation, Palliative Care, and Health Homes.
- Unilateral Changes by the State in the Pharmacy Formulary.

The 2018 budget is “realistic” with moderately aggressive assumptions around utilization and medical cost trends. We do know that Revenue will be flat despite medical cost trends rising. Administrative expenses will go up to implement newly mandated benefits. All of this points to a financially challenging year for KHS.

To: KHS Finance Committee
Re: 2018 Budget
Page 2

Specifically, key factors (to name a few) impacting the 2018 budget include:

- Projected growth of approximately 7,000 enrollees
- Multi-Government regulatory and organization compliance and performance responsibilities through:
 - DHCS
 - DMHC
 - CMS (Including implementation of certain sections of the Medicaid Managed Care Final Rule)
- Expansion of Health Home Programs with Physical, Mental Health and Social Integration
- Continued Implementation of a New Medical Management Platform which includes dynamic application of evidence based medical criteria and point of service decision making
- Outsourcing Non-Emergency Medical Transportation services to include non-covered services such as dental per new DHCS requirements
- Development of Provider Performance Based Alternative reimbursement arrangements
- Palliative Care program implementation
- Relocation of KHS Corporate Offices
- Member Incentive Program
- Enhancing Medi-Cal Benefits initiative
- Expansion of KHS departmental dashboards for operational metric transparency
- New or expanded provider collaborative programs:
 - Developing Kern Medical Integration Health Care Concept
 - Strengthen collaboration with Kern County Mental Health and GATE team for Substance Use Disorders
 - Prepare for KHS role and responsibility in Whole Person Care Pilot Program with Kern Medical
 - Expanding access for Diabetic Clinic sites at Bakersfield Memorial Hospital, Delano Regional Medical Center and Kern Medical
 - Expanding the Transitional Care Program to additional hospitals with a critical mass of patients with an increase focus on the socio-economic barriers to care
 - Emergency Room Avoidance program expansion with location of KHS based Social Worker in local hospital ER to provide coordination of care with ER discharge instructions
 - Expanding TeleHealth Specialty Care services
 - Expanding the Disease Management Programs and instituting a Diabetes Prevention Program
 - Continuing the School based Asthma Program
 - Enhancements to the Medical Management and Quality Improvement Programs
 - Enhancing the Case Management Program, including homelessness outreach and care coordination efforts
 - Expanding on site Inpatient concurrent review program
 - Enhancing HEDIS Tracking and Reporting

To: KHS Finance Committee
 Re: 2018 Budget
 Page 3

- Continuing with incentives to reward providers who demonstrate improved HEDIS outcomes
- Expanding Medication Therapy Management program
- Initiate Peer to Peer evidence based medical reviews utilizing industry leader for risk management
- Converting selected provider reimbursement arrangements to value based purchasing
- Care Gradient Analysis using Predictive Modeling tool
- Demographic Morbidity Impact Study to determine areas of focus
- KHS Care Delivery Model exploration for transforming care for Primary Care Physicians and Specialists
- Member Centric Care Project Implementation Plan to continually monitor and measure member satisfaction throughout their continuum of care
- Outcome Metrics to steer operational decision making
- Expanding School Based Wellness Program to additional schools
- Refinement of Opioid Coalition with community partnerships
- Refinement of the PCP practice profile showing utilization patterns
- Expand DME home assessments and equipment needs with specialty vendor
- Continued monitoring of:
 - New Core System with an emphasis on Quality and Proficiency
 - New Provider/Member Portal
 - Autism Spectrum Disorder Behavioral Therapy
 - California Children's Services Coordination of Care
 - Vision Services Plan for optometric diabetic screenings
 - Access to PCP and Specialty Care as well as Physician recruitment
 - HEP C medication and "kick payment" program
 - Kaiser Permanente Subcontract
 - Program awareness of Mental Health benefit
 - Hospitalist program
 - Provider Recruitment Grants and results achieved from grants
 - Member focused approach to ensure members' expectations are met
 - Respite Housing and Care Program
 - Inpatient Pulmonary Rehabilitation Program

Attached are the following documents relating to the 2018 Budget:

- 1) Consolidated Operating Budget
- 2) Operating Budget by Aid Category
- 3) Enrollment Assumptions
- 4) Revenue Assumptions
- 5) Medical Expense Assumptions
- 6) Administrative Expense Assumptions
- 7) Budgeted FTE by Department
- 8) Capital Budget for 2018

Requested Action

Approve; Refer to KHS Board of Directors

**KERN HEALTH SYSTEMS
P & L BY MAJOR CATEGORY OF SERVICE
2018 BUDGET**

	2018 BUDGET \$	EST ANNUAL 2017	DIFFERENCE	PMPM 2018 BUDGET	EST ANNUAL PMPM 2017	PMPM DIFFERENCE
	\$	\$	\$	2,917,050	2,886,163	30,887
REVENUE						
CAPITATION	587,733,738	585,053,924	2,679,815	201.48	202.71	(1.23)
MATERNITY KICK	30,402,518	29,147,415	1,255,103	10.42	10.10	0.32
HEP C KICK	10,007,895	13,225,010	(3,217,115)	3.43	4.58	(1.15)
BHT KICK	5,261,014	3,461,946	1,799,068	1.80	1.20	0.60
MCAL REVENUE	<u>633,405,165</u>	<u>630,888,295</u>	<u>2,516,871</u>	<u>217.14</u>	<u>218.59</u>	<u>(1.45)</u>
MCO TAX REVENUE	91,803,048	90,269,642	1,533,406	31.47	31.28	0.19
COB REVENUE	40,519,226	42,738,080	(2,218,854)	13.89	14.81	(0.92)
INTEREST	3,257,536	2,915,582	341,954	1.12	1.01	0.11
REINSURANCE	<u>1,371,014</u>	<u>321,090</u>	<u>1,049,924</u>	<u>0.47</u>	<u>0.11</u>	<u>0.36</u>
TOTAL REVENUE	770,355,989	767,132,689	3,223,300	264.09	265.80	(1.71)
MEDICAL						
Inpatient Hospital	172,113,302	169,537,469	2,575,833	59.00	58.74	0.26
Outpatient Facility	69,466,076	70,193,181	(727,105)	23.81	24.32	(0.51)
Emergency Room Facility	52,268,925	54,766,469	(2,497,544)	17.92	18.98	(1.06)
Long-Term Care Facility	10,773,364	11,722,870	(949,507)	3.69	4.06	(0.37)
Primary Physician Services	35,363,126	36,225,962	(862,836)	12.12	12.55	(0.43)
Urgent Care	13,435,296	12,075,698	1,359,598	4.61	4.18	0.42
Physician Specialty	115,362,635	111,517,364	3,845,271	39.55	38.64	0.91
BHT	5,261,014	4,646,082	614,932	1.80	1.61	0.19
Mental Health	649,348	999,773	(350,425)	0.22	0.35	(0.12)
Vision Services	3,005,394	2,901,568	103,826	1.03	1.01	0.02
Other Medical Professional	11,097,080	11,289,658	(192,578)	3.80	3.91	(0.11)
Pharmacy	94,584,636	88,015,427	6,569,209	32.42	30.50	1.93
HEP C	10,007,895	12,159,580	(2,151,685)	3.43	4.21	(0.78)
DME	6,452,049	6,394,082	57,967	2.21	2.22	(0.00)
Pharmacy Rebates	(1,250,000)	(612,771)	(637,229)	(0.43)	(0.21)	(0.22)
Home Health and CBAS	4,316,031	4,397,548	(81,517)	1.48	1.52	(0.04)
Other- Ambulance and NEMT	10,773,534	8,250,771	2,522,763	3.69	2.86	0.83
Medi-Cal Enhanced Benefits	1,458,525	845,547	612,978	0.50	0.29	0.21
Professional Incentive Payments	5,834,100	6,784,483	(950,383)	2.00	2.35	(0.35)
Reinsurance Premium	1,371,014	1,267,614	103,400	0.47	0.44	0.03
UM/QA Costs	<u>17,735,044</u>	<u>14,914,559</u>	<u>2,820,485</u>	<u>6.08</u>	<u>5.17</u>	<u>0.91</u>
Total Medical Costs	640,078,388	628,292,934	11,785,454	219.43	217.69	1.74
GROSS PROFIT/(LOSS)	130,277,602	138,839,755	(8,562,153)	44.66	48.11	(3.44)
ADMINISTRATIVE	38,285,550	34,426,523	3,859,027	13.12	11.93	1.20
NET PROFIT/(LOSS) BEFORE MCO TAX	91,992,052	104,413,232	(12,421,180)	31.54	36.18	(4.64)
MCO TAX EXPENSE	91,803,048	88,700,005	3,103,043	31.47	30.73	0.74
NET PROFIT/(LOSS) AFTER MCO TAX	189,004	15,713,227	(15,524,223)	0.06	5.44	(5.38)
HEALTH HOME PROGRAM EXPENSE	4,000,000	1,500,000	2,500,000	1.37	0.52	0.85
NET PROFIT/(LOSS) AFTER GRANT EXPENSE	(3,810,996)	14,213,227	(18,024,223)	(1.31)	4.92	(6.23)
MEDICAL LOSS RATIO (EXCLUDING MCO TAX)	94.3%	92.8%				
ADMIN RATIO (EXCLUDING MCO TAX)	5.6%	5.1%				

Note: 2017 has been adjusted for approximately \$8 million of Prior Year Adjustments
2017 Annual is estimated using YTD September, 2017 plus 4th quarter 2017 budget

KERN HEALTH SYSTEMS
P & L BY MAJOR CATEGORY OF SERVICE
2018 BUDGET

	ALL COAS		FAMILY & OTHER		SPD		EXPANSION	
	\$	2,917,050	\$	2,047,950	\$	168,600	\$	700,500
REVENUE								
CAPITATION	587,733,738	201.48	229,282,371	111.96	125,146,638	742.27	233,304,729	333.05
MATERNITY KICK	30,402,518	10.42	25,404,942	12.41	-	-	4,997,576	7.13
HEP C KICK	10,007,895	3.43	1,614,833	0.79	3,840,084	22.78	4,552,978	6.50
BHT KICK	5,261,014	1.80	2,119,478	1.03	3,141,536	18.63	-	-
MCOAL REVENUE	633,405,165	217.14	258,421,624	126.19	132,128,258	783.68	242,855,283	346.69
MCO TAX REVENUE	91,803,048	31.47	64,451,433	31.47	5,306,043	31.47	22,045,572	31.47
COB REVENUE	40,519,226	13.89	34,363,481	16.78	984,439	5.84	5,171,307	7.38
INTEREST	3,257,536	1.12	3,257,536	1.59	-	-	-	-
REINSURANCE	1,371,014	0.47	962,537	0.47	79,242	0.47	329,235	0.47
TOTAL REVENUE	770,355,989	264.09	361,456,611	176.50	138,497,981	821.46	270,401,397	386.01
MEDICAL								
Inpatient Hospital	172,113,302	59.00	69,328,976	33.85	39,753,082	235.78	63,031,245	89.98
Outpatient Facility	69,466,076	23.81	32,703,393	15.97	13,601,443	80.67	23,161,239	33.06
Emergency Room Facility	52,268,925	17.92	31,452,077	15.36	5,815,490	34.49	15,001,358	21.42
Long-Term Care Facility & Hospice	10,773,364	3.69	2,827,909	1.38	4,529,718	26.87	3,415,737	4.88
Primary Physician Services	35,363,126	12.12	24,730,315	12.08	2,508,716	14.88	8,124,094	11.60
Urgent Care	13,435,296	4.61	9,934,294	4.85	868,911	5.15	2,632,091	3.76
Physician Specialty	115,362,635	39.55	53,673,757	26.21	19,312,937	114.55	42,375,940	60.49
BHT	5,261,014	1.80	2,119,478	1.03	3,141,536	18.63	-	-
Mental Health	649,348	0.22	317,070	0.15	139,720	0.83	192,558	0.27
Vision	3,005,394	1.03	2,078,879	1.02	188,535	1.12	737,981	1.05
Other Medical Professional	11,097,080	3.80	4,741,826	2.32	1,948,325	11.56	4,406,930	6.29
Pharmacy	94,584,636	32.42	32,222,428	15.73	26,078,629	154.68	36,283,380	51.80
HEP C	10,007,895	3.43	1,614,833	0.79	3,840,084	22.78	4,552,978	6.50
DME	6,452,049	2.21	1,919,937	0.94	3,006,751	17.83	1,525,362	2.18
Pharmacy Rebates	(1,250,000)	(0.43)	(434,030)	(0.21)	(341,223)	(2.02)	(474,747)	(0.68)
Home Health and CBAS	4,316,031	1.48	1,419,337	0.69	1,933,750	11.47	962,945	1.37
Other- Ambulance and Non-Emergent Transportation	10,773,534	3.69	5,169,785	2.52	2,654,259	15.74	2,949,490	4.21
Enhanced Medt-Cat Benefits	1,458,525	0.50	1,023,975	0.50	84,300	0.50	350,250	0.50
Professional Incentive Payments	5,834,100	2.00	4,095,900	2.00	337,200	2.00	1,401,000	2.00
Reinsurance Premium	1,371,014	0.47	962,537	0.47	79,242	0.47	329,235	0.47
UM/QA Costs (including Utilization & Quality Review)	17,735,044	6.08	7,235,683	3.53	3,699,529	21.94	6,799,833	9.71
Total Medical Costs	640,078,388	219.43	289,138,356	141.18	133,180,933	789.92	217,759,099	310.86
GROSS PROFIT/(LOSS)	130,277,602	44.66	72,318,255	35.31	5,317,048	31.54	52,642,299	75.15
ADMINISTRATIVE (AS OF 11/4/2017)	38,285,550	13.12	16,757,729	8.18	7,515,002	44.57	14,012,819	20.00
NET PROFIT/(LOSS) BEFORE MCO TAX	91,992,052	31.54	55,560,526	27.13	(2,197,954)	(13.04)	38,629,480	55.15
MCO TAX EXPENSE	91,803,048	31.47	64,451,433	31.47	5,306,043	31.47	22,045,572	31.47
NET PROFIT/(LOSS) AFTER MCO TAX	(809,996)	(0.28)	(8,890,907)	(4.34)	(7,503,997)	(44.51)	16,583,908	23.67
HEALTH HOME PROGRAM EXPENSE	4,000,000	1.37						
NET PROFIT/(LOSS) AFTER GRANT EXPENSE	(3,810,996)	(1.31)						
MEDICAL LOSS RATIO (EXCLUDING MCO TAX)		94.3%		97.4%		100.0%		87.7%
ADMIN RATIO (EXCLUDING GRANT AND MCO TAX)		5.6%		5.6%		5.6%		5.6%

**KERN HEALTH SYSTEMS
BUDGETED MEMBER MONTHS
CY 2018**

	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18	CY 2018
MEDI-CAL													
19 & OVER	43,100	43,200	43,300	43,400	43,500	43,600	43,700	43,800	43,900	44,000	44,100	44,200	523,800
UNDER 19	120,200	120,500	120,800	121,100	121,400	121,700	122,000	122,300	122,600	122,900	123,200	123,500	1,462,200
SPDS	14,050	14,050	14,050	14,050	14,050	14,050	14,050	14,050	14,050	14,050	14,050	14,050	168,600
TOTAL OTHER	5,025	5,060	5,075	5,100	5,125	5,150	5,175	5,200	5,225	5,250	5,275	5,300	61,950
MEDI-CAL EXPANSION	57,000	57,150	57,300	57,450	57,600	57,750	57,900	58,050	58,200	58,350	58,500	58,650	693,900
DUAL EXPANSION	550	550	550	550	550	550	550	550	550	550	550	550	6,800
TOTAL MEDI-CAL	239,925	240,500	241,075	241,650	242,225	242,800	243,375	243,950	244,525	245,100	245,675	246,250	2,977,050
Kaiser Membership	7,800	7,825	7,850	7,875	7,900	7,925	7,950	7,975	8,000	8,025	8,050	8,075	96,250
TOTAL COMBINED	247,725	248,325	248,925	249,525	250,125	250,725	251,325	251,925	252,525	253,125	253,725	254,325	3,072,300

(1)

(1) Medi-Medi and BCCTP (Other)

KERN HEALTH SYSTEMS MEDI-CAL 2018 REVENUE BUDGET

E N R O L L M E N T	
Family and Other	2,047,950
SPD Members	168,600
MCAL Expansion	700,500
Total Members - MCAL	2,917,050

R E V E N U E S	P M P M	\$
Title XIX - Medicaid Adult & Child	126.19	258,421,624
Title XIX - Medicaid Seniors & Persons w/Disabilities	783.68	132,128,258
Title XIX - Medicaid Expansion	346.69	242,855,283
SUBTOTAL PREMIUM REVENUE	217.14	633,405,166
Title XIX - Medicaid - MCO TAX	31.47	91,803,048
TOTAL MEDICAID REVENUE	248.61	725,208,214
Interest /Dividends	1.12	3,257,536
Reinsurance Recoveries	0.47	1,371,014
COB/Subrogation Collections	13.89	40,519,226
TOTAL REVENUES	264.09	770,355,989

REVENUE ASSUMPTIONS

- 1) PREMIUM REVENUE IS BASED ON PRELIMINARY RATES PROVIDED BY DHCS (JANUARY-JUNE 2018) ON JULY 23, 2017. THERE IS NO RATE INFORMATION FOR JULY - DECEMBER 2018. FOR THAT PERIOD ALL CATEGORIES OF AID ARE ASSUMED TO RECEIVE A 3% INCREASE EXCEPT EXPANSION WHICH IS ASSUMED TO HAVE AN 3% DECREASE
- 2) MATERNITY KICK REVENUE INCLUDED IN PREMIUM REVENUE INCLUDES A MONTHLY DELIVERY ASSUMPTION OF 416 DELIVERIES PER MONTH AND IS BASED ON CY2016 RDT WITH ADDITIONAL ASSUMPTIONS FOR THE INCREASE IN THE ADULT AND EXPANSION POPULATIONS.
- 3) HEP C KICK REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON 660 MEMBER MONTHS OF TREATMENT AT 17/18 FOR RATES RECEIVED OCTOBER 10, 2017. THERE IS NO DECREASE ASSUMED FOR JULY - DECEMBER 2018.
- 4) BHT KICK REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON 2,010 UTILIZER MONTHS OF TREATMENT AT \$1,414 PER MONTH FOR 0-6 YEAR OLDS AND \$1,813 FOR 7-20 YEAR OLDS.
- 5) INTEREST REVENUE IS BASED ON ACTUAL AS OF SEPTEMBER 30, 2017 ANNUALIZED AND ASSUMES SIMILAR PRINCIPAL BALANCES AVAILABLE FOR INVESTMENT AND CURRENT INTEREST RATES.
- 6) REINSURANCE RECOVERIES ARE ASSUMED AT 100% OF PREMIUM.
- 7) ESTIMATES FOR RETRO RATE ADJUSTMENTS AND PRIOR YEAR REVENUE ARE NOT BUDGETED
- 8) MCO TAX REVENUE IS BASED ON THE MOST RECENT DHCS ANNUAL MCO TAX INVOICE AND IS ESTIMATED AT \$31.47 PMPM

**KERN HEALTH SYSTEMS
2018 MEDICAL BUDGET
UTILIZATION AND UNIT COST ASSUMPTIONS
(BASED ON PAID CLAIMS COST HISTORY AUGUST, 2017)**

FAMILY & OTHER

	Annualized Increase	
	Utilization	Unit Cost
Inpatient Hospital	0.00%	5.00%
Outpatient Facility	1.00%	5.00%
Emergency Room	0.00%	5.00%
Long Term Care	0.00%	1.00%
Physician Primary Care & Urgent Care	4.00%	1.00%
Physician Specialty	0.00%	1.00%
Other Medical Professional	0.00%	1.00%
Mental Health	0.00%	1.00%
Pharmacy	0.00%	5.00%
Home and Community Based Services	1.00%	1.00%
Other, Ambulance, and Non-Emergency Medical Transportation	20.00%	0.00%

SENIORS & PERSONS WITH DISABILITIES (SPD)*

	Annualized Increase	
	Utilization	Unit Cost
Inpatient Hospital	0.00%	4.00%
Outpatient Facility	0.00%	1.00%
Emergency Room	0.00%	1.00%
Long Term Care	0.00%	1.00%
Physician Primary Care	1.00%	1.00%
Physician Specialty	0.00%	1.00%
Other Medical Professional	0.00%	1.00%
Mental Health	1.00%	1.00%
Pharmacy	1.00%	5.00%
Home and Community Based Services	0.00%	1.00%
Other, Ambulance, and Non-Emergency Medical Transportation	0.00%	1.00%

EXPANSION

	Annualized Increase	
	Utilization	Unit Cost
Inpatient Hospital	0.00%	4.00%
Outpatient Facility	0.00%	1.00%
Emergency Room	0.00%	5.00%
Long Term Care	0.00%	1.00%
Physician Primary Care & Urgent Care	5.00%	1.00%
Physician Specialty	0.00%	1.00%
Other Medical Professional	0.00%	1.00%
Mental Health	10.00%	1.00%
Pharmacy	1.00%	5.00%
Home and Community Based Services	10.00%	3.00%
Other, Ambulance, and Non-Emergency Medical Transportation	10.00%	2.50%

Notes:

All trends are rounded to the nearest 1%.

KERN HEALTH SYSTEMS MEDI-CAL ADMINISTRATIVE EXPENSES	2018 BUDGET		2017 ESTIMATED		DIFFERENCE	
	PMPM	\$	PMPM	\$	PMPM	\$
Administrative:						
Compensation	8.16	23,793,535	7.57	21,836,107	0.59	1,957,428
Purchased Services	2.52	7,362,133	1.98	5,714,698	0.54	1,647,435
Supplies	0.42	1,215,512	0.42	1,218,038	(0.01)	(2,526)
Other Administrative Expenses	2.03	5,914,370	1.96	5,657,680	0.07	256,690
Total Administrative Expenses	13.12	\$38,285,550	11.93	\$34,426,523	1.20	\$3,859,027
Member Months		2,917,050		2,886,163		30,887

ASSUMPTIONSCOMPENSATION

COMPENSATION EXPENSE WAS BASED ON STAFFING LEVELS NEEDED FOR THE GRADUAL ENROLLMENT OF 2,917,050 MEMBER MONTHS.

- 1.) COMPENSATION INCLUDES AN INCREASE OF APPROXIMATELY \$500,000 FOR COST OF LIVING SALARY INCREASE ADJUSTMENTS OF 2% AND EXPECTED AVERAGE MERIT INCREASE ADJUSTMENTS OF 1% FOR ALL DEPARTMENTS.
- 2.) A NET TOTAL OF 3 ADMINISTRATIVE POSITIONS ARE REFLECTED IN THE ABOVE FOR 2018 FOR AN ESTIMATED INCREASE OF \$500,000 IN ADDITION TO A FULL YEAR OF SALARY AND BENEFITS FOR 2017 ADDED POSITIONS FOR AN INCREASE OF APPROXIMATELY \$700,000.

PURCHASED SERVICES

- 3.) THE 2018 BUDGET INCLUDES AN INCREASE OF EQUIPMENT MAINTENANCE AND SUPPORT EXPENSE OF APPROXIMATELY \$1,300,000 DUE TO INCREASED ANNUAL LICENSE AND SUPPORT FEES, AND NEW LICENSES RELATED TO PLATFORMS DEVELOPED IN 2017. IN 2017, MAINTENANCE AND SUPPORT FEES RELATED TO THE MEDICAL MANAGEMENT PLATFORM AND THE MEMBER/PROVIDER PORTAL WERE CAPITALIZED AS PROJECT COSTS AND IN 2018 THESE ITEMS WILL BE EXPENSED.
- 4.) INCLUDES AN INCREASE OF OTHER PROFESSIONAL SERVICES OF APPROXIMATELY \$200,000 FOR OUTSIDE PROFESSIONAL SERVICES AND CONSULTING SERVICES BASED ON THE NEEDS AND TIMING OF THE 2018 APPROVED PROJECTS.

SUPPLIES

- 5.) 2018 BUDGETED SUPPLIES EXPENSE IS EXPECTED TO REMAIN CONSISTENT WITH 2017 ESTIMATED SPEND.

OTHER ADMINISTRATIVE EXPENSES

- 6.) BUDGETED FOR AN INCREASE OF APPROXIMATELY \$250,000 IN OTHER ADMINISTRATIVE EXPENSES DUE PRIMARILY TO AN INCREASE IN ESTIMATED DEPRECIATION EXPENSE. DEPRECIATION EXPENSE IS BASED ON CURRENT CAPITALIZED ASSETS, 2017 ASSETS EXPECTED TO BE CAPITALIZED IN THE 4TH QUARTER, AND ADDITIONS FROM THE 2018 CAPITAL BUDGET.

KERN HEALTH SYSTEMS
2018 BUDGETED FTE BY DEPARTMENT

EXPECTED MEMBERSHIP		239,925	240,500	241,075	241,650	242,225	242,800	243,375	243,950	244,525	245,100	245,675	246,250	2,917,050	TOTAL 2018 FTE ADDITIONS
CC	DEPARTMENT	DECEMBER 2017	JAN 2018	FEB 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPT 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL 2018
110	EXECUTIVE	4	-	-	-	-	-	-	-	-	-	-	-	-	4
210	FINANCE	14	-	-	-	-	-	-	-	-	-	-	-	-	14
220	INFORMATION TECHNOLOGY	43	1	-	-	-	-	-	-	-	-	-	-	-	44
230	CLAIMS	58	-	-	-	-	-	-	-	-	-	-	-	(2)	56
240	PROJECT MANAGEMENT	8	1	-	-	-	-	-	-	-	-	-	-	-	9
310	UM	87	(1)	-	-	2	-	-	-	-	-	-	-	-	88
314	HEALTH HOME	6	2	-	-	-	-	-	-	-	-	-	-	-	8
311	QI	13	-	-	-	-	-	-	-	-	-	-	-	-	13
312	HEALTH ED	10	-	-	-	1	-	-	-	-	-	-	-	-	11
313	PHARMACY	10	-	-	-	-	-	-	-	-	-	-	-	-	10
616	DISEASE MANAGEMENT	9	-	-	-	-	-	-	-	-	-	-	-	-	9
320	PROVIDER RELATIONS	22	-	-	-	-	-	-	-	-	-	-	-	-	22
330	MEMBER SERVICES	75	1	-	-	-	-	-	-	-	-	-	-	-	76
340	CORPORATE SERVICES	7	1	-	-	-	-	-	-	-	-	-	-	-	8
360	COMPLIANCE	6	-	-	-	-	-	-	-	-	-	-	-	-	6
420	MARKETING	5	-	-	-	-	-	-	-	-	-	-	-	-	5
510	HR	10	1	-	-	-	-	-	-	-	-	-	-	-	11
TOTAL		387	6	-	-	3	-	-	-	-	-	-	-	(2)	394

The KHS CEO met with each department to go over all departmental budgets and staffing requirements. The 2018 Budget has additional staffing requirements of 7 net new FTE's due to implementing the 2018 projects required to meet the 2018 Strategic Goals and Objectives, continuing growth and complexities in our technology requirements, and the more complex populations that are being assigned to Managed Care Plans in California.

Staffing changes are required for the following departments:

- Information Technology requires 1 FTE to establish technical support and help desk coverage for the business operations seven days a week as the new Mega Reg. requires various business units to process member and provider transactions within 24 hours of receipt. **(Necessary to fulfill DHCS requirements in 2018)**
- Claims is **eliminating** 2 FTEs due to improvement in the auto adjudication rate, decreases in provider disputes and the implementation of the new Claims Audit Tool and Claim Check Software.
- Project Management requires 1 FTE for 2018 to meet increased business demands laid out in the 2018 project portfolio. The Project Manager will be assigned to several high-priority projects.
- Utilization Management requires 1 FTE in a Social Worker leadership role. This position will assist with the promotion and support of the Medical Home (Primary Care Physician) as the source of the member's primary healthcare and source of specialty referrals, and enhancing this with the necessary social, care management and medical support to facilitate comprehensive patient-centered planning. This FTE will assist with the identification and elimination of potential barriers to seeking and receiving appropriate care within their designated medical home (e.g., housing, transportation, child care, nutrition, mental and behavioral health needs, identification of culturally competent providers and appropriate access, discharge and transitional care planning, health education, etc.)
- Health Homes requires 2 FTEs for the continued growth of the Health Home Program designed for members with chronic conditions. The FTEs will play an integral clerical role to the medical management team performing member outreach and service coordination key to ensuring members make medical appointments and referrals. The 2 FTEs are required for the start-up of 2 additional sites to be launched in 2018. The KHS Board of Directors approved \$6 million of grants in 2018 for the creation of Health Home Programs. KHS is responsible for the delegation oversight of the Health Home Programs. **(Necessary to fulfill DHCS requirements in 2018)**
- Health Education ~~requires 1 FTE to expand~~ KHS' health education program efforts to address the unique health needs of KHS' growing adult population as well as targeting program areas that would benefit KHS' SPD population. This position will allow KHS to strengthen its health education presence outside of the Bakersfield City limits, provide health education services in these underserved areas, and develop relationships with the community partners of these areas to help address policy, systems, and environmental factors of health. **(Necessary to fulfill DHCS requirements as identified to address findings under DHCS's Group Needs Assessment).**

- Member Services requires 1 FTE to assist with meeting the growing demand of grievances and appeals due to recent changes to the Grievance and Appeal requirements as set forth under APL 17-006. **(Necessary to fulfill DHCS requirements).**
- Corporate Services requires 1 FTE to assist with the increase in the number of administrative contracts, purchases, and invoice reconciliations. This position will also be responsible for the development and implementation of the contracts management solution via M-Files.
- Human Resources requires 1 FTE in Corporate Training and Development to assist the Corporate Training and Development Manager and department heads, to standardize training documents across the organization for compliance purposes and to create web based trainings for employees, providers and members to maximize our reach and reduce costly redundant instructor-led trainings currently being done through department supervisors, managers and Subject Matter Experts. **This position will include expertise to develop web based training programs for provider staff new hires and KHS procedural updates.**

**KERN HEALTH SYSTEMS
2018 CAPITAL BUDGET**

ITEM	CORPORATE PROJECTS	QTR	QUANTITY	COST PER ITEM	TOTAL
1	ClaimCheck Software	1,2,3,4		\$ 2,631,128	\$ 2,631,128
2	Medical Management ZeOmega	1,2,3,4		\$ 3,007,961	\$ 3,007,961
3	Alternative Payment Methodology	1,2,3,4		\$ 1,123,768	\$ 1,123,768
4	Claims Audit Tool	3,4		\$ 376,173	\$ 376,173
5	QI Site Review Automation	2,3,4		\$ 191,128	\$ 191,128
6	Internal and External Dashboards	1,2,3,4		\$ 655,408	\$ 655,408
7	Electronic Data Interchange	1,2,3,4		\$ 758,900	\$ 758,900
8	Document Repository Migration	1,2,3,4		\$ 243,187	\$ 243,187
9	Provider and Member Portal	2,3,4		\$ 567,147	\$ 567,147
CORPORATE PROJECTS SUBTOTAL					\$ 9,554,799

ITEM	NEW BUILDING	QTR	QUANTITY	COST PER ITEM	TOTAL
10	New Building Development	1,2,3,4	1	\$ 22,000,000	\$ 22,000,000
11	Alarm and Access Control	4	1	\$ 175,000	\$ 175,000
12	Uninterruptable Power Supplies	4	1	\$ 50,000	\$ 50,000
NEW BUILDING SUBTOTAL					\$ 22,225,000

ITEM	OFFICE FURNITURE & EQUIPMENT	QTR	QUANTITY	COST PER ITEM	TOTAL
13	Company Vehicle	1	1	\$ 28,000	\$ 28,000
14	Department Copiers	2,3,4	4	\$ 9,000	\$ 36,000
OFFICE FURNITURE & EQUIPMENT SUBTOTAL					\$ 64,000

ITEM	TECHNOLOGY	QTR	QUANTITY	COST PER ITEM	TOTAL
15	Cloud Technology	1,2,3,4	1	\$ 100,000	\$ 100,000
16	Virtual Desktop Environment (VDI)	1,2,3,4	1	\$ 150,000	\$ 150,000
17	System Log Monitoring System	1,2,3,4	1	\$ 50,000	\$ 50,000
18	Technology Asset Management Solution	1,2,3,4	1	\$ 50,000	\$ 50,000
19	Information Security Software	1,2,3,4	1	\$ 100,000	\$ 100,000
20	Member Kiosks	1,2,3,4	20	\$ 5,000	\$ 100,000
21	Networking Hardware	4	1	\$ 960,000	\$ 960,000
22	Uninterruptable Power Supply	4	1	\$ 295,000	\$ 295,000
23	Portable Laptops/Tablets	1,2,3,4	25	\$ 2,600	\$ 65,000
TECHNOLOGY SUBTOTAL					\$ 1,870,000

TOTAL 2018 CAPITAL ITEMS					\$ 33,713,799
---------------------------------	--	--	--	--	----------------------

2018 Capital Summary

Corporate Projects

1. *ClaimCheck Software*

KHS is required under its DHCS contract to audit claims payments. KHS leverages the McKesson ClaimCheck software to audit claims payments following the Medicaid Correct Coding Initiative (CCI) edits to adhere to this contractual obligation. These CCI edits ensure coding requirements are accurate; service validity based on age, gender and other demographics and conditions; and allows KHS custom coding logic to incorporate any Medi-Cal specific audits. The existing contract with McKesson is set to expire on 3/25/18 and the software will need to be put out for Recommendation for Proposal (RFP) to renew or replace the existing software.

(Budgetary Impact: \$2,631,128)

2. *Medical Management ZeOmega*

The goal of this project is to improve operational efficiencies and increase interdepartmental transparencies through an integrated Medical management platform to allow a holistic view of all disciplines (UM, CM, DM, HE, QI, and HHP) that are involved in the coordination and management for fostering improvements in the health outcomes with KHS membership. This project will increase the utilization of the ZeOmega Jiva software through configuration and custom enhancements and the integration of new disciplines (HE, QI, and HHP) into the platform as well as the Health Home Program (HHP). The HHP is an option afforded to states under section 2703 of the Affordable Care Act, and allows Medicaid Health Homes to coordinate the full range of physical health, behavioral health, homelessness, and community-based long term services and support (LTSS) needed by beneficiaries with chronic conditions.

(Budgetary Impact: \$3,007,961)

3. *Alternative Payment Methodology (APM)*

Kern Health Systems' strategic plan has outlined a goal to convert selected provider contracts from FFS to Value Based, Population Health, Bundled Payment, or other types of APMs. DHCS has outlined the following: "To move participating DPH PRIME providers more toward value-based payments, 50% of all Medi-Cal managed care beneficiaries assigned to DPHs by their MCP, in the aggregate, will receive all of, or a portion of, their care under a contracted APM by January 2018; 55% by January 2019; and 60% by the end of the waiver renewal period in 2020." KHS is close to completing Phase 1 – Financial Analytics for this project and is proposing Phase 2 – Implementation of such APM contracts and programs in 2018.

(Budgetary Impact: \$1,123,768)

2018 Capital Summary

4. Claims Audit Tool

In order to maintain and ensure accurate manual and automatic adjudication claims, this project will provide external auditing software that will be instrumental in the oversight and accuracy of the all claims payments made within the QNXT system.

(Budgetary Impact: \$376,173)

5. QI Site Review Automation

This project will provide automation for the QI department in the site review process. The current process is done manually, is inefficient, and has risk of error during manual input. With the increased membership levels and expansion of our provider network, QI will require additional FTEs to meet the regulatory need of initial and re-credentialing site reviews. This project will mitigate the increase in FTE's.

(Budgetary Impact: \$191,128)

6. Internal and External Dashboards

KHS is developing and updating internal and external data dashboards that are used for a variety of situations. Internal dashboards are often used to manage and monitor operational and fiscal performance in order to provide visibility to all layers of management. External dashboards include the 2D profile and P4P and are used by Primary Care Physicians to profile utilization patterns for their assigned membership, in all settings, and provide visibility to any alternative payment contracts. In addition, comparative data for each provider's utilization, and their respective cohorts, with similar diagnoses and member adjusted acuity will be provided.

(Budgetary Impact: \$655,408.)

7. Electronic Data Interchange (EDI)

KHS is migrating to the Enterprise EDI Management software solution (Edifecs) to replace our existing custom EDI solutions. Edifecs is the gateway of all Inbound and Outbound EDI Transactions, and this project is the next phase of transactions as well as the implementation of the regulatory Coordination of Benefits Agreement (COBA) project from the Centers for Medicare & Medicaid Services (CMS). Leveraging the Edifecs software for these projects accelerates the process of consuming new EDI transactions, provides standardization, and eliminates custom solutions.

(Budgetary Impact: \$758,900.)

2018 Capital Summary

8. Document Repository Migration

KHS' current document repository, Alchemy, is at end-of-life and no further versions or software support will be available. This project will migrate the Alchemy Document Repository system software to a new system named MFiles. The new Document Management System (DMS), MFiles, will allow for management and storing documents with metadata indexing, easy retrieval, document management workflow, and integration with current KHS systems, such as Workflow and the new Medical Management Platform through dynamic access via web services.

(Budgetary Impact: \$243,187.)

9. Provider and Member Portal

KHS has created this project to provide enhancements to Provider and Member Internet Portal for 2018. Various enhancements to provide more services online were identified during the initial implementation. The enhancements differ in type from internal operational integration, new applications, better user experience, and additional data presentation and reporting.

(Budgetary Impact: \$567,147.)

New Building

10. New Building Development

The Construction Project activities for 2018 will include the majority of the overall construction. Expenses during this time frame will include general contractor and construction.

(Budgetary Impact: \$22,000,000)

11. Alarm and Access Infrastructure

As part of the new building there are underlying technical infrastructure needs that will have to be in place in order to occupy. The Alarm and Access equipment will provide the entire building with security badge access control and the security alarms and monitoring.

(Budgetary Impact: \$175,000)

12. Uninterruptable Power Supply

As part of the new building there are underlying technical infrastructure needs that will have to be in place in order to occupy. The Uninterruptable Power Supply equipment will provide battery backup for the new areas of the building where new technical equipment will require 2-3 hours of backup power in the event of a building power failure.

(Budgetary Impact: \$50,000)

2018 Capital Summary

Office Furniture & Equipment

13. Company Vehicle

KHS is involved in many community events that are focused on promoting our Health Plan, as well as educating our members and providers. KHS is now supporting employees at remote locations such as BMH and Mercy Hospital. This calendar year, this support will extend to employees involved in the Health Homes Program. Supporting these events and employees requires heavy use of our company vehicles. The addition of a company vehicle will allow KHS to continue to support these efforts, as well as reduce the cost of travel incurred by employees when attending conferences in the local areas.

(Budgetary Impact: \$28,000)

14. Department copiers

Annually, KHS reviews the printing and copying of its department copiers/multifunctional devices. Copiers/Multifunctional devices that have reached their end of life are replaced based on the volume and overall life utilization of the hardware. This capital expense is for the scheduled replacement of (3) devices and allows one (1) for growth.

(Budgetary Impact: \$36,000)

Technology

15. Cloud Technology

As the Public Cloud becomes more prevalent, KHS will need to review this offering to improve its technology services. The strategy for migrating systems to the cloud and acquiring cloud migration services aligns with the strategy of the IT Department: seeking to curb the increase of technology changes by reducing the cost of data center hardware, software, and administrative operations while shifting IT investments to more efficient and effective processing methods.

(Budgetary Impact: \$100,000)

16. Virtual Desktop Infrastructure (VDI)

KHS will purchase a Virtual Desktop Infrastructure (VDI) technology to support its Disaster Recovery and Business Continuity plans; provide remote connectivity for remote workers (hospital based, Medical Directors, etc.); and reduce the overall desktop footprint for some internal end users. KHS will avoid purchasing some desktops, and significantly improve the remote working experience by creating and implementing a VDI strategy for various user classes.

(Budgetary Impact: \$150,000)

2018 Capital Summary

17. System Log Monitoring System

As technology continues to rapidly evolve, so do the ways in which users engage with electronic resources as KHS adds more systems to its inventory. To ensure that users have direct and timely access to critical applications, data, and services without interruption, KHS will improve its system monitoring solution. KHS will implement an enterprise solution that monitors all critical and non-critical systems that will allow proactive and timely resolution in order to reduce or mitigate operational downtime.

(Budgetary Impact: \$50,000)

18. Technology Asset Management Solution

KHS leverages a Microsoft Access database to manage its technology assets, and the solution is outdated and not capable of managing all assets. KHS will purchase a software module that will integrate with the new incident management solution. This will allow assets to be tracked for effectiveness, expiration, and replacement while ensuring that incident, problem, and change management are correlated to the technical assets.

(Budgetary Impact: \$50,000)

19. Information Security Software

One of KHS' top priorities is protecting our information and IT assets against the increasing number of cyber threats and vulnerabilities. Any failure or disruption of services resulting from a cyber-attack may have adverse consequences such as penalties or fines, productivity loss, or the ability to provide services. To address these threats, KHS is investing capital resources to enhance and strengthen our network and cybersecurity position.

(Budgetary Impact: \$100,000)

20. Member Kiosks

This project will purchase kiosk workstations for members to access the KHS Member Portal from contracted facilities (i.e. KMC, CSV, and Omni, etc.). The kiosk will not offer any other website or software applications other than our Member Portal. This would provide the member the ability to view their account information, benefits, and other self-servicing tools while in the waiting area (before/after an appointment).

(Budgetary Impact: \$100,000)

2018 Capital Summary

21. Networking Hardware

Over the last three years, KHS has delayed various hardware and software purchases in anticipation of the new building. KHS strategically delayed said purchases, to align with the construction of the new building to facilitate a seamless move of KHS employees and services. The goal is to purchase the hardware towards the fourth quarter to install and configure within the new location.

(Budgetary Impact: \$960,000)

22. Uninterruptable Power Supply

As part of the new building there are underlying technical infrastructure needs that will have to be in place in order to occupy. The Uninterruptable Power Supply equipment will provide battery backup for the new areas of the building where new technical equipment will require 2-3 hours of backup power in the event of a building power failure.

(Budgetary Impact: \$295,000)

23. Portable Laptops and Tablets

Annually, KHS reviews the portable laptops and tablets that have been assigned to its mobile workforce. The hardware is replaced based on a combination of its use, warranty, and condition. Hardware is often downgraded from employee use to a conference room or for temporary check out purposes. This procurement is for laptops or tablets to replace or expand the KHS mobile workforce.

(Budgetary Impact: \$65,000)



TO: KHS Finance Committee

FROM: Richard M. Pruitt, CIO

DATE: December 8, 2017

RE: 2018 Professional Services

Background

In 2017, KHS is wrapping up the most aggressive and complex corporate project load in the previous ten years. The company has been very successful with the 2017 portfolio, and next year, 2018, the project expectations are more aggressive.

Each year, the technology team augments the department staff, avoiding full-time employee hires, to accommodate the resource requirements of the corporate projects. During the organization's annual project and resource planning, the technology department identified the need for eighteen (18) resources to adequately staff the sixteen (16) corporate projects.

The attached Power Point outlines the 2018 scheduled along with the methodology and regiment that KHS uses to define how many resources for each project are needed in order to properly manage the work efforts.

Requested Action

Authorize the CEO to approve contracts associated to procurement of Professional Technical Resources with five (5) consulting companies in the amount not to exceed \$2,959,453 in operating and capital expenses associated for labor needed to complete the 2018 corporate projects.



2018 Project Consulting Professional Services

December 8, 2017

Richard M. Pruitt

Agenda

- General Overview
- Sequence of Events
- Professional Services Vendors
- 2017/2018 Corporate Projects and Planning
- Expenditures
- Benefits of Outsourcing
- Board of Directors Request

General Overview

In 2017, KHS is wrapping up the most aggressive and complex corporate project load in the previous ten years. The company has been very successful with the 2017 portfolio, and next year, 2018, the project expectations are more aggressive.

Each year, the technology team augments the department staff, avoiding full-time employee hires, to accommodate the resource requirements of the corporate projects. During the organization's annual project and resource planning, the technology department identified the need for eighteen (18) resources to adequately staff the sixteen (16) corporate projects.

Sequence of Events

- RFP Process Performed (2017)
- Annual Corporate/Department Project Approval
- Annual Resource Planning
- Annual Budget Process
- Created recommendation for the Board of Directors.

Professional Services Vendors

ID	COMPANY	PM	DEV	DBA	TA	DA	BA
1	Znalytics	\$ 110	\$ 85	\$ 80	\$ 75	\$ 85	\$ 95
2	CEI	\$ 115	\$ 110	\$ 95	\$ 85	\$ 90	\$ 90
3	FluidEdge	\$ 135	\$ 115	\$ 110	\$ 80	\$ 85	\$ 110
4	Cognizant	\$ 185	\$ 110	\$ 98	\$ 120	\$ 85	\$ 90
5	SmartERP	\$ 150	\$ 120	\$ 100	\$ 120	\$ 125	\$ 140

PM	PMI Project Manager
DEV	Application Developer
DBA	Microsoft Database Administrator

TA	Technical Analyst
DA	Data Analytics Developer
BA	Business Analyst

2017 Corporate Projects

Calendar												
#	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
	New IVR											
	InfoSec											
	Contract Management											
	QNXT Enhancements											
	QNXT Upgrade											
	Config Work Items											
1	Outsource NEMT											
2	QI Site Review Automation											
3	Provider/ Member Portal											
4	Medical Management Platform Implementation (JIVA)											
5	Health Homes											
6	EDI Edifecs Implementation/Lab Data Integration/Electronic COB-EOB (275)											
7	Alchemy System Replacement (Mfiles)											
8	Alternative Payment Methodology											
9	Dashboards											
10	274 Provider Data Improvement											
11												Palliative Care

2018 Corporate Projects

Calendar												
#	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												

2018 Resource Planning

		Resources											Total
	Project Name	PM	MGR	TA	CONFIG	DEV	OPS	DBA	EDI	DA		Total	
1	Medical Management Enhancements	2,080	1,040	1,040	1,040	1,040	780	1,040	-	520		8,580	
2	Medical Management ZeOmega	2,080	1,040	1,040	1,040	1,040	780	1,040	-	520		8,580	
3	Document Repository Migration	685	1,040	1,040	-	3,120	1,560	520	-	260		8,225	
4	Electronic Data Interchange	685	685	-	-	-	520	1,040	4,160	520		7,610	
5	Health Home Program Expansion	685	520	692	120	1,903	216	952	173	1,903		7,164	
6	ClaimCheck Software	685	433	173	1,730	-	433	433	-	260		4,145	
7	Internal Dashboards	685	433	-	-	-	87	130	-	3,806		5,140	
8	Alternative Payment Methodology	685	685	-	1,560	-	433	520	-	779		4,661	
9	QNX Upgrade Feb 2018	171	87	87	519	173	260	260	173	87		1,815	
10	Palliative Care	343	173	-	87	-	-	-	-	130		732	
11	COBA	514	514	692	-	-	173	260	1,040	130		3,322	
12	External Dashboards	457	260	-	-	80	171	260	-	1,038		2,265	
13	Provider and Member Portal	514	260	519	-	1,040	260	520	-	130		3,242	
14	QI Site Review Automation	514	216	-	-	-	216	520	-	260		1,726	
15	Claims Audit Tool	343	173	120	87	519	173	280	-	130		1,824	
16	QNX Upgrade Nov 2018	171	87	87	519	173	173	173	173	87		1,642	
Estimated Project Hours Needed:		11,296	7,643	5,489	6,702	9,088	6,234	7,945	5,719	10,557		70,673	
Estimated Project FTE Need:		5.43	3.67	2.64	3.22	4.37	3.00	3.82	2.75	5.08		33.98	
Total Available FTE:		4.00	1.00	1.00	0.00	4.00	1.00	1.00	1.00	3.00		16.00	
Variance:		1.43	2.67	1.64	3.22	0.37	2.00	2.82	1.75	2.08		17.98	
Request:		1.00	2.00	2.00	3.00	0.00	2.00	3.00	2.00	3.00		18.00	

Expenditures

YEAR	PROJECTS	RESOURCES	REQUESTED	ACTUAL	VARIANCE
2017	11	15	\$ 3,469,954	\$ 2,682,603	\$ 787,351
		Corporate Projects	\$ 2,959,453		
		Medical Management - ZeOmega	\$ 879,060	-	-
		Claim Check Software - Optum	\$ 141,128	-	-
2018	16	18	\$ 3,979,641	N/A	N/A

- 2017 Variance Contributors
 - APM \$262K
 - ZeOmega \$199K
 - HHP \$157K
 - Member Incentives \$90K

TOTAL: \$708K

Benefits of Outsourcing

- Staffing Flexibility to Accommodate Temporary Project Load.
- Reduce Long Term Administrative Costs.
- Obtain Resources Not Easily Available Locally.
- Find Skilled Resources Needed for Specific Projects.
- Ensure Projects are Successful Through Adequate Staffing.

Board of Directors Request

- Authorize the CEO to approve contracts associated to procurement of Professional Technical Resources with the five (5) companies in the amount not to exceed \$2,959,453 in operating and capital expenses associated for labor needed to complete the 2018 corporate projects.

Questions

Please contact:

Richard M. Pruitt

661-664-5078

richard.pruitt@khs-net.com



TO: KHS Finance Committee

FROM: Alan Avery, COO

DATE: December 8, 2017

RE: Claims Editing Software

Background

Kern Health Systems contract with the Department of Health Care Services requires health plans to use industry standard claims editing software to ensure the accuracy of claims submission from billing providers. Currently, KHS uses the McKesson Claimcheck product to fulfill that requirement in conjunction with the Trizetto QNXT core system. The McKesson Claimcheck product has reached the end of life and will no longer be supported by McKesson at the end of our contract in March 2018 forcing KHS to replace that software now.

The KHS Operational Management Team went through an exhaustive research and Request for Proposal process for claims editing software tools, identifying requirements, conducting on-site presentation of finalists and selected Optum Claims Editing Software (CES) to replace the current end of life McKesson Claimcheck software. The Optum CES product is recommended based on four major areas-(1) System: specific experience with Medi-Cal regulatory edits and QNXT real time integration. (2) Technology: compatible with the Microsoft platform used by KHS. (3) Experience: existing, stable product used by other Medi-Cal Plans (4) Price: low cost vendor including implementation, software and professional services.

Requested Action

Recommend Finance Committee approve request and forward to Board of Directors to authorize CEO to execute contracts associated with the Optum Claims Editing System in the amount not to exceed \$2,631,128 for three years in operating and capital expenses.



Claims Editing Software

December 8, 2017

Alan Avery
Chief Operating Officer

Agenda

- Why Replace Existing Editing Software Tool
- Review RFP Process
- Selection Criteria
- Vendor Recommendation
- Board Request

Why Replace

- Per DHCS Contract, Health Plans are required to edit claims based on Medi-Cal guidelines, CCI (Correct Coding Initiative), and standard coding requirements.
- KHS currently uses McKesson Claimcheck as our Claims Editing Tool.
- McKesson Claimcheck product is no longer supported by McKesson and is at End of Life in 2018. Need to replace with new software tool.
- Identify tool that offers Medi-Cal specific guidelines which will reduce customizations.
- Identify tool that offers configurable and flexible system and integrates real time with core system (QNXT) allowing for increase in Auto Adjudication.

Review Request for Proposal Process

- Defined internal requirements
- Reviewed commercial market solutions and peer health plans
- Budget for new system in 2018 budget
- Conducted RFP
- Evaluated responses
- On-site Presentations for finalists
- Compared presentations/RFP responses to requirements
- Recommendation

Vendor Selection Criteria

Product	Optum	Change Health (McKesson)
Company: Reliability, stability, customer service	5	5
System: Includes MCal and industry standard edits and ongoing updates, QNXT compatible and real time connectivity, ease of configuration.	5	3
Technology: Compatible with KHS Technology Structure-Microsoft	5	1
Experience: Industry leader, MCal track record seasoned, stable product	5	2
Price: Implementation, Software and Professional Services.	5	3
Overall Rating	5	2.8

Ranking Scale is based on 1-5 rating, with 5 being the highest and 1 being the lowest.

Pricing

	Optum	Change Health
Three Year Software License	\$1,624,098*	\$1,535,460*
Three Year DB Software	\$300,000*	\$532,125*
One Time Implementation Fee	\$125,000	\$237,963
Professional Services	\$582,030	\$582,030
Three Year Total	\$2,631,128	\$2,887,578

*Pricing is based on 255,000 members and per member per month licensing fee



Recommendation & Board Request

- KHS management recommends the selection of Optum CES to replace the current end of life McKesson ClaimCheck tool.
- Authorize the CEO to approve contracts associated to the Optum Claims Editing System in the amount not to exceed **\$2,631,128** for three years in operating and capital expenses for the implementation of the replacement claims editing system.

Questions

For additional questions, please contact:

Alan Avery, Chief Operating Officer

661-664-5005

alan.avery@khs-net.com



To: KHS Finance Committee
From: Deborah Murr, RN, Administrative Director of Health Services
Date: December 8, 2017
Re: ZeOmega Medical Management Platform Phase 3 and Enhancements

Background

KHS entered into an agreement in 2016 to purchase and implement a new Medical Management System, JIVA by ZeOmega, to provide a business wide holistic member centric platform encompassing Utilization management (UM), Care management (CM), Disease management (DM), and Health Education (HE). The UM module was implemented in Phase 1 on 11/10/2017, which also integrated the new Health X Provider Portal as well as the new MCG evidence based criteria, CWQI's interactive version. Phase 2 of the Medical Management Platform encompasses CM/DM/HE and appeals implementation with an expected completion at the end of Q1 2018.

Although the UM platform is active and Phase 2 requirements have been finalized, functional enhancements are planned as part of the Phase 3 project for 2018 for both Phase 1 and 2. This will allow for improved efficiency, streamlined processes, staffing model restructuring, and integration of other services that can be customized to better serve our members.

The remaining Health Services departments, Health Homes and Quality Improvement, are planned as part of this Phase 3 request for 2018. Future Health Home expansion will require a platform that is both dynamic and customizable to meet the changing needs of these complex members. Quality improvement workflows will transition from a manual to an automated process that will improve reporting capabilities, trending, and drive program development. Each member specific view will contain all the medical management episodes to assist KHS staff across both clinical and administrative departments, with improved transparency for case coordination, earlier and proactive interventions, and expedited communications to both member and provider.

With numerous pending DHCS initiatives, i.e. Health Home Program, Palliative, Quality measures, etc., and the increasing complexity of our membership, both interdepartmental and interagency transparency involving medical management is more critical than ever. Encompassing all clinical workflows into a single, member centric platform, with full integration with our KHS Provider and Member portal, provider electronic medical records (EMR), lab, and pharmacy data, will promote the vision of total Population Health Management for the KHS membership across the continuum.

Requested Action

Approve; Refer to KHS Board of Directors

Medical Management Platform 2018 Phase 3 and Enhancement Proposal

Deborah Murr RN, BS HCM
Administrative Director of Health Services
December 8, 2017



Agenda

- ZeOmega JIVA system Timeline
- Phase 1 and Phase 2 Progress to date
- Planned 2018 Phase 3 and Enhancements Projects
- Benefit and Cost Savings of Complete Medical Management System

ZeOmega Project Timeline

Phase 1 Implementation

- Contract signed November 2016
- Implementation for Phase 1 January 2017 through **Go Live November 13, 2017**
- Utilization Management workflows
 - Efficiencies and Automation gained
 - DHCS compliance
 - Correspondence notifications/letters to members/providers
- CWQI Interactive Medical criteria vs. static
- HealthX Provider Portal Integration
 - Inpatient/Outpatient submission
- Parallel work for Phase 2

Phase 2 Timeline

Phase 2 Development (current work effort)

- Improve communication / information exchange with physicians/members
 - Creation/Expansions management groups—Hypertension, Complex Case Management restructure of design, identification, and sources of collaboration
 - Risk stratification & Predictive Modeling Tools Integration
 - Care plans/Appointment/transportation assistance
 - Automated reporting and Medical claims review
 - Integrated assessments for CM/DM

- Parallel work for anticipated Phase 3

Case Management, Disease Management, Health Education, MCG Point of Service decision making capability, and appeals workflow -**anticipated**

Go live Q1 2018

Phase 3 Timeline

Phase 3 -Integrate Health Homes and Quality Improvement

HHP:

- Health Homes, Whole Person Care, Palliative Care integration into current Case Management Module
- Support alternative reimbursement arrangements imposed by DHCS and CMS

QI:

- Automation of QI manual processes to eliminate administrative inefficiency
- Enable robust data collection and reporting capabilities required for NCQA , HEDIS tracking, and Gaps in Care
- Quality of care, readmission, and site reviews
- Audits and Credentialing

Argus Interface for Pharmacy data

Member Portal Integration

Healthwise Member Education Material

Prior auth Appeal process integration into current UM module

HHP/QI workflows and integrations- anticipated go live Q3/4 2018



KERN HEALTH
SYSTEMS

Enhancements Timeline

JIVA Phase 1 & 2 Enhancements

- UM module
- Health X portal
- Expansion of Mfiles other tools
- CM/DM/HE/Appeals TBD post go live

Benefits of Complete Medical Management System

- Management of new aid categories (SPD, ACA expansion) with more medically complex enrollment
- Ability to adapt to changes to regulatory requirements with greater emphasis on Triple Aim performance
- Eliminate manual processes requiring multiple steps to transfer date and access files
- Organize work and member care management queues
- Expand evidence based medical decision making tools
- Ease of integration of other internal (QNXT claims system) and external platforms (Portals) and EHR data
- Consolidation of four (4) distinct, legacy workflows to create a single integrated patient care information repository for performing UM/CM/DM/HE/QI function
- Improve communication / information exchange with physicians and their offices over treatment and care of our members and their patients
- Less staff required to accommodate member growth

Anticipated FTE Savings

Operations	Year One	Year Two	Year Three	Year Four	Year Five	Ending Results
Efficiency Gained	Transition Year	12%	5%	3%	3%	23%
40 RN* FTEs (Clinical)	40	35	33	32	31	31
Cumulative FTE Savings for RNs	0	5	7	8	9	9
Cumulative \$ savings	0	\$550,000	\$770,000	\$880,000	\$990,000	\$3,190,000
25 NCIC * FTEs (nonclinical)	25	22	21	20	19	19
Cumulative FTE Savings	0	3	4	5	6	6
Cumulative \$ savings for NCIC	0	\$141,000	\$188,000	\$235,000	\$282,000	\$846,000
Total Savings						\$4,036,000



Board Request

Authorize the CEO to approve contracts associated to procurement of ZeOmega Software, ZeOmega Professional Services, and KHS Professional Services in the amount not to exceed \$3,007,961 in capital expenses associated to complete the ZeOmega Phase 3 and Enhancement Project

Medical Management ZeOmega	
ZeOmega New License Server Software	\$ 338,875
ZeOmega Professional Services	\$ 1,200,000
KHS Professional Services	\$ 1,469,086
Total	\$ 3,007,961

Questions

Contact:

Deborah Murr

661-664-5141

deborah.murr@khs-net.com



To: KHS Finance Committee

From: Robert Landis, CFO

Date: December 8, 2017

Re: September 2017 Financial Results

The September results reflect a \$2,133,019 Net Increase in Net Position which is a \$1,912,229 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$10.8 million favorable variance primarily due to:
 - A) \$.3 million unfavorable variance relating to Family and Other primarily due to lower than expected enrollment (\$.3 million), a lower than expected budgeted rate increase from the State effective July 1, 2017 (\$.9 million) and higher than expected Maternity revenue (\$.9 Million).
 - B) \$.7 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$.3 million) and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.6 million) and lower than expected HEP-C revenue (.2 million).
 - C) \$.2 million unfavorable variance relating to SPD members primarily due to lower than expected HEP-C revenue.
 - D) \$.6 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
 - E) \$9.5 million favorable variance relating to Rate/Income Adjustments primarily due to receiving payments relating to the Expansion membership for prior years offset by items included in 2C below.
- 2) Total Medical Costs reflect a \$9.1 million unfavorable variance primarily due to:
 - A) \$2.1 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services.
 - B) \$1.2 million favorable variance in Pharmacy primarily due to lower than expected unit costs (\$.4 million) and lower than expected HEP-C utilization (\$.8 million).
 - C) \$8.0 million unfavorable Adjustment from the prior year primarily related to the accruing of extra expense associated with the favorable Expansion/Rate Income Adjustment mentioned in 1E above.

The September Medical Loss Ratio is 92.5% which is favorable to the 92.9% budgeted amount. The September Administrative Expense Ratio is 4.2 % which is favorable to the 5.8% budgeted amount.

The results for the 9 months ended September 30, 2017 reflects a Net Increase in Net Position of \$22,140,218. This is a \$15,041,643 favorable variance to budget and includes approximately \$8.0 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.5% which is favorable to the 91.9% 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
September 2017**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
----------------------	---------

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2017			
ASSETS	SEPTEMBER 2017	AUGUST 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 24,495,653	\$ 100,203,705	\$ (75,708,052)
Short-Term Investments	219,046,047	160,743,672	58,302,375
Pass-through Monies Held for Future Payment	87,201,088	1,491,813	85,709,275
Premiums Receivable - Net	60,770,348	45,080,048	15,690,300
Interest Receivable	175,092	354,823	(179,731)
Other Receivables	487,817	512,157	(24,340)
Prepaid Expenses & Other Current Assets	954,158	1,085,218	(131,060)
Total Current Assets	\$ 393,130,203	\$ 309,471,436	\$ 83,658,767
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPREE:			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,725,132	6,805,398	(80,266)
Automobile - Net	18,974	19,365	(391)
Building and Building Improvements - Net	6,741,532	6,769,387	(27,855)
Capital Projects in Process	7,806,683	7,479,566	327,117
Total Capital Assets	\$ 26,168,883	\$ 25,950,278	\$ 218,605
DEFERRED OUTFLOWS OF RESOURCES	\$ 4,540,339	\$ 4,540,339	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 424,139,425	\$ 340,262,053	\$ 83,877,372
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 24,212	\$ 25,012	(800)
Accrued Salaries and Employee Benefits	2,250,003	2,204,725	45,278
Accrued Other Operating Expenses	1,037,183	1,029,545	7,638
Accrued Taxes and Licenses	57,503	14,948,609	(14,891,106)
Other Medical Liabilities - Nonoperating Passthrough	87,201,088	1,491,813	85,709,275
Claims Payable (Reported)	17,879,716	17,300,973	578,743
IBNR - Inpatient Claims	29,524,284	26,828,980	2,695,304
IBNR - Physician Claims	12,764,202	14,490,179	(1,725,977)
IBNR - Accrued Other Medical	21,435,369	20,546,181	889,188
Risk Pool and Withholds Payable	4,108,520	3,543,194	565,326
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	46,214,955	38,343,471	7,871,484
Total Current Liabilities	\$ 224,423,709	\$ 142,679,356	\$ 81,744,353
NONCURRENT LIABILITIES:			
Net Pension Liability	4,519,591	4,519,591	-
TOTAL NONCURRENT LIABILITIES	\$ 4,519,591	\$ 4,519,591	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 1,840,334	\$ 1,840,334	\$ -
NET POSITION:			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	22,140,218	20,007,199	2,133,019
Total Net Position	\$ 193,355,791	\$ 191,222,772	\$ 2,133,019
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 424,139,425	\$ 340,262,053	\$ 83,877,372

			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA					
CURRENT MONTH MEMBERS			STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION			YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE	FOR THE MONTH ENDED SEPTEMBER 30, 2017			ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
163,919	167,300	(3,381)	Family Members			1,472,993	1,484,100	(11,107)
57,180	56,100	1,080	Expansion Members			513,731	497,700	16,031
14,035	13,900	135	SPD Members			122,931	123,300	(369)
5,430	4,200	1,230	Other Members			46,758	36,900	9,858
7,782	7,200	582	Kaiser Members			68,401	63,900	4,501
248,346	248,700	(354)	Total Members - MCAL			2,224,814	2,205,900	18,914
REVENUES								
21,889,455	22,234,537	(345,082)	Title XIX - Medicaid - Family and Other			191,560,910	194,996,947	(3,436,037)
20,019,384	19,363,995	655,389	Title XIX - Medicaid - Expansion Members			189,390,447	180,765,288	8,625,159
10,594,072	10,778,947	(184,875)	Title XIX - Medicaid - SPD Members			91,730,199	94,450,254	(2,720,055)
8,087,180	7,276,395	810,785	Premium - MCO Tax			68,282,274	64,538,460	3,743,814
302,348	156,344	146,004	Interest/Dividends			2,443,152	1,386,700	1,056,452
-	106,260	(106,260)	Reinsurance Recoveries			-	942,480	(942,480)
3,431,408	2,850,459	580,949	COB/Subrogation Collections			34,124,573	25,281,359	8,843,214
9,476,726	-	9,476,726	Rate/Income Adjustments			12,634,132	-	12,634,132
(185,865)	-	(185,865)	Other Income (Expense)			(209,653)	-	(209,653)
73,614,708	62,766,936	10,847,772	TOTAL REVENUES			589,956,034	562,361,488	27,594,546
EXPENSES								
Medical Costs:								
14,239,482	12,184,520	(2,054,962)	Physician Services			123,001,386	108,076,214	(14,925,172)
2,851,866	2,687,797	(164,069)	Other Professional Services			24,485,838	23,836,757	(649,081)
4,696,197	4,747,916	51,719	Emergency Room			40,419,702	42,113,119	1,693,417
13,862,008	13,644,974	(217,034)	Inpatient			128,307,468	121,034,299	(7,273,169)
105,320	106,260	940	Reinsurance Expense			946,524	942,480	(4,044)
6,213,267	5,672,200	(541,067)	Outpatient Hospital			53,053,842	50,313,360	(2,740,482)
1,883,596	2,545,085	661,489	Other Medical			19,703,502	22,624,230	2,920,728
8,228,934	9,405,099	1,176,165	Pharmacy			77,537,916	83,427,246	5,889,330
565,325	567,525	2,200	Pay for Performance Quality Incentive			5,069,570	5,033,700	(35,870)
7,973,649	-	(7,973,649)	IBNR, Incentive, Paid Claims Adjustment			4,658,480	-	(4,658,480)
60,619,644	51,561,375	(9,058,269)	Total Medical Costs			477,184,228	457,401,404	(19,782,824)
12,995,064	11,205,561	1,789,503	GROSS MARGIN			112,771,806	104,960,084	7,811,723
Administrative:								
1,762,043	1,943,985	181,942	Compensation			15,989,262	17,426,728	1,437,466
522,883	540,320	17,437	Purchased Services			3,555,388	5,074,569	1,519,181
168,244	149,035	(19,209)	Supplies			776,417	1,337,561	561,144
325,962	575,036	249,074	Other Administrative Expenses			3,516,772	4,984,191	1,467,419
2,779,132	3,208,375	429,243	Total Administrative Expenses			23,837,839	28,823,049	4,985,210
63,398,776	54,769,751	(8,629,025)	TOTAL EXPENSES			501,022,067	486,224,453	(14,797,614)
10,215,932	7,997,185	2,218,747	OPERATING INCOME (LOSS) BEFORE TAX			88,933,967	76,137,035	12,796,932
8,059,738	7,276,395	(783,343)	MCO TAX			66,712,637	64,538,460	(2,174,177)
2,156,194	720,790	1,435,404	OPERATING INCOME (LOSS) NET OF TAX			22,221,330	11,598,575	10,622,755
NONOPERATING REVENUE (EXPENSES)								
(23,175)	(500,000)	476,825	Reserve Fund Projects/Community Grants			(81,112)	(4,500,000)	4,418,888
(23,175)	(500,000)	476,825	TOTAL NONOPERATING REVENUES (EXPENSES)			(81,112)	(4,500,000)	4,418,888
2,133,019	220,790	1,912,229	NET INCREASE (DECREASE) IN NET POSITION			22,140,218	7,098,575	15,041,643
92.5%	92.9%	0.4%	MEDICAL LOSS RATIO			91.5%	91.9%	0.4%
4.2%	5.8%	1.5%	ADMINISTRATIVE EXPENSE RATIO			4.6%	5.8%	1.2%

			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED SEPTEMBER 30, 2017					
CURRENT MONTH						YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE				ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
163,919	167,300	(3,381)	Family Members			1,472,993	1,484,100	(11,107)
57,180	56,100	1,080	Expansion Members			513,731	497,700	16,031
14,035	13,900	135	SPD Members			122,931	123,300	(369)
5,430	4,200	1,230	Other Members			46,758	36,900	9,858
7,782	7,200	582	Kaiser Members			68,401	63,900	4,501
248,346	248,700	(354)	Total Members - MCAL			2,224,814	2,205,900	18,914
REVENUES								
129.26	129.65	(0.39)	Title XIX - Medicaid - Family and Other			126.05	128.20	(2.16)
350.11	345.17	4.94	Title XIX - Medicaid - Expansion Members			368.66	363.20	5.46
754.83	775.46	(20.63)	Title XIX - Medicaid - SPD Members			746.19	766.02	(19.83)
33.62	30.13	3.49	Premium - MCO Tax			31.66	30.13	1.53
1.26	0.65	0.61	Interest /Dividends			1.13	0.65	0.49
0.00	0.44	(0.44)	Reinsurance Recoveries			0.00	0.44	(0.44)
14.26	11.80	2.46	COB/Subrogation Collections			15.82	11.80	4.02
39.39	0.00	39.39	Rate/Income Adjustments			5.86	0.00	5.86
(0.77)	0.00	(0.77)	Other Income (Expense)			(0.10)	0.00	(0.10)
306.01	259.90	46.10	TOTAL REVENUES			273.58	262.54	11.04
EXPENSES								
Medical Costs:								
59.19	50.45	(8.74)	Physician Services			57.04	50.46	(6.58)
11.85	11.13	(0.73)	Other Professional Services			11.35	11.13	(0.23)
19.52	19.66	0.14	Emergency Room			18.74	19.66	0.92
57.62	56.50	(1.12)	Inpatient			59.50	56.51	(3.00)
0.44	0.44	0.00	Reinsurance Expense			0.44	0.44	0.00
25.83	23.49	(2.34)	Outpatient Hospital			24.60	23.49	(1.11)
7.83	10.54	2.71	Other Medical			9.14	10.56	1.43
34.21	38.94	4.74	Pharmacy			35.96	38.95	2.99
2.35	2.35	0.00	Pay for Performance Quality Incentive			2.35	2.35	(0.00)
33.15	0.00	(33.15)	IBNR, Incentive, Paid Claims Adjustment			2.16	0.00	(2.16)
251.99	213.50	(38.49)	Total Medical Costs			221.29	213.54	(7.75)
54.02	46.40	7.62	GROSS MARGIN			52.30	49.00	3.30
Administrative:								
7.32	8.05	0.72	Compensation			7.41	8.14	0.72
2.17	2.24	0.06	Purchased Services			1.65	2.37	0.72
0.70	0.62	(0.08)	Supplies			0.36	0.62	0.26
1.35	2.38	1.03	Other Administrative Expenses			1.63	2.33	0.70
11.55	13.29	1.73	Total Administrative Expenses			11.05	13.46	2.40
263.54	226.79	(36.75)	TOTAL EXPENSES			232.34	227.00	(5.34)
42.47	33.11	9.35	OPERATING INCOME (LOSS) BEFORE TAX			41.24	35.54	5.70
33.50	30.13	(3.37)	MCO TAX			30.94	30.13	(0.81)
8.96	2.98	5.98	OPERATING INCOME (LOSS) NET OF TAX			10.30	5.41	4.89
NONOPERATING REVENUE (EXPENSES)								
(0.10)	(2.07)	(1.97)	Reserve Fund Projects/Community Grants			(0.04)	(18.63)	(18.60)
(0.10)	(2.07)	(1.97)	TOTAL NONOPERATING REVENUES (EXPENSES)			(0.04)	(18.63)	(18.60)
8.87	0.91	7.95	NET INCREASE (DECREASE) IN NET POSITION			10.27	3.31	6.95
92.5%	92.9%	0.4%	MEDICAL LOSS RATIO			91.5%	91.9%	0.4%
4.2%	5.8%	1.5%	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 SEPTEMBER 30, 2017														
	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	13 MONTH TOTAL
ENROLLMENT	233,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	241,716	239,716	239,363	240,564	3,091,167
Members - MCAL														
REVENUES														
Title XIX - Medicaid - Family and Other	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	21,061,787	21,157,058	21,889,455	276,593,366
Title XIX - Medicaid - Expansion Members	20,219,075	19,620,974	20,105,649	20,105,649	20,905,352	21,131,189	22,045,879	21,650,071	21,843,761	21,316,549	20,420,390	20,057,872	20,019,384	269,482,505
Title XIX - Medicaid - SPD Members	10,007,635	10,231,800	10,209,218	9,940,753	9,966,872	9,618,941	9,939,770	10,055,780	9,972,611	10,383,303	10,331,094	10,667,756	10,594,072	132,119,605
Premium - MCO Tax	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	7,504,758	7,517,457	7,674,906	7,622,484	8,087,180	114,345,171
Interest/Dividends	186,999	236,189	223,035	194,711	181,883	176,794	245,909	264,732	376,466	265,238	243,800	385,982	3,284,086	3,284,086
Reinsurance Recoveries	30,454	205,689	-	(210,968)	-	-	-	-	-	-	-	-	-	25,175
COB/Subrogation Collections	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	3,234,724	5,392,339	3,431,408	45,227,759
Rate/Income Adjustments	13,093	(333,319)	(541)	2,736,951	413,545	2,016,975	413,545	93,756	(3,949)	(340,730)	(84,108)	1,061,917	9,476,726	15,050,316
Other Income (Expense)	(407,903)	215	41	(1,262,113)	37,570	121	46,740	(1,110)	9	(88,814)	(18,408)	104	(185,865)	(1,879,413)
TOTAL REVENUES	75,990,414	62,271,090	61,192,211	64,838,821	63,704,954	63,704,954	66,799,408	64,178,550	64,266,102	64,312,190	63,064,185	66,345,512	73,614,708	854,248,570
EXPENSES														
Medical Costs:														
Physician Services	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	15,174,897	14,423,866	13,877,006	14,239,482	170,310,414
Other Professional Services	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	2,903,026	2,989,387	2,851,866	33,928,493
Emergency Room	4,327,181	4,374,358	4,182,580	4,106,435	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	4,665,069	5,099,658	4,696,197	57,410,556
Inpatient	10,660,875	11,423,068	11,783,439	12,926,841	13,999,552	14,812,384	15,281,833	14,524,702	14,725,286	14,193,273	13,361,803	13,546,637	13,862,008	175,101,691
Reinsurance Expense	183,648	185,643	187,188	187,380	103,176	103,384	103,399	105,736	107,515	106,164	106,355	105,475	105,320	1,690,383
Outpatient Hospital	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	5,430,883	6,154,715	6,213,267	73,240,833
Other Medical	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	1,975,195	1,800,207	1,883,596	25,461,268
Pharmacy	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	9,055,094	8,935,835	9,525,333	8,228,934	109,560,713
Pay for Performance Quality Incentive	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	568,032	563,333	562,503	565,325	7,326,061
Expansion Risk Corridor Expense	1,059,120	853,019	137,358	413,346	-	-	-	-	-	-	-	-	-	2,462,843
IBNR, Incentive, Paid Claims Adjustment	128,791	162,526	(444,334)	1,045,552	(141,866)	(585,473)	(585,473)	(232,581)	(744,814)	(2,727,790)	(28,273)	1,034,615	7,973,649	5,551,015
Total Medical Costs	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	53,321,503	52,336,793	54,695,536	60,619,644	662,048,270
GROSS MARGIN	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	10,990,687	10,727,392	11,649,976	12,995,064	192,200,300
Administrative:														
Compensation	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	1,816,065	1,962,751	1,762,043	22,666,907
Purchased Services	343,359	478,654	607,200	470,957	268,456	450,657	436,052	442,046	344,437	364,323	354,712	371,842	522,883	5,455,558
Supplies	70,613	62,414	42,864	53,867	66,872	36,371	86,926	99,813	89,505	30,984	65,825	131,877	168,244	1,006,175
Other Administrative Expenses	368,192	663,609	265,740	423,090	359,822	363,606	484,727	365,239	432,721	492,918	298,544	393,233	325,962	5,237,403
Administrative Expense Adjustment	(190,729)	-	-	(1,960,549)	-	-	-	-	-	-	-	-	-	(2,151,278)
Total Administrative Expenses	2,181,198	2,826,399	2,633,111	736,218	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	2,859,703	2,779,132	32,214,765
TOTAL EXPENSES	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	56,078,794	54,871,939	57,555,239	63,398,776	694,263,035
OPERATING INCOME (LOSS) BEFORE TAX	28,921,560	13,607,836	13,886,204	14,635,968	11,418,140	10,897,259	11,473,695	10,571,423	9,141,603	8,333,396	8,192,246	8,790,273	10,215,932	159,985,535
MICO TAX	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	6,911,296	7,199,396	7,204,569	7,198,592	7,197,339	7,674,900	7,775,859	8,059,738	112,775,534
OPERATING INCOME (LOSS) NET OF TAX	7,306,726	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	4,274,299	3,366,854	1,943,011	1,036,037	517,346	1,014,414	2,156,194	47,210,001
TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	(220,405)	-	-	-	(231,174)	-	(11,588)	-	(23,175)	-	(23,175)	(301,517)
NET INCREASE (DECREASE) IN NET POSITION	7,306,726	6,423,706	6,467,400	4,570,434	3,927,012	3,986,163	4,251,125	3,366,854	1,931,423	1,036,037	494,171	1,014,414	2,133,019	46,908,484
MEDICAL LOSS RATIO	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	93.1%	92.5%	89.5%
ADMINISTRATIVE EXPENSE RATIO	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.2%	4.4%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH SEPTEMBER 30, 2017	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	13 MONTH TOTAL
	233,053	233,985	234,225	234,491	234,963	237,333	240,308	241,178	241,282	241,716	239,716	239,363	240,564	3,091,167
ENROLLMENT														
Members - MCAL														
REVENUES														
Title XIX - Medicaid - Family and Other	130.94	130.83	128.46	122.95	126.64	119.60	129.31	128.39	124.01	126.74	124.89	125.53	129.26	126.73
Title XIX - Medicaid - Expansion Members	373.84	360.02	368.90	366.02	377.32	375.41	386.18	375.46	376.19	369.16	356.43	351.84	350.11	368.27
Title XIX - Medicaid - SPD Members	743.07	758.87	759.67	736.07	756.98	717.28	734.16	740.65	743.39	749.37	764.45	772.58	754.83	747.17
Premium - MCO Tax	93.15	30.70	30.73	42.93	31.88	31.21	31.09	31.13	31.10	31.10	32.02	31.84	33.62	36.99
Interest/Dividends	0.81	1.01	0.95	0.83	0.77	0.74	1.02	1.10	1.56	1.10	1.02	1.61	1.26	1.06
Reinsurance Recoveries	0.13	0.88	0.00	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
COB/Subrogation Collections	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	13.49	22.53	14.26	14.63
Rate/Income Adjustments	0.06	(1.42)	(0.00)	11.67	0.00	8.50	1.72	(0.39)	(0.02)	(1.41)	(0.35)	4.44	39.39	4.87
Other Income (Expense)	(1.76)	0.00	0.00	(5.38)	0.16	0.00	0.19	(0.00)	0.00	(0.37)	(0.08)	0.00	(0.77)	(0.61)
TOTAL REVENUES	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	263.08	277.18	306.01	276.35
EXPENSES														
Medical Costs:														
Physician Services	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	60.17	57.97	59.19	55.10
Other Professional Services	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	11.85	10.98
Emergency Room	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.64	16.34	19.71	19.46	21.31	19.52	18.57
Inpatient	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	57.62	56.65
Reinsurance Expense	0.79	0.79	0.80	0.80	0.44	0.44	0.43	0.44	0.44	0.44	0.44	0.44	0.44	0.55
Outpatient Hospital	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	26.65	25.71	25.83	23.69
Other Medical	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.52	7.83	8.24
Pharmacy	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	36.70	37.38	37.28	39.79	34.21	35.44
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.37
Expansion Risk Corridor Expense	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80
IBNR, Incentive, Paid Claims Adjustment	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(0.12)	4.32	33.15	1.80
Total Medical Costs	193.44	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	251.99	214.17
GROSS MARGIN	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	44.75	48.67	54.02	62.18
Administrative:														
Compensation	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.84	7.89	7.73	7.58	8.20	7.32	7.33
Purchased Services	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.48	1.55	2.17	1.76
Supplies	0.30	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.13	0.27	0.55	0.70	0.33
Other Administrative Expenses	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.79	2.04	1.25	1.64	1.35	1.69
Administrative Expense Adjustment	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.70)
Total Administrative Expenses	9.40	12.08	11.24	3.14	10.05	10.12	11.71	10.60	11.49	11.41	10.58	11.95	11.55	10.42
TOTAL EXPENSES	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	232.00	228.90	240.45	263.54	224.60
OPERATING INCOME (LOSS) BEFORE TAX	124.63	58.16	59.29	62.42	48.60	45.92	47.75	43.83	37.89	34.06	34.17	36.72	42.47	51.76
MCO TAX	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	29.78	32.02	32.49	33.50	36.48
OPERATING INCOME (LOSS) NET OF TAX	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	2.16	4.24	8.96	15.27
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	0.00	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.05)	0.00	(0.10)	0.00	(0.10)	(1.04)
NET INCREASE (DECREASE) IN NET POSITION	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	4.29	2.06	4.24	8.87	14.24
MEDICAL LOSS RATIO	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	93.1%	92.5%	89.5%
ADMINISTRATIVE EXPENSE RATIO	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.2%	4.4%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2017				YEAR-TO-DATE		
CURRENT MONTH		REVENUES		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
18,561,279	19,737,619	(1,176,340)	Title XIX - Medicaid - Family & Other	169,741,610	172,833,360	(3,091,750)
3,007,085	2,114,859	892,226	Premium - Medi-Cal	19,053,660	18,784,923	268,737
82,348	221,265	(138,917)	Premium - Maternity Kick	853,124	1,962,354	(1,109,230)
149,716	65,822	83,894	Premium - Hep C Kick	1,074,940	583,760	491,180
89,027	94,973	(5,946)	Premium - BHT Kick	837,576	832,551	5,025
21,889,455	22,234,537	(345,082)	Other	191,560,910	194,996,947	(3,436,037)
			Total Title XIX - Medicaid - Family & Other			
19,288,702	18,327,913	960,789	Title XIX - Medicaid - Expansion Members	180,480,863	171,340,420	9,140,443
299,319	379,240	(79,921)	Premium - Medi-Cal	2,598,058	3,597,595	(999,537)
401,057	623,181	(222,124)	Premium - Maternity Kick	6,008,999	5,528,652	480,347
30,306	33,660	(3,354)	Premium - Hep C Kick	302,527	298,620	3,907
20,019,384	19,363,995	655,389	Other	189,390,447	180,765,288	8,625,159
			Total Title XIX - Medicaid - Expansion Members			
10,255,699	10,097,430	158,269	Title XIX - Medicaid - SPD Members	87,789,976	88,404,861	(614,885)
119,399	525,524	(406,125)	Premium - Medi-Cal	2,223,468	4,661,659	(2,438,191)
218,974	155,993	62,981	Premium - Hep C Kick	1,716,755	1,383,734	333,021
10,594,072	10,778,947	(184,875)	Premium - BHT Kick	91,730,199	94,450,254	(2,720,055)
			Total Title XIX - Medicaid - SPD Members			

CURRENT MONTH		VARIANCE	YEAR-TO-DATE		
ACTUAL	BUDGET		ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2017					
PHYSICIAN SERVICES					
3,037,543	3,399,496	361,953	25,953,611	30,152,288	4,198,677
10,248,069	8,119,026	(2,129,043)	86,984,555	72,016,858	(14,967,697)
944,870	656,789	(288,081)	9,981,320	5,825,396	(4,155,924)
9,000	9,209	209	81,900	81,672	(228)
14,239,482	12,184,520	(2,054,962)	123,001,386	108,076,214	(14,925,172)
OTHER PROFESSIONAL SERVICES					
239,363	248,336	8,973	2,151,161	2,202,633	51,472
668,598	790,155	121,557	6,017,023	7,070,066	1,053,043
105,744	130,241	24,497	952,786	1,109,201	156,415
64,890	79,850	14,960	537,860	700,903	163,043
90,460	91,173	713	779,226	816,928	37,702
55,832	44,427	(11,405)	356,327	367,258	10,931
60,986	68,256	7,270	488,749	611,897	123,148
392,215	221,815	(170,400)	3,475,831	1,967,498	(1,508,333)
135,353	90,627	(44,726)	1,225,931	803,872	(422,059)
1,038,425	922,918	(115,507)	8,500,944	8,186,500	(314,444)
2,851,866	2,687,797	(164,069)	24,485,838	23,836,757	(649,081)
4,696,197	4,747,916	51,719	40,419,702	42,113,119	1,693,417
13,862,008	13,644,974	(217,034)	128,307,468	121,034,299	(7,273,169)
105,320	106,260	940	946,524	942,480	(4,044)
6,213,267	5,672,200	(541,067)	53,053,842	50,313,360	(2,740,482)
OTHER MEDICAL					
318,449	334,336	15,887	2,979,710	2,965,428	(14,282)
340,709	366,694	25,985	3,289,538	3,252,689	(36,849)
85,471	313,888	228,417	1,228,616	2,832,992	1,604,376
825,618	1,001,028	175,410	8,698,199	8,879,727	181,528
(46,277)	241,500	287,777	115,797	2,142,000	2,026,203
359,626	287,639	(71,987)	3,391,642	2,551,393	(840,249)
1,883,596	2,545,085	661,489	19,703,502	22,624,230	2,920,728
PHARMACY SERVICES					
7,215,260	7,607,488	392,228	65,028,605	67,481,242	2,452,637
598,614	1,369,970	771,356	8,020,161	12,152,664	4,132,503
413,925	494,913	80,988	4,898,652	4,390,071	(508,581)
1,135	(67,272)	(68,407)	(409,502)	(596,731)	(187,229)
8,228,934	9,405,099	1,176,165	77,537,916	83,427,246	5,889,330
565,325	567,525	2,200	5,069,570	5,033,700	(35,870)
7,973,649	-	(7,973,649)	4,658,480	-	(4,658,480)
60,619,644	51,561,375	(9,058,269)	477,184,228	457,401,404	(19,782,824)

* Medical costs per DMHC regulations

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED SEPTEMBER 30, 2017			
PHYSICIAN SERVICES			
12.63	14.08	12.04	14.08
42.60	33.62	40.34	33.62
3.93	2.72	4.63	2.72
0.04	0.04	0.04	0.04
59.19	50.45	57.04	50.46
OTHER PROFESSIONAL SERVICES			
1.00	1.03	1.00	1.03
2.78	3.27	2.79	3.30
0.44	0.54	0.44	0.52
0.27	0.33	0.25	0.33
0.38	0.38	0.36	0.38
0.23	0.18	0.17	0.17
0.25	0.28	0.23	0.29
1.63	0.92	1.61	0.92
0.56	0.38	0.57	0.38
4.32	3.82	3.94	3.82
11.85	11.13	11.35	11.13
19.52	19.66	18.74	19.66
57.62	56.50	59.50	56.51
0.44	0.44	0.44	0.44
25.83	23.49	24.60	23.49
OTHER MEDICAL			
1.32	1.38	1.38	1.38
1.42	1.52	1.53	1.52
0.36	1.30	0.57	1.32
3.43	4.15	4.03	4.15
(0.19)	1.00	0.05	1.00
1.49	1.19	1.57	1.19
7.83	10.54	9.14	10.56
PHARMACY SERVICES			
29.99	31.50	30.16	31.50
2.49	5.67	3.72	5.67
1.72	2.05	2.27	2.05
0.00	(0.28)	(0.19)	(0.28)
34.21	38.94	35.96	38.95
2.35	2.35	2.35	2.35
33.15	0.00	2.16	0.00
251.99	213.50	221.29	213.54

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH SEPTEMBER 30, 2017										JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	YEAR TO DATE 2017
PHYSICIAN SERVICES										3,406,859	3,070,267	2,668,777	2,931,046	2,648,254	2,979,942	2,579,473	2,637,450	3,037,543	25,953,611
Primary Care Physician Services										8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	11,276,157	10,807,238	9,796,067	10,248,069	86,984,555
Referral Specialty Services										835,481	651,650	1,642,609	1,085,290	1,443,578	915,798	1,027,855	1,434,189	944,870	9,981,320
Urgent Care & After Hours Advice										8,988	8,712	9,300	9,000	9,000	9,000	9,300	9,000	9,000	81,900
Hospital Admitting Team										12,342,816	12,684,849	13,156,118	13,305,167	13,797,185	15,174,897	14,423,866	15,877,006	14,239,482	123,001,386
TOTAL PHYSICIAN SERVICES										234,491	234,963	238,174	240,308	241,148	241,282	241,716	239,716	239,363	2,151,161
OTHER PROFESSIONAL SERVICES										659,425	596,974	655,378	585,083	693,556	694,688	677,141	786,180	668,598	6,017,023
Vision Service Capitation										101,672	94,856	112,498	102,951	110,754	103,238	104,334	116,739	105,744	952,786
310 - Health Services - Utilization Management - UM Allocation *										55,993	51,352	57,865	54,139	62,598	67,046	56,777	67,200	64,890	537,860
311 - Health Services - Quality Improvement - UM Allocation *										86,242	76,174	87,191	81,001	90,904	86,061	90,504	90,689	90,460	779,226
312 - Health Services - Education - UM Allocation *										19,018	36,728	40,290	48,254	40,895	40,488	44,575	40,488	55,832	356,327
313 - Health Services - Pharmacy - UM Allocation *										300,000	131,003	334,111	249,875	178,748	735,000	476,002	678,877	392,215	3,475,831
314 - Health Homes - UM Allocation *										220,889	119,474	38,619	87,739	271,977	89,362	174,894	87,624	135,353	1,225,931
Behavior Health Treatment										927,583	875,268	880,636	975,044	832,946	1,173,903	984,905	812,234	1,038,425	8,500,944
Mental Health Services										2,642,041	2,246,962	2,496,217	2,479,295	2,584,649	3,292,395	2,903,026	2,989,387	2,851,866	24,485,838
Other Professional Services										4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	4,665,069	5,099,658	4,696,197	40,419,702
TOTAL OTHER PROFESSIONAL SERVICES										13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	14,193,273	13,361,803	13,546,637	13,862,008	128,307,468
EMERGENCY ROOM										103,176	103,384	103,399	105,736	107,515	106,164	106,355	105,475	105,320	946,524
INPATIENT HOSPITAL										5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	6,293,878	5,430,584	6,154,715	6,213,267	53,053,842
REINSURANCE EXPENSE PREMIUM										321,788	349,619	341,345	346,373	336,918	309,509	304,335	351,374	318,449	2,979,710
OUTPATIENT HOSPITAL SERVICES										370,597	381,556	383,407	279,863	360,563	515,541	352,169	305,183	340,709	3,289,538
OTHER MEDICAL										67,616	115,998	142,141	133,334	155,745	141,184	207,396	179,731	85,471	1,228,616
Ambulance										1,022,042	820,073	961,497	1,172,612	1,443,187	1,061,036	788,463	603,671	825,618	8,698,199
Home Health Services & CBAS										-	-	-	-	-	162,074	-	-	(46,277)	115,797
Utilization and Quality Review Expenses										315,831	340,260	386,323	441,238	433,820	431,464	322,832	360,248	359,626	3,391,642
Long Term/SNF/Hospice										2,097,824	2,007,506	2,214,713	2,373,420	2,730,233	2,620,808	1,975,195	1,800,207	1,883,596	19,703,502
Enhanced Medical Benefits										7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	6,993,768	7,059,657	7,901,664	7,215,260	65,028,605
Non-Medical Transportation										561,061	672,985	971,345	944,297	787,421	1,429,338	1,072,244	982,856	598,614	8,020,161
TOTAL OTHER MEDICAL										476,382	443,564	669,108	534,081	545,988	677,988	537,548	600,068	413,925	4,898,652
PHARMACY SERVICES										(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(66,000)	266,386	40,745	1,135	(409,502)
RX - Drugs & OTC										8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	9,035,094	8,935,835	9,525,333	8,228,934	77,537,916
RX - HEP-C										552,163	559,709	564,724	566,768	567,013	568,032	563,333	562,503	565,325	5,069,570
RX - DME										(141,866)	111,013	(585,473)	(232,581)	(744,814)	(2,727,790)	(28,273)	1,034,615	7,973,649	4,658,480
RX - Pharmacy Rebates										49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	53,321,503	52,336,793	54,695,536	60,619,644	477,184,228
TOTAL PHARMACY SERVICES										8,548,532	8,653,500	9,043,050	8,486,723	8,693,477	8,870,346	8,940,198	9,052,197	8,952,437	82,182,324
PAY FOR PERFORMANCE QUALITY INCENTIVE																			
IBNR INCENTIVE AND PAID CLAIMS ADJUSTMENT																			
Total Medical Costs										49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	53,321,503	52,336,793	54,695,536	60,619,644	477,184,228

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH SEPTEMBER 30, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	YEAR TO DATE 2017
PHYSICIAN SERVICES										
Primary Care Physician Services	14.50	12.94	11.11	12.15	10.98	12.30	10.76	11.02	12.63	12.04
Referral Specialty Services	34.44	37.73	36.77	38.48	40.19	46.65	45.08	40.93	42.60	40.34
Urgent Care & After Hours Advise	3.56	2.75	6.84	4.50	5.98	3.79	4.29	5.99	3.93	4.63
Hospital Admitting Team	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
TOTAL PHYSICIAN SERVICES	52.53	53.45	54.75	55.17	57.18	62.78	60.17	57.97	59.19	57.04
OTHER PROFESSIONAL SERVICES										
Vision Service Capitation	1.00	0.99	0.99	1.00	1.00	1.00	1.01	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	2.82	3.28	2.78	2.79
311 - Health Services - Quality Improvement - UM Allocation *	0.43	0.40	0.47	0.43	0.46	0.43	0.44	0.49	0.44	0.44
312 - Health Services - Education - UM Allocation *	0.24	0.22	0.24	0.22	0.26	0.28	0.24	0.28	0.27	0.25
313 - Health Services - Pharmacy - UM Allocation *	0.37	0.32	0.36	0.34	0.38	0.36	0.38	0.38	0.38	0.36
314 - Health Homes - UM Allocation *	0.08	0.12	0.17	0.20	0.17	0.17	0.16	0.19	0.23	0.17
616 - Disease Management - UM Allocation *	0.16	0.16	0.21	0.23	0.25	0.25	0.24	0.27	0.25	0.23
Behavior Health Treatment	1.28	0.55	1.39	1.04	0.74	3.04	1.99	2.84	1.63	1.61
Mental Health Services	0.94	0.50	0.16	0.36	1.13	0.37	0.73	0.37	0.56	0.57
Other Professional Services	3.95	3.69	3.66	4.04	3.45	4.86	4.11	3.39	4.32	3.94
TOTAL OTHER PROFESSIONAL SERVICES	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	11.85	11.35
EMERGENCY ROOM	19.95	18.75	17.06	16.64	16.34	19.71	19.46	21.31	19.52	18.74
INPATIENT HOSPITAL	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	57.62	59.50
REINSURANCE EXPENSE PREMIUM	0.44	0.44	0.43	0.44	0.45	0.44	0.44	0.44	0.44	0.44
OUTPATIENT HOSPITAL SERVICES	23.31	24.50	25.45	23.91	23.99	26.04	22.65	25.71	25.83	24.60
OTHER MEDICAL										
Ambulance	1.37	1.47	1.42	1.44	1.40	1.28	1.27	1.47	1.32	1.38
Home Health Services & CBAS	1.58	1.61	1.60	1.16	1.49	2.13	1.47	1.27	1.42	1.53
Utilization and Quality Review Expenses	0.29	0.49	0.59	0.55	0.65	0.58	0.87	0.75	0.36	0.57
Long Term/SNF/Hospice	4.35	3.46	4.00	4.86	5.98	4.39	3.29	2.52	3.43	4.03
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	(0.19)	0.05
Non-Medical Transportation	1.34	1.43	1.61	1.83	1.80	1.79	1.35	1.51	1.49	1.57
TOTAL OTHER MEDICAL	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.52	7.83	9.14
PHARMACY SERVICES										
RX - Drugs & OTC	30.46	27.67	32.50	27.93	31.45	28.93	29.45	33.01	29.99	30.16
RX - HEP-C	2.39	2.84	4.04	3.92	3.26	5.91	4.47	4.11	2.49	3.72
RX - DME	2.03	1.87	2.78	2.21	2.26	2.80	2.24	2.51	1.72	2.27
RX - Pharmacy Rebates	(0.28)	(0.28)	(1.61)	(0.27)	(0.27)	(0.27)	1.11	0.17	0.00	(0.19)
TOTAL PHARMACY SERVICES	34.59	32.09	37.71	33.79	36.70	37.38	37.28	39.79	34.21	35.96
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(0.12)	4.32	33.15	2.16
Total Medical Costs	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	251.99	221.29

CURRENT MONTH		YEAR-TO-DATE			
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED SEPTEMBER 30, 2017					
230,607	254,996	24,389	1,878,998	2,254,412	375,414
135,127	142,667	7,540	1,129,216	1,302,312	173,096
477,209	570,160	92,951	4,184,300	5,086,330	902,030
198,602	212,501	13,899	1,100,296	1,912,508	812,212
453,521	495,259	41,738	4,158,519	4,557,000	398,481
56,182	83,913	27,731	564,207	752,527	188,320
1,968	44,975	43,007	11,054	404,775	393,721
4,419	3,929	(490)	13,875	35,367	21,492
30,666	-	(30,666)	68,524	6,800	(61,724)
85,270	87,250	1,980	762,746	766,110	3,364
246	7,550	7,304	19,553	67,950	48,397
-	-	-	102	150	48
169,920	194,556	24,636	1,511,993	1,745,050	233,057
412,592	501,105	88,513	3,521,056	4,495,456	974,400
289,789	332,355	42,566	2,600,992	2,876,325	275,333
83,524	49,562	(33,962)	480,483	451,701	(28,782)
12,000	44,350	32,350	230,911	399,150	168,239
41,409	56,291	14,882	436,258	504,023	67,765
96,081	126,956	30,875	1,164,756	1,205,103	40,347
2,779,132	3,208,375	429,243	23,837,839	28,823,049	4,985,210

KERN HEALTH SYSTEMS MEDI-CAL	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	YEAR TO DATE 2017
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED SEPTEMBER 30, 2017										
110 - Executive	279,907	177,920	209,756	191,067	192,888	255,274	163,765	177,814	230,607	1,878,998
210 - Accounting	110,185	137,255	124,511	103,181	126,637	140,068	122,652	129,600	135,127	1,129,216
220 - Management Information Systems (MIS)	408,164	408,429	469,937	432,868	512,776	498,673	472,585	503,659	477,209	4,184,300
225 - Infrastructure	3,723	152,258	173,666	83,611	126,901	100,980	85,853	174,702	198,602	1,100,296
230 - Claims	409,956	432,879	463,333	510,387	472,762	472,980	455,935	486,766	453,521	4,158,519
240 - Project Management	63,772	68,960	70,610	54,103	58,554	57,008	64,015	71,003	56,182	564,207
310 - Health Services - Utilization Management	159	2,491	(435)	280	1,637	178	6,178	(1,402)	1,968	11,054
311 - Health Services - Quality Improvement	500	15	-	-	488	-	-	8,453	4,419	13,875
312 - Health Services - Education	-	(66)	438	271	1,282	169	8,966	26,798	30,666	68,524.00
313 - Pharmacy	85,960	79,829	90,520	80,420	88,218	83,335	80,348	88,846	85,270	762,746
314 - Health Homes	-	608	6,000	1,166	35	503	46	10,949	246	19,553
616 - Disease Management	33	-	-	-	-	69	-	-	-	102
320 - Provider Relations	136,674	143,067	186,675	164,456	206,559	167,646	157,168	179,828	169,920	1,511,993
330 - Member Services	364,293	349,583	382,981	378,129	415,875	409,866	382,767	424,970	412,592	3,521,056
340 - Corporate Services	263,501	243,425	320,028	291,136	281,586	284,593	304,680	322,254	289,789	2,600,992
360 - Audit & Investigative Services	73,998	40,824	45,501	36,418	49,395	50,015	49,784	51,024	83,524	480,483
410 - Advertising Media	19,017	3,800	46,065	25,789	56,200	15,998	43,668	8,374	12,000	230,911
420 - Sales/Marketing/Public Relations	47,664	55,567	49,579	44,462	48,882	53,183	42,081	53,431	41,409	436,258
510 - Human Resources	94,898	104,383	175,095	159,527	130,730	166,753	94,655	142,634	96,081	1,164,756
Total Department Expenses	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	2,859,703	2,779,132	23,837,839

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

ASSETS	SEPTEMBER 2017	AUGUST 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,427,167	\$ 1,427,167	-
Interest Receivable	3,776	2,000	1,776
Prepaid Expenses & Other Current Assets	2,500	3,333	(833)
TOTAL CURRENT ASSETS	\$ 1,433,443	\$ 1,432,500	\$ 943

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	6,615	6,615	-
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 360,464	\$ 360,464	\$ -

NET POSITION:			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	2,939	1,996	943
Total Net Position	\$ 1,072,979	\$ 1,072,036	\$ 943
TOTAL LIABILITIES AND NET POSITION	\$ 1,433,443	\$ 1,432,500	\$ 943

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED SEPTEMBER 30, 2017	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
1,776	-	1,776	Interest	9,640	-	9,640
-	-	-	Other Investment Income	800	-	800
1,776	-	1,776	TOTAL REVENUES	10,440	-	10,440
EXPENSES						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
1,776	-	1,776	GROSS MARGIN	10,440	-	10,440
Administrative						
833	-	(833)	Management Fee Expense and Other Admin Exp	7,501	-	(7,501)
833	-	(833)	Total Administrative Expenses	7,501	-	(7,501)
833	-	(833)	TOTAL EXPENSES	7,501	-	(7,501)
943	-	943	OPERATING INCOME (LOSS)	2,939	-	2,939
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
943	-	943	NET INCREASE (DECREASE) IN NET POSITION	2,939	-	2,939
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
47%	0%	-47%	ADMINISTRATIVE EXPENSE RATIO	72%	0%	-72%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

	2017 MEMBER MONTHS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
MEDICAL													
ADULT AND FAMILY													
PA - FAMILY	316,428	36,123	36,255	36,565	35,376	34,185	34,130	34,024	34,925	34,845			
MN - FAMILY	1	0	0	0	0	0	0	0	0	0			
REFUGEE - FAMILY	30	1	1	0	2	2	4	4	9	7			
FOSTER CARE	5,267	493	498	508	536	594	608	588	749	693			
POVERTY-133/200%	12	2	2	2	2	0	1	1	1	1			
POVERTY-100%	0	0	0	0	0	0	0	0	0	0			
MI - CHILD	965,568	104,391	105,746	107,285	108,562	109,014	109,096	107,948	106,527	106,999			
CHILD-ACA	3,028	-127	430	405	415	422	426	316	379	362			
FAMILY - UNDER 19	183,301	20,203	20,297	19,877	19,885	20,312	20,627	20,456	20,632	21,012			
SUB-TOTAL ADULT & FAMILY	1,473,635	161,086	163,229	164,642	164,778	164,529	164,892	163,337	163,223	163,919	0	0	0

MEDI-CAL EXPANSION													
LIHP Transition Pre-ACA	520	26	69	58	65	65	60	62	60	55			
ACA Expansion Adult-Citizen	508,309	54,856	55,872	56,493	57,020	57,401	57,096	56,661	56,342	56,568			
ACA Expansion CAL Fresh Adult	50	9	1	4	5	5	7	7	6	6			
LIHP Transition Pre-ACA	5,006	514	500	532	573	594	560	561	601	551			
SUB-TOTAL MANDATORY	513,885	55,405	56,442	57,087	57,663	58,065	57,743	57,291	57,009	57,180	0	0	0

SDP MEMBERS													
SSI-AGED	1,617	158	185	191	194	174	162	193	173	187			
MN - AGED	12,585	1,338	1,359	1,388	1,357	1,322	1,443	1,443	1,446	1,489			
SSI - BLIND & DIS-ABLED	105,895	11,702	11,623	11,614	11,701	11,631	11,934	11,852	11,808	12,030			
MN - BLIND & DIS-ABLED	2,993	326	393	346	325	288	317	288	381	329			
SUB-TOTAL MANDATORY SFP	123,090	13,524	13,560	13,539	13,577	13,415	13,856	13,776	13,808	14,035	0	0	0
TOTAL MANDATORY	2,110,610	230,015	233,231	235,268	236,018	236,009	236,491	234,404	234,040	235,134	0	0	0

OTHER MEMBERS													
BCCFP-TOBACCO SETTLEMENT	263	29	30	27	28	26	30	29	31	33			

DUALS													
PA - FAMILY DUALS	223	31	17	15	21	15	37	31	28	28			
PART D SSI-AGED	6,007	615	628	625	673	666	677	704	697	722			
PART D MN - AGED	10,578	1,127	1,116	1,134	1,173	1,229	1,194	1,164	1,205	1,236			
PART D SSI - BLIND & DIS-ABLED	18,938	2,087	2,011	2,081	2,085	2,128	2,102	2,149	2,151	2,164			
PART D MN - BLIND & DIS-ABLED	7,042	762	780	740	751	735	772	818	820	864			
PART D BCCFP-TOBACCO SETTLEMENT	15	1	1	1	2	2	2	2	2	2			
PART D MI - ADULT	0	0	0	0	0	0	0	0	0	0			
PART D MI - CHILD	3,588	316	360	417	427	472	411	415	389	381			
SUB-TOTAL DUALS	46,391	4,919	4,913	5,013	5,132	5,247	5,195	5,283	5,292	5,397	0	0	0

TOTAL OTHERS	46,654	4,948	4,943	5,040	5,160	5,273	5,225	5,312	5,323	5,430	0	0	0
---------------------	---------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	----------	----------	----------

TOTAL KAISER	68,401	7,103	7,365	7,466	7,619	7,714	7,745	7,796	7,811	7,782			
---------------------	---------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--	--	--

TOTAL MEDI-CAL MEMBERS	2,225,665	242,066	245,539	247,714	248,797	248,996	249,461	247,512	247,174	248,346	0	0	0
-------------------------------	------------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------	----------	----------



To: KHS Finance Committee
From: Robert Landis, CFO
Date: December 8, 2017
Re: October 2017 Financial Results

The October results reflect a \$45,976 Net Increase in Net Position which is a \$29,385 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$.2 million unfavorable variance primarily due to:
 - A) \$1.7 million unfavorable variance relating to Family and Other primarily due to lower than expected enrollment (\$.6 million), a lower than expected budgeted rate increase from the State effective July 1, 2017 (\$.9 million), lower than expected Maternity revenue (\$.1 Million) and lower than expected HEP-C revenue (\$.1 million).
 - B) \$.6 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$.1 million) and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.7 million) and lower than expected Maternity revenue (.2 million).
 - C) \$.2 million favorable variance relating to SPD primarily due to higher than expected enrollment.
 - D) \$.3 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 million favorable variance primarily due to:
 - A) \$.8 million favorable variance in Emergency Room primarily due to lower than expected utilization.
 - B) \$.6 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services.

For a while, KHS has observed an increase in Physician Services costs and began to closely monitor the costs through examination of utilization and financial reports to identify the root cause.

KHS observed a 100% increase in utilization for approximately 18,000 lives in Referral Specialty Services (reported under Physician Services) from 2016 to 2017. KHS reviewed various dimensions of the population including the demographics, conditions, providers, cost per unit, and recurring visits. The anomaly that KHS found was that approximately 12,500 of the 18,000 lives were newly enrolled members during 2015 and had \$0 of utilization during the 2016 calendar year for Referral Specialty Services and then subsequently incurred \$7.6M in Referral Specialty Services through July 2017.

KHS identified that approximately 7,000 of the 18,000 lives (40%) have at least one major chronic condition classification such as Hypertension, Asthma, Diabetes, Depression, etc. Using established benchmarks in our John Hopkins Predictive Modeling Tool, it was determined that the level of utilization by these members was appropriate and not excessive.

The KHS budget process relies heavily on prior actual utilization to determine future budgeted expenses. The lack of utilization in 2016 caused an understatement of the projected Referral Specialty Services included in the 2017 Budget. Additionally, the overall increase in the utilization of Referral Specialty Services outside the 18,000 lives has increased from the prior year through July 2017, which has also contributed to the overall negative budget variance.

In response, KHS is modifying its Care Management Programs to focus on the identification of high risk and potential high risk members so that interventions may be customized for the appropriate member's risk level. This approach will ensure that current high risk members and potential high risk members are identified early and managed through the appropriate KHS Care Management Program. The implementation of the new JIVA medical management system will be critical in the identification and management of these patients. Where social determinants contribute to the member's medical condition, KHS will leverage its relationship with other appropriate community based organizations in an attempt to mitigate the impact social determinants contribute to the member's poor medical condition.

Using this focused approach, KHS expects to bring Physician Services cost in line with the 2018 budgeted amount for this expense item before the end of the 2nd Quarter, 2018..

The October Medical Loss Ratio is 93.2% which is unfavorable to the 92.9% budgeted amount. The October Administrative Expense Ratio is 5.4% which is favorable to the 6.1% budgeted amount.

The results for the 10 months ended October 31, 2017 reflects a Net Increase in Net Position of \$22,186,194. This is a \$15,071,028 favorable variance to budget and includes approximately \$7.8 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.6% which is favorable to the 92.0% budgeted amount. The year-to-date Administrative Expense Ratio is 4.7% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems
Financial Packet
October 2017**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
----------------------	---------

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF OCTOBER 31, 2017			
ASSETS	OCTOBER 2017	SEPTEMBER 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 95,950,874	\$ 24,495,653	\$ 71,455,221
Short-Term Investments	219,131,533	219,046,047	85,486
Pass-through Monies Held for Future Payment	3,893,144	87,201,088	(83,307,944)
Premiums Receivable - Net	-	60,770,348	(60,770,348)
Interest Receivable	193,632	175,092	18,540
Other Receivables	601,916	487,817	114,099
Prepaid Expenses & Other Current Assets	956,305	954,158	2,147
Total Current Assets	\$ 320,727,404	\$ 393,130,203	\$ (72,402,799)
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPREE:			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,635,354	6,725,132	(89,778)
Automobile - Net	18,582	18,974	(392)
Building and Building Improvements - Net	6,713,676	6,741,532	(27,856)
Capital Projects in Process	8,764,712	7,806,683	958,029
Total Capital Assets	\$ 27,008,886	\$ 26,168,883	\$ 840,003
LONG TERM ASSETS:			
Officer Life Insurance Receivables	774,526	-	774,526
Total Long Term Assets	\$ 774,526	\$ -	\$ 774,526
DEFERRED OUTFLOWS OF RESOURCES	\$ 4,540,339	\$ 4,540,339	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 353,351,155	\$ 424,139,425	\$ (70,788,270)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 39,997	\$ 24,212	15,785
Accrued Salaries and Employee Benefits	2,447,988	2,250,003	197,985
Accrued Other Operating Expenses	1,695,260	1,037,183	658,077
Accrued Taxes and Licenses	7,511,898	57,503	7,454,395
Other Medical Liabilities - Nonoperating Passthrough	3,893,144	87,201,088	(83,307,944)
DHCS Payable - Net	2,801,774	-	2,801,774
Claims Payable (Reported)	19,672,499	17,879,716	1,792,783
IBNR - Inpatient Claims	31,456,842	29,524,284	1,932,558
IBNR - Physician Claims	12,712,786	12,764,202	(51,416)
IBNR - Accrued Other Medical	21,676,863	21,435,369	241,494
Risk Pool and Withholds Payable	4,673,826	4,108,520	565,306
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	43,079,912	46,214,955	(3,135,043)
Total Current Liabilities	\$ 153,589,463	\$ 224,423,709	\$ (70,834,246)
NONCURRENT LIABILITIES:			
Net Pension Liability	4,519,591	4,519,591	-
TOTAL NONCURRENT LIABILITIES	\$ 4,519,591	\$ 4,519,591	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 1,840,334	\$ 1,840,334	\$ -
NET POSITION:			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	22,186,194	22,140,218	45,976
Total Net Position	\$ 193,401,767	\$ 193,355,791	\$ 45,976
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 353,351,155	\$ 424,139,425	\$ (70,788,270)

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED OCTOBER 31, 2017			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
163,483	167,900	(4,417)	Family Members	1,636,476	1,652,000	(15,524)		
56,791	56,300	491	Expansion Members	570,522	554,000	16,522		
14,670	13,950	720	SPD Members	137,601	137,250	351		
5,612	4,225	1,387	Other Members	52,370	41,125	11,245		
7,856	7,225	631	Kaiser Members	76,257	71,125	5,132		
248,412	249,600	(1,188)	Total Members - MCAL	2,473,226	2,455,500	17,726		
REVENUES								
20,639,049	22,305,964	(1,666,915)	Title XIX - Medicaid - Family and Other	212,199,959	217,302,911	(5,102,952)		
20,016,706	19,431,676	585,030	Title XIX - Medicaid - Expansion Members	209,407,153	200,196,964	9,210,189		
10,978,591	10,817,720	160,871	Title XIX - Medicaid - SPD Members	102,708,790	105,267,974	(2,559,184)		
7,402,479	7,302,759	99,720	Premium - MCO Tax	75,684,753	71,841,219	3,843,534		
303,875	156,910	146,965	Interest /Dividends	2,747,027	1,543,610	1,203,417		
124,814	106,645	18,169	Reinsurance Recoveries	124,814	1,049,125	(924,311)		
3,148,842	2,860,814	288,028	COB/Subrogation Collections	37,273,415	28,142,173	9,131,242		
126,333	-	126,333	Rate/Income Adjustments	12,760,465	-	12,760,465		
378	-	378	Other Income (Expense)	(209,275)	-	(209,275)		
62,741,067	62,982,489	(241,422)	TOTAL REVENUES	652,697,101	625,343,977	27,353,125		
EXPENSES								
Medical Costs:								
12,862,609	12,228,533	(634,076)	Physician Services	135,863,995	120,304,747	(15,559,248)		
2,920,876	2,693,153	(227,723)	Other Professional Services	27,406,714	26,529,909	(876,805)		
3,995,827	4,765,086	769,259	Emergency Room	44,415,529	46,878,205	2,462,676		
13,575,463	13,694,154	118,691	Inpatient	141,882,931	134,728,453	(7,154,478)		
105,848	106,645	797	Reinsurance Expense	1,052,372	1,049,125	(3,247)		
5,886,144	5,692,656	(193,488)	Outpatient Hospital	58,939,986	56,006,016	(2,933,970)		
2,362,997	2,553,128	190,131	Other Medical	22,066,499	25,177,358	3,110,859		
8,958,655	9,438,950	480,295	Pharmacy	86,496,571	92,866,195	6,369,624		
565,307	569,581	4,274	Pay for Performance Quality Incentive	5,634,877	5,603,281	(31,596)		
332,212	-	(332,212)	IBNR, Incentive, Paid Claims Adjustment	4,990,692	-	(4,990,692)		
51,565,938	51,741,885	175,947	Total Medical Costs	528,750,166	509,143,290	(19,606,876)		
11,175,129	11,240,603	(65,474)	GROSS MARGIN	123,946,935	116,200,687	7,746,248		
Administrative:								
1,869,031	1,965,985	96,954	Compensation	17,858,293	19,392,712	1,534,419		
539,809	586,219	46,410	Purchased Services	4,095,197	5,660,787	1,565,590		
208,982	147,068	(61,914)	Supplies	985,399	1,484,630	499,231		
394,228	721,982	327,754	Other Administrative Expenses	3,911,000	5,706,173	1,795,173		
3,012,050	3,421,253	409,203	Total Administrative Expenses	26,849,889	32,244,302	5,394,413		
54,577,988	55,163,138	585,150	TOTAL EXPENSES	555,600,055	541,387,592	(14,212,463)		
8,163,079	7,819,350	343,729	OPERATING INCOME (LOSS) BEFORE TAX	97,097,046	83,956,385	13,140,661		
7,454,395	7,302,759	(151,636)	MCO TAX	74,167,032	71,841,219	(2,325,813)		
708,684	516,591	192,093	OPERATING INCOME (LOSS) NET OF TAX	22,930,014	12,115,166	10,814,848		
NONOPERATING REVENUE (EXPENSES)								
-	-	-	Reserve Fund Projects/Community Grants	(81,112)	-	(81,112)		
(662,708)	(500,000)	(162,708)	Health Home	(662,708)	(5,000,000)	4,337,292		
(662,708)	(500,000)	(162,708)	TOTAL NONOPERATING REVENUES (EXPENSES)	(743,820)	(5,000,000)	4,256,180		
45,976	16,591	29,385	NET INCREASE (DECREASE) IN NET POSITION	22,186,194	7,115,166	15,071,028		
93.2%	92.9%	-0.3%	MEDICAL LOSS RATIO	91.6%	92.0%	0.3%		
5.4%	6.1%	0.7%	ADMINISTRATIVE EXPENSE RATIO	4.7%	5.8%	1.2%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED OCTOBER 31, 2017			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
163,483	167,900	(4,417)	Family Members	1,636,476	1,652,000	(15,524)		
56,791	56,300	491	Expansion Members	570,522	554,000	16,522		
14,670	13,950	720	SPD Members	137,601	137,250	351		
5,612	4,225	1,387	Other Members	52,370	41,125	11,245		
7,856	7,225	631	Kaiser Members	76,257	71,125	5,132		
248,412	249,600	(1,188)	Total Members - MCAL	2,473,226	2,455,500	17,726		
REVENUES								
122.06	129.59	(7.54)	Title XIX - Medicaid - Family and Other	125.65	128.34	(2.70)		
352.46	345.15	7.32	Title XIX - Medicaid - Expansion Members	367.04	361.37	5.68		
748.37	775.46	(27.09)	Title XIX - Medicaid - SPD Members	746.42	766.98	(20.56)		
30.77	30.13	0.64	Premium - MCO Tax	31.58	30.13	1.45		
1.26	0.65	0.62	Interest /Dividends	1.15	0.65	0.50		
0.52	0.44	0.08	Reinsurance Recoveries	0.05	0.44	(0.39)		
13.09	11.80	1.29	COB/Subrogation Collections	15.55	11.80	3.75		
0.53	0.00	0.53	Rate/Income Adjustments	5.32	0.00	5.32		
0.00	0.00	0.00	Other Income (Expense)	(0.09)	0.00	(0.09)		
260.82	259.86	0.96	TOTAL REVENUES	272.30	262.27	10.03		
EXPENSES								
Medical Costs:								
53.47	50.45	(3.02)	Physician Services	56.68	50.46	(6.23)		
12.14	11.11	(1.03)	Other Professional Services	11.43	11.13	(0.31)		
16.61	19.66	3.05	Emergency Room	18.53	19.66	1.13		
56.43	56.50	0.07	Inpatient	59.19	56.50	(2.69)		
0.44	0.44	(0.00)	Reinsurance Expense	0.44	0.44	0.00		
24.47	23.49	(0.98)	Outpatient Hospital	24.59	23.49	(1.10)		
9.82	10.53	0.71	Other Medical	9.21	10.56	1.35		
37.24	38.94	1.70	Pharmacy	36.09	38.95	2.86		
2.35	2.35	(0.00)	Pay for Performance Quality Incentive	2.35	2.35	(0.00)		
1.38	0.00	(1.38)	IBNR, Incentive, Paid Claims Adjustment	2.08	0.00	(2.08)		
214.36	213.48	(0.88)	Total Medical Costs	220.59	213.53	(7.06)		
46.46	46.38	0.08	GROSS MARGIN	51.71	48.73	2.98		
Administrative:								
7.77	8.11	0.34	Compensation	7.45	8.13	0.68		
2.24	2.42	0.17	Purchased Services	1.71	2.37	0.67		
0.87	0.61	(0.26)	Supplies	0.41	0.62	0.21		
1.64	2.98	1.34	Other Administrative Expenses	1.63	2.39	0.76		
12.52	14.12	1.59	Total Administrative Expenses	11.20	13.52	2.32		
226.88	227.59	0.71	TOTAL EXPENSES	231.79	227.06	(4.74)		
33.93	32.26	1.67	OPERATING INCOME (LOSS) BEFORE TAX	40.51	35.21	5.30		
30.99	30.13	(0.86)	MCO TAX	30.94	30.13	(0.81)		
2.95	2.13	0.81	OPERATING INCOME (LOSS) NET OF TAX	9.57	5.08	4.49		
NONOPERATING REVENUE (EXPENSES)								
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	(0.03)	0.00	0.03		
2.67	(2.06)	(4.73)	Health Home	0.27	(20.63)	(20.90)		
2.67	(2.06)	(4.73)	TOTAL NONOPERATING REVENUES (EXPENSES)	0.23	(20.63)	(20.86)		
0.19	0.07	0.12	NET INCREASE (DECREASE) IN NET POSITION	9.26	2.98	6.27		
93.2%	92.9%	-0.3%	MEDICAL LOSS RATIO	91.6%	92.0%	0.3%		
5.4%	6.1%	0.7%	ADMINISTRATIVE EXPENSE RATIO	4.7%	5.8%	1.2%		

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH OCTOBER 31, 2017														
ENROLLMENT														
MEMBERS - MCAL	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	13 MONTH TOTAL
	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	241,716	239,716	239,363	240,564	240,556	3,099,670
REVENUES														
Members - MCAL	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	21,061,787	21,157,058	21,889,455	20,639,049	275,693,304
Title XIX - Medicaid - Family and Other	19,620,974	20,146,360	20,105,649	20,905,352	21,131,189	22,045,879	21,650,071	21,843,761	21,316,549	20,420,390	20,057,872	20,019,384	20,016,706	269,280,136
Title XIX - Medicaid - SPD Members	10,231,800	10,209,218	9,940,753	9,966,872	9,618,941	9,939,770	10,555,780	9,972,611	10,383,303	10,531,094	10,667,756	10,594,072	10,978,591	133,090,561
Premium - MCO Tax	7,184,130	7,198,399	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	7,504,758	7,517,457	7,674,906	7,622,484	8,087,180	7,402,479	100,132,816
Interest/Dividends	236,189	223,035	194,711	181,883	176,794	245,909	264,732	376,466	265,238	243,800	385,982	302,348	303,875	3,400,962
Reinsurance Recoveries	205,689	-	(210,968)	-	-	-	-	-	-	-	-	-	124,814	119,535
COB/Subrogation Collections	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	3,234,724	5,392,339	3,431,408	3,148,842	45,589,485
Rate/Income Adjustments	(333,319)	(541)	2,736,951	-	2,016,975	413,545	93,756	(3,949)	(340,730)	(84,108)	1,061,917	9,476,726	126,333	15,163,556
Other Income (Expense)	215	41	(1,262,113)	37,570	121	46,740	(1,110)	9	(88,814)	(18,408)	104	(185,865)	378	(1,471,132)
TOTAL REVENUES	62,271,090	61,192,211	64,838,821	63,670,425	63,704,954	66,799,408	64,178,550	64,266,102	64,312,190	63,064,185	66,345,512	73,614,708	62,741,067	840,999,223
EXPENSES														
Medical Costs:	11,839,584	11,693,173	11,369,024	12,342,816	12,684,849	13,156,118	13,305,167	13,797,185	15,174,897	14,423,866	13,877,006	14,239,482	12,862,609	170,765,776
Physician Services	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	2,903,026	2,989,387	2,851,866	2,920,876	34,519,633
Other Professional Services	4,374,358	4,182,880	4,106,435	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	4,665,069	5,099,658	4,696,197	3,995,837	57,079,202
Emergency Room	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	13,361,803	13,546,637	13,862,008	13,575,463	178,016,279
Inpatient	185,643	187,188	187,380	103,176	103,384	103,399	105,736	107,515	106,164	106,355	105,475	105,320	105,848	1,612,583
Reinsurance Expense	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	5,430,584	6,154,715	6,213,267	5,886,144	75,140,727
Outpatient Hospital	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	1,975,195	1,800,207	1,883,596	2,362,997	26,680,295
Other Medical	7,680,935	8,147,020	8,098,176	8,128,455	7,616,304	9,063,123	8,149,210	8,855,028	9,035,094	8,935,835	9,525,333	8,228,934	8,958,655	110,422,702
Pharmacy	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	568,032	565,333	562,503	565,325	565,307	7,331,196
Pay for Performance Quality Incentive	853,019	137,358	413,346	-	-	-	-	-	-	-	-	-	-	1,403,723
Expansion Risk Corridor Expense	162,526	(444,334)	1,045,552	(141,866)	111,013	(585,473)	(232,581)	(744,814)	(2,727,790)	(28,273)	1,034,615	7,973,649	332,212	5,754,436
IBNR, Incentive, Paid Claims Adjustment	45,836,855	44,672,896	49,466,635	49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	53,321,503	52,336,793	54,695,536	60,619,644	51,565,938	668,726,552
Total Medical Costs	16,434,235	16,519,315	15,372,186	13,780,544	13,298,486	14,287,955	13,128,694	11,913,008	10,990,687	10,727,392	11,649,976	12,995,064	11,175,129	172,272,671
GROSS MARGIN	45,836,855	44,672,896	49,466,635	49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	53,321,503	52,336,793	54,695,536	60,619,644	51,565,938	668,726,552
Administrative:	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	1,816,065	1,962,751	1,762,043	1,869,031	22,946,175
Compensation	478,654	607,200	470,957	268,436	450,657	436,082	442,046	344,437	364,323	354,712	371,842	522,883	539,809	5,652,008
Purchased Services	62,414	42,864	53,867	66,872	36,371	86,926	99,813	89,505	30,984	65,825	131,877	168,244	208,982	1,144,544
Supplies	663,609	265,740	423,090	359,822	363,606	484,727	365,239	432,721	492,918	298,544	393,233	325,962	394,428	5,263,439
Other Administrative Expenses	-	-	(1,960,549)	-	-	-	-	-	-	-	-	-	-	(1,960,549)
Administrative Expense Adjustment	2,826,399	2,633,111	736,218	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	2,859,703	2,779,132	3,012,050	33,045,617
Total Administrative Expenses	48,663,254	47,306,007	50,202,853	52,252,285	52,807,695	55,325,713	53,607,127	55,124,499	56,078,794	54,871,939	57,555,239	63,398,776	54,577,988	701,772,169
TOTAL EXPENSES	13,607,836	13,886,204	14,635,968	11,418,140	10,897,259	11,473,695	10,571,423	9,141,603	8,233,396	8,192,246	8,790,273	10,215,932	8,163,079	139,227,054
OPERATING INCOME (LOSS) BEFORE TAX														
MCO TAX	7,184,130	7,198,399	10,065,534	7,491,128	6,911,096	7,199,396	7,204,569	7,197,359	7,674,906	7,674,906	7,775,859	8,059,738	7,454,395	98,615,095
OPERATING INCOME (LOSS) NET OF TAX														
TOTAL NONOPERATING REVENUE (EXPENSES)	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	4,274,299	3,366,854	1,943,011	1,036,037	517,346	1,014,414	2,156,194	708,684	40,611,959
TOTAL NONOPERATING REVENUE (EXPENSES)	-	(220,405)	-	-	-	(23,174)	-	(11,588)	-	(23,175)	-	(23,175)	(662,708)	(964,225)
NET INCREASE (DECREASE) IN NET POSITION														
MEDICAL LOSS RATIO	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	93.1%	92.5%	93.2%	90.3%
ADMINISTRATIVE EXPENSE RATIO	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.2%	4.2%	4.5%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH OCTOBER 31, 2017	2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	13 MONTH TOTAL
		2016	2016	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
		2016	2016	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
ENROLLMENT	233,985	234,225	234,491	234,963	237,333	240,308	241,178	241,282	241,716	239,716	239,363	240,564	240,556	3,099,670
REVENUES														
Title XIX - Medicaid - Family and Other	130.83	128.46	122.95	126.64	119.60	129.31	128.39	124.01	126.74	124.89	125.53	129.26	122.06	126.05
Title XIX - Medicaid - Expansion Members	360.02	368.90	366.70	377.32	375.41	386.18	375.46	376.19	369.16	356.43	351.84	350.11	352.46	366.64
Title XIX - Medicaid - SPD Members	758.87	759.67	736.02	736.98	717.78	734.16	740.65	743.39	749.37	764.45	772.58	754.83	748.37	747.58
Premium - MCO Tax	30.70	30.73	42.93	31.88	31.21	31.09	31.13	31.10	31.10	32.02	31.84	33.62	30.77	32.30
Interest/Dividends	1.01	0.95	0.83	0.77	0.74	1.02	1.10	1.56	1.10	1.02	1.61	1.26	1.26	1.10
Reinsurance Recoveries	0.88	0.00	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.52	0.04
COB/Subrogation Collections	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	13.49	22.53	14.26	13.09	14.71
Rate/Income Adjustments	(1.42)	(0.00)	11.67	0.00	8.50	1.72	(0.39)	(0.02)	(1.41)	(0.35)	4.44	39.39	0.53	4.89
Other Income (Expense)	0.00	0.00	(5.38)	0.16	0.00	0.19	(0.00)	0.00	(0.37)	(0.08)	0.00	(0.77)	0.00	(0.47)
TOTAL REVENUES	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	263.08	277.18	306.01	260.82	271.32
EXPENSES														
Medical Costs:														
Physician Services	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	60.17	57.97	59.19	53.47	55.09
Other Professional Services	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	11.85	12.14	11.14
Emergency Room	18.70	17.86	17.51	19.95	18.75	17.06	16.64	16.34	19.71	19.46	21.31	19.52	16.61	18.41
Inpatient	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	57.62	56.43	57.43
Reinsurance Expense	0.79	0.80	0.80	0.44	0.44	0.43	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.52
Outpatient Hospital	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	22.65	25.71	25.83	24.47	24.24
Other Medical	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.52	7.83	9.82	8.61
Pharmacy	32.83	34.78	34.54	34.59	37.71	37.71	33.79	36.70	37.38	37.28	39.79	34.21	37.24	35.62
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.37
Expansion Risk Corridor Expense	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.45
IBNR, Incentive, Paid Claims Adjustment	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(0.12)	4.32	33.15	1.38	1.86
Total Medical Costs	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	251.99	214.36	215.74
GROSS MARGIN	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	44.75	48.67	54.02	46.46	55.58
Administrative:														
Compensation	6.93	7.33	7.46	7.10	6.53	7.52	6.84	7.89	7.73	7.58	8.20	7.32	7.77	7.40
Purchased Services	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.48	1.55	1.17	2.24	1.82
Supplies	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.13	0.37	0.55	0.70	0.87	0.37
Other Administrative Expenses	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.79	2.04	1.25	1.64	1.35	1.64	1.70
Administrative Expense Adjustment	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.63)
Total Administrative Expenses	12.08	11.24	3.14	10.05	10.12	11.71	10.60	11.49	11.41	10.58	11.95	11.55	12.52	10.66
TOTAL EXPENSES	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	232.00	228.90	240.45	263.54	226.88	226.40
OPERATING INCOME (LOSS) BEFORE TAX	58.16	59.29	62.42	48.60	45.92	47.75	43.33	37.89	34.06	34.17	36.72	42.47	33.93	44.92
MCO TAX	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	29.78	32.02	32.49	33.50	30.99	31.81
OPERATING INCOME (LOSS) NET OF TAX	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	2.16	4.24	8.96	2.95	13.10
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.05)	0.00	(0.10)	0.00	(0.10)	(2.75)	(1.04)
NET INCREASE (DECREASE) IN NET POSITION	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	4.29	2.06	4.24	8.87	0.19	12.06
MEDICAL LOSS RATIO	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	93.1%	92.5%	93.2%	90.3%
ADMINISTRATIVE EXPENSE RATIO	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.2%	5.4%	4.5%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED OCTOBER 31, 2017				CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE	
			R E V E N U E S				
			Title XIX - Medicaid - Family & Other				
18,267,527	19,807,679	(1,540,152)	Premium - Medi-Cal	188,009,137	192,641,039	(4,631,902)	
2,031,790	2,114,859	(83,069)	Premium - Maternity Kick	21,085,450	20,899,782	185,668	
112,304	222,071	(109,767)	Premium - Hep C Kick	965,428	2,184,425	(1,218,997)	
145,362	66,062	79,300	Premium - BHT Kick	1,220,302	649,822	570,480	
82,066	95,294	(13,228)	Other	919,642	927,845	(8,203)	
20,639,049	22,305,964	(1,666,915)	Total Title XIX - Medicaid - Family & Other	212,199,959	217,302,912	(5,102,953)	
			Title XIX - Medicaid - Expansion Members				
19,247,760	18,393,253	854,507	Premium - Medi-Cal	199,728,623	189,733,673	9,994,950	
176,869	379,240	(202,371)	Premium - Maternity Kick	2,774,927	3,976,835	(1,201,908)	
561,524	625,403	(63,879)	Premium - Hep C Kick	6,570,523	6,154,055	416,468	
30,553	33,780	(3,227)	Other	333,080	332,400	680	
20,016,706	19,431,676	585,030	Total Title XIX - Medicaid - Expansion Members	209,407,153	200,196,964	9,210,189	
			Title XIX - Medicaid - SPD Members				
10,551,472	10,133,752	417,720	Premium - Medi-Cal	98,341,448	98,538,613	(197,165)	
157,227	527,414	(370,187)	Premium - Hep C Kick	2,380,695	5,189,073	(2,808,378)	
269,892	156,554	113,338	Premium - BHT Kick	1,986,647	1,540,288	446,359	
10,978,591	10,817,720	160,871	Total Title XIX - Medicaid - SPD Members	102,708,790	105,267,974	(2,559,184)	

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED OCTOBER 31, 2017				CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE	
2,471,832	3,411,807	939,975	PHYSICIAN SERVICES	28,425,443	33,564,094	5,138,651	
9,520,564	8,148,315	(1,372,249)	Primary Care Physician Services	96,505,119	80,165,173	(16,339,946)	
860,913	659,169	(201,744)	Referral Specialty Services	10,842,233	6,484,565	(4,357,668)	
9,300	9,242	(58)	Urgent Care & After Hours Advice	91,200	90,914	(286)	
12,862,609	12,228,533	(634,076)	Hospital Admitting Team	135,863,995	120,304,747	(15,559,248)	
			TOTAL PHYSICIAN SERVICES				
			OTHER PROFESSIONAL SERVICES				
240,564	249,236	8,672	Vision Service Capitation	2,391,725	2,451,869	60,144	
717,504	790,156	72,652	310 - Health Services - Utilization Management - UM Allocation *	6,734,527	7,860,222	1,125,695	
116,761	130,241	13,480	311 - Health Services - Quality Improvement - UM Allocation *	1,069,547	1,239,442	169,895	
69,720	79,850	10,130	312 - Health Services - Education - UM Allocation *	607,580	780,753	173,173	
94,849	91,173	(3,676)	313 - Health Services - Pharmacy - UM Allocation *	874,075	908,101	34,026	
49,497	44,427	(5,070)	314 - Health Homes - UM Allocation *	405,824	411,685	5,861	
57,024	68,256	11,232	616 - Disease Management - UM Allocation *	545,773	680,153	134,380	
405,181	222,616	(182,565)	Behavior Health Treatment	3,881,012	2,190,114	(1,690,898)	
264,328	90,954	(173,374)	Mental Health Services	1,490,259	894,826	(595,433)	
905,448	926,245	20,797	Other Professional Services	9,406,392	9,112,745	(293,647)	
2,920,876	2,693,153	(227,723)	TOTAL OTHER PROFESSIONAL SERVICES	27,406,714	26,529,909	(876,805)	
3,995,827	4,765,086	769,259	EMERGENCY ROOM	44,415,529	46,878,205	2,462,676	
13,575,463	13,694,154	118,691	INPATIENT HOSPITAL	141,882,931	134,728,453	(7,154,478)	
105,848	106,645	797	REINSURANCE EXPENSE PREMIUM	1,052,372	1,049,125	(3,247)	
5,886,144	5,692,656	(193,488)	OUTPATIENT HOSPITAL SERVICES	58,939,986	56,006,016	(2,933,970)	
			OTHER MEDICAL				
363,734	335,547	(28,187)	Ambulance	3,343,444	3,300,976	(42,468)	
446,058	368,016	(78,042)	Home Health Services & CBAS	3,735,596	3,620,704	(114,892)	
173,786	313,888	140,102	Utilization and Quality Review Expenses	1,402,402	3,146,880	1,744,478	
1,054,845	1,004,626	(50,219)	Long Term/SNF/Hospice	9,753,044	9,884,353	131,309	
-	242,375	242,375	Enhanced Medical Benefits	115,797	2,384,375	2,268,578	
324,574	288,676	(35,898)	Non-Medical Transportation	3,716,216	2,840,070	(876,146)	
2,362,997	2,553,128	190,131	TOTAL OTHER MEDICAL	22,066,499	25,177,358	3,110,859	
			PHARMACY SERVICES				
7,801,406	7,634,881	(166,525)	RX - Drugs & OTC	72,830,011	75,116,123	2,286,112	
611,425	1,374,888	763,463	RX - HEP-C	8,631,586	13,527,552	4,895,966	
611,824	496,695	(115,129)	Rx - DME	5,510,476	4,886,766	(623,710)	
(66,000)	(67,514)	(1,514)	RX - Pharmacy Rebates	(475,502)	(664,245)	(188,743)	
8,958,655	9,438,950	480,295	TOTAL PHARMACY SERVICES	86,496,571	92,866,195	6,369,624	
565,307	569,581	4,274	PAY FOR PERFORMANCE QUALITY INCENTIVE	5,634,877	5,603,281	(31,596)	
332,212	-	(332,212)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	4,990,692	-	(4,990,692)	
51,565,938	51,741,885	175,947	Total Medical Costs	528,750,166	509,143,290	(19,606,876)	

* Medical costs per DMHC regulations

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPMI FOR THE MONTH ENDED OCTOBER 31, 2017			
PHYSICIAN SERVICES			
10.28	14.08	11.86	14.08
39.58	33.62	40.26	33.62
3.58	2.72	4.52	2.72
0.04	0.04	0.04	0.04
53.47	50.45	56.68	50.46
OTHER PROFESSIONAL SERVICES			
1.00	1.03	1.00	1.03
2.98	3.26	2.81	3.30
0.49	0.54	0.45	0.52
0.29	0.33	0.25	0.33
0.39	0.38	0.36	0.38
0.21	0.18	0.17	0.17
0.24	0.28	0.23	0.29
1.68	0.92	1.62	0.92
1.10	0.38	0.62	0.38
3.76	3.82	3.92	3.82
12.14	11.11	11.43	11.13
16.61	19.66	18.53	19.66
56.43	56.50	59.19	56.50
0.44	0.44	0.44	0.44
24.47	23.49	24.59	23.49
OTHER MEDICAL			
1.51	1.38	1.39	1.38
1.85	1.52	1.56	1.52
0.72	1.30	0.59	1.32
4.39	4.14	4.07	4.15
0.00	1.00	0.05	1.00
1.35	1.19	1.55	1.19
9.82	10.53	9.21	10.56
PHARMACY SERVICES			
32.43	31.50	30.38	31.50
2.54	5.67	3.60	5.67
2.54	2.05	2.30	2.05
(0.27)	(0.28)	(0.20)	(0.28)
37.24	38.94	36.09	38.95
2.35	2.35	2.35	2.35
1.38	0.00	2.08	0.00
214.36	213.48	220.59	213.53

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH OCTOBER 31, 2017											
	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	YEAR TO DATE 2017
PHYSICIAN SERVICES											
Primary Care Physician Services	3,406,359	3,070,267	2,668,777	2,931,046	2,648,254	2,973,942	2,579,473	2,637,450	3,037,543	2,471,832	28,425,443
Referral Specialty Services	8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	11,276,157	10,807,238	9,796,067	10,248,069	9,520,564	96,505,119
Urgent Care & After Hours Advice	835,481	651,650	1,642,609	1,085,290	1,443,578	915,798	1,027,855	1,434,189	944,870	860,913	10,842,233
Hospital Admitting Team	8,988	8,712	9,300	9,000	9,300	9,400	9,300	9,300	9,000	9,300	91,200
TOTAL PHYSICIAN SERVICES	12,342,816	12,684,349	13,156,118	13,305,167	13,797,185	15,174,897	14,423,866	13,877,006	14,239,482	12,862,609	135,863,995
OTHER PROFESSIONAL SERVICES											
Vision Service Capitation	234,491	234,963	238,174	240,308	241,148	241,282	241,716	239,716	239,363	240,564	2,391,725
310 - Health Services - Utilization Management - UM Allocation *	659,425	596,974	655,378	585,033	693,556	694,688	677,141	786,180	668,598	717,504	6,734,527
311 - Health Services - Quality Improvement - UM Allocation *	101,672	91,856	112,498	104,951	110,754	103,238	116,739	110,754	105,744	116,671	1,069,547
312 - Health Services - Education - UM Allocation *	55,993	51,352	57,865	54,139	62,598	67,046	56,777	67,200	64,890	69,720	607,580
313 - Health Services - Pharmacy - UM Allocation *	86,242	76,174	87,191	81,001	90,904	86,061	90,504	90,689	90,460	94,849	874,075
314 - Health Homes - UM Allocation *	19,018	28,633	40,290	48,254	40,895	40,488	38,342	44,575	55,832	49,497	405,824
616 - Disease Management - UM Allocation *	36,728	38,265	51,455	61,123	51,353	61,327	58,411	65,553	60,986	57,024	545,773
Behavior Health Treatment	300,000	131,003	334,111	249,875	178,748	735,000	476,000	678,877	392,215	405,181	3,881,012
Mental Health Services	220,889	119,474	38,619	271,977	89,362	174,894	87,624	135,353	264,328	1,490,259	1,490,259
Other Professional Services	927,583	875,268	880,636	975,044	832,946	1,173,903	984,905	812,234	1,038,425	905,448	9,406,392
TOTAL OTHER PROFESSIONAL SERVICES	2,642,041	2,246,962	2,496,217	2,479,295	2,584,649	3,292,395	2,903,026	2,989,387	2,851,866	2,920,876	27,406,714
EMERGENCY ROOM	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	4,665,069	5,099,658	4,696,197	3,995,827	44,415,529
INPATIENT HOSPITAL	13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	14,193,273	13,361,803	13,546,637	13,862,008	13,575,463	141,882,931
REINSURANCE EXPENSE PREMIUM	103,176	103,384	103,399	105,736	107,515	106,164	106,355	105,475	105,320	105,848	1,052,372
OUTPATIENT HOSPITAL SERVICES	5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	6,293,878	5,430,584	6,154,715	6,213,267	5,886,144	58,939,986
OTHER MEDICAL											
Ambulance	321,788	349,619	341,345	346,373	336,918	309,509	304,335	351,374	318,449	363,734	3,343,444
Home Health Services & CBAS	370,547	381,556	383,407	279,863	360,563	515,541	352,169	305,183	340,709	446,058	3,735,596
Utilization and Quality Review Expenses	67,616	115,998	143,141	133,334	155,745	141,184	207,396	179,731	85,471	173,786	1,402,402
Long Term/SNF/Hospice	1,022,042	820,073	961,497	1,172,612	1,443,187	1,061,036	788,463	603,671	825,618	1,054,845	9,753,044
Enhanced Medical Benefits	-	-	-	-	-	162,074	-	-	(46,277)	-	115,797
Non-Medical Transportation	315,831	340,260	386,323	441,238	433,820	431,464	322,832	360,248	359,626	324,574	3,716,216
TOTAL OTHER MEDICAL	2,097,824	2,007,506	2,214,713	2,373,420	2,730,233	2,620,808	1,975,195	1,800,207	1,883,596	2,362,997	22,066,499
PHARMACY SERVICES											
RX - Drugs & OTC	7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	6,993,768	7,059,657	7,901,664	7,215,260	7,801,406	72,830,011
RX - HEP-C	561,061	672,985	971,345	944,297	787,421	1,429,338	1,072,244	982,856	598,614	611,425	8,631,586
Rx - DME	476,382	443,564	669,108	534,081	545,988	677,988	537,548	600,068	413,925	611,324	5,510,476
RX - Pharmacy Rebates	(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(66,000)	266,386	40,745	1,135	-66,000	(475,802)
TOTAL PHARMACY SERVICES	8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	9,035,094	8,935,835	9,525,333	8,228,934	8,958,655	86,496,571
PAY FOR PERFORMANCE QUALITY INCENTIVE	552,163	559,709	564,724	566,768	567,013	568,032	563,333	562,503	565,325	565,307	5,634,877
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(141,866)	111,013	(585,473)	(232,581)	(744,814)	(2,727,790)	(28,273)	1,034,615	7,973,649	332,212	4,990,692
Total Medical Costs	49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	53,321,503	52,336,793	54,695,536	60,619,644	51,565,938	528,750,166

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH OCTOBER 31, 2017		JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	YEAR TO DATE 2017
PHYSICIAN SERVICES												
Primary Care Physician Services	14.50	12.94	11.11	12.15	10.98	12.30	10.76	11.02	12.63	10.28	11.86	
Referral Specialty Services	34.44	37.73	36.77	38.48	40.19	46.65	45.08	40.93	42.60	39.58	40.26	
Urgent Care & After Hours Advise	3.56	2.75	6.84	4.50	5.98	3.79	4.29	5.99	3.93	3.58	4.52	
Hospital Admitting Team	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	
TOTAL PHYSICIAN SERVICES	52.53	53.45	54.75	55.17	57.18	62.78	60.17	57.97	59.19	53.47	56.68	
OTHER PROFESSIONAL SERVICES												
310 - Health Services - Utilization Management - UM Allocation *	1.00	0.99	0.99	1.00	1.00	1.00	1.01	1.00	1.00	1.00	1.00	1.00
311 - Health Services - Quality Improvement - UM Allocation *	2.81	2.52	2.73	2.43	2.87	2.87	2.82	3.28	2.78	2.98	2.81	
312 - Health Services - Education - UM Allocation *	0.43	0.40	0.47	0.43	0.46	0.43	0.44	0.49	0.44	0.49	0.45	
313 - Health Services - Pharmacy - UM Allocation *	0.24	0.22	0.24	0.22	0.26	0.28	0.24	0.28	0.27	0.29	0.25	
314 - Health Homes - UM Allocation *	0.37	0.32	0.36	0.34	0.38	0.38	0.38	0.38	0.38	0.39	0.36	
616 - Disease Management - UM Allocation *	0.08	0.12	0.17	0.20	0.17	0.17	0.16	0.19	0.23	0.21	0.17	
Behavior Health Treatment	0.16	0.16	0.21	0.23	0.25	0.25	0.24	0.27	0.25	0.24	0.23	
Mental Health Services	1.28	0.55	1.39	1.04	0.74	3.04	1.99	2.84	1.63	1.68	1.62	
Other Professional Services	0.94	0.50	0.16	0.36	1.13	0.37	0.73	0.37	0.56	1.10	0.62	
TOTAL OTHER PROFESSIONAL SERVICES	3.95	3.69	3.66	4.04	3.45	4.86	4.11	3.39	4.32	3.76	3.92	
TOTAL OTHER PROFESSIONAL SERVICES	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	11.85	12.14	11.43	
EMERGENCY ROOM	19.95	18.75	17.06	16.64	16.34	19.71	19.46	21.31	19.52	16.61	18.53	
INPATIENT HOSPITAL	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	57.62	56.43	59.19	
REINSURANCE EXPENSE PREMIUM	0.44	0.44	0.43	0.44	0.45	0.44	0.44	0.44	0.44	0.44	0.44	
OUTPATIENT HOSPITAL SERVICES	23.31	24.50	25.45	23.91	23.99	26.04	22.65	25.71	25.83	24.47	24.59	
OTHER MEDICAL												
Ambulance	1.37	1.47	1.42	1.44	1.40	1.28	1.27	1.47	1.32	1.51	1.39	
Home Health Services & CBAS	1.58	1.61	1.60	1.16	1.49	2.13	1.47	1.27	1.42	1.85	1.56	
Utilization and Quality Review Expenses	0.29	0.49	0.59	0.55	0.65	0.58	0.87	0.75	0.36	0.72	0.59	
Long Term/SNF/Hospice	4.35	3.46	4.00	4.86	5.98	4.39	3.29	2.52	3.43	4.39	4.07	
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	(0.19)	0.00	0.05	
Non-Medical Transportation	1.34	1.43	1.61	1.83	1.80	1.79	1.35	1.51	1.49	1.35	1.55	
TOTAL OTHER MEDICAL	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.52	7.83	9.82	9.21	
PHARMACY SERVICES												
RX - Drugs & OTC	30.46	27.67	32.50	27.93	31.45	28.93	29.45	33.01	29.99	32.43	30.38	
RX - HEP-C	2.39	2.84	4.04	3.92	3.26	5.91	4.47	4.11	2.49	2.54	3.60	
Rx - DME	2.03	1.87	2.78	2.21	2.26	2.80	2.24	2.51	1.72	2.54	2.30	
RX - Pharmacy Rebates	(0.28)	(0.28)	(1.61)	(0.27)	(0.27)	(0.27)	1.11	0.17	0.00	(0.27)	(0.20)	
TOTAL PHARMACY SERVICES	34.59	32.09	37.71	33.79	36.70	37.38	37.28	39.79	34.21	37.24	36.09	
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(0.12)	4.32	33.15	1.38	2.08	
Total Medical Costs	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	251.99	214.36	220.59	

CURRENT MONTH		YEAR-TO-DATE			
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED OCTOBER 31, 2017					
264,103	306,316	42,213	2,143,101	2,560,728	417,627
132,384	138,697	6,313	1,261,600	1,441,009	179,409
488,983	570,160	81,177	4,673,283	5,656,490	983,207
123,413	212,501	89,088	1,223,709	2,125,009	901,300
517,795	495,260	(22,535)	4,676,314	5,052,260	375,946
86,687	83,913	(2,774)	650,894	836,440	185,546
-	44,975	44,975	11,054	449,750	438,696
3,404	3,931	527	17,279	39,298	22,019
62,444	-	(62,444)	130,968	6,800	(124,168)
93,385	80,300	(13,085)	856,131	846,410	(9,721)
10,070	7,550	(2,520)	29,623	75,500	45,877
-	-	-	102	150	48
178,314	194,556	16,242	1,690,307	1,939,606	249,299
487,318	501,105	13,787	4,008,374	4,996,561	988,187
290,936	477,461	186,525	2,891,928	3,353,786	461,858
51,961	52,062	101	532,444	503,763	(28,681)
26,488	44,350	17,862	257,399	443,500	186,101
69,018	56,140	(12,878)	505,276	560,163	54,887
125,347	151,976	26,629	1,290,103	1,357,079	66,976
3,012,050	3,421,253	409,203	26,849,889	32,244,302	5,394,413

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED OCTOBER 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	YEAR TO DATE 2017
110 - Executive	279,907	177,920	209,756	191,067	192,888	255,274	163,765	177,814	230,607	264,103	2,143,101
210 - Accounting	110,185	137,255	124,511	103,181	126,637	140,068	122,652	129,600	135,127	132,384	1,261,600
220 - Management Information Systems (MIS)	408,164	408,429	469,937	432,868	512,776	498,673	472,585	503,659	477,209	488,983	4,673,283
225 - Infrastructure	3,723	152,258	173,666	83,611	126,901	100,980	85,853	174,702	198,602	123,413	1,223,709
230 - Claims	409,956	432,879	463,333	510,387	472,762	472,980	455,935	486,766	453,521	517,795	4,676,314
240 - Project Management	63,772	68,960	70,610	54,103	58,554	57,008	64,015	71,003	56,182	86,687	650,894
310 - Health Services - Utilization Management	159	2,491	(435)	280	1,637	178	6,178	(1,402)	1,968	-	11,054
311 - Health Services - Quality Improvement	500	15	-	-	488	-	-	8,453	4,419	3,404	17,279
312 - Health Services - Education	-	(66)	438	271	1,282	169	8,966	26,798	30,666	62,444	130,968.00
313 - Pharmacy	85,960	79,829	90,520	80,420	88,218	83,335	80,348	88,846	85,270	93,385	856,131
314 - Health Homes	-	608	6,000	1,166	35	503	46	10,949	246	10,070	29,623
616 - Disease Management	33	-	-	-	-	69	-	-	-	-	102
320 - Provider Relations	136,674	143,067	186,675	164,456	206,559	167,646	157,168	179,828	169,920	178,314	1,690,307
330 - Member Services	364,293	349,583	382,981	378,129	415,875	409,866	382,767	424,970	412,592	487,318	4,008,374
340 - Corporate Services	263,501	243,425	320,028	291,136	281,586	284,593	304,680	322,254	289,789	290,936	2,891,928
360 - Audit & Investigative Services	73,998	40,824	45,501	36,418	49,395	50,015	49,784	51,024	83,524	51,961	532,444
410 - Advertising Media	19,017	3,800	46,065	25,789	56,200	15,998	43,668	8,374	12,000	26,488	257,399
420 - Sales/Marketing/Public Relations	47,664	55,567	49,579	44,462	48,882	53,183	42,081	53,431	41,409	69,018	505,276
510 - Human Resources	94,898	104,383	175,095	159,527	130,730	166,753	94,655	142,634	96,081	125,347	1,290,103
Total Department Expenses	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	2,859,703	2,779,132	3,012,050	26,849,889

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

ASSETS	OCTOBER 2017	SEPTEMBER 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,440,050	\$ 1,427,167	12,883
Interest Receivable	1,250	3,776	(2,526)
Prepaid Expenses & Other Current Assets	1,667	2,500	(833)
TOTAL CURRENT ASSETS	\$ 1,442,967	\$ 1,433,443	\$ 9,524

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	6,754	6,615	139
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 360,603	\$ 360,464	\$ 139

NET POSITION:			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	12,324	2,939	9,385
Total Net Position	\$ 1,082,364	\$ 1,072,979	\$ 9,385
TOTAL LIABILITIES AND NET POSITION	\$ 1,442,967	\$ 1,433,443	\$ 9,524

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED OCTOBER 31, 2017	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
1,250	-	1,250	Interest	10,890	-	10,890
-	-	-	Other Investment Income	800	-	800
1,250	-	1,250	TOTAL REVENUES	11,690	-	11,690
EXPENSES						
			Medical Costs			
(8,968)	-	8,968	IBNR and Paid Claims Adjustment	(8,968)	-	8,968
(8,968)	-	8,968	Total Medical Costs	(8,968)	-	8,968
10,218	-	10,218	GROSS MARGIN	20,658	-	20,658
Administrative						
833	-	(833)	Management Fee Expense and Other Admin Exp	8,334	-	(8,334)
833	-	(833)	Total Administrative Expenses	8,334	-	(8,334)
(8,135)	-	8,135	TOTAL EXPENSES	(634)	-	634
9,385	-	9,385	OPERATING INCOME (LOSS)	12,324	-	12,324
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
9,385	-	9,385	NET INCREASE (DECREASE) IN NET POSITION	12,324	-	12,324
-717%	0%	717%	MEDICAL LOSS RATIO	-77%	0%	77%
67%	0%	-67%	ADMINISTRATIVE EXPENSE RATIO	71%	0%	-71%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

	2017 MEMBER MONTHS											
	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17

ADULT AND FAMILY												
PA - FAMILY	36,123	36,255	36,565	35,376	34,185	34,130	34,024	34,925	34,845	33,671		
MIN - FAMILY	0	0	0	0	0	0	0	0	0	0		
REFUGEE - FAMILY	1	1	0	2	2	4	4	9	7	6		
FOSTER CARE	493	498	508	536	594	608	588	749	693	707		
POVERTY-133/200%	2	2	2	2	2	1	1	1	1	1		
POVERTY-100%	0	0	0	0	0	0	0	0	0	0		
MI - CHILD	104,391	105,746	107,285	108,562	109,014	109,096	107,948	106,527	106,999	107,251		
CHILD-ACA	-127	430	405	415	422	426	316	379	362	365		
FAMILY - UNDER 19	20,203	20,297	19,877	19,885	20,312	20,627	20,456	20,632	21,012	21,482		
SUB-TOTAL ADULT & FAMILY	161,086	163,229	164,642	164,778	164,529	164,892	163,337	163,223	163,919	163,483	0	0

MEDI-CAL EXPANSION												
LIHP Transition Pre-ACA	26	69	58	65	65	60	62	60	55	61		
ACA Expansion Adult-Citizen	54,856	55,872	56,493	57,020	57,401	57,096	56,661	56,342	56,568	56,235		
ACA Expansion CAL Fresh Adult	9	1	4	5	5	7	7	6	6	6		
LIHP Transition Pre-ACA	514	500	532	573	584	580	561	607	557	489		
SUB-TOTAL MANDATORY	55,405	56,442	57,087	57,663	58,065	57,743	57,291	57,009	57,180	56,791	0	0

SDP MEMBERS												
SSI-AGED	158	185	191	194	174	162	193	173	187	228		
MIN - AGED	1,338	1,359	1,388	1,357	1,322	1,443	1,443	1,446	1,489	1,440		
SSI - BLIND & DIS-ABLED	11,702	11,623	11,614	11,701	11,631	11,934	11,832	11,808	12,030	12,985		
MIN - BLIND & DIS-ABLED	326	393	346	325	288	317	288	381	329	17		
SUB-TOTAL MANDATORY SPD	13,524	13,560	13,539	13,577	13,415	13,856	13,776	13,808	14,035	14,670	0	0
TOTAL MANDATORY	230,015	233,231	235,268	236,018	236,009	236,491	234,404	234,040	235,134	234,944	0	0

OTHER MEMBERS												
BCCTP-TOBACCO SETTLEMENT	29	30	27	28	26	30	29	31	33	33		

DUALS												
PA - FAMILY DUALS	31	17	15	21	15	37	31	28	28	19		
PART D SSI-AGED	615	628	625	673	666	677	704	697	722	704		
PART D MN - AGED	1,127	1,116	1,134	1,173	1,229	1,194	1,164	1,205	1,236	1,283		
PART D SSI - BLIND & DIS-ABLED	2,087	2,011	2,081	2,085	2,128	2,102	2,149	2,151	2,164	2,291		
PART D MN - BLIND & DIS-ABLED	762	780	740	751	735	772	818	820	864	890		
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	2	2	2	2	2	2		
PART D MI - ADULT	0	0	0	0	0	0	0	0	0	0		
PART D MI - CHILD	316	360	417	427	472	411	415	389	381	390		
SUB-TOTAL DUALS	4,919	4,913	5,013	5,132	5,247	5,195	5,283	5,292	5,397	5,579	0	0

TOTAL OTHERS												
	4,948	4,943	5,040	5,160	5,273	5,225	5,312	5,323	5,430	5,612	0	0

TOTAL KAISER												
	7,103	7,365	7,466	7,619	7,714	7,745	7,796	7,811	7,782	7,856		

TOTAL MEDI-CAL MEMBERS												
	242,066	245,539	247,774	248,797	248,996	249,461	247,512	247,174	248,346	248,412	0	0

KERN·HEALTH SYSTEMS

SEPTEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	392,425.89	3,182,108.47	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1071	CLINICA SIERRA VISTA	312,316.13	812,993.41	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4696	ZNALYTICS, LLC****	138,120.00	483,669.96	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4582	HEALTHX, INC	104,200.00	315,900.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER &
T3460	THE GUARDIAN LIFE INSURANCE CO.*****	96,257.81	377,389.98	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2726	DST PHARMACY SOLUTIONS, INC	88,081.11	828,931.86	AUG. PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4699	ZEOMEGA, INC.****	64,987.50	1,114,765.17	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2686	ALLIANT INSURANCE SERVICES INC.*****	56,830.18	343,961.90	2017/2018 INSURANCE RENEWALS	ADMIN
T4654	DELAWIE	54,967.54	789,281.50	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW
T2584	UNITED STATES POSTAL SVC.-HASLER****	40,000.00	150,000.00	POSTAGE-METERED	VARIOUS
T4607	AGILITY RECOVERY SOLUTIONS INC.*****	36,288.00	36,288.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	AIS
T4587	MCINTOSH & ASSOCIATE	34,183.55	49,854.40	APR., MAY, JUN., & JUL., PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4812	COMPREHENSIVE WOUND CARE*****	33,426.18	33,426.18	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

KERN·HEALTH SYSTEMS

SEPTEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY*****	32,895.80	32,895.80	2016-2017 ANNUAL WORKERS' COMPENSATION	VARIOUS
T4603	ECFIRST.COM*****	28,485.00	58,527.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T4237	FLUIDEDGE CONSULTING INC.	25,840.94	691,957.81	AUG. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	25,090.00	258,431.81	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T1861	CERIDIAN HCM, INC.*****	23,470.86	106,963.23	JUN., JUL., & AUG., DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T4686	CENTRIC HEALTH*****	23,175.00	104,286.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T4478	AMERICAN FIDELITY ASSURANCE COMPANY*****	21,480.90	103,806.09	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4695	EDIFICS, INC.	19,860.00	1,148,594.72	JUNE/JULY CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1189	APPLE ONE INC.	19,839.74	162,598.01	TEMPORARY HELP - 1 PHARM, 1 CS, 1 CLAIMS, 2 UM, 1 MS	VARIOUS
T2837	TOYS/BABIES R US	18,772.35	77,081.85	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T1408	DELL MARKETING L.P.*****	18,163.75	984,309.61	HARDWARE-4 MONITORS, 9 DELL LATITUDE E5470, 1 DELL XPS 13	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T3011	OFFICE ALLY, INC.	18,122.00	148,485.25	AUG. EDI CLAIM PROCESSING	CLAIMS
T2918	STINSON'S*****	17,893.47	124,577.06	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS

KERN·HEALTH SYSTEMS

SEPTEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4546	LEVEL 3 COMMUNICATIONS, LLC	17,699.68	148,556.59	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4605	KERVILLE UNION SCHOOL DISTRICT*****	17,500.00	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T2413	TREK IMAGING INC	16,345.35	153,121.77	MEMBER GIVEAWAYS- WOODEN CUBE BLOSSOM KIT, IHA ICENTIVE VOUCHERS. EMPLOYEE INTERN APPAREL, NEW HIRE SHIRTS.	VARIOUS
T4460	PAYSPAN, INC	15,903.77	122,214.82	AUG. EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4563	SPH ANALYTICS*****	14,907.05	43,535.00	2017 MEMBER/PROVIDER SATISFACTION-FINAL PAYMENT	MEMBER SERVICES
T4467	MEDISOFTTRX, LLC.	14,700.00	131,400.00	AUG. PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T1183	MILLIMAN USA*****	13,287.75	42,633.25	CY2015 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T4168	RELAYHEALTH	11,975.88	126,802.61	AUG. EDI CLAIM PROCESSING	CLAIMS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC*****	11,823.29	103,008.47	AUG. EDI CLAIM PROCESSING	CLAIMS
		1,879,316.47			
TOTAL VENDORS OVER \$10,000		1,879,316.47			
TOTAL VENDORS UNDER \$10,000		236,744.49			
TOTAL VENDOR EXPENSES-Sept.		2,116,060.96			

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	3,182,108.47	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4695	EDIFECS, INC.	1,148,594.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4699	ZeOMEGA, INC.	1,114,765.17	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1408	DELL MARKETING L.P.	984,309.61	HARDWARE- 15- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLX 3040 W/ MONITORS, 16- 23" MONITORS, 5-OPTIPLX 3050, KHS VEEAM SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL, 9 DELL LATITUDE E5470, 1 DELL XPS 13	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T2726	DST PHARMACY SOLUTIONS, INC	828,931.86	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T1071	CLINICA SIERRA VISTA	812,993.41	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & MEDICAL RESPITE PROGRAM	COMMUNITY GRANTS
T4654	DELAWIE	789,281.50	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T2704	MCG HEALTH LLC	705,846.01	2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5	HE-UM
T4237	FLUIDEDGE CONSULTING	691,957.81	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	599,916.17	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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4696	ZNALYTICS, LLC	483,669.96	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4350	COMPUTER ENTERPRISE INC.	440,630.20	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T3460	THE GUARDIAN LIFE INSURANCE CO.	377,389.98	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC	343,961.90	2017/2018 INSURANCE RENEWALS	ADMIN
T4582	HEALTHX, INC	315,900.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T2167	PG&E	277,660.26	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	259,989.10	TEMPORARY HELP	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	258,431.81	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T1845	DEPARTMENT OF MANAGED HEALTH CARE	222,721.77	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2	ADMINISTRATION
T4193	TECHNOSOCIALWORK.COM	222,675.63	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2355	CALPERS	182,084.00	2017/2018 ANNUAL UNFUNDED ACCRUED LIABILITY	ADMINISTRATION
T2961	SOLUTION BENCH, LLC	175,854.10	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	162,598.01	TEMPORARY HELP	VARIOUS
T2413	TREK IMAGING INC	153,121.77	PROMOTIONS - MEMBER GIVEAWAYS & EMPLOYEE PROGRAMS	VARIOUS
T1597	BAKERSFIELD MEMORIAL HOSP	150,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR.	HE-DISEASE MANAGEMENT
T2584	UNITED STATES POSTAL SVC.-HASLER	150,000.00	POSTAGE-METERED	VARIOUS



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	148,556.59	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	148,485.25	EDI CLAIM PROCESSING	CLAIMS
T2597	FUSION STORM INC.	141,663.01	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE
T4467	MEDISOFTX, LLC.	131,400.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4168	RELAYHEALTH	126,802.61	EDI CLAIM PROCESSING	CLAIMS
T2918	STINSON'S	124,577.06	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4460	PAYSPAN, INC	122,214.82	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T2933	SIERRA PRINTERS, INC.	116,488.62	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T1272	COFFEY COMMUNICATIONS INC.	112,443.01	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	106,963.23	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T4686	CENTRIC HEALTH	104,286.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T4478	AMERICAN FIDELITY ASSURANCE CO.	103,806.09	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	103,008.47	EDI CLAIM PROCESSING	CLAIMS
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T1960	LOCAL HEALTH PLANS OF CA. INC	96,810.36	2016/2017 FLAT YEARLY ASSESSMENT	ADMINISTRATION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4165	SHI INTERNATIONAL CO.	92,271.76	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
TT4452	WELLS FARGO 3500 2469	91,395.97	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T2969	AMERICAN BUSINESS MACHINES INC	78,197.76	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T2837	TOYS/BABIES R US	77,081.85	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4664	TURNORTHE. LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CM/DM
T4396	KAISER FOUNDATION HEALTH-DMHO	73,066.89	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	70,643.12	TEMPORARY HELP	VARIOUS
T4603	ECFIRST.COM	58,527.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T2292	CITY OF BAKERSFIELD	58,138.26	UTILITES-GARBAGE/SEWER FEES, PLAN FEES COMMERCIAL NEW BUILDING	VARIOUS
T3084	KERN COUNTY-COUNTY COUNSEL	56,588.40	LEGAL FEES	ADMINISTRATION
T4740	HEALTHCARE SCOUTS, INC	55,298.26	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4537	BURKE, WILLIAMS & SORENSEN, LLP	53,890.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	53,258.18	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4587	MCINTOSH & ASSOCIATE	49,854.40	PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T2469	DST HEALTH SOLUTIONS, INC.	48,310.49	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
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
T4653	FORMS ON FIRE, INC.	44,865.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T4563	SPH ANALYTICS	43,535.00	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T1183	MILLIMAN USA	42,633.25	CY2015 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T4694	KELLY SERVICES, INC.	41,176.14	TEMP HELP 1- QI, DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T4688	VANGUARD MEDICAL CORPORATION	41,136.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4386	STACY POEHLMAN	41,013.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T4483	PREMIER VALLEY MEDICAL GROUP	40,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2446	AT&T MOBILITY	39,609.86	CELLULAR PHONE	MIS INFRASTRUCTURE
T4059	KERN VALLEY HEALTH CARE DISTRICT	39,474.45	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4561	SRI & SHARMA, LLC	39,375.00	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
T4737	TEKSYSTEMS, INC.	39,198.72	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T3449	CDW GOVERNMENT	38,364.49	HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	37,880.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T4294	J. SERVICES JANITORIAL	37,380.00	MAINTENANCE-JANITORIAL SERVICES	CORPORATE SERVICES
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,572.00	SPONSORSHIP & BOARD MEETING LUNCH	MARKETING
T2941	KERN PRINT SERVICES INC.	36,345.38	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T4607	AGILITY RECOVERY SOLUTIONS INC.*****	36,288.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	AIS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	35,194.00	2017 ANNUAL DUES ASSESSMENT & ANNUAL CONFERENCE REGISTRATION	ADMINISTRATION
T1128	HALL LETTER SHOP, INC	34,433.48	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PKT.	VARIOUS
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T3986	JACQUELYN S. JANS	33,945.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T4812	COMPREHENSIVE WOUND CARE*****	33,426.18	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4685	NATIONAL GIFT CARD CORP	33,091.96	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY*****	32,895.80	2016-2017 ANNUAL WORKERS' COMPENSATION	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	32,248.00	FLU CLINIC SPONSORSHIPS	MARKETING
T2955	DELTA ELECTRIC INC.	31,800.29	BUILDING MAINTENANCE	CORPORATE SERVICES
T4501	ALLIED UNIVERSAL SECURITY SERVICES	31,166.00	BUILDING SECURITY & PATROLING SERVICES	CORPORATE SERVICES
T2441	LAURA J. BREZINSKI	31,032.00	MATERIAL DESIGN	VARIOUS
T4503	VISION SERVICE PLAN	30,925.80	EMPLOYEE BENEFITS-VISION	VARIOUS
T4707	SHAFTER PEDIATRICS	30,250.23	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1032	THE BAKERSFIELD CALIFORNIAN	29,674.48	EMPLOYMENT AD	HUMAN RESOURCES
T3378	CARRIER CORPORATION	29,418.04	BUILDING MAINTENANCE	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
T1180	LANGUAGE LINE SERVICES INC.	29,173.74	INTERPRETATION SERVICES	MEMBER SERVICES
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	28,175.05	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	25,000.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	24,543.81	CONSULTING SERVICES	MIS INFRASTRUCTURE
T4228	THE SSI GROUP, LLC	23,369.60	EDI CLAIM PROCESSING	CLAIMS
T2562	CACTUS SOFTWARE LLC	23,010.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	22,500.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	22,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T4738	AMERICAN LOGISTICS COMPANY	22,360.61	2017 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T3990	SPARKLETTS INC.	22,148.52	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4384	PINNACLE PRIMARY CARE, INC.	22,062.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4594	MEDVERSANT TECHNOLOGIES, LLC	22,000.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T2234	HASMUKH AMIN MD	20,400.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4544	BARNERS WEALTH MANAGEMENT GROUP	20,251.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T1347	ADVANCED DATA STORAGE	19,753.98	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T1022	UNUM LIFE INSURANCE CO.	19,101.68	EMPLOYEE LONG TERM AND LIFE INSURANCE	PAYROLL DEDUCTION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4640	REGAL CINEMEDIA CORP	17,882.00	MEMBER INCENTIVE PROGRAM	HE-QI
T4708	HEALTH MANAGEMENT ASSOCIATES, INC	17,600.00	CONSULTING FEES	PROVIDER RELATIONS
T4585	DELANO UNION SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4605	KERVILLE UNION SCHOOL DISTRICT*****	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4798	KERN HIGH SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4739	SECURITAS SECURITY SERVICES USA, INC.	17,317.68	SECURITY SERVICES	CORPORATE SERVICES
T4778	CLINICA LA VICTORIA A MEDICAL CORP	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4239	COAST TO COAST COMPUTER	16,345.48	OFFICE SUPPLIES - TONERS	CORPORATE SERVICES
T4768	HEALTHCARE SUPPORT STAFFING, INC	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO	15,512.68	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1644	BRIGHT HOUSE NETWORK	15,109.12	INTERNET SERVICES	MIS INFRASTRUCTURE
T4016	FIRST DATABANK, INC	14,770.00	NATIONAL DRUG CODE SOFTWARE SUBSCRIPTION LICENSE	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
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4610	EVERBRIDGE, INC	13,950.00	TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS	MIS INFRASTRUCTURE
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4663	DEVELOPMENT DIMENSIONS INTERNATIONAL, INC.	12,820.54	TRAINING MATERIAL	HUMAN RESOURCES
T4747	SYED ALAM, M.D. INC.	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2796	TELERIK INC	12,497.29	DEVCRFT DEVELOPER LICENSE/SUBSCRIPTION	MIS INFRASTRUCTURE
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
T4230	COFFEE BREAK SERVICE, INC.	12,181.70	MISC. SUPPLIES-COFFEE, CREAMER, WATER	CORPORATE SERVICES
T4742	SIERRA WEST CONSULTING GROUP, INC.	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T4417	KAISER FOUNDATION HEALTH PLAN	11,237.94	EMPLOYEE HEALTH BENEFITS	HE-JM
T1263	THE GAS COMPANY	11,047.10	UTILITIES	CORPORATE SERVICES
T3065	CAREERBUILDER, LLC	10,500.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T2505	DERREL'S MINI STORAGE, INC.*****	10,423.40	OFF SITE STORAGE	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
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	BIPRESS 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
T1996	SEQUOIA SANDWICH CO*****	10,109.73	MEETING FOOD EXPENSES	VARIOUS
T4748	HANY AZIZ, M.D. INC.	10,027.86	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		20,723,188.39		
	TOTAL VENDORS OVER \$10,000	20,723,188.39		
	TOTAL VENDORS UNDER \$10,000	762,234.10		
	TOTAL VENDOR EXPENSES-Sept.	21,485,422.49		

Note:

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



OCTOBER AP Vendor Report
 Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1001	KERN MEDICAL CENTER*****	2,327,075.50	2,327,075.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & GROW CLINIC GRANT	COMMUNITY GRANTS
T4391	OMNI FAMILY HEALTH*****	1,355,280.00	1,355,280.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS-FINAL PAYMENT	COMMUNITY GRANTS
T1045	KAISER FOUNDATION HEALTH	378,874.53	3,560,983.00	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4350	COMPUTER ENTERPRISE INC.*****	140,972.00	581,602.20	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4331	VERCEND TECHNOLOGIES, INC.****	125,725.00	132,225.00	2ND YR - ANNUAL LICENSE FEES	HEALTH SERVICES-QI
T4654	DELAWIE	99,210.49	888,491.99	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW
T2726	DST PHARMACY SOLUTIONS, INC	84,605.55	913,537.41	SEPT. PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4696	ZNALYTICS, LLC	82,707.20	566,377.16	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T2686	ALLIANT INSURANCE SERVICES INC.	71,281.90	415,243.80	2017/2018 INSURANCE RENEWAL- EXCESS COMMERCIAL LIABILITY	ADMINISTRATION
T2413	TREK IMAGING INC	70,023.00	223,144.77	MEMBER GIVEAWAYS- IHA INCENTIVE PROGRAM. EMPLOYEE INTERN APPAREL, NEW HIRE SHIRTS, KHS BANNERS, COMPLIANCE WEEK GIVEAWAYS.	VARIOUS
T4237	FLUIDEDGE CONSULTING INC.	68,446.43	760,404.24	SEPT. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING	VARIOUS
T3460	THE GUARDIAN LIFE INSURANCE CO.	55,873.09	433,263.07	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.*****	54,000.00	76,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T1597	BAKERSFIELD MEMORIAL HOSP*****	50,000.00	200,000.00	BMH DIABETIC CLINIC 2017 3RD QUARTER	HE-DISEASE MANAGEMENT

KERN·HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4582	HEALTHX, INC	37,700.00	353,600.00	OCT. PROVIDER AND MEMBER PORTAL SUBSCRIPTION	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4308	TRUXTUN PLACE PARTNERS	37,629.92	296,061.73	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T1957	MERCY FOUNDATION- BAKERSFIELD****	37,500.00	40,000.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T2850	QUEST SOFTWARE INC.****	32,296.50	32,296.50	SPOTLIGHT ON SQL SERVER-LICENSE MAINTENANCE	CAPITAL PROJECT-IN PROGRESS
T4496	VOX NETWORK SOLUTIONS****	29,976.00	29,976.00	WORKFORCE MANAGEMENT ADVANCED PACKAGE	MIS INFRASTRUCTURE
T2707	ACT 1 PERSONNEL SERVICES, INC.****	28,582.03	288571.13	TEMPORARY HELP - 1 PR, 1 MS, 1 MS	VARIOUS
T1183	MILLIMAN USA	28,066.50	70,699.75	CY2015 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T4193	TECHNOSOCIALWORK.COM DBA STRIA****	27,750.38	250,426.01	AUG. & SEPT. OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	27,368.41	131,174.50	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4165	SHI INTERNATIONAL CO.,****	26,198.78	118,470.54	VMWARE VSPHERE SUPPORT/SUBSCRIPTION, 2 CISCO ROUTERS, 1 MINI PROJECTOR, 4 DB ANALY SWL ORACLE LICENSE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4059	KERN VALLEY HEALTHCARE DISTRICT****	25,350.00	64,824.45	2015-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC.****	24,888.58	35,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1071	CLINICA SIERRA VISTA	24,689.39	837,682.80	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

KERN • HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1189	APPLE ONE INC.	22,985.66	185,583.67	TEMPORARY HELP - 1 PHARM, 1 CS, 1 CLAIMS, 2 UM, 1 MS	VARIOUS
T2292	CITY OF BAKERSFIELD*****	22,516.62	80,654.88	UTILITES-GARBAGE/SEWER FEES, PLAN FEES COMMERCIAL NEW BUILDING	VARIOUS
T2562	CACTUS SOFTWARE LLC****	20,750.00	43,760.00	IMPLEMENTATION - ENTERPRISE API	MIS INFRASTRUCTURE
T4546	LEVEL 3 COMMUNICATIONS, LLC	17,199.70	165,756.29	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4452	WELLS FARGO *****	16,909.24	108,305.21	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T3011	OFFICE ALLY, INC.	16,758.50	165,243.75	SEPT. EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO*****	16,416.31	89,483.20	EMPLOYEE HEALTH BENEFIT	VARIOUS
T2837	TOYS/BABIES R US	15,909.04	92,990.89	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4467	MEDISOFTRX, LLC.	14,274.18	145,674.18	SEPT. PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T3515	DOUGLAS HAYWARD*****	13,558.00	15,401.75	CAP-EX PROGRAM FUNDING REIMBURSEMENT	ADMINISTRATION
T4699	ZEOMEGA, INC.	13,513.69	1,128,278.86	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1408	DELL MARKETING L.P.	13,081.22	997,390.83	HARDWARE-5 DELL OPTIPLEX 3050, 10 - 23" MONITORS, 2 DELL POWERCONNECT M8024, 1 SMART PRINTER	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	12,671.35	115,679.82	SEPT. EDI CLAIM PROCESSING	CLAIMS

KERN·HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4460	PAYSPAN, INC	12,103.67	134,318.49	SEPT. EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4707	SHAFTER PEDIATRICS****	10,852.72	41,102.95	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1861	CERIDIAN HCM, INC.	10,499.61	117,462.84	OCT. DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T3454	DEPARTMENT OF MANAGED HEALTH CARE*****	10,000.00	17,500.00	DMCH ENFORCEMENT MATTER 17-558	ADMINISTRATION
T4685	NATIONAL GIFT CARD CORP*****	10,000.00	43,091.96	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
		<u>5,622,070.69</u>			
	TOTAL VENDORS OVER \$10,000	5,622,070.69			
	TOTAL VENDORS UNDER \$10,000	265,837.34			
	TOTAL VENDOR EXPENSES-Oct.	<u><u>5,887,908.03</u></u>			

Note:

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

KERN HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	3,560,983.00	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1001	KERN MEDICAL CENTER*****	2,327,075.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & GROW CLINIC GRANT	COMMUNITY GRANTS
T4391	OMNI FAMILY HEALTH*****	1,355,280.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS-FINAL PAYMENT	COMMUNITY GRANTS
T4695	EDIFECs, INC.	1,148,594.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4699	ZeOMEGA, INC.	1,128,278.86	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1408	DELL MARKETING L.P.	997,390.83	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, 16- 23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL, 9 DELL LATITUDE E5470, 1 DELL XPS 13	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T2726	DST PHARMACY SOLUTIONS, INC.	913,537.41	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4654	DELAWIE	888,491.99	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T1071	CLINICA SIERRA VISTA	837,682.80	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & MEDICAL RESPITE PROGRAM	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING	760,404.24	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T2704	MCG HEALTH LLC	705,846.01	2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5	HE-UM



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	596,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE INC.	581,602.20	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	566,377.16	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDT'L COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T3460	THE GUARDIAN LIFE INSURANCE CO.	433,263.07	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC	415,243.80	2017/2018 INSURANCE RENEWALS	ADMIN
T4582	HEALTHX, INC	353,600.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4308	TRUXTUN PLACE PARTNERS	296,061.73	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	288,571.13	TEMPORARY HELP	VARIOUS
T2167	PG&E	277,687.99	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES
T4193	TECHNOSOCIALWORK.COM	250,426.01	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2413	TREK IMAGING INC	223,144.77	PROMOTIONS - MEMBER GIVEAWAYS & EMPLOYEE PROGRAMS	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	222,721.77	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2	ADMINISTRATION
T1597	BAKERSFIELD MEMORIAL HOSP	200,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST, 2ND, & 3RD QTR.	HE-DISEASE MANAGEMENT
T1189	APPLE ONE INC.	185,583.67	TEMPORARY HELP	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2355	CALPERS	182,084.00	2017/2018 ANNUAL UNFUNDED ACCRUED LIABILITY	ADMINISTRATION
T2961	SOLUTION BENCH, LLC	175,854.10	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4546	LEVEL 3 COMMUNICATIONS, LLC	165,756.29	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	165,243.75	EDI CLAIM PROCESSING	CLAIMS
T2584	UNITED STATES POSTAL SVC.-HASLER	150,000.00	POSTAGE-METERED	VARIOUS
T4467	MEDISOFTX, LLC.	145,674.18	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2597	FUSION STORM INC.	141,663.01	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE
T4460	PAYSPAN, INC	134,318.49	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4331	VERCEND TECHNOLOGIES, INC. *****	132,225.00	2ND YR - ANNUAL LICENSE FEES	HEALTH SERVICES-QI
T4478	AMERICAN FIDELITY ASSURANCE CO.	131,174.50	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4168	RELAYHEALTH	126,802.61	EDI CLAIM PROCESSING	CLAIMS
T2918	STINSON'S	124,577.06	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4165	SHI INTERNATIONAL CO.	118,470.54	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROGRESS.
T2933	SIERRA PRINTERS, INC.	117,700.24	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T1861	CEREDIAN BENEFITS SERVICES	117,462.84	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	115,679.82	EDI CLAIM PROCESSING	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	112,443.01	NEWSLETTER PUBLICATION/MAILING	VARIOUS
TT4452	WELLS FARGO 3500 2469	108,305.21	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T4686	CENTRIC HEALTH	104,286.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T1960	LOCAL HEALTH PLANS OF CA. INC	96,810.36	2016/2017 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T2837	TOYS/BABIES R US	92,990.89	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4396	KAISER FOUNDATION HEALTH-DMHO	89,483.20	EMPLOYEE HEALTH BENEFITS	VARIOUS
T2969	AMERICAN BUSINES MACHINES INC	81,192.76	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T2292	CITY OF BAKERSFIELD	80,654.88	UTILITES-GARBAGE/SEWER FEES, PLAN FEES COMMERCIAL NEW BUILDING	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	77,537.64	TEMPORARY HELP	VARIOUS
T4664	TURNORTHE. LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CM/DM
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	76,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T1183	MILLIMAN USA	70,699.75	CY2015 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T4603	ECFIRST.COM	67,022.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T4059	KERN VALLEY HEALTH CARE DISTRICT	64,824.45	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	63,227.17	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	60,976.00	2017 ACAP DUES	ADMINISTRATION
T3084	KERN COUNTY-COUNTY COUNSEL	60,773.40	LEGAL FEES	ADMINISTRATION
T4537	BURKE, WILLIAMS & SORENSEN, LLP	56,398.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4587	MCINTOSH & ASSOCIATE	55,653.95	PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4740	HEALTHCARE SCOUTS, INC	55,298.26	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4653	FORMS ON FIRE, INC.	50,993.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T2469	DST HEALTH SOLUTIONS, INC.	48,310.49	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
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
T4688	VANGUARD MEDICAL CORPORATION	45,981.89	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4386	STACY POEHLMAN	45,241.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4294	J. SERVICES JANITORIAL	45,090.00	MAINTENANCE-JANITORIAL SERVICES	CORPORATE SERVICES
T2446	AT&T MOBILITY	43,786.79	CELLULAR PHONE	MIS INFRASTRUCTURE
T2562	CACTUS SOFTWARE LLC	43,760.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4561	SRI & SHARMA, LLC	43,750.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4563	SPH ANALYTICS	43,535.00	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4685	NATIONAL GIFT CARD CORP	43,091.96	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4694	KELLY SERVICES, INC.	41,176.14	TEMPORARY HELP & DIRECT HIRE FEES	VARIOUS
T4707	SHAFTER PEDIATRICS	41,102.95	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1957	MERCY FOUNDATION-BAKERSFIELD*****	40,000.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4483	PREMIER VALLEY MEDICAL GROUP	40,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4737	TEKSYSTEMS, INC.	39,198.72	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T3449	CDW GOVERNMENT	38,686.45	HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T1128	HALL LETTER SHOP, INC	38,158.62	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PKT.	VARIOUS
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	37,922.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T3986	JACQUELYN S. JANS	37,725.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2941	KERN PRINT SERVICES INC.	37,675.78	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,572.00	SPONSORSHIP & BOARD MEETING LUNCH	MARKETING
T4607	AGILITY RECOVERY SOLUTIONS INC.	36,288.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	AIS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	35,194.00	2017 ANNUAL DUES ASSESSMENT & ANNUAL CONFERENCE REGISTRATION	ADMINISTRATION
T4501	ALLIED UNIVERSAL SECURITY SERVICES	35,070.00	BUILDING SECURITY & PATROLING SERVICES	CORPORATE SERVICES
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC.	35,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2441	LAURA J. BREZINSKI	34,264.00	MATERIAL DESIGN	VARIOUS
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T2955	DELTA ELECTRIC INC.	33,890.29	BUILDING MAINTENANCE	CORPORATE SERVICES
T4812	COMPREHENSIVE WOUND CARE	33,426.18	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1180	LANGUAGE LINE SERVICES INC.	33,159.67	INTERPRETATION SERVICES	MEMBER SERVICES
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY	32,895.80	2016-2017 ANNUAL WORKERS' COMPENSATION	VARIOUS
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	32,450.05	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T2850	QUEST SOFTWARE INC.*****	32,296.50	SPOTLIGHT ON SQL SERVER-LICENSE MAINTENANCE	CAPITAL PROJECT-IN PROGRESS
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	32,248.00	FLU CLINIC SPONSORSHIPS	MARKETING
T1032	THE BAKERSFIELD CALIFORNIAN	31,014.00	EMPLOYMENT AD	HUMAN RESOURCES
T4503	VISION SERVICE PLAN	30,925.80	EMPLOYEE BENEFITS-VISION	VARIOUS
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3378	CARRIER CORPORATION	29,986.04	BUILDING MAINTENANCE	CORPORATE SERVICES
T4496	VOX NETWORK SOLUTIONS*****	29,976.00	WORKFORCE MANAGEMENT ADVANCED PACKAGE	MIS INFRASTRUCTURE
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
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	28,543.81	CONSULTING SERVICES	MIS INFRASTRUCTURE
T2234	HASMIJAH AMIN MD	27,867.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	25,800.20	EDI CLAIM PROCESSING	CLAIMS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	25,000.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	24,750.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T3990	SPARKLETT'S INC.	24,405.74	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4384	PINNACLE PRIMARY CARE, INC.	22,562.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4738	AMERICAN LOGISTICS COMPANY	22,360.61	2017 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T4594	MEDVERSANT TECHNOLOGIES, LLC	22,000.00	CONSULTING SERVICES	PROVIDER RELATIONS
T1347	ADVANCED DATA STORAGE	21,972.61	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T1022	UNUM LIFE INSURANCE CO.	21,351.46	EMPLOYEE LONG TERM AND LIFE INSURANCE	PAYROLL DEDUCTION
T4739	SECURITAS SECURITY SERVICES USA, INC.	21,037.20	SECURITY SERVICES	CORPORATE SERVICES
T4239	COAST TO COAST COMPUTER	20,871.42	OFFICE SUPPLIES - TONERS	CORPORATE SERVICES
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T4544	BARNERS WEALTH MANAGEMENT GROUP	20,251.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO	19,396.24	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4640	REGAL CINEMEDIA CORP	17,882.00	MEMBER INCENTIVE PROGRAM	HE-QI
T4708	HEALTH MANAGEMENT ASSOCIATES, INC	17,600.00	CONSULTING FEES	PROVIDER RELATIONS
T3454	DEPARTMENT OF MANAGED HEALTH CARE*****	17,500.00	DMCH ENFORCEMENT MATTER 16-1626 & 17-558	ADMINISTRATION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4585	DELANO UNION SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4605	KERVILLE UNION SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4798	KERN HIGH SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4778	CLINICA LA VICTORIA A MEDICAL CORP	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1644	BRIGHT HOUSE NETWORK	16,455.99	INTERNET SERVICES	MIS INFRASTRUCTURE
T4768	HEALTHCARE SUPPORT STAFFING, INC	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T3130	OPTUMINSIGHT, INC.*****	15,750.00	ACCESSIBILITY ANALYST FOR METROPOLITAN AND RURAL MEMBERS	PROVIDER RELATIONS
T3515	DOUGLAS HAYWARD*****	15,401.75	CAP-EX PROGRAM FUNDING REIMBURSEMENT & MISC REIMBURSEMENTS	ADMINISTRATION
T4016	FIRST DATABANK, INC	14,770.00	NATIONAL DRUG CODE SOFTWARE SUBSCRIPTION LICENSE	MIS INFRASTRUCTURE
T1094	DIANNA BRIGHT*****	14,647.50	CONSULTING SERVICES	FINANCE
T4425	PRO RESTORATION SERVICES INC.	14,429.09	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4610	EVERBRIDGE, INC	13,950.00	TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3010	CORE BUSINESS INTERIORS	13,871.38	FURNITURE--(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION	CORPORATE SERVICES
T4230	COFFEE BREAK SERVICE, INC.	13,668.20	MISC. SUPPLIES-COFFEE, CREAMER, WATER	CORPORATE SERVICES
T4801	Z STAFFING*****	13,437.89	TEMPORARY HELP	VARIOUS
T1694	KERN COUNTY FAIR*****	13,230.00	2017 EMPLOYEE EVENT	ADMINISTRATION
T4417	KAISER FOUNDATION HEALTH PLAN	13,039.11	EMPLOYEE HEALTH BENEFITS	HE-JM
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4663	DEVELOPMENT DIMENSIONS INTERNATIONAL, INC.	12,820.54	TRAINING MATERIAL	HUMAN RESOURCES
T4747	SYED ALAM, M.D. INC.	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2796	TELERIK INC	12,497.29	DEVCRRAFT DEVELOPER LICENSE/SUBSCRIPTION	MIS INFRASTRUCTURE
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T1263	THE GAS COMPANY	11,611.24	UTILITIES	CORPORATE SERVICES
T4742	SIERRA WEST CONSULTING GROUP, INC.	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T2407	KAISER FOUNDATION HEALTH*****	11,118.34	COBRA-INSURANCE	PAYROLL DEDUCTION
T3065	CAREERBUILDER, LLC	10,500.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T1996	SEQUOIA SANDWICH CO	10,455.83	MEETING FOOD EXPENSES	VARIOUS
T2505	DERREL'S MINI STORAGE, INC.	10,423.40	OFF SITE STORAGE	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
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
T1152	MICHAEL K. BROWN LANDSCAPE INC.*****	10,207.66	BUILDING MAINTENANCE	CORPORATE SERVICES
T4297	PREGMATIC WORKS SOFTWARE	10,203.75	BixPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE	CAPITAL PROJECT IN PROCESS
T4748	HANY AZIZ, M.D. INC.	10,027.86	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		<u>26,589,914.28</u>		
	TOTAL VENDORS OVER \$10,000	26,589,914.28		
	TOTAL VENDORS UNDER \$10,000	783,416.24		
	TOTAL VENDOR EXPENSES-Oct.	<u>27,373,330.52</u>		

Note:

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
Velocity Partners	\$48,672.00	Yes	IT	Richard Pruitt	(2) Two remote technical resources to support ZeOmega	1/1/2017	3/31/2017
CEI	\$54,818.40	Yes	IT	Richard Pruitt	2,008 Professional services hours	1/1/2017	12/31/2017
West Coast Maintenance	\$83,820.00	Yes	CS	Alonso Hurtado	Janitorial Services	1/1/2017	12/31/2017
Jacquelyn S. Jans	\$45,360.00	Yes	MK	Louie Iturrria	Marketing and Corporate Image Consulting	1/1/2017	12/31/2017
Poppyrook Designs	\$36,000.00	Yes	MK	Louie Iturrria	Graphic design services	1/1/2017	12/31/2017
Skillssoft	\$62,510.79	Yes	HR	Anita Martin	Online training for employees	1/31/2017	1/30/2019
February							
Solution Bench	\$52,250.00	Yes	IT	Richard Pruitt	40 Concurrent licenses, 1 server test and 10 concurrent licenses	2/24/2017	2/23/2018
Solution Bench	\$32,100.00	Yes	IT	Richard Pruitt	30 Scanfinity licenses	2/24/2017	2/23/2018
March							
LifeSigns, Inc.	\$45,000.00	Yes	HE	Isabel Silva	ASL interpretation services	3/2/2017	3/1/2018
SPH Analytics	\$43,010.00	No	PR	Emily Duran	2017 Member Survey and 2016 Provider Satisfaction Survey	3/2/2017	3/27/2018
May							
J Services	\$61,000.00	Yes	CS	Alonso Hurtado	Janitorial services for Stockdale and Truxtun	5/8/2017	12/31/2017
DPV&B	\$49,000.00	Yes	ACCT	Robin Plumb	Financial auditing services	5/4/2017	5/3/2018
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
June							
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
July							
Medversant	\$66,750.00	Yes	PR	Emily Duran	Provider Directory Solution to comply with SB 137	7/1/2017	6/30/2018
Dell	\$81,108.05	Yes	IT	Richard Pruitt	PowerEdge blade servers (5) M630	7/22/2017	7/22/2021
Bakersfield Californian	\$33,000.00	Yes	HR	Anita Martin	Marketing advertising and job postings	7/8/2017	7/7/2018
Symplr	\$48,750.00	Yes	IT	Richard Pruitt	SaaS Software license and consulting services for three years.	7/6/2017	7/5/2020
Spectrum	\$34,164.00	Yes	IT	Richard Pruitt	Stockdale internet services with 14 Static IP Addresses	7/1/2017	6/30/2020
ABM	\$35,107.87	Yes	IT	Richard Pruitt	Purchase of three new multi-functional printers	7/6/2017	9/30/2018
Milliman	\$96,500.00	Yes	PR	Emily Duran	Data analytics for KHS' strategic plan on Value-Based Payment	7/6/2017	7/5/2018
August							
Milliman	\$88,000.00	Yes	ACCT	Robin Plumb	Actuarial Services	8/1/2017	7/31/2018
September							
Ecfirst	\$49,995.00	Yes	IT	Richard Pruitt	HPPA/HITECH Privacy & Security Analysis	9/7/2017	12/31/2017
DME	\$49,000.00	Yes	UM	Deb Murr	Residential evaluation visits for medical equipment	9/25/2017	9/24/2018
Zanalytics	\$49,600.00	Yes	IT	Richard Pruitt	Professional technical resource shift from FluidEdge	9/7/2017	12/31/2017
CEI	\$58,800.00	Yes	IT	Richard Pruitt	Professional technical resource shift from FluidEdge	9/7/2017	12/31/2017
Quest	\$32,296.50	Yes	IT	Richard Pruitt	(3) SQL Optimizer and (20) Spotlight licenses	9/28/2017	10/6/2018
Dell	\$94,805.16	Yes	IT	Richard Pruitt	(4) Power Edge M630 Blade Servers, maintenance & Support	9/28/2017	9/27/2022
Edifecs	\$70,120.00	Yes	IT	Richard Pruitt	Edifecs' professional resources	9/1/2017	12/31/2017
Symplr	\$33,600.00	Yes	IT	Richard Pruitt	Cactus-Symplr API software	9/28/2017	9/28/2020
October							
Agility	\$72,576.00	Yes	Comp	Carl Breining	Disaster recovery and business continuity	10/3/2017	10/2/2019
Dell	\$98,228.96	Yes	IT	Richard Pruitt	Broadband channel switches replacements	10/17/2016	10/16/2021
ABM	\$75,532.74	Yes	IT	Richard Pruitt	Copy machines and printers maintenance renewal	10/1/2017	9/30/2019
Lamar	\$32,875.00	Yes	MRK	Louie Iturrria	(5) Billboard signs advertisement	10/9/2017	10/7/2018
FluidEdge	\$92,800.00	Yes	PM	Jeremy McGuire	Professional consulting services	10/2/2017	12/31/2017

