



**KERN HEALTH
SYSTEMS**

**REGULAR MEETING OF THE
BOARD OF DIRECTORS**

Thursday, February 9, 2017

at

8:00 A.M.

At

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

The public is invited.

For more information - please call (661) 664-5000.

AGENDA

BOARD OF DIRECTORS

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

Regular Meeting
Thursday, February 9, 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 BOARD MEETINGS.

BOARD TO RECONVENE

Directors: Rhoades, McGlew, Deats, Hoffmann, Brar, Casas, Hinojosa, Judd, Melendez, Nyitray, Patrick, Stewart

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 1) Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) –
- 2) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code sections 54956.9(d)(2), 54956.9(e)(1)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against KHS but that the Board believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed.

- 3) Request for Closed Session for the purpose of discussion of, or taking action on matters involving, health authority trade secrets (Welfare and Institutions Code Section 14087.38(n)(1)) –

9:00 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

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 BOARD 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 BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 4) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board 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 Board at a later meeting. Also, the Board 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!

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 5) On their own initiative, Board 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-6) Minutes for Kern Health Systems Board of Directors regular meeting on December 15, 2016 (Fiscal Impact: None) – APPROVE
- CA-7) Report on KHS investment portfolio for the fourth quarter ending December 31, 2016 (Fiscal Impact: None) –
- CA-8) Report on 2016 annual review of KHS Investment Policy (Fiscal Impact: None) – RECEIVE AND FILE
- CA-9) Report on Kern Health Systems 2016 annual travel report (Fiscal Impact: None) – RECEIVE AND FILE
- 10) Report on CUPCCAA designation to approve hiring subcontractors in an amount not to exceed \$175,000 per each contract; introduction of CUPCCAA Resolution and Enabling Ordinance – APPROVE AND ADOPT RESOLUTION; AUTHORIZE ENACTMENT OF ORDINANCE
- CA-11) Report on Kern Health Systems strategic plan for the fourth quarter ending December 31, 2016, and the 2016 annual Goals and Objectives (Fiscal Impact: None) – RECEIVE AND FILE
- 12) Proposed selection of consultant services, to assist in finalizing technical designs of the new data center, audio/visual conference rooms, physical security, and call center at the Sillect Ave site, in an amount not to exceed \$200,000 (Fiscal Impact: \$200,000; Budgeted) – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN AGREEMENT SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
- CA-13) Proposed Amendment with Relay Health, a division of McKesson Technologies Inc., to process and submit electronic medical claims from providers and institutions directly to KHS, from March 21, 2017 through March 21, 2020 in an amount not to exceed \$0.23 per claim (Fiscal Impact: \$144,000 estimated annually; Budgeted) – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 14) Report on Kern Health Systems 2017 Employee Work Place Satisfaction Survey (Fiscal Impact: None) – RECEIVE AND FILE
- CA-15) Proposed retroactive Amendment A23 to Agreement 03-76165 with Department of Health Care Services, to extend the contract term through December 31, 2020 (Fiscal Impact: None) – RETROACTIVE APPROVAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

- 16) Report on Kern Health Systems Financial Statements for November 2016 (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-17) Report on Accounts Payable Vendor Report, administrative contracts under \$100,000-budgeted and \$50,000-nonbudgeted, and non-claims paid through MHC system for November 2016 (Fiscal Impact: None) –
RECEIVE AND FILE
- 18) Kern Health Systems Health Services report (Fiscal Impact: None) –
RECEIVE AND FILE
- 19) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-20) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-21) Proposed reappointments of members to Kern Health Systems Pharmacy & Therapeutics Committee (Fiscal Impact: None) –
MAKE APPOINTMENTS
- CA-22) Miscellaneous Documents –
RECEIVE AND FILE
 - A) Minutes for KHS Finance Committee meeting on December 9, 2016

ADJOURN TO THURSDAY, APRIL 13, 2017 AT 8:00 A.M.

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

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Board of Directors 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

BOARD OF DIRECTORS

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

Regular Meeting
Thursday, December 15, 2016

8:00 A.M.

BOARD RECONVENED AT 8:48 A.M.

Directors present: McGlew, Hoffmann, Brar, Hinojosa, Judd, Melendez, Nyitray (arrived at 9:00 a.m., during report of item 11) Patrick

Directors absent: Rhoades, Deats, Casas, Stewart

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board 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 Board at a later meeting. Also, the Board 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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
NO ONE HEARD
- CA-3) Minutes for Kern Health Systems Board of Directors regular meeting on November 10, 2016 (Fiscal Impact: None) –
APPROVED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- 4) Proposed Kern Health Systems 2017 Operating and Capital Budgets (Fiscal Impact: None) -
APPROVED
Melendez-Hoffmann: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-5) Proposed policy with OPTUM for reinsurance to mitigate costs incurred by Kern Health Systems for members with high dollar inpatient admissions from January 1, 2017 through December 31, 2017, in an amount not to exceed \$0.44 per member per month (Fiscal Impact: \$1,263,570 estimated; Budgeted) –
APPROVED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-6) Proposed Amendment with MedisoftRx, LLC, for a hosted software solution to perform population analysis, and data analytics and reporting for the Health Home Program (HHP) , from January 1, 2017 through December 31, 2017, in an amount not to exceed \$0.06 per member per month (Fiscal Impact: \$176,400 estimated annually; Budgeted) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-7) Proposed Budget Request for Electronic Data Interchange (EDI) System Project, from January 1, 2017 through December 31, 2019 (Fiscal Impact: \$2,069,105; Budgeted) –
APPROVED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-8) Proposed Budget Request for 2017 Project Consulting Professional Services, from January 1, 2017 through January 31, 2018 (Fiscal Impact: \$1,581,710; Budgeted) –
APPROVED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart

Summary - Board of Directors
 Kern Health Systems
 Regular Meeting

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-
- 9) Report on Kern Health Systems Financial Statements for October 2016 (Fiscal Impact: None) –
 RECEIVE AND FILE
Patrick-Melendez: 8 Ayes; 4 Absent – Rhoades, Deats, Casas, Stewart
- CA-10) Report on Accounts Payable Vendor Report, administrative contracts under \$100,000-budgeted and \$50,000-nonbudgeted, and non-claims paid through MHC system for October 2016 (Fiscal Impact: None) –
 RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-11) Proposed retroactive Amendment A22 to Agreement 03-76165 with Department of Health Care Services, incorporating new language for Provider – Preventable Conditions (PPGs) / Determination of Rates; also adjusts the 2014-15 capitation rates (Fiscal Impact: None) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- 12) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
 RECEIVED AND FILED
Patrick-Brar: 8 Ayes; 4 Absent – Rhoades, Deats, Casas, Stewart
- 13) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
 RECEIVED AND FILED
Melendez-Brar: 8 Ayes; 4 Absent – Rhoades, Deats, Casas, Stewart
- CA-14) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-15) Proposed appointments of Veronica Gomez and Maria Jaime to Kern Health Systems Public Policy / Community Advisory Committee (Fiscal Impact: None) –
 MADE APPOINTMENTS
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-16) Proposed changes to Kern Health Systems formulary (Fiscal Impact: None) –
 APPROVED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- CA-17) Miscellaneous Documents –
 RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 5 Absent – Rhoades, Deats, Casas, Nyitray, Stewart
- A) Minutes for KHS Finance Committee meeting on November 4, 2016

ADJOURN TO CLOSED SESSION
Patrick-Brar

CLOSED SESSION

- 18) Request for Closed Session for the purpose of discussion of, or taking action on matters involving, health authority trade secrets (Welfare and Institutions Code Section 14087.38(n)(1)) – SEE RESULTS BELOW
- 19) Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) – SEE RESULTS BELOW

BOARD RECONVENED

REPORT ON ACTIONS TAKEN IN CLOSED SESSION –

Item No. 18 concerning a Request for Closed Session for the purpose of discussion of, or taking action on matters involving, health authority trade secrets (Welfare and Institutions Code Section 14087.38(n)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 19 concerning a Request for Closed Session regarding peer review of a PROVIDER RECOMMENDED FOR INITIAL CREDENTIALING (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (4 ABSENT – RHOADES, DEATS, CASAS, STEWART), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON ALLEN, DOUNG, METZGER, SLADICH; DIRECTOR JUDD ABSTAINED FROM VOTING ON CHAO, JARAVATA, LEE, MORO, PERLOWSKI, THANGARASU

Item No. 19 concerning a Request for Closed Session regarding peer review of a PROVIDER RECOMMENDED FOR RE-CREDENTIALING (Welfare and Institutions Code Section 14087.38(o)) HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT (4 ABSENT – RHOADES, DEATS, CASAS, STEWART), THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RE-CREDENTIALING; DIRECTOR MCGLEW ADSTAINED FROM VOTING ON AHMED, SINGH, SPOHN-GROSS; DIRECTOR JUDD ABSTAINED FROM VOTING ON BANERJEE, CHEN, HABIB, RIVERA, ROOS; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON DIXON, FERRER, GHAI, KYLASA, RIVERA

Summary - Board of Directors
Kern Health Systems
Regular Meeting

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ADJOURN TO THURSDAY, FEBRUARY 9, 2017 AT 8:00 A.M.
Hinojosa

/s/ Kimberly Hoffmann, Pharm.D., BCPP
Secretary, Board of Directors
Kern Health Systems



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 9, 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.

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

Short Term Portfolio (under 1 year)

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

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

Long Term Portfolio (1 - 5 years)

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

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

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	0.85%	1.10%	1.20%	1.00%
2 year	1.23%	1.40%	1.53%	1.35%
3 year	1.50%	1.68%	1.80%	1.70%
5 year	1.95%	2.05%	2.22%	2.25%

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



UBS Client Review

as of December 31, 2016

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	• UBS Strategic Advisor
Risk profile:	Conservative	
Return Objective:	Current Income	

What's inside

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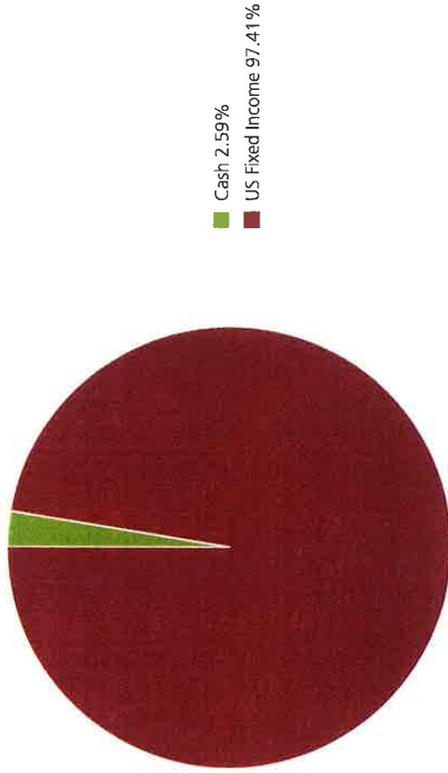
Asset allocation review

as of December 31, 2016

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

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

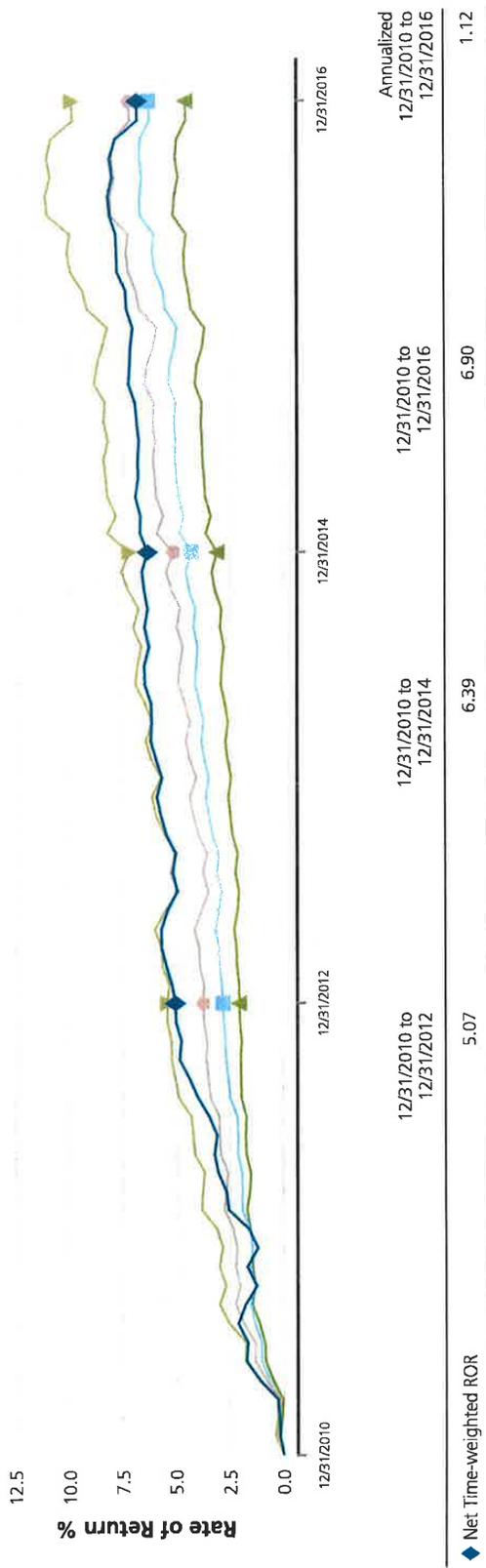
Balanced mutual funds represented in multiple asset classes based on Morningstar allocations





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

Cumulative performance as of December 31, 2016



Benchmarks - Time-weighted returns

◆ Net Time-weighted ROR	5.07	6.39	6.90	1.12
● Benchmark 1	3.75	5.16	7.27	1.18
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	1.03
▼ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	1.60
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	0.75

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

Report created on: January 01, 2017



Bond summary

as of December 31, 2016

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

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

Bond overview

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

Credit quality of bond holdings

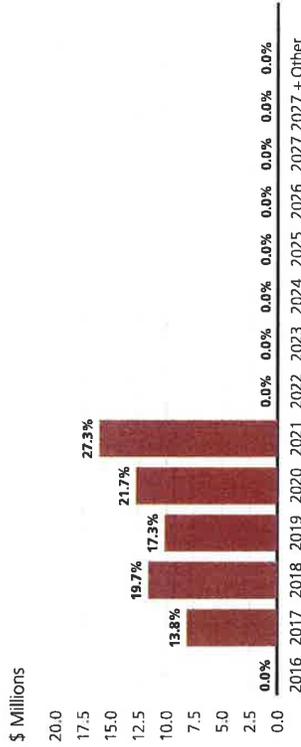
Effective credit rating	Issues	Value on 12/31/2016 (\$)	% of port.
A Aaa/AAA/AAA	14	35,949,780.35	61.35
B Aa/AA/AA	14	9,711,734.68	16.49
C A/A/A	15	11,715,443.81	19.87
D Baa/BBB/BBB	2	1,353,039.38	2.29
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	0	0.00	0.00
Total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



Investment type allocation

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

Bond maturity schedule



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



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

Bond holdings

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

as of December 31, 2016

Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2016	0	0		NA	NA	NA	NA				
2017	10	8,028,000	238,796.57	2.95%	1.14%	1.14%	0.58	8,469,695.64	-387,595.02	8,140,297.82	13.84%
2018	13	11,285,000	338,345.00	2.94%	1.58%	1.58%	1.58	11,756,829.65	-229,176.59	11,618,677.18	19.74%
2019	7	9,979,000	203,607.50	2.02%	1.59%	1.59%	2.31	10,173,267	-68,994.51	10,149,346.90	17.3%
2020	6	12,750,000	274,500.00	2.16%	2.26%	2.26%	3.32	12,996,240	-303,427.50	12,744,365.97	21.73%
2021	9	16,470,000	269,663.00	1.69%	2.34%	2.34%	4.19	16,513,186.75	-521,165.80	16,077,310.34	27.38%
2022	0	0		NA	NA	NA	NA				
2023	0	0		NA	NA	NA	NA				
2024	0	0		NA	NA	NA	NA				
2025	0	0		NA	NA	NA	NA				
2026	0	0		NA	NA	NA	NA				
2027	0	0		NA	NA	NA	NA				
2028	0	0		NA	NA	NA	NA				
2029	0	0		NA	NA	NA	NA				
2030	0	0		NA	NA	NA	NA				
2031	0	0		NA	NA	NA	NA				
2032	0	0		NA	NA	NA	NA				
2033	0	0		NA	NA	NA	NA				
2034	0	0		NA	NA	NA	NA				
2035	0	0		NA	NA	NA	NA				
2036	0	0		NA	NA	NA	NA				
2037	0	0		NA	NA	NA	NA				
2038	0	0		NA	NA	NA	NA				
2039	0	0		NA	NA	NA	NA				
2040	0	0		NA	NA	NA	NA				
2041	0	0		NA	NA	NA	NA				
2042	0	0		NA	NA	NA	NA				
2043	0	0		NA	NA	NA	NA				
2044	0	0		NA	NA	NA	NA				
2045	0	0		NA	NA	NA	NA				
2045 +	0	0		NA	NA	NA	NA				
Other	0	0		NA	NA	NA	NA				
Total	45	58,512,000	\$1,324,912.07	2.27%	1.87%	1.87%	2.66	\$59,909,219.04	-\$1,510,359.42	\$58,729,998.21	



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

Details of bond holdings

Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Total Bond Portfolio	58,512,000	2.34%	10/10/2019	NA	\$1,324,912.07 2.27%	1.87% 1.87%	\$59,909,219.04 \$-1,510,359.42	NA	\$58,398,859.62 \$331,138.59 \$58,729,998.21	100%
Maturing 2017										
WALT DISNEY COMPANY/THE 01.125% 021517 DTD021412 CALL@MW+10BP CUSIP: 25468PCS3 Initial Purchase Date: 07/09/2013 Original Maturity: 02/15/2017	1,000,000	1.13%	02/15/2017		11,250.00 1.12%	1.03% 1.03%	985,310.00 14,800.00	100.011	1,000,110.00 4,250.00	1.71%
ST OF CA VAR GEN OBLI BN TAX BE/R/ 5.750 030117 DTD 040110 /CA CUSIP: 13063BFO0 Initial Purchase Date: 04/18/2012 Original Maturity: 03/01/2017	985,000	5.75%	03/01/2017		56,637.50 5.71%	1.07% 1.07%	1,121,900.70 -129,138.90	100.788	992,761.80 18,879.17	1.70%
TARGET CORP MW T +12.5BP 05.375% 050117 DTD050107 FC110107 CUSIP: 87612EAP1 Initial Purchase Date: 07/09/2013 Original Maturity: 05/01/2017	1,500,000	5.38%	05/01/2017		80,625.00 5.30%	1.27% 1.27%	1,704,195.00 -183,645.00	101.370	1,520,550.00 13,437.50	2.60%
COAST CMTY COLLEGE DIST TAX SR B BE/R/ 1.338 080117 DTD 052913 /CA CUSIP: 190335GN3 Initial Purchase Date: 03/28/2014 Original Maturity: 08/01/2017	265,000	1.34%	08/01/2017		3,545.70 1.34%	1.17% 1.17%	266,102.40 -850.65	100.095	265,251.75 1,477.38	0.45%
MERCED CA UN HIGH SCH DI TAX B1-QU BE/R/ 5.379 080117 DTD 030311 /CA CUSIP: 587635EA7 Initial Purchase Date: 01/28/2015 Original Maturity: 08/01/2017	295,000	5.38%	08/01/2017		15,868.05 5.26%	1.61% 1.61%	324,240.40 -22,788.75	102.187	301,451.65 6,611.69	0.52%



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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2017												
GENL ELEC CAP CORP 05:625% 091517 DTD092407 FC031508 MED TERM NTS CUSIP: 36962G3H5 Initial Purchase Date: 09/30/2013 Original Maturity: 09/15/2017	A1/AA-/AA- NR/NR/NR	500,000	5.63%	09/15/2017		28,125.00 5.46%	1.25% 1.25%	0.69	572,500.00 -57,125.00	103.075	515,375.00 8,281.25	0.88%
NEVADA ST TAX SR E OID99:614 BE/R/ .900 100117 DTD 062414 /NV CUSIP: 641461H92 Initial Purchase Date: 07/16/2014 Original Maturity: 10/01/2017	Aa2/AA+/AA NR/NR/NR	425,000	0.90%	10/01/2017		3,825.00 0.90%	1.25% 1.25%	0.75	421,676.50 2,210.00	99.738	423,886.50 956.25	0.73%
ST OF CA VAR GEN OBLI BN BE/R/ 5.000 100117 DTD 101509 /CA CUSIP: 130638AF9 Initial Purchase Date: 04/16/2013 Original Maturity: 10/01/2017	Aa3/AA-/AA- NR/NR/NR	250,000	5.00%	10/01/2017		12,500.00 4.85%	0.92% 0.92%	0.74	294,850.00 -37,210.00	103.056	257,640.00 3,125.00	0.44%
CHEVRON CORP B/E 01.104% 120517 DTD120512 FC060513 CALL@MMW+7.58P CUSIP: 166764AA8 Initial Purchase Date: 02/14/2014 Original Maturity: 12/05/2017	Aa2/NR/AA- NR/NR/NR	808,000	1.10%	12/05/2017	11/05/2017 100.00	8,920.32 1.11%	1.35% 1.35%	0.92	804,873.04 1,300.88	99.774	806,173.92 644.25	1.38%
FNMA NTS 00.875 % DUE 122017 DTD 103012 FC 12202012 CUSIP: 3135G0RTZ Initial Purchase Date: 06/18/2014 Original Maturity: 12/20/2017	Aaa/AAA+/AA+ NR/NR/NR	2,000,000	0.88%	12/20/2017		17,500.00 0.88%	0.93% 0.93%	0.97	1,974,047.60 24,852.40	99.945	1,998,900.00 534.72	3.42%
Total 2017		8,028,000	2.99%	07/31/2017		\$238,796.57 2.95%	1.14% 1.14%	0.58	\$8,469,695.64 \$-387,595.02		\$8,082,100.62 \$58,197.20	13.84%
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	A3/A/BBB+ NR/NR/NR	650,000	5.95%	01/18/2018		38,675.00 5.71%	1.91% 1.91%	1.00	704,860.00 -27,729.00	104.174	677,131.00 17,511.18	1.16%



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018												
AT&T INC CALL @MMW+BP 05.500% 02/01/18 DTD020108 FC080108 CUSIP: 00206RAJ1	Baa1/AA-BBB+ NR/NR/NR	500,000	5.50%	02/01/2018		27,500.00 5.29%	1.86% 1.86%	1.04	572,665.00 -53,170.00	103.899	519,495.00 11,458.33	0.89%
Initial Purchase Date: 07/09/2013 Original Maturity: 02/01/2018												
ST OF CA VAR GEN OBLI BN TAX BE/R/ 5.950 03/01/18 DTD 040110 /CA CUSIP: 13063BFT4	Aa3/AA-/AA- NR/NR/NR	250,000	5.95%	03/01/2018		14,875.00 5.67%	1.65% 1.65%	1.12	281,595.00 -19,210.00	104.954	262,385.00 4,958.33	0.45%
Initial Purchase Date: 03/16/2015 Original Maturity: 03/01/2018												
GENERAL ELEC CAP CORP 01.625% 04/02/18 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9	A1/AA-/AA- NR/NR/NR	1,000,000	1.63%	04/02/2018		16,250.00 1.62%	1.36% 1.36%	1.24	1,004,510.00 -1,240.00	100.327	1,003,270.00 4,017.36	1.72%
Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018												
CONOCOPHILLIPS CO NTS 01.500% 05/15/18 DTD051815 FC111515 CALL@MMW+10BP CUSIP: 20826FALO	Baa2/A-/A- NR/NR/NR	500,000	1.50%	05/15/2018		7,500.00 1.51%	1.75% 1.75%	1.35	493,725.00 4,590.00	99.663	498,315.00 958.33	0.85%
Initial Purchase Date: 12/16/2015 Original Maturity: 05/15/2018												
ST STREET CORP NTS B/E 01.350% 05/15/18 DTD051513 FC111513 CUSIP: 857477AK9	A1/AA-/A- NR/NR/NR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.55% 1.55%	1.35	334,762.15 -683.40	99.725	334,078.75 577.88	0.57%
Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018												
EIDU PONT DE NEMOURS 06.000% 07/15/18 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 263534BT5	A3/A-/A- NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.65%	1.86% 1.86%	1.45	496,785.00 -18,588.00	106.266	478,197.00 12,450.00	0.82%
Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018												
PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 08/01/18 DTD 020713 /CA CUSIP: 695802MR6	Aa2/NR/A+ NR/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.06%	1.87% 1.87%	1.54	305,388.00 -4,458.00	100.310	300,930.00 2,587.50	0.52%
Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018												



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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018											
SACRAMENTO CA PENSION OB	AZ/NR/AA	500,000	5.60%	08/01/2018		28,000.00 5.35%	2.56% 2.56%	540,455.00 -17,005.00	104.690	523,450.00 11,666.67	0.90%
AGC TAX OID99.264 BER/	Baa1/NR/A-										
5.600 080118 DTD 092811 /CA											
CUSIP: 7860568E0											
Initial Purchase Date: 06/29/2016											
Original Maturity: 08/01/2018											
INTERCONTINENTAL EXCHANGE	AZ/NR/A	300,000	2.50%	10/15/2018		7,500.00 2.46%	1.66% 1.66%	305,517.00 -1,110.69	101.469	304,406.31 1,583.33	0.52%
02.500% 101518 DTD 100813	NR/NR/NR										
FC041514 CALL@MMW+20BP											
CUSIP: 45866FAB0											
Initial Purchase Date: 10/29/2015											
Original Maturity: 10/15/2018											
FHLB NTS 01.050 % DUE 102618	Aaa/NR/AA+	5,000,000	1.05%	10/26/2018		52,500.00 1.05%	1.23% 1.23%	5,000,000.00 -15,800.00	99.684	4,984,200.00 9,479.17	8.53%
DTD 072616 FC 10262016	NR/NR/NR										
CUSIP: 3130A8RP0											
Initial Purchase Date: 08/02/2016											
Original Maturity: 10/26/2018											
BAKER HUGHES INC NTS	Baa1/NR/A	750,000	7.50%	11/15/2018		56,250.00 6.81%	1.95% 1.95%	859,557.50 -33,260.00	110.173	826,297.50 7,187.50	1.41%
07.500% 111518 DTD 102808	NR/NR/NR										
CALL@MAKE WHOLE +50BPS											
CUSIP: 057224Y3											
Initial Purchase Date: 11/03/2015											
Original Maturity: 11/15/2018											
MERRILL LYNCH GLOBAL NTS	Baa1/A/BBB+	750,000	6.88%	11/15/2018		51,562.50 6.32%	2.10% 2.10%	857,010.00 -41,512.50	108.733	815,497.50 6,588.54	1.40%
06.875% 111518 DTD 112498	NR/NR/NR										
FC051599											
CUSIP: 590188JN9											
Initial Purchase Date: 10/27/2015											
Original Maturity: 11/15/2018											
Total 2018		11,285,000	3.08%	08/16/2018		\$338,345.00 2.94%	1.58% 1.58%	\$11,756,829.65 \$-229,176.59		\$11,527,653.06 \$91,024.12	19.74%
Maturing 2019											
FCB BOND 01.030 % DUE	Aaa/AAA/AA+	5,000,000	1.03%	04/05/2019		51,500.00 1.04%	1.38% 1.38%	4,996,250.00 -35,350.00	99.218	4,960,900.00 12,302.78	8.49%
040519 DTD 070516 FC	NR/NR/NR										
10052016											
CUSIP: 3133EGJW6											
Initial Purchase Date: 06/29/2016											
Original Maturity: 04/05/2019											



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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. gain (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2019											
CALIFORNIA ST TAX BE/R/ 2.250 050119 DTD 050114 /CA	Aaa/AAA-AAA- NR/NR/NR	2,500,000	2.25%	05/01/2019		56,250.00 2.22%	1.64% 1.64%	2,533,375.00 1,625.00	101.400	2,535,000.00 9,375.00	4.34%
CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019											
FNMA NTS 01.125 % DUE 072619 DTD 072616 FC 01262017	Aaa/AAA/AAA+ NR/NR/NR	594,000	1.13%	07/26/2019	01/26/2017 100.00	6,682.50 1.13%	1.44% 1.44%	593,109.00 -3,855.06	99.201	589,253.94 2,877.19	1.01%
CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019											
MORGAN STANLEY 05.625% 092319 DTD 092309 FC032310 MWH+35BP	A3/A/BBB+ NR/NR/NR	750,000	5.63%	09/23/2019		42,187.50 5.19%	2.43% 2.43%	838,197.50 -25,227.50	108.396	812,970.00 11,484.38	1.39%
CUSIP: 61747YCJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019											
CALIFORNIA ST TAX BE/R/ 6.200 100119 DTD 101509 /CA	Aaa/AA-AAA- NR/NR/NR	400,000	6.20%	10/01/2019		24,800.00 5.56%	1.88% 1.88%	460,092.00 -13,960.00	111.533	446,132.00 6,200.00	0.76%
CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019											
FHLMC MED TERM NTS 00.0000% DUE 100119 CUSIP: 3128X2SW6	Aaa/AAA/AAA+ NR/NR/NR	485,000		10/01/2019			1.70% 1.70%	444,793.50 18,493.05	95.523	463,286.55 0.00	0.79%
CUSIP: 3128X2SW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019											
UNTD TECHNOLOGIES CORP 08.875% 111519 DTD 111389 FC051590 DEB CUSIP: 913017AR0	A3/A/A- NR/NR/NR	250,000	8.88%	11/15/2019		22,187.50 7.48%	2.14% 2.14%	307,450.00 -10,720.00	118.692	296,730.00 2,835.07	0.51%
CUSIP: 913017AR0 Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019											
Total 2019		9,979,000	2.22%	05/25/2019		\$203,607.50 2.02%	1.59% 1.59%	\$10,173,267.00 \$-68,994.51		\$10,104,272.49 \$45,074.41	17.30%



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

	Effective rating/ Underlying rating (MoV/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) / duration	Adjusted cost basis (\$)/ Unreal. gf (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2020											
ABBOTT LABS NTS B/E 02.000%	A2/A+/ NR/NR/NR	1,000,000	2.00%	03/15/2020		20,000.00 2.02%	2.33% 2.33%	999,370.00 -9,530.00	98.984	989,840.00 5,888.89	1.69%
031520 DTD031015 FC091515 CALL@MW+10BP CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020											
FNMA NTS 01.500 % DUE	Aaa/AAA/AA+ NR/NR/NR	1,750,000	1.50%	03/23/2020	03/23/2017 100.00	26,250.00 1.51%	1.75% 1.75%	1,748,250.00 -12,127.50	99.207	1,736,122.50 7,145.83	2.97%
032320 DTD 032316 FC 09232016 CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020											
NBCUNIVERSAL MEDIA LLC	A3/A-/ NR/NR/NR	2,000,000	5.15%	04/30/2020		103,000.00 4.71%	2.22% 2.22%	2,255,940.00 -68,900.00	109.352	2,187,040.00 17,166.67	3.75%
05.150% 043020 DTD043011 CALL@MW+25BP CUSIP: 639468AD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020											
FHLMC MED TERM NTS 01.500 % DUE 062920 DTD 062916 FC 12292016 CUSIP: 3134G9L08 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	03/29/2017 100.00	52,500.00 1.55%	2.39% 2.39%	3,500,000.00 -104,055.00	97.027	3,395,945.00 291.67	5.82%
082420 DTD 082416 FC 02242017 CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020											
J P MORGAN CHASE & CO	A3/A-/ NR/NR/NR	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.55%	2.57% 2.57%	994,430.00 4,830.00	99.926	999,260.00 4,391.67	1.71%
FC042916 NTS B/E CUSIP: 46625HNX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020											
Total 2020		12,750,000	2.21%	06/22/2020		\$274,500.00 2.16%	2.26% 2.26%	\$12,996,240.00 \$-303,427.50		\$12,692,812.50 \$51,553.47	21.75%



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2021											
E I DU PONT DE NEMOURS 03.625% 011521 DTD 092310 CALL@MW+15BP B/E CUSIP: 263534CB3	A3/A+/ NR/NR/NR	400,000	3.63%	01/15/2021		14,500.00 3.49%	2.60% 2.60%	428,608.00 -13,052.00	103.889	415,556.00 6,686.11	0.71%
Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021											
FFCB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017	Aaa/AAA/AA+ NR/NR/NR	4,500,000	1.47%	02/17/2021		66,150.00 1.52%	2.31% 2.31%	4,496,625.00 -144,990.00	96.703	4,351,635.00 24,622.50	7.45%
Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021											
FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017	Aaa/AAA/AA+ NR/NR/NR	3,525,000	1.50%	03/30/2021	12/30/2016 100.00	52,875.00 1.55%	2.33% 2.33%	3,524,118.75 -116,289.75	96.676	3,407,829.00 13,218.75	5.84%
Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021											
E I DU PONT DE NEMOURS 04.250% 040121 DTD 032511 CALL@MW+15BP CUSIP: 263534CE7	A3/A+/ NR/NR/NR	250,000	4.25%	04/01/2021		10,625.00 4.00%	2.66% 2.66%	276,060.00 -10,162.50	106.359	265,897.50 2,656.25	0.46%
Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021											
FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017	Aaa/AAA/AA+ NR/NR/NR	3,750,000	1.53%	07/28/2021	07/28/2017 100.00	57,375.00 1.59%	2.40% 2.40%	3,750,000.00 -141,000.00	96.240	3,609,000.00 24,384.38	6.18%
Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021											
FHLB NTS 01.550 % DUE 090121 DTD 090116 FC 03012017 CUSIP: 3130A9B19	Aaa/NR/AA+ NR/NR/NR	500,000	1.55%	09/01/2021		7,750.00 1.59%	2.15% 2.15%	499,375.00 -12,625.00	97.350	486,750.00 2,583.33	0.83%
Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021											
LOS ANG CAL TAX SR A BE/RV 2.150 090121 DTD 122116 /CA	Aaa/NR/NR NR/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.15%	2.18% 2.18%	994,250.00 4,400.00	99.865	998,650.00 597.22	1.71%
Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021											



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. gl (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 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	03/23/2017 100.00	34,808.00 1.58%	2.33% 2.33%	2,289,150.00 -81,956.40	96.384	2,207,193.60 9,475.51	3.78%
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 1.64%	2.08% 2.08%	255,000.00 -5,490.15	97.847	249,509.85 1,065.33	0.43%
CUSIP: 3130A9IZ5 Initial Purchase Date: 09/27/2016											
Original Maturity: 09/27/2021											
Total 2021		16,470,000	1.65%	05/25/2021		\$269,663.00 1.69%	2.34% 2.34%	\$16,513,186.75 \$-521,165.80		\$15,992,020.95 \$85,289.39	27.38%
Total Bond Portfolio											
		58,512,000	2.34%	10/10/2019	NA	\$1,324,912.07 2.27%	1.87% 1.87%	\$59,909,219.04 \$-1,510,359.42	NA	\$58,398,859.62 \$331,138.59 \$58,729,998.21	100%



Disclosures applicable to accounts at UBS Financial Services Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

Portfolio: For purposes of this report, "portfolio" is defined as all of the accounts presented on the cover page of 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 \$ 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 the report contains positions with unavailable cost basis, the gain/loss for these positions are excluded in the calculation for the Gain/Loss. As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

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

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

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

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



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

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

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

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

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

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

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

Additional information about your performance

as of December 31, 2016

Benchmark composition

Consolidated

Benchmark_1

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

Kern Health Systems
Investment Activity for 4th Quarter 2016

PURCHASES

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

MATURITIES / REDEMPTIONS

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

INTERNAL WORKSHEET



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

KERN HEALTH SYSTEMS
9700 STOCKDALE HWY
BAKERSFIELD, CA 93311



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

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

056593 1018367 0009 15027 UN#2418968-0001-072,74887-0010 33839 12/31/16 P



Wells Fargo Securities, LLC
 707 WILSHIRE BOULEVARD
 LOS ANGELES CA 90017
 JONATHAN CHUANG
 1-213-614-2206

Statement Period
12/01/2016 - 12/31/2016

Your Investment Account(s)

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

Account Value Summary USD

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

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

Income Summary USD

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

Money Market Mutual Funds Summary USD

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

Important Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

Customers may also report complaints, inaccuracies or discrepancies by calling 1-800-645-3751 option 5. International callers should call 1-877-955-8878. 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: 1ABB4780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
59515MNA9	MICROSOFT CORP 4(2) DISCOUNTED COMMERCIAL PAPER	01/10/17	0.000%	1,000,000.000	99.9856	999,856.39		
2546R2NL6	WALT DISNEY COMPANY 4(2) DISCOUNTED COMMERCIAL PAPER	01/20/17	0.000%	2,000,000.000	99.9708	1,999,416.66		
857894QP7	STEARNS BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/10/17	0.650%	250,000.000	100.0323	250,080.75		
87165HPK0	SYNCHRONY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/13/17	0.650%	250,000.000	99.9990	249,997.50		
46623EJY6	JPMORGAN CHASE & CO	02/15/17	1.350%	1,075,000.000	100.0170	1,075,182.75		N
063253AX6	BANK OF LEXINGTON INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.650%	250,000.000	100.0122	250,030.50		
29266NY43	ENERBANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.750%	250,000.000	100.0247	250,061.75		
38148PAT4	GOLDMAN SACHS BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.600%	250,000.000	100.0056	250,014.00		
565109AB1	MAPLE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.650%	250,000.000	100.0384	250,096.00		
872278SG2	TCF NATIONAL BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.700%	250,000.000	100.0306	250,076.50		
89677DEA0	TRISTATE CAPITAL BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/17/17	0.750%	250,000.000	100.0305	250,076.25		
52730JBP0	LEVEL ONE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/19/17	0.650%	250,000.000	100.1109	250,277.25		
87164DHP8	SYNOVUS BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/23/17	0.700%	250,000.000	100.0421	250,105.25		
17669WFS9	CITIZENS STATE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/24/17	0.600%	250,000.000	100.0054	250,013.50		
2027504Z5	COMMONWEALTH BUS BK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/24/17	0.650%	250,000.000	100.0128	250,032.00		
69406PBX6	PACIFIC CITY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/24/17	0.700%	250,000.000	100.0359	250,089.75		
084601FJ7	BERKSHIRE BK/PITTSFIELD INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.700%	250,000.000	100.0374	250,093.50		
14147VFH4	CARDINAL BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.600%	250,000.000	100.0053	250,013.25		

059595 10/15/17 0800 18027 LNA2418903 0001402 24880 0010 33839 12/31/16 P

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
20033APK6	COMENITY CAPITAL BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.700%	250,000.000	100.0369	250,092.25		
909557FL9	UNITED BANKERS BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	02/28/17	0.650%	250,000.000	100.0385	250,096.25		
48306AQ34	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	03/03/17	0.000%	2,000,000.000	99.8373	1,996,745.00		
07370WXG6	BEAL BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	03/08/17	0.750%	250,000.000	100.0377	250,094.25		
03784JQK3	APPLE BANK FOR SVGS INTEREST BEARING CERTIFICATE OF DEPOSIT	03/09/17	0.650%	250,000.000	100.0109	250,027.25		
33583CUV9	FIRST NIAGARA BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	03/10/17	0.650%	250,000.000	100.0383	250,095.75		
59013JMU0	MERRICK BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	03/10/17	0.650%	250,000.000	100.0393	250,098.25		
30231GAA0	EXXON MOBIL CORPORATION	03/15/17	0.921%	1,100,000.000	100.0274	1,100,301.40		N
032556BW1	ANAHEIM CA HSG & PUBLIC IMPT A TXBL-REF-ELEC UTIL DISTRIBUTIO	04/01/17	0.800%	1,320,000.000	99.9760	1,319,683.20		Y
24422EQF9	JOHN DEERE CAPITAL CORP	04/13/17	5.500%	1,276,000.000	101.1888	1,291,169.09		N
91412GC94	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS	05/15/17	0.750%	2,000,000.000	99.8930	1,997,860.00		Y
02587CDJ6	AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT	01/08/18	1.400%	250,000.000	100.2532	250,633.00		
94974BFG0	WELLS FARGO & COMPANY	01/16/18	1.500%	1,000,000.000	99.8802	998,802.00		N
94988J5A1	WELLS FARGO BANK NA	01/22/18	1.650%	500,000.000	99.9973	499,986.50		N
06050TLY6	BANK OF AMERICA NA	03/26/18	1.650%	1,000,000.000	100.0933	1,000,933.00		N
38141GFM1	GOLDMAN SACHS GROUP INC	04/01/18	6.150%	1,000,000.000	105.1915	1,051,915.00		N
02587DYK8	AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/04/18	1.450%	250,000.000	100.3938	250,984.50		
05580ADH4	BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT	06/11/18	1.400%	250,000.000	100.3619	250,904.75		
17275RAY8	CISCO SYSTEMS INC	06/15/18	1.273%	1,000,000.000	100.2191	1,002,191.00		N
02006LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	100.4280	251,070.00		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	100.4282	251,070.50		

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/18/18	1.100%	250,000.000	99.5275	248,818.75		Y
05581WJT3	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.5086	248,771.50		
254672FB6	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.6211	249,052.75		
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	100.7821	1,310,167.30		N
795450ZEB	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.3952	248,488.00		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	99.6840	996,840.00		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	100.8520	1,321,161.20		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.5165	995,165.00		N
02665WBE0	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	98.2225	982,225.00		N
				29,381,000.000		29,440,955.99	0.00	

*See important information regarding security pricing on Page 2.

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

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
12/05/16	12/05/16	Interest	02587DYK8	AMERICAN EXPRESS CENTURION BK				1,817.47	1,817.47
12/12/16	12/12/16	Interest	05580ADH4	BMW BANK NORTH AMERICA				1,754.79	1,754.79
12/12/16	12/12/16	Interest	857894QP7	STEARNS BANK INTEREST BEARING				133.56	133.56
12/12/16	12/12/16	Interest	59013JMU0	MERRICK BANK INTEREST BEARING				133.56	133.56
12/15/16	12/15/16	Matured	94974BEZ9	WELLS FARGO & COMPANY			1,104,000.00		1,104,000.00
12/15/16	12/15/16	Interest	94974BEZ9	WELLS FARGO & COMPANY				14,490.00	14,490.00
12/15/16	12/15/16	Interest	17275RAY8	CISCO SYSTEMS INC				2,932.93	2,932.93
12/19/16	12/19/16	Interest	063253AX6	BANK OF LEXINGTON INTEREST				133.56	133.56
12/19/16	12/19/16	Interest	565109AB1	MAPLE BANK INTEREST BEARING				133.56	133.56

05956 1018307 0009 15027 UNM2418069 00014072 24987 0010 33031 12/31/16 P

Statement Ending: December 31, 2016

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
12/19/16	12/19/16	Interest	52730JBPO	LEVEL ONE BANK INTEREST				133.56	133.56
12/19/16	12/19/16	Interest	29266NY43	ENERBANK USA INTEREST BEARING				154.11	154.11
12/27/16	12/27/16	Interest	2027504Z5	COMMONWEALTH BUS BK INTEREST				133.56	133.56
12/27/16	12/27/16	Interest	69406PBX6	PACIFIC CITY BANK INTEREST				143.84	143.84
12/27/16	12/27/16	Interest	17669WFS9	CITIZENS STATE BANK INTEREST				123.29	123.29
12/29/16	12/29/16	Interest	20033APK6	COMENITY CAPITAL BANK INTEREST				143.84	143.84
12/29/16	12/29/16	Interest	909557FL9	UNITED BANKERS BANK INTEREST				133.56	133.56
12/29/16	12/29/16	Interest	14147VFH4	CARDINAL BANK NA INTEREST				123.29	123.29
12/29/16	12/29/16	Matured	68844CMV3	NORTHWESTERN UNIVERSITY			3,000,000.00		3,000,000.00
12/30/16	12/30/16	Matured	90331HMC4	US BANK NA CINCINNATI			1,000,000.00		1,000,000.00
12/30/16	12/30/16	Interest	90331HMC4	US BANK NA CINCINNATI				4,583.33	4,583.33
12/30/16	12/30/16	Interest	90331HMC4	US BANK NA CINCINNATI				4,583.33	4,583.33

Cash Activity USD

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

Money Market Fund Activity

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

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

Attachment 2

**KERN HEALTH SYSTEMS
2016 INVESTMENT ANALYSIS**

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



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 9, 2017

Re: 2016 Annual Review of Kern Health Systems Investment Policy

Background

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

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

- Preservation of principal
- Liquidity
- Yield

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

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

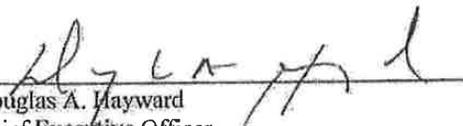
Wells Fargo is KHS' local bank and offers a money market fund. This is beneficial since surplus cash can be easily moved to and from the checking accounts. Money market funds offer preservation of principal, are highly liquid, and currently earn a very low interest rate. Additionally KHS invests directly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

Requested Action

Receive and File.



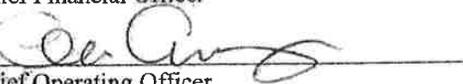
KERN HEALTH SYSTEMS					
POLICY AND PROCEDURES					
SUBJECT: Investment Policy			POLICY #: 80.11-I		
DEPARTMENT: Finance					
Effective Date: 2010-10	Review/Revised Date: 04/20/2015	DMHC		PAC	
		DHCS		QI/UM COMMITTEE	
		BOD	X	FINANCE COMMITTEE	


 Douglas A. Hayward
 Chief Executive Officer

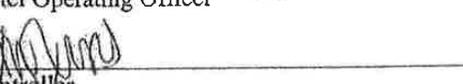
Date 4/20/15


 Chief Financial Officer

Date 4/20/15


 Chief Operating Officer

Date 4/17/15


 Controller

Date 4/17/15

POLICY:

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

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

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

II. OBJECTIVES

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

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

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

III. PRUDENCE

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

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

IV. ETHICS AND CONFLICTS OF INTEREST

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

V. DELEGATION OF AUTHORITY

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

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

A. Financial Benchmarks

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

B. Safekeeping

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

C. Periodic Review of the Annual Investment Policy

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

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

D. Chief Financial Officer's Procedures

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

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

E. Duties and Responsibilities of Finance Committee:

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

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

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

VI. DEFINITIONS

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

VII. PERMITTED INVESTMENTS

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

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

Permitted investments shall include:

A. U.S. Treasuries

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

U.S. Government securities include:

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

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

Maximum term: Five Years

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

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

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

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

C. State of California and Local Agency Obligations

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

Maximum Term: Five years

D. State and Local Agency Obligations Outside of California

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

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

Maximum Term: Five years

Maximum of 20% of the portfolio

E. Bankers Acceptances

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

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

Maximum Term: 180 days

F. Commercial Paper

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

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

Maximum Term: 270 days

G. Negotiable Certificates of Deposit

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

Maximum term: Five years

H. Repurchase Agreements

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

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

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

Maximum Term: One year

Reverse repurchase agreements are not allowed.

I. Corporate Debt Securities

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

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

Maximum Term: Five years

J. Money Market Funds

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

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

K. Mortgage or Asset-backed Securities

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

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

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

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

Maximum Term: Operating Funds – Five years

L. Variable and Floating Rate Securities

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

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

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

Maximum Term: Operating Funds – Five Years

M. Local Agency Investment Fund (LAIF)

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

Maximum Term: Five Years

VIII. POLICIES

A. Securities Lending

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

B. Leverage

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

C. Other Investments

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

D. Underlying Nature of Investments

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

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

E. Investment Managers

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

F. Derivatives

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

G. Rating Category

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

H. Rating Downgrades

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

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

I. Maximum Stated Term

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

J. Diversification Guidelines

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

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

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

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

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

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

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

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

REFERENCE:

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



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 9, 2017

Re: 2016 Annual Report for Travel

Background

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

Discussion

KHS encourages employees to attend conferences and seminars to:

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

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

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

Requested Action

Receive and File.

KERN • HEALTH SYSTEMS

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

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
22 Chief Executive Officer	CAHPS 31st Annual Conference	Out	Palm Desert, CA	10/09/16 - 10/12/16	475.00	1,097.75	160.00	1,732.75
23 Chief Financial Officer	Quarterly CFO Conference	Out	Palm Desert, CA	10/09/16 - 10/11/16		313.34	96.00	409.34
24 Chief Executive Officer	HASC Medi-Cal Task Force Meeting	Out	Los Angeles, CA	9/22/16 - 9/13/16		1,419.76	96.00	1,515.76
25 Executive Services Coordinator	Bakersfield Women's Business Conf	In	Bakersfield, CA	9/29/2016	112.00			112.00
26 Chief Financial Officer	Quarterly CFO Meeting	Out	San Francisco, CA	12/01/16 - 12/02/16	-	347.56	74.00	421.56
27 Chief Executive Officer	LHPC Meeting-Election Impacts Part II & All CEO meeting	Out	Sacramento, CA	12/05/16 - 12/08/16	-	852.81	160.00	1,012.81
Executive Total					2,287.00	19,600.54	2,951.75	24,839.29
28 Controller	Milliman actuarial Seminar & Training	OS	Seattle, WA	8/15/19 - 8/19/2016	1,500.00	1,733.41	222.00	3,455.41
29 Business Analyst IV	Milliman actuarial Seminar & Training	OS	Seattle, WA	8/15/19 - 8/19/2016	1,450.00	1,824.16	222.00	3,496.16
Finance Total					2,950.00	3,557.57	444.00	6,951.57
30 Manager, Technology Services & Support	Quarterly CIO Meeting	Out	Fairfield, CA	2/18/16 - 2/19/16		560.12	76.50	636.62
31 Chief Information Officer	Quarterly CIO Meeting	Out	Fairfield, CA	2/18/16 - 2/19/16		236.21	76.50	312.71
32 Technical Analyst III	Adv T-SQL Program & Tuning for SQL	In	Bakersfield, CA	4/23/16 - 4/29/16	3,495.00			3,495.00
33 Manager, Data Management and Business Intelligence	World Congress-Pop Health Anal Sum	Out	San Diego, CA	5/16/16 - 5/18/16	1,295.00	694.46	144.00	2,133.46
34 Manager, Technology Services & Support	2016 Trietto Healthcare Conf	Out	Palm Desert, CA	5/20/16 - 5/23/16		1,606.20	256.00	1,862.20
35 Chief Information Officer	2016 Trietto Healthcare Conf	Out	Palm Desert, CA	5/20/16 - 5/23/16		1,719.52	112.00	1,831.52
36 Chief Information Officer	AHIP Institute & Expo	OS	Las Vegas, NV	6/14/16 - 6/17/16	925.00	944.70	160.00	2,029.70
37 IT Systems Administrator	ENLAN & NLAN Upgrades	Out	Fresno, CA	4/6/2016		128.63	48.00	176.63
38 Manager, Technology Services & Support	6th Annual GHCC Medicaid Summit	OS	Tyson, VA	7/10/16 - 7/13/16	595.00			595.00
39 Chief Information Officer	LHP Onsite CIO Meeting (GCHP)	Out	Camarillo, CA	6/29/16 - 6/30/16		195.92	80.00	275.92

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In Country (In), Out of Country (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
Manager, Technology Services & Support	LHP Onsite CIO Meeting (GCHP)	Out	Camarillo, CA	6/29/16 - 6/30/16		367.04	80.00	447.04
41 Chief Information Officer	Local Health Plan Meeting	Out	San Francisco, CA	6/1/16		832.70	55.50	888.20
42 Technical Analyst IV	2016 Fall Customer Conference Trizetto	Out	Nashville Tennessee	9/11/16 - 9/14/16	500.00	1,465.74	221.25	2,186.99
Manager, Technology Services & Support	2016 Fall Customer Conference Trizetto	Out	Nashville Tennessee	9/11/16 - 9/14/16	500.00	821.05		1,321.05
44 Data Analyst IV	PMP Training - Live Class	In	Bakersfield, CA	08/16/16	894.00			894.00
45 Technical Analyst IV	SOL 230: Transact SQL for developers SQL Srv- (SQL250) Microsoft EA vouchers (5)	OS	Phoenix, AZ	10/9/16 - 10/14/16		692.78	339.25	1,032.03
46 Data Analyst IV	ALMP15: Managing Agile Projects using TFS2015	In	Bakersfield, CA	8/31/16 - 9/2/16	2,095.00			2,095.00
47 IIT operations supervisor	Visit Inland Empire Health Plan	Out	Rancho Cucamonga, CA	8/16/16 - 8/17/16	-	163.08	15.66	178.74
48 Chief Information Officer	LHP Onsite CIO Meeting	Out	Santa Barbara, CA	9/29/16 - 9/30/16/16	-	333.85	92.50	426.35
49 Supervisor Data Analytics	LHP Onsite CIO Meeting	Out	Santa Barbara, CA	9/29/16 - 9/30/16/16	-	478.20	92.50	570.70
MIS Total					10,299.00	11,240.20	1,849.66	23,388.86
50 Claims Manager	QNX Training	Out	Englewood, CO	1/31/16 - 2/5/16		544.20		544.20
51 Director of Claims	McKesson Annual Conference	OS	Las Vegas, NV	10/18/16 - 10/22/16	159.00			159.00
52 Director of Claims	2016 Trizetto Healthcare Conf	Out	Palm Desert, CA	5/22/16 - 5/25/16	1,100.00	1,791.34	32.00	2,923.34
53 Director of Claims	2016 Fall Customer Conference	Out	Nashville, TN	9/11/16 - 9/14/16	500.00	824.56	206.50	1,531.06
54 Claims Manager	Optum 360 Coding Conf	OS	Las Vegas, NV	11/27/16 - 12/2/16	1,015.00	1,082.27	304.00	2,401.27
Claims Total					2,774.00	4,242.37	542.50	7,558.87

KERN·HEALTH SYSTEMS

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

KERN HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
Director Government Affairs 69 and Business Development	10/10 LHPC Board Meeting	out	Palm Desert, CA	10/09/16 - 10/12/16	475.00	1,142.77	80.00	1,697.77
Director Government Affairs and Business Development	California Association of Health Plan- State Committee (SPC) meeting	out	San Francisco, CA	8/24/16 - 8/25/16	-	640.54	92.50	733.04
Project Management Total								
Director of Compliance & 71 Regulatory Affairs	Managed Care Compliance Conference	Out	Las Vegas, NV	1/30/16 - 2/2/16		724.44	112.00	836.44
Compliance Auditor	DOJ/Managed Care Anti-Fraud Train	Out	Los Angeles, CA	2/23/16		139.60		139.60
Director of Compliance & 73 Regulatory Affairs	DOJ/Managed Care Statewide	Out	Los Angeles, CA	5/3/16		193.18	18.56	211.74
Director of Compliance & 74 Regulatory Affairs	Medi-Cal Continuing Evolution	Out	Los Angeles, CA	7/27/16	75.00	135.52		210.52
Director of Compliance & 75 Regulatory Affairs	CAHP 31 st Annual Conference	Out	Palm Desert, CA	10/10/16	475.00	821.38	144.00	1,440.38
AIS Total								
					550.00	2,014.12	274.56	2,838.68
Marketing & Public Affairs Rep	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing & Public Affairs Rep	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing Coordinator	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing Assistant	Bakersfield Women's Business Conf.	In	Bakersfield, CA	9/29/2016	112.00			112.00
Marketing Total								
					448.00	-	-	448.00
Senior Benefits Administrator	Insights Training Conf	OS	Tyson, VA	7/11/16 - 7/15/16	999.00	1,105.96	320.00	2,424.96
Director of Human Resources	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,345.42	320.00	2,664.42
Director of Human Resources	Hanson Bridgett Annual Labor Seminar	Out	San Francisco, CA	1/19/19 - 1/20/16		696.86	129.50	826.36
Director of Human Resources	Gen Cal Health Plan	Out	Santa Barbara, CA	2/3/16 to 2/5/16		518.86	166.50	685.36

KERN·HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
84 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16				-
85 Payroll Supervisor	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,035.40	320.00	2,354.40
86 Recruiting Supervisor	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,318.00	320.00	2,637.00
Corporate Training and Development Manager	Insights Training Conf	OS	Las Vegas, NV	7/11/16 - 7/15/16	999.00	1,318.00	320.00	2,637.00
87								
Corporate Training and Development Manager	Blanchard Training for Situational Leadership II	Out	San Diego, CA	5/15/16 - 5/18/16	4,981.61	1,139.06	256.00	6,376.67
88								
89 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	1/6/16	30.00	5.08		35.08
90 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
91 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
92 HR Senior Support Clerk	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
93 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	2/3/16	30.00			30.00
94 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
95 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
96 HR Senior Support Clerk	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
97 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
98 Payroll Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
99 Director of Human Resources	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
100 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	3/2/16	20.00			20.00
101 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00
102 Recruiting Supervisor	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00
103 Senior Benefits Administrator	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00	5.07		25.07
104 Human Resources Assistant	KCSHRM Chapter Meeting	In	Bakersfield, CA	4/6/16	20.00			20.00

KERN HEALTH SYSTEMS

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

KERN·HEALTH SYSTEMS

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

KERN·HEALTH SYSTEMS

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

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



To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: February 9, 2017

Re: CUPCAA

Background

Kern Health Systems will be responsible for the procurement of all the construction sub-contractors. Upon award, the subcontractors will be novated to the General Contractor. In order to ensure timely hiring of such subcontracted services, public agencies are afforded an opportunity to participate in the California Uniform Public Construction Cost Accounting Act (CUPCAA). This act allows for the procurement of subcontractors through an informal bid process subject to the dollar thresholds outlined in the Act.

Emily Duran, Director of Provider Relations will provide greater detail during the presentation. KHS Legal Counsel for Construction Project will be available for questions.

Requested Action

- Recommend that the Board elect by resolution to become subject to the Act and file a copy of the resolution with the State Controller's Office.
- Authorize KHS Board Chairman to sign proposed Resolution for CUPCAA designation.

INFORMAL BIDDING ORDINANCE

ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF DIRECTORS OF KERN HEALTH SYSTEMS
ADDING SECTION 2.94.050(C)(1)_____ TO THE ORDINANCE CODE OF KERN HEALTH SYSTEMS
TO PROVIDE INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM PUBLIC CONSTRUCTION
COST ACCOUNTING ACT (Section 22000, et seq. of the Public Contract Code)

The Board of Directors of Kern Health Systems does ordain as follows:

SECTION 1

Section 2.94.050(C)(1)_____ is hereby added to the Code of Kern Health Systems to provide as follows:

Section _2.94.050(C)(1)(a)_____. Informal Bid Procedures. Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

Section _2.94.050(C)(1)(b)_____. Contractors List. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

Section _2.94.050(C)(1)(c)_____. Notice Inviting Informal Bids. Where a public project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids may be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section _____2.94.050(C)(1)(b)_____, and shall be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the department/agency soliciting bids, provided however:

(1) If there is no list of qualified contractors maintained by the Agency for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.

(2) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

Section _2.94.050(C)(1)(d)_____. Award of Contracts

The Kern Health Systems Director of Procurement and Facilities is authorized to award informal contracts pursuant to this Section.

SECTION 2

This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it or a summary of it, shall be published once, with the names of the members of the Board of Directors voting for and against the same in the _Bakersfield Californian_____, a newspaper of general circulation published in the County of Kern.

PASSED, APPROVED and ADOPTED by the Board of Directors of Kern Health Systems, City of Bakersfield, County of Kern, State of California, this ___ day of _____, _____, by the following vote:

AYES:
NOES:
ABSENT:

RESOLUTION OF THE BOARD OF DIRECTORS OF KERN HEALTH SYSTEMS
COUNTY OF KERN, STATE OF CALIFORNIA IN THE MATTER OF
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

Resolution No. _____

I, _____, Board Clerk of Kern Health Systems, City of Bakersfield, County of Kern, State of California, do hereby certify that the following resolution, proposed by Board Member _____, and seconded by Board Member _____, was duly passed and adopted by the Board of Directors of Kern Health Systems at a regular meeting thereof assembled this 9th day of February, 2017, by the following vote, to wit:

AYES: Directors:
NOES: Directors:
ABSENT: Directors:

_____, Board Clerk
Kern Health Systems

THE BOARD OF DIRECTORS OF KERN HEALTH SYSTEMS DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, prior to the passage of Assembly Bill No. 1666, Chapter 1054, Statutes of 1983, which added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

WHEREAS, Public Contract Code Section 22000 et seq., the Uniform Public Construction Cost Accounting Act, establishes such a uniform cost accounting standard; and

WHEREAS, the Commission established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects;

NOW, THEREFORE, the Board of Directors of Kern Health Systems in the City of Bakersfield, County of Kern, State of California, hereby elects under Public Contract Code Section 22030 to become subject to the uniform public construction cost accounting procedures set forth in the Act and to the Commission's policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended, and directs that the City Clerk notify the State Controller forthwith of this election.

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this 9th day of February, 2017.

_____, Board Chair
Kern Health Systems

ATTEST:

_____, Board Clerk
Kern Health Systems



KERN HEALTH SYSTEMS

CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT (CUPCAA)

**BOARD OF DIRECTORS
FEBRUARY 09, 2017**



Kern Family
Health Care
The Friendly Face
of Kern Health Systems

1-800-391-2000

kernfamilyhealthcare.com

Current Project Status

- Schematic Design is well underway. KHS and Delawie are holding regular meetings with Developer and Civil Engineer.
- General Contractor (GC) will be award in the next few weeks.
- Sub-Contracting will start once GC is on board and design is close to final.

Sub-Contracting

- Sub-Contracting will be procured by KHS for the GC
 - KHS, GC, and the sub-contractors will sign an “Assignment & Novation Agreement” (Document 5205 of CM/GC RFP)
 - Subcontractors are added to the “Subcontractor List” in the CM/GC contract.
- Two Types of Bidding
 - Traditional RFP process
 - Informal Bidding using CUPCAA (California Uniform Public Construction)
 - This process allows for a streamlined approach to bidding for sub work under \$175,000



1-800-391-2000

kernfamilyhealthcare.com

What is CUPCCAA?

- The Act is legislation that was enacted in 1983 to help promote “uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in the state.” Section 22001. The Act is a voluntary program that is available to all public entities in the State but it only applies to those public agencies that have “opted in” to the provisions set forth by the Act. The entirety of the Act is found at Sections 22000-22045.

Key Provisions of CUPCCAA

- The Act allows for public project work in the amount of \$45,000 or less to be performed by the public agency's force account, by negotiated contract, or by purchase order. Section 22032(a).
- Public projects in the amount of \$175,000 or less can use the informal bidding procedures set forth in the Act in Section 22032(b).
- Public projects at a cost of more than \$175,000 shall use formal bidding procedures to let the contract pursuant PCC Section 22032(c).



1-800-391-2000

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Benefits of CUPCCAA

- Increased force account limit
- Informal bidding for projects that are \$175,000 or less which do not require advertising.
- Reduces the number of formal bids.
- Expedited contracting for small projects.

Becoming subject to CUPCAA

- The governing body must elect by resolution to become subject to the Act and file a copy of the resolution with the State Controller's Office. Section 22030. Sample documents are available at: http://www.sco.ca.gov/ard_cuccac.html. Once an agency has opted into the Act it will remain a part of the program.
- There are no membership fees or dues .
- An agency may withdraw from the Act by filing a resolution of the agency's election to withdraw with the State Controller's Office.



1-800-391-2000

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Next Steps

- Recommend that the Board elect by resolution to become subject to the Act and file a copy of the resolution with the State Controller's Office.
- Authorize KHS Board Chairman to sign proposed Resolution for CUPCCAA designation.

Questions

For additional questions, please contact:

**Emily Duran, Director of Provider Relations
(661) 635-3050**



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: February 9, 2017

Re: Update on KHS Strategic Plan and 2016 Goals and Objectives

Background

At the close of each quarter Management updates the Board of Directors on KHS' Strategic Plan progress. Additionally, at the end of each calendar year Management summarizes the results of the annual departmental goals and objectives.

Combined into a single presentation are updates on the KHS strategic plan and the year-end status report on KHS' 2016 Department Goals and Objectives.

Overall the Strategic Plan continues to proceed according to expectation. Also, as of the end of 2016 staff has achieved 91% of the departmental goals and objectives. All but 2 of the in-progress goals and objectives are scheduled to be completed in 2017. Specific details of the in-progress and incomplete items are laid out in the accompanying presentation.

Requested Action

Receive and file.



Q4 2016 Strategic Plan Update and 2016 Goals and Objectives Update

February 9, 2017

Background

- In February 2015 a Board and Executive strategy meeting was held to define the 2015-2017 KHS strategic plan. This was followed by an internal work effort with staff to further define key initiatives, action items, and projects directly supporting the newly defined company goals.
- Each year department-heads work with executive management to create annual goals and objectives. These goals are tied to the organization's strategic plan and/or the department's operational performance metrics.
- With the fourth quarter of 2016 coming to an end, management has prepared a status update on the key initiatives currently in progress within the Strategic Plan. Additionally, an overview of the status of 2016 departmental goals and objectives has been included.
- **Green** = On Track, **White** = Not Started, **Yellow** = Behind Schedule, **Red** = Incomplete/Canceled

Goal 1 – Delivery System Changes and Payment Reform

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
1	Delivery System Changes and Payment Reform	1/1/2015	12/31/2017		
1.1	Look to ways to compensate providers using value based purchasing and Performance Incentive arrangements focused on health outcomes. Ensure role for SNPs where SNP delivery model applies	7/1/2015	4/30/2017	15.00%	Emily Duran
1.11	Define clinical activities where Value Based Purchasing applies - Clinical activities for VBP have been identified by KHS CMO. VBP will first focus on co-morbidity of diabetes, mental health and cardiac conditions. These models will be administered by h	7/1/2015	2/29/2016	100.00%	Emily Duran
1.12	Determine desired outcomes	2/1/2016	6/1/2016	100.00%	Emily Duran
1.13	Participate in ACAP	1/1/2015	12/31/2015	100.00%	Emily Duran
1.14	Develop provider specific proposals	6/1/2016	4/30/2017	15.00%	Emily Duran
1.15	Negotiate mutually acceptable terms and conditions for participation	11/1/2016	5/31/2017	0.00%	Emily Duran
1.16	Implement VBP contract(s)	3/1/2017	6/30/2017	0.00%	Emily Duran
1.17	Monitor to determine if targeted outcomes are achieved	9/1/2017	12/31/2017	0.00%	Emily Duran
1.2	Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies	4/1/2015	12/31/2017	50.00%	Jeremy McGuire
1.21	Determine the impact (depth ,scope, and duration) of changes to benefits (e.g MH, Autism) coverage categories (e.g. Duals), or monitoring and reporting requirements on KHS and provider network	7/1/2015	12/31/2017	70.00%	Jeremy McGuire
1.211	BHT/ABA Therapy Transition	1/1/2015	12/31/2015	100.00%	Jeremy McGuire
1.212	Health Homes	4/1/2015	3/31/2016	100.00%	Jeremy McGuire
1.213	1115 Waiver	1/1/2015	1/31/2016	100.00%	Jeremy McGuire
1.214	CCS Re-Design	1/1/2015	10/31/2016	100.00%	Jeremy McGuire
1.215	Palliative Care	4/1/2015	11/30/2016	100.00%	Jeremy McGuire
1.216	Duals Implementation	1/1/2017	1/1/2018	0.00%	Jeremy McGuire
1.217	Coverage for Undocumented Children	11/2/2015	4/1/2016	100.00%	Jeremy McGuire
1.218	CMS Managed Care Regulation	5/2/2016	12/30/2016	100.00%	Jeremy McGuire
1.22	Evaluate SNPs capability and capacity to provide required services under new benefits or programs	7/1/2015	12/31/2017	75.00%	
1.221	BHT/ABA Therapy	7/1/2015	10/30/2015	100.00%	Emily Duran
1.222	Health Homes	6/1/2015	7/1/2016	100.00%	Emily Duran
1.223	Coverage for Undocumented Children	1/18/2016	4/29/2016	100.00%	Emily Duran
1.224	1115 Waiver	2/22/2016	9/30/2016	100.00%	Emily Duran
1.23	Establish a project plan for instituting new benefits, coverage expansion, or tracking and reporting requirements	7/1/2015	12/31/2017	30.00%	Jeremy McGuire
1.231	BHT/ABA Therapy	7/1/2015	7/31/2016	100.00%	Jeremy McGuire
1.232	Health Homes Program	1/11/2016	7/31/2017	45.00%	Jeremy McGuire
1.233	Palliative Care	1/2/2018	6/30/2018	0.00%	Jeremy McGuire
1.24	Post implementation, audit each activity to ensure installation and performance meets KHS and government agencies expectations	5/31/2016	12/31/2017	0.00%	Carl Breining

Goal 2 – Access to Primary and Specialty Care

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
2	Access to Primary and Specialty Care			0.00%	
2.1	Ensure sufficient Network PCP and Specialty Care representation to meet adequacy requirements	1/1/2015	12/31/2015	100.00%	Emily Duran
2.11	Conduct an annual evaluation of network adequacy for PCP and Specialist	10/1/2015	12/31/2015	100.00%	Emily Duran
2.12	Annually survey provider sites for service expansion plans or activities impacting KHS's	8/1/2015	12/31/2015	100.00%	Emily Duran
2.13	Determine by geographical location network deficiencies	10/1/2015	12/31/2015	100.00%	Emily Duran
2.14	Annually develop a plan to address any deficiencies	10/1/2015	12/31/2015	100.00%	Emily Duran
2.15	Create a Provider Recruitment and Retention Program to locate more PCP and Specialist in Kern County based on identified and/or anticipated deficiencies. Priority will be given to SNPs and other nonprofit community based health care organizations.	3/1/2015	8/31/2015	100.00%	Emily Duran
2.16	Year 2 - Provider Recruitment and Retention Grant Program	8/1/2016	10/30/2016	100.00%	Emily Duran
2.2	Maintain quality service standards with the provider network	9/1/2015	12/31/2017	0.00%	Emily Duran
2.21	Establish provider relations outreach goals and objectives by which to gauge routine service satisfaction with KHS	10/1/2015	12/31/2017	95.00%	Emily Duran
2.22	Conduct routine meetings between KHS PR staff and their assigned provider groups	10/1/2015	12/31/2017	60.00%	Emily Duran
2.23	Continue to survey annually all providers to determine the quality and attentiveness of KHS in meeting provider expectations. Provider Satisfaction Survey completed March 2016.	1/1/2016	12/31/2016	100.00%	Emily Duran
2.24	Conduct "town hall" type meetings with providers in different locations in the county	4/1/2016	12/31/2016	100.00%	Emily Duran
2.25	Convey KHS expectations and provide feedback on Provider and Staff performance relative to established access, quality and service expectations	2/1/2017	12/31/2017	0.00%	Emily Duran
2.26	Evaluate SNP's interest and capacity to perform credentialing and re-credentialing for their providers	3/1/2016	12/31/2016	100.00%	Emily Duran
2.27	Leverage technology and automation to improve service (administrative and clinical) performance between providers and KHS	3/1/2016	12/31/2016	100.00%	Emily Duran
2.3	Develop a network configuration strategy designed to achieve optimum health care system performance around "Right Care, Right Time, and Right Setting"	7/1/2015	12/31/2015	100.00%	Chandra Gowda
2.31	Delineate health care needs of member population using care gradient analysis with evidence based medicine as the standard	7/1/2015	12/31/2015	100.00%	Chandra Gowda
2.32	Adjust for changing demographic and/or medical complexity	7/1/2015	12/31/2015	100.00%	Chandra Gowda
2.33	Develop delivery system model to address needs at all levels using existing provider network where possible	7/1/2015	3/31/2016	100.00%	Chandra Gowda
2.34	Evaluate SNP's interest and capacity to participate in any newly identified programs or care delivery models	7/1/2015	12/31/2016	100.00%	Deborah Murr
2.35	Establish provider compensation arrangements to support structure and performance goals, monitor expected outcomes	7/1/2015	6/30/2017	70.00%	Chandra Gowda
2.36	Determine internal and external (Provider) operational needs to support concept	7/1/2015	9/30/2016	100.00%	Deborah Murr
2.37	Determine internal and external capital requirements where necessary to support concept	7/1/2015	12/31/2016	100.00%	Deborah Murr
2.38	Implementation	1/1/2016	7/1/2017	50.00%	

Goal 3 – Continue to be the health plan of choice for the low income population of Kern County

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
3	Continue to be the health plan of choice for the low income population of Kern County			100.00%	
3.1	Develop member focused approach to ensure members' expectations are met along the member intervention continuum from enrollment through treatment. For their assigned membership, explore ways for SNPs to perform responsibilities under the Member Outreach P	4/30/2015	3/31/2017	100.00%	Louie Iturriria
3.11	Develop performance standards, data tracking system and reporting structure for each functional area along the member intervention continuum (enrollment through treatment) to determine KHS's effectiveness in meeting member's needs	1/4/2016	6/30/2017	75.00%	Alan Avery
3.12	Conduct Member focus groups to determine ways to engage members more in maintaining optimum health through prevention, early intervention or adherence to prescribed treatment modalities	4/30/2015	6/10/2016	100.00%	Louie Iturriria
3.13	Develop a member outreach program with a goal to increase unitization of preventive services e.g. prenatal care, immunizations, well child visits, annual checkups, screening tests, etc. and adherence to prescribed treatment modalities	6/1/2015	6/30/2017	100.00%	Louie Iturriria
3.14	In collaboration with providers, explore ways to report health metrics to members to begin tracking what works and health outcomes	4/1/2016	3/31/2017	75.00%	Alan Avery
3.15	leverage technology to enhance communication and improve service (administrative and clinical) to members	6/1/2015	12/31/2016	100.00%	Alan Avery
3.16	Survey membership to gauge satisfaction with KHS and Caregivers	4/1/2016	9/15/2016	100.00%	Louie Iturriria
3.2	Convey a public image of a health plan that is caring, innovative, and focused on providing high quality, personal care unique to the circumstances and needs of each membership	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.21	Continue promoting KHS using current image and messaging campaign in all public exposure initiatives including Advertising, Public Relations, Community Events and Sponsorships	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.22	Identify programs, activities and events aligned with our mission and goals 1. Sponsor programs, activities, events directed at our member demographic 2. Ensure community grant programs (when available) address needs of our member demographic	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.23	Annually, survey outside sources (SNPs, KCDHS, community based enrollment organizations and State Enrollment Intermediary - who influence member choice) as to their perception of KHS's reputation and image with the public or targeted demographic	7/1/2016	12/16/2016	100.00%	Louie Iturriria

Goal 4 – Plan Sustainability and Diversification

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
4	Plan Sustainability and Diversification	1/1/2016	12/31/2016	100.00%	
4.1	Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies	1/1/2016	12/31/2016	100.00%	Robert Landis
4.12	Annually develop an operating budget enabling KHS to achieve its annual goals	6/1/2016	12/15/2016	100.00%	Robin Plumb
4.121	Develop Utilization and Unit Cost Assumptions for Medical Expenses	8/1/2016	10/14/2016	100.00%	Robin Plumb
4.122	Determine Significant Budget Assumptions	7/1/2016	10/14/2016	100.00%	Robert Landis
4.123	Determine 2017 Projects	7/18/2016	8/19/2016	100.00%	Robert Landis
4.124	Develop Enrollment Assumptions by COA	6/1/2016	6/17/2016	100.00%	Robert Landis
4.13	Annually develop capital budget to support new programs, member growth and benefits expansion	9/1/2016	10/14/2016	100.00%	Veronica Barker
4.14	Administrative Expense Budget	7/1/2016	10/14/2016	100.00%	Veronica Barker
4.141	Determine FTE Requirements and administrative costs by department	7/1/2016	10/14/2016	100.00%	Veronica Barker
4.15	Retain sufficient reserves to protect KHS from unexpected events to include but not limited to: unforeseen underwriting risks (adverse selection), actuarially unsound rates, un-financed or under financed required benefits, payment delays, future growth re	1/1/2016	4/1/2017	100.00%	Robert Landis
4.16	Develop an on-going dialogue with DHCS and DMHC in order to convey concerns over reimbursement for any current or proposed, programs, benefits, aid categories or services KHS is required to provide by the State or Federal governments	1/1/2016	12/31/2016	100.00%	Robert Landis
4.2	Relocate KHS offices to a geographic area convenient to members and able to house all functions in one location	1/1/2015	6/30/2017	65.00%	Emily Duran
4.21	Select consultant to assist with identifying qualified locations	6/1/2015	9/30/2015	100.00%	Emily Duran
4.22	Present to the KHS Board all locations suitable for housing KHS current and future growth within the desired location.	5/1/2015	12/31/2015	100.00%	Emily Duran
4.23	Review Construction Proposals	7/1/2015	12/31/2015	100.00%	Emily Duran
4.24	Pre Construction and Construction Phase	9/1/2015	12/31/2016	100.00%	Emily Duran
4.241	Select General Contractor	1/1/2017	3/31/2017	25.00%	Emily Duran
4.242	Select Architect	10/1/2016	12/31/2016	100.00%	Emily Duran
4.25	Construction Project Plan	11/1/2015	1/31/2016	100.00%	Emily Duran
4.26	Construct Building	6/1/2017	1/31/2018	0.00%	Emily Duran
4.27	Create KHS relocation plan	5/1/2016	12/31/2016	100.00%	Emily Duran

Goal 4 – Plan Sustainability and Diversification

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
4.3	Consider all opportunities suitable to the mission and business model	1/1/2016	12/31/2017	15.00%	Jeremy McGuire
4.31	Explore alternative product lines consistent with the business model e.g. Health Benefit Exchange, Medicare Advantage, ASO contracting	1/1/2016	9/30/2016	100.00%	Jeremy McGuire
4.32	Present recommendation(s) to the Board of Directors	10/3/2016	10/13/2016	100.00%	Jeremy McGuire
4.33	Develop Feasibility Study for selected Product lines defining the opportunity, market share impact, capital requirements and ROI showing financial results for 3 years	11/1/2016	12/31/2017	5.00%	Jeremy McGuire
4.4	Undertake succession planning to ensure leadership continuity	7/1/2015	4/14/2016	100.00%	Doug Hayward
4.41	Determine need for consulting services	7/1/2015	7/31/2015	100.00%	Doug Hayward Anita Martin
4.42	Defining critical positions in your company	7/1/2015	9/30/2015	100.00%	Doug Hayward Anita Martin
4.43	Identifying competency, skills and success factors of leadership	8/3/2015	9/30/2015	100.00%	Doug Hayward Anita Martin
4.44	Finding and assessing potential successors	9/1/2015	9/30/2015	100.00%	Doug Hayward Anita Martin
4.45	Plan for developing internal talent and monitoring their progress	9/1/2015	3/31/2016	100.00%	Doug Hayward Anita Martin
4.46	Incorporating means for adjusting / modifying Plan for organizational / environmental changes	10/14/2015	3/31/2016	100.00%	Doug Hayward Anita Martin
4.47	Present Plan to Board of Directors for review and approval	2/1/2016	4/14/2016	100.00%	Doug Hayward
4.5	Develop Employee Retention Plan	6/1/2015	4/14/2016	100.00%	Doug Hayward Anita Martin
4.51	Identify factors which influence retention	7/1/2015	7/31/2015	100.00%	
4.52	Evaluate internal opportunities for advancement and growth within KHS	8/3/2015	3/31/2016	100.00%	Anita Martin Doug Hayward
4.53	Evaluate culture to develop a positive, constructive work environment using employee surveys and exit interviews	8/17/2015	3/31/2016	100.00%	Anita Martin Doug Hayward
4.54	Analyze turn-over	8/24/2015	9/18/2015	100.00%	Anita Martin
4.55	Conduct Compensation Study to determine whether KHS's compensation and benefits are competitive with industry and local markets for similar positions	8/3/2015	3/24/2016	100.00%	Anita Martin
4.56	Present findings to Compensation Committee	10/12/2015	3/24/2016	100.00%	Doug Hayward
4.57	Present to Board of Directors	1/4/2016	4/14/2016	100.00%	Doug Hayward

Goal 5 – Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
5	Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale	1/1/2015	12/31/2017	50.00%	Richard Pruitt
5.1	Maximize new core claims processing system to promote Electronic Data Interchange (EDI); System Integration; and Dynamic Data Collaboration to increase efficiencies and reduce costs	10/1/2015	12/31/2017	100.00%	Richard Pruitt Alan Avery
5.11	Implement new Core System (QNXT) and all associated software tools	7/1/2015	10/1/2015	100.00%	Richard Pruitt
5.111	Implement PaySpan for QNXT Provider Payments	7/1/2015	10/9/2015	100.00%	Robert Landis
5.112	Identify and implement QNXT process improvement functionality post implementation	10/1/2015	12/31/2016	100.00%	Richard Pruitt
5.121	Member Services to identify "pop-up helps to increase call center staff efficiency	10/1/2015	11/1/2015	100.00%	Alan Avery
5.122	Claims to identify high volume edits and other opportunities for improving automation (Daily Scrum with Config, 101 Edits, Round Table)	10/1/2015	11/15/2015	100.00%	Alan Avery
5.123	Medical Management to identify PA rules and edit enhancements to improve automation	10/1/2015	12/31/2015	100.00%	Chandra Gowda
5.124	I.T. to evaluate all QNXT process improvement functionality requests, perform analysis and develop ROI for recommendation to I.T. Steering Committee for approval.	11/15/2015	12/15/2015	100.00%	Richard Pruitt
5.13	Develop annual process to identify QNXT system process improvement functionality	3/1/2016	4/29/2016	100.00%	Richard Pruitt
5.14	Create/Maintain list of recommended system improvements	6/1/2016	7/29/2016	100.00%	Richard Pruitt
5.15	Create annual budget along with ROI	7/1/2016	9/1/2017	0.00%	Richard Pruitt
5.2	Continue to develop and refine a metrics-driven performance culture within the organizations administrative and medical disciplines to enhance operations	12/1/2015	12/15/2016	100.00%	Alan Avery
5.21	Analyze and establish metric oriented baselines for measurement	1/1/2016	12/15/2016	100.00%	Alan Avery
5.211	Create and Implement provider peer profile for PCPs	10/1/2015	10/15/2016	100.00%	Chandra Gowda
5.212	Identify & Hire New IT Resource to help identify key provider relations measurements and metrics. Implement metrics	2/1/2016	4/29/2016	100.00%	Alan Avery
5.213	Engage new IT resource to identify key claims measurements and metrics. Implement metrics	5/2/2016	12/31/2016	100.00%	Alan Avery
5.214	Engage new IT resource to identify key Member Services measurements and metrics. Implement metrics	8/1/2016	9/28/2016	100.00%	Alan Avery
5.22	Evaluate what changes should be considered for Board level dashboard	4/1/2016	2/28/2017	75.00%	Doug Hayward
5.23	Continuously monitor and affirm metrics and performance for operational/medical effectiveness	8/1/2016	8/1/2017	50.00%	Alan Avery Chandra Gowda

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Goal 5 – Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
5.3	Increase data communication between the provider, member, and health plan to promote health information exchange and /or impact access, quality, or costs	1/1/2015	3/31/2017	50.00%	Richard Pruitt
5.31	Identify opportunities/products in the market (e.g. Health Information Exchange, Data Sharing, CORE Transactions, etc.)	1/1/2015	12/31/2017	10.00%	Richard Pruitt
5.311	Kern County Mental Health Data Exchange	7/1/2015	6/30/2016	100.00%	Deborah Murr
5.312	Provider Portal	7/1/2015	6/30/2016	100.00%	Emily Duran
5.313	Member Portal	7/1/2015	12/31/2016	100.00%	Louie Iturria
5.314	CAHQ CORE Transactions	1/1/2015	12/31/2015	100.00%	Richard Pruitt
5.315	Member Data Dashboard	1/1/2017	3/31/2017	100.00%	Louie Iturria
5.316	Provider Data Dashboard (P4P, Scorecard, etc)	1/1/2017	12/31/2017	0.00%	Deborah Murr
5.317	Participation in a Global Health Information Exchange	1/1/2017	12/31/2017	0.00%	Richard Pruitt
5.32	Analyze and evaluate opportunities/products for effectiveness and compatibility with the health plan and community	1/1/2015	6/30/2017	50.00%	Richard Pruitt
5.321	Provider/Member Portal Analysis	1/1/2016	5/31/2016	100.00%	Emily Duran
5.322	Medical Management Platform Analytics	5/1/2016	7/31/2016	100.00%	Deborah Murr
5.323	Member Rewards Analytics	3/1/2016	1/27/2017	100.00%	Louie Iturria
5.33	Complete cost analysis for Return on Investment/Cost Benefit	1/1/2015	6/30/2017	0.00%	Richard Pruitt
5.34	Presention to Board of Directors	1/1/2015	12/31/2017	50.00%	Richard Pruitt
5.341	Provider/Member Portal Board Presentation	2/1/2016	5/12/2016	100.00%	Emily Duran
5.342	Medical Management Software Board Presentation	9/1/2016	10/31/2016	100.00%	Deborah Murr
5.343	Member Rewards Board Presentation	7/1/2016	1/27/2017	100.00%	Louie Iturria
5.35	Create plan for implementation	1/1/2015	9/30/2017	50.00%	Richard Pruitt
5.351	Provider Portal Implementation	6/1/2016	4/30/2017	15.00%	Emily Duran
5.352	Member Portal Implementation	6/1/2016	2/28/2017	95.00%	Louie Iturria
5.353	Medical Management Platform Implementation	1/1/2017	12/31/2017	0.00%	Deborah Murr
5.354	Member Rewards Implementation	10/3/2016	6/30/2017	100.00%	Louie Iturria
5.4	Continuously identify and promote organizational efficiencies and process improvement	1/1/2015	12/31/2017	50.00%	Doug Hayward
5.41	Perform Business Processing Improvement Training for Leadership	1/1/2015	6/30/2016	100.00%	Richard Pruitt
5.42	Identify and analyze efficiencies and improvement opportunities	1/1/2015	6/30/2015	100.00%	Execs
5.43	Align these initiatives with annual departmental goals and objectives	1/1/2015	6/30/2015	100.00%	Execs
5.44	Perform cost analysis of efficiencies or improvement opportunity	1/1/2015	6/30/2015	100.00%	Execs
5.45	Establish projects into annual project and budget planning	1/1/2015	10/1/2015	100.00%	Execs
5.46	Create and execute project plans	1/1/2016	12/31/2016	100.00%	Execs
5.47	Continuously monitor and control for operational effectiveness	1/1/2015	12/31/2017	66.00%	Execs

2016 Goals and Objectives Summary

- **Green** = Completed on time and desired outcome achieved
- **Yellow** = In progress and desired outcome achievable
- **Red** = Not completed or desired outcome not achieved

2016 Goals and Objectives Summary			
Department	Green	Yellow	Red
Member Services	11	1	0
AIS Compliance	5	0	0
Business Development	7	0	0
Claims	4	0	1
Corporate Services	3	0	0
Finance	8	0	0
Health Education	5	1	0
Quality Improvement	3	1	0
Utilization Management	7	1	1
Pharmacy	8	1	0
Human Resources	8	0	0
Information Technology	6	1	0
Marketing	12	0	0
Provider Relations	9	2	0
Total	96 (91%)	8 (7%)	2 (2%)

2016 Goals and Objectives – Key Takeaways

- Overall completion rate of 91%. Potentially becomes 98% completion rate when “in-progress” goals are completed.
- Details of those in **Red/Yellow**:
 - **Member Services Screen Pop** – Department leadership prioritized a call-center phone system upgrade which resulted in this effort being delayed.
 - **Claims Audit Software** – Software was not pursued due to competing departmental efforts.
 - **Health Education Electronic PM160s** – Improvements were made to the PM160 process, full electronic PM160 is still being pursued as part of the Provider Portal installation.
 - **QI Site Review Automation** – Project is scheduled for completion in Q2 2017.
 - **UM Workflow** – Project was canceled due to resources needed for Medical Management Platform procurement/implementation.
 - **UM Point of Service Authorization** – This effort is scheduled to be completed in late 2017 as part of the Medical Management Platform implementation.
 - **Pharmacy 90% online TARs** – Pharmacy management elected to forego a large push for adoption until after the new provider portal launches in mid-2017.
 - **IT/Provider Relations Provider Portal** – Provider Portal implementation is in progress and scheduled to launch in mid-2017.
 - **Provider Relations 274 File** – DHCS has extended the due date into 2017 and KHS is on track to meet the regulatory requirement.
 - **Provider Relations/Finance UCLA Contract Extension** – Negotiations will take well into 2017.

Next Steps

- Staff continues to work on remaining Strategic Plan items. Updates to the KHS Board of Directors will continue.
- Management is scheduling a Strategic Planning Meeting in mid-2017 to discuss the next 3-year Strategic Plan.
- Ongoing 2016 Goals and Objectives (items marked in **Yellow**) will be carried into 2017's goals for tracking.



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: February 9, 2017

Re: 2017 Data Center Professional Consulting Services

Background

Given the unique challenges when designing IT needs into the architectural drawings special expertise are often required which can go beyond the general architects abilities. In such instances, clients like KHS engage outside experts similar to what we propose here today to ensure our technology requirements are appropriately reflected in the Architect's design.

The consultant that will be selected will assist the Chief Information Officer and KHS in finalizing architectural designs of the new data center, audio/visual conference rooms, physical security, and call center. Additionally, throughout the duration of the construction effort the consultant will assist with selection and construction of the physical facility related to the said designs. Finally, upon completion of construction the consultant will work with the business and technical teams to create a detailed plan for execution of the relocation.

KHS intends to finalize selection and contracts with a technology consultant over the next three weeks to ensure that the architectural construction timeline is met.

Enclosed is the Board presentation to be given by Richard Pruitt, CIO.

Requested Action

Authorize the CEO to sign the agreement with the selected technology consultant subject to approval as to form by Counsel for an amount not to exceed \$200,000.



KERN HEALTH SYSTEMS

Technology Consultant for New Building Construction

Richard M. Pruitt
February 9, 2017



KERN HEALTH SYSTEMS RELOCATION PROJECT

1

Overview

Need for a Technology Consultant to:

- ❖ ensure the architectural design incorporates current and future IT specs. required for KHS business needs and long term growth.
- ❖ provide IT expertise to work with contractor(s) through the construction phase of the building project.
- ❖ develop a detailed plan for relocating and reinstallation of KHS's data center

Technology Scope

- Data Center Design
 - Physical Dimension and Layout
 - Primary and Backup Power Requirements
 - Cooling Requirements
 - Fire Suppression
- Audio/Visual for Conference Rooms
- Physical and Electronic Security System
- Call Center Design
- Recommendation for Proposal (RFP) Criteria and Selection
- Relocation Strategy and Detailed Planning



1-800-391-2000

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KERN HEALTH SYSTEMS RELOCATION PROJECT

3

Next Steps

1. 2/10 – Review RFP submission to clarify Vendor responses and their understanding of Scope of Work requirements
2. 2/13 – Send refined Scope of Work specifications to Vendors for Final Costs
3. 2/17 – Receive Final Costs from Vendors
4. 2/20 – Award RFP to Selected Vendor
5. 2/21 – Finalize Contract

Board of Directors Request

So not to delay completion of the architectural design phase of the project:

- *Authorize the CEO to sign the agreement with the selected technology consultant subject to approval as to form by Counsel for an amount not to exceed \$200,000.*



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KERN HEALTH SYSTEMS RELOCATION PROJECT

5

Questions

Please contact:

Richard M. Pruitt

661-664-5078

richard.pruitt@khs-net.com



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

1. Operational Expenditure with Relay Health

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Trannie Ryan; Deputy Director of Claims

c. Background

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

d. Discussion

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

e. Fiscal Impact

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

f. Risk Assessment

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

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

g. Attachments

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

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

This Amendment is pending legal review.



KERN HEALTH SYSTEMS

- Contract
- Purchase

AGREEMENT AT A GLANCE

Department Name: Claims

Department Head: Trannie Ryan

Contract Vendor: Relay Health

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

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

Description of Contract

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

- Establish a new agreement Previous Agreement No. _____ or Amendment No. _____
- Amendment Date Agreement Began _____
- Continuation of an Existing Contract Brief Explanation _____
- Replacement
- Addendum
- Retroactive Agreement Reason for delay in approval: _____
- Retroactive Date _____

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

Brief vendor selection justification: _____

- Sole source – no competitive process can be performed.

Brief reason for sole source: KHS currently uses three different clearinghouse vendors (Emdeon, Office Ally, Relay Health).

- Conflict of Interest Form is required for this Contract

- HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2017 Administrative Budget NO YES

Form updated 11/28/16

Budgeted Cost Center 230

GL# 5642

Will this require additional funds?

NO

YES

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

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

Contract Terms and Conditions

Effective date: 03/21/2017

Termination date: 03/21/2020

Explain extension provisions, termination conditions and required notice: _____

Approvals

Contract Owner:

Jannie B.
Department Head

1/12/17
Date

Purchasing:

[Signature]
Director of Procurement

1/11/17
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer or Controller

1/20/17
Date

Recommended by the Executive Committee:

[Signature]
Committee Chairman

1/20/17
Date

Compliance Review:

[Signature]
Chief Compliance Officer

1-12-17
Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

[Signature]
Chief Executive Officer

1/23/17
Date

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

KHS Board Chairman

Date



To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: February 9, 2017

Re: Employee Survey

Background

Kern Health Systems conducted its second Employee Work Place Survey. In accordance with our Three Year Strategic Plan's Sustainability Goal calling for creation of an employee retention plan, surveys are an essential tool for measuring employee satisfaction and evaluating internal opportunities for enhancing employees work experience with KHS.

A summary of the results (enclosed PPT presentation) will be presented by Anita Martin, Director of Human Resources.

Requested Action

Receive and File.



KERN HEALTH SYSTEMS

Employee Satisfaction
Survey 2017

Presented by: Anita Martin
Director of HR

Conducting the Employee Satisfaction Survey

EXECUTIVE SUMMARY

Why do an Employee Satisfaction Survey?

1. It is a management tool used to evaluate an organizations' health by way of polling employees' opinions about their job.
2. Organizational issues can go undiagnosed for long periods of time if you do not elicit feedback from your employees as to their level of satisfaction
3. Employee satisfaction directly affects retention and productivity

In order to retain your industry and areas top talent, and maintain high levels of productivity, it is critical to “take the temperature” of your employees on an regular basis.

The Survey

- **Scoring:**

- 16 areas represented the survey with 2 - 8 questions in each area
- Responses scored on a scale of 1 to 5. The scale is as follows:
 - 1 Very Dissatisfied
 - 2 Dissatisfied
 - 3 Neutral
 - 4 Satisfied
 - 5 Very Satisfied
- Weighted average of all questions in that area:
 - above 4.0 indicate satisfied
 - below 4.0 mild dissatisfaction
 - below 3.75 moderate dissatisfaction
 - below 3.50 increasing dissatisfaction
 - below 3.0 dissatisfied

Participation: 91.9 % (307 employees responded out of 334 active employees – does not include employees on continuous LOA)

16 Key Areas of the Survey

Question/or Area:	Average 2016	Average 2015
1. Overall, how satisfied are you with KHS as an employee?	4.39	4.12
2. Overall, your enthusiasm toward coming to work everyday?	4.29	4.10
3. Rate your Executive Team (<i>confidence, planning, creates positive work environment, doesn't play favorites, keeps their word.</i>)	4.30	4.16
4. My Departments Leadership (<i>confidence, planning, direction, creates positive work environment, leads by example, motivates, does not play favorites, keeps their word.</i>)	4.0	3.90
5. Corporate Culture (<i>enjoyable place to work, initiative is encouraged, accountability, leadership emphasizes mission, leadership communications vision, good morale.</i>)	4.16	4.04
6. Pride (<i>proud to work at KHS, proud to work in my department.</i>)	4.51	4.42
7. Corporate Communication (<i>KHS communicates frequent enough, trust the Executive Teams communications, Department communications, Executive Team listens.</i>)	4.03	3.93

16 Key Areas of the Survey (continued)

Question/or Area:	Average 2016	Average 2015
8. Departmental Communications (<i>my departments' leadership communicates clearly, keeps me up to date, trust communications, leadership listens.</i>)	3.96	3.91
9. Career Development (<i>opportunities to learn and grow, OJT offered, communicated about my progress, encourages development.</i>)	4.03	3.88
10. Your Role at KHS (<i>understand my role, how my role contributes, willingness to go above and beyond.</i>)	4.50	4.43
11. Recognition and Rewards (<i>I am valued, KHS recognizes work well done, praised for my work.</i>)	3.90	3.80
12. Teamwork and Collaboration (<i>Executive team encourages, my department leadership encourages, feel part of the team, departments work well together, employees in my department work well together.</i>)	3.98	3.90
13. Immediate Supervisor (<i>fair, comfort level, handles issues satisfactorily, coaches, gives encouragement.</i>)	4.26	4.19

16 Key Areas of the Survey (continued)

Question/or Area:	Average 2016	Average 2015
14. Diversity (<i>all employees are treated fairly, comfort level with all employees of diverse backgrounds, leadership ensures diversity.</i>)	4.40	4.28
15. Benefits (<i>benefits package</i>) (<i>paid fairly for the work I do</i>)	4.48 4.14	4.32 3.57
16. I would recommend KHS to a friend or relative?	4.58	4.46
17. What can we do to increase your satisfaction at KHS? (see next slide)		

Final Survey Question:

What can KHS do to increase your satisfaction?

161 Responses (*summarized*)

- Very Satisfied working at KHS (many commented on this)
- Benefits
 - Additional PTO or sick leave (**repeat from 2015**)
 - Tuition Reimbursement for growth opportunities (**repeat from 2015**)
 - Alternate work schedules
- Communications (*overwhelmingly received the highest number of comments*)
 - Improved communication between departments
 - Management make time for Open Door Policy
 - Department Leadership does not communicate effectively with team
 - Supervisors listen more – offer positive feedback on a regular basis (**repeat from 2015**)
- Employee Recognition
 - Bonuses for performance
 - Accomplishments on the job
- Teambuilding
 - More events for all employees/more community involvement (**repeat from 2015**)

Conclusion of Employee Satisfaction Survey

Things we're doing that we need to keep doing?

- Executive Team leading by example
- Management communicating organizations' and departments direction
- Management encouraging the use of the Open Door policy
- Creating an environment of inclusion/encouraging diversity

Things we aren't doing that we should be doing?

- Offer resources for employees professional growth
- Supervisors improve communication within their departments
- Encourage employee feedback during the year (*don't wait for the employee satisfaction survey – Town Hall Meetings*)
- Feedback to staff regularly as to performance, recognition for jobs well done (*don't wait for annual performance reviews*)
- Company functions to include all employees (*employees want to feel connected*)

Next Steps

1. HR to do a Comparative **Benefits** Evaluation:
 - ❖ Compare KHS **PTO** and **Tuition Reimbursement** benefits with other similar local employers to determine how competitive KHS's benefits are with these organizations.
 - ❖ Present findings to Compensation Committee at an upcoming meeting for comment and direction.
 - ❖ Present Compensation Committee recommendation for Board consideration at its meeting in April.

2. Development of quarterly "Town Hall Meeting" with HR to receive **employee feedback** on key issues affecting the workplace and jobs.

3. Continue with Situational Leadership Training to **address communication concerns** (*1/2 of management attended training in Q4-2015*).

4. Provide more opportunities for employees to have involvement together through **company events and community involvement** (*e.g. KHS softball team in 2017*)



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: February 9, 2017

Re: Approval of the 03-76165, A23, Contract Amendment

Contract Amendment A23 was sent to the Compliance Department by the Department of Health Care Services (DHCS) and executed in December at the request of the Department. The purpose of the amendment is to extend the contract term to December 31, 2020.

Requested Action

Retroactive authorization for fully executed amendment.

STATE OF CALIFORNIA
STANDARD AGREEMENT AMENDMENT
 STD. 213A_DHCS (Rev. 08/14)

Check here if additional pages are added: 1 Page(s)

Agreement Number	Amendment Number
03-76165	A23
Registration Number:	

1. This Agreement is entered into between the State Agency and Contractor named below:

State Agency's Name (Also known as DHCS, CDHS, DHS or the State)

Department of Health Care Services

Contractor's Name (Also referred to as Contractor)

Kern Health Systems dba Kern Family Health Care

2. The term of this Agreement is: May 1, 2004 through December 31, 2020

3. The maximum amount of this Agreement after this amendment is: Budget Act Line Items 4260-601-0912 and 4260-601-0555

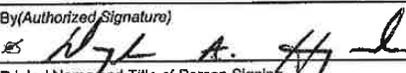
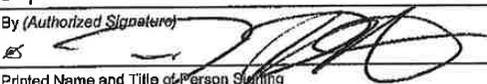
4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

- I. **Amendment effective date:** December 31, 2016, or until approved by DGS (if DGS approval is required).
- II. **Purpose of amendment:** It extends the contract term to December 31, 2020. DHCS is obtaining a continuation of the services identified in the original agreement.
- III. Certain changes made in this amendment are shown as: Text additions are displayed in **bold and underline**. Text deletions are displayed as strike through text (i.e., ~~Strike~~).
- IV. Paragraph 2 (term) on the face of the original STD 213 is amended to read: May 1, 2004 through ~~December 31, 2016~~ **December 31, 2020**. All references to the former contract term of May 1, 2004 through December 31, 2016 in any exhibit incorporated into this agreement are hereinafter deemed to read May 1, 2004 through December 31, 2020.

(Continued on next page)

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only
Contractor's Name (If other than an individual, state whether a corporation, partnership, etc.)		
Kern Health Systems dba Kern Family Health Care		
By (Authorized Signatory)	Date Signed (Do not type)	
	12/10/2016	
Printed Name and Title of Person Signing		
Douglas Hayward, CEO		
Address		
9700 Stockdale Highway Bakersfield, CA 93311		
STATE OF CALIFORNIA		
Agency Name		
Department of Health Care Services		
By (Authorized Signatory)	Date Signed (Do not type)	
	12/14/16	
Printed Name and Title of Person Signing		
Javier Portela, Chief Managed Care Operations Division		
Address		
1501 Capitol Avenue, MS 4415, P.O. Box 997413 Sacramento, CA 95899-7413		
		<input checked="" type="checkbox"/> Exempt per: W&I Code Section 4087.55(c)

**Kern Health Systems dba
Kern Family Health Care
03-76165 A23**

V. Exhibit E, Attachment 2, PROGRAM TERMS AND CONDITIONS, is amended to read:

11. Term

- A. The Contract will become effective May 1, 2004, and will continue in full force and effect through ~~December 31, 2016~~**December 31, 2020** subject to the provisions of Exhibit B, Provision 1. Budget Contingency Clause, the Centers for Medicare and Medicaid Services waiver approval, and Exhibit D(F), Provision 3. Federal Contract Funds.

VI. All rights, duties, obligations and liabilities of the parties hereto otherwise remain unchanged.



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 9, 2017

Re: November 2016 Financial Results

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

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

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

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

**Kern Health Systems
Financial Packet
November 2016**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

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

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

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

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2016														
	NOVEMBER 2015	DECEMBER 2015	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	13 MONTH TOTAL
REVENUES														
Members - MCAL	214,282	216,581	216,443	219,042	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	2,691,639
EXPENSES														
Medical Costs:														
Physician Services	10,480,405	7,602,861	11,233,565	10,570,109	8,387,281	10,184,063	10,067,372	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	140,087,284
Other Professional Services	1,436,670	1,978,295	1,328,149	1,749,050	1,996,280	1,918,865	2,041,275	2,438,637	2,115,049	2,389,256	2,329,736	1,836,321	2,425,983	25,983,666
Emergency Room	4,531,837	4,130,894	4,664,640	4,442,421	4,418,069	4,384,207	4,004,335	3,926,265	4,374,245	4,327,181	4,374,245	4,374,245	4,182,880	36,755,296
Inpatient	12,781,498	7,023,019	13,476,116	13,274,742	13,526,617	14,151,250	13,224,036	12,777,639	16,713,009	13,073,786	10,660,875	11,423,068	11,793,439	163,890,094
Reinsurance Expense	145,607	146,554	173,263	173,105	175,283	177,724	179,842	180,699	182,458	183,031	183,648	185,643	187,188	2,274,047
Outpatient Hospital	4,208,743	7,547,348	5,123,005	5,456,797	4,694,700	6,199,589	4,835,347	4,986,698	2,738,213	6,364,762	3,990,250	5,114,588	4,698,013	65,958,053
Other Medical	1,583,881	2,937,168	1,706,638	2,231,066	2,871,876	2,479,455	2,889,123	3,577,133	(1,335,149)	2,534,421	1,443,970	1,801,979	1,296,759	15,720,320
Pharmacy	7,105,067	7,499,968	7,642,529	7,848,662	8,591,490	7,666,735	8,154,315	8,577,137	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	102,324,182
Pay for Performance Quality Incentive	498,683	504,633	523,721	528,669	536,256	542,674	545,291	550,605	552,273	554,141	560,172	564,834	565,417	7,027,369
Expansion Risk Corridor Expense	1,916,532	1,579,867	1,363,721	1,535,257	1,518,741	1,469,599	1,232,868	(215,621)	-	3,244,295	128,791	162,526	(444,334)	(4,743,577)
IBNR, Incentives, Paid Claims Adjustment	44,560	2,169,224	-	(68)	(1,433,650)	(1,978,994)	(2,887,073)	(3,748,854)	-	-	-	-	-	-
Total Medical Costs	44,733,483	42,919,831	47,235,149	47,629,810	45,288,943	47,238,309	44,523,262	43,689,499	46,395,182	53,311,861	44,887,656	45,836,855	44,672,896	598,962,736
GROSS MARGIN	9,106,031	9,714,433	6,596,505	5,981,549	10,192,721	8,345,285	11,372,160	12,317,283	7,263,518	9,163,185	3,110,758	16,433,235	16,513,315	154,208,978
Administrative:														
Compensation	1,445,272	1,818,317	1,419,745	1,432,846	1,499,527	1,428,925	1,493,127	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,207	19,827,106
Purchased Services	285,558	579,453	291,548	298,383	546,034	485,217	231,179	532,780	256,055	343,559	354,966	478,654	607,200	5,290,386
Supplies	43,222	82,728	81,789	41,417	36,431	78,743	81,297	84,932	61,144	1,284	1,284	70,613	62,414	42,864
Other Administrative Expenses	310,955	1,081,974	278,404	379,302	316,107	375,558	304,432	391,548	333,267	338,202	368,192	663,609	265,740	5,407,290
Administrative Expense Adjustment	-	-	-	-	-	3,600,000	500,000	-	-	-	(190,729)	-	-	-
Total Administrative Expenses	2,085,007	3,562,472	2,071,486	2,151,948	2,868,443	2,110,835	2,467,926	2,048,649	2,198,158	2,181,198	2,826,299	2,633,111	2,633,111	35,202,931
TOTAL EXPENSES	46,818,490	46,482,303	49,306,635	49,781,758	51,287,421	50,106,752	46,633,297	46,157,425	48,443,831	56,110,019	47,068,354	48,663,254	47,306,007	634,165,667
OPERATING INCOME (LOSS) BEFORE TAX	7,021,024	6,151,961	4,525,019	3,829,601	4,194,622	5,476,842	9,262,125	9,849,357	5,314,369	6,965,027	28,921,560	13,607,836	13,886,204	119,006,047
MCO TAX														
OPERATING INCOME (LOSS) NET OF TAX	2,150,211	2,130,143	2,117,552	2,016,667	2,116,879	2,135,629	2,201,211	2,176,933	1,156,237	23,082	21,614,834	7,184,130	7,198,399	53,181,297
NONOPERATING REVENUE (EXPENSES)														
Reserve Fund Projects/Community Grants	4,870,813	4,021,818	2,407,467	1,812,934	2,077,743	3,341,213	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,467,400	65,694,345
TOTAL NONOPERATING REVENUE (EXPENSES)	86.5%	85.0%	91.3%	92.3%	84.9%	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	85.6%
NET INCREASE (DECREASE) IN NET POSITION	4.0%	7.1%	4.0%	4.2%	11.2%	5.4%	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	5.0%
MEDICAL LOSS RATIO														
ADMINISTRATIVE EXPENSE RATIO	-	-	-	-	-	-	-	-	-	-	-	-	-	(220.405)
NONOPERATING REVENUE (EXPENSES)														
Reserve Fund Projects/Community Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	(220.405)
TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-	-	-	-	-	-	-	-	-	(220.405)

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2016														
	NOVEMBER 2015	DECEMBER 2015	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	13 MONTH TOTAL
MEMBER	214,282	216,581	216,443	219,042	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	2,925,864
REVENUES														
Title XIX - Medicaid - Family and Other	124.77	120.53	125.30	120.49	120.10	121.45	126.97	129.88	129.86	132.03	130.94	130.83	138.46	126.37
Title XIX - Medicaid - Expansion Members	438.08	436.25	426.85	428.26	434.58	423.63	425.86	417.14	379.40	381.12	373.84	360.02	368.90	406.01
Title XIX - Medicaid - SPD Members	757.31	755.49	691.29	681.04	687.59	700.75	703.09	698.55	760.11	759.39	743.07	758.87	759.67	727.42
Premium - MCO Tax	10.03	9.84	9.78	9.21	9.53	9.50	9.75	9.54	9.51	9.10	9.31	30.70	30.73	19.76
Interest /Dividends	0.65	0.66	0.69	0.67	0.79	0.73	0.69	0.63	0.68	0.65	0.81	1.01	0.95	0.81
Reinsurance Recoveries	(0.38)	1.39	0.00	0.00	0.48	0.00	0.00	0.00	0.00	0.16	0.13	0.88	0.00	0.27
COB/Subrogation Collections	9.57	5.17	9.15	8.19	11.30	9.50	8.27	12.10	8.24	39.48	12.01	14.56	8.83	13.17
Rate/Income Adjustments	0.17	0.02	(0.23)	2.42	0.20	0.38	(3.14)	0.80	(0.07)	7.82	0.06	(1.42)	(0.00)	0.58
Other Income (Expense)	0.00	(2.68)	0.19	0.00	0.15	0.00	(0.03)	(0.45)	0.29	(0.29)	(1.76)	0.00	0.00	(0.38)
TOTAL REVENUES	251.26	243.02	248.71	244.75	249.74	247.25	247.46	245.57	234.97	274.76	327.47	266.13	261.25	279.82
EXPENSES														
Medical Costs:														
Physician Services	48.91	35.10	51.90	48.76	37.75	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	52.05
Other Professional Services	6.70	9.13	6.14	7.98	8.99	8.54	9.04	10.69	9.24	10.41	10.04	7.85	10.36	9.65
Emergency Room	21.15	19.07	21.85	20.28	19.89	19.50	17.73	17.26	21.08	19.75	18.65	18.70	17.86	21.09
Pharmacy	59.65	32.43	62.26	60.60	60.89	62.95	58.55	56.02	73.05	56.96	45.94	48.82	50.31	60.89
Reinsurance Expense	0.68	0.68	0.80	0.79	0.79	0.79	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.84
Outpatient Hospital	19.64	34.85	23.67	24.91	21.13	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.06	24.50
Other Medical	7.39	12.56	7.88	10.19	12.95	11.00	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	9.56
Pharmacy	33.16	34.63	35.31	35.83	38.67	34.10	36.10	34.58	31.87	37.95	34.89	32.83	34.78	38.02
Pay for Performance Quality Incentive	2.33	2.33	2.42	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41
Expansion Risk Corridor Expense	8.94	6.37	6.30	6.19	6.84	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	5.08
IBNR, Incentive Paid Claims Adjustment	0.21	10.02	0.00	(0.00)	(6.45)	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	(1.76)
Total Medical Costs	208.76	198.17	218.23	217.45	203.86	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	222.53
GROSS MARGIN	42.50	44.85	30.48	27.31	45.88	37.12	50.35	54.01	32.18	39.91	134.03	70.24	70.53	57.29
Administrative:														
Compensation	6.74	8.40	6.56	6.54	6.75	6.36	6.61	6.40	6.11	6.55	6.85	6.93	7.33	7.37
Purchased Services	1.33	2.68	1.35	1.56	2.46	2.16	1.02	2.34	1.12	1.55	1.48	2.05	2.59	1.97
Supplies	0.20	0.38	0.38	0.19	0.16	0.35	0.36	0.37	0.27	0.01	0.30	0.27	0.18	0.29
Other Administrative Expenses	1.45	5.00	1.29	1.73	1.42	1.67	1.35	1.72	1.46	1.47	1.59	2.84	1.13	2.01
Administrative Expense Adjustment	0.00	0.00	0.00	0.00	16.20	2.22	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	1.45
Total Administrative Expenses	9.73	16.45	9.57	9.82	27.00	12.76	9.34	10.82	8.95	9.58	9.40	12.08	11.24	13.08
TOTAL EXPENSES	218.49	214.62	227.80	227.27	230.86	222.89	206.46	202.38	211.74	244.43	202.84	207.98	201.97	235.61
OPERATING INCOME (LOSS) BEFORE TAX	32.77	28.40	20.91	17.48	18.88	24.36	41.01	43.19	23.23	30.33	124.63	58.16	59.29	44.21
MCO TAX	10.03	9.84	9.78	9.21	9.53	9.50	9.75	9.54	9.51	9.10	9.15	30.70	30.73	19.76
OPERATING INCOME (LOSS) NET OF TAX	22.73	18.57	11.12	8.28	9.35	14.86	31.26	33.64	22.73	30.24	31.49	27.45	28.55	24.46
NONOPERATING REVENUE (EXPENSES)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.08)
Reserve Fund Projects/Community Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.08)
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.08)
NET INCREASE (DECREASE) IN NET POSITION	22.73	18.57	11.12	8.28	9.35	14.86	31.26	33.64	22.73	30.24	31.49	27.45	28.55	24.37
MEDICAL LOSS RATIO	86.5%	85.0%	91.3%	92.9%	84.9%	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	85.6%
ADMINISTRATIVE EXPENSE RATIO	4.0%	7.1%	4.0%	4.2%	11.2%	5.4%	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	5.0%

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED NOVEMBER 30, 2016			
R E V E N U E S			
Title XIX - Medicaid - Family & Other			
18,871,460	18,798,953	198,416,845	195,568,946
2,071,795	2,122,661	24,258,136	22,978,322
230,310	189,359	1,453,612	2,017,885
79,835	233,433	239,968	2,487,562
93,145	99,167	1,017,722	1,053,742
21,346,545	21,443,573	225,386,283	224,106,457
Total Title XIX - Medicaid - Family & Other			
Title XIX - Medicaid - Expansion Members			
19,511,166	15,150,920	218,851,292	185,115,233
115,345	147,366	2,925,351	1,595,274
486,208	1,669,469	7,122,811	17,973,434
33,641	37,130	429,096	399,740
20,146,360	17,004,886	229,328,550	205,083,682
Total Title XIX - Medicaid - Expansion Members			
Title XIX - Medicaid - SPD Members			
9,581,283	9,443,479	101,686,667	100,350,120
180,112	-	606,296	-
447,823	1,210,889	5,025,361	13,073,122
10,209,218	10,654,368	107,318,324	113,423,242
Total Title XIX - Medicaid - SPD Members			

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS			
MEDICAL			
SCHEDULE OF MEDICAL COSTS - ALL COA			
FOR THE MONTH ENDED NOVEMBER 30, 2016			
PHYSICIAN SERVICES			
2,692,944	2,639,538	34,072,716	28,231,314
8,154,907	8,266,765	81,141,889	88,570,602
845,322	485,181	6,789,413	5,182,005
11,693,173	11,391,484	122,004,018	121,983,921
OTHER PROFESSIONAL SERVICES			
229,344	249,109	2,517,583	2,662,423
708,565	654,998	6,609,457	7,204,974
126,403	112,070	999,598	1,086,298
59,395	52,772	558,588	598,492
88,054	80,779	868,957	888,569
41,972	51,847	489,299	570,317
60,000	700,299	1,108,090	7,462,689
348,362	30,597	778,074	327,993
763,888	474,216	8,639,055	5,085,490
2,425,983	2,406,687	22,568,701	25,887,244
4,182,880	4,684,351	48,092,565	50,129,562
11,783,439	13,340,886	144,085,577	143,155,690
187,188	181,880	1,981,886	1,943,820
4,698,013	4,672,620	54,201,962	50,122,037
TOTAL OTHER PROFESSIONAL SERVICES			
EMERGENCY ROOM			
INPATIENT HOSPITAL			
REINSURANCE EXPENSE PREMIUM			
OUTPATIENT HOSPITAL SERVICES			
OTHER MEDICAL			
274,753	314,516	3,430,054	3,361,984
218,026	216,427	3,058,397	2,325,272
116,787	102,997	1,021,005	1,103,334
132,474	168,920	943,996	2,117,320
239,641	693,914	9,996,153	7,463,309
315,078	209,858	2,749,666	2,250,077
1,296,759	1,706,631	21,199,271	18,621,296
PHARMACY SERVICES			
RX - Drugs & OTC			
6,577,481	6,412,713	69,429,992	68,829,319
1,056,909	3,069,717	14,259,925	33,064,442
578,630	511,505	4,782,653	5,501,702
(66,000)	-	(753,423)	-
8,147,020	9,993,935	87,719,147	107,395,463
565,417	548,475	6,024,053	5,861,985
137,358	-	10,389,603	3,822,000
(444,334)	-	(6,957,361)	-
44,672,896	48,926,950	511,309,422	528,923,019
Total Medical Costs			

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH NOVEMBER 30, 2016	PHYSICIAN SERVICES												YEAR TO DATE 2016
	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016		
Primary Care Physician Services	2,579,637	2,893,172	2,294,992	3,238,429	3,630,989	3,221,312	3,775,123	3,335,590	3,244,871	3,165,657	2,692,944	34,072,716	
Referral Specialty Services	8,237,919	7,247,168	5,522,443	6,428,643	5,879,355	5,856,106	9,058,549	8,500,949	8,341,179	7,884,657	8,154,907	81,141,889	
Urgent Care & After Hours Advice	416,009	429,769	539,846	516,991	557,028	696,266	695,068	482,647	821,197	789,270	845,322	6,789,413	
TOTAL PHYSICIAN SERVICES	11,233,565	10,570,109	8,387,281	10,184,063	10,067,372	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	122,004,018	
OTHER PROFESSIONAL SERVICES													
Vision Service Capitation	220,913	220,708	223,486	226,598	229,299	230,391	232,634	233,365	234,152	236,693	229,344	2,517,583	
310 - Health Services - Utilization Management - UM Allocation *	544,912	587,946	587,944	557,008	588,291	591,809	563,757	584,152	656,793	658,280	708,565	6,609,457	
311 - Health Services - Quality Improvement - UM Allocation *	79,154	80,449	85,646	70,428	80,678	80,678	68,215	87,226	111,305	115,750	126,403	999,598	
312 - Health Services - Education - UM Allocation *	45,239	46,408	49,189	48,345	48,488	49,519	48,082	53,794	53,816	58,333	59,395	558,588	
313 - Health Services - Pharmacy - UM Allocation *	77,684	76,086	79,191	74,640	76,137	75,958	70,675	82,630	82,630	82,929	86,054	868,957	
616 - Disease Management - UM Allocation *	37,755	37,408	41,948	45,328	45,827	45,809	45,305	49,657	54,179	44,111	41,972	489,299	
Behavior Health Treatment	-	-	-	-	-	196,000	144,000	233,000	192,000	60,000	1,108,090	1,108,090	
Mental Health Services	31,781	30,135	27,932	50,795	32,603	163,022	2,438,637	303,544	234,414	(474,213)	348,362	778,074	
Other Professional Services	290,711	689,910	900,944	847,723	927,006	1,005,451	911,984	760,643	710,447	830,348	763,888	8,639,055	
TOTAL OTHER PROFESSIONAL SERVICES	1,328,149	1,749,050	1,996,280	1,918,865	2,041,275	2,438,637	2,115,049	2,389,356	2,329,736	1,836,371	2,425,983	22,568,701	
EMERGENCY ROOM	4,664,640	4,442,421	4,418,069	4,384,207	4,004,335	3,956,263	4,823,966	4,534,245	4,327,181	4,374,358	4,182,880	48,092,565	
INPATIENT HOSPITAL	13,476,116	13,274,742	13,526,617	14,151,250	13,224,036	12,777,639	16,712,009	13,075,786	10,660,875	11,423,068	11,793,439	144,085,577	
REINSURANCE EXPENSE PREMIUM	173,265	173,105	175,283	177,724	179,842	180,699	182,458	183,031	183,648	185,643	187,188	1,981,886	
OUTPATIENT HOSPITAL SERVICES	5,123,085	5,456,797	4,694,700	6,199,589	4,835,347	4,986,698	2,738,213	6,364,762	3,990,250	5,114,588	4,698,013	54,201,962	
OTHER MEDICAL													
Ambulance	290,534	316,280	501,141	341,499	394,013	393,465	(84,704)	316,128	343,840	343,105	274,753	3,430,054	
Home Health Services	279,716	565,059	1,163,898	932,359	1,095,338	958,690	(2,680,575)	190,749	84,967	250,170	218,026	3,058,397	
CRAS Adult Day Health Care	104,520	107,212	79,769	89,136	97,995	76,449	62,183	72,317	108,216	105,421	116,787	1,021,005	
Utilization and Quality Review Expenses	60,445	65,254	68,430	87,004	94,867	81,357	57,500	138,521	72,756	85,387	132,474	943,996	
Long Term/SNF/Hospice	757,096	955,066	939,726	919,869	1,073,166	1,933,373	770,043	1,511,263	263,987	632,223	239,441	9,996,153	
Non-Medical Transportation	213,327	221,595	124,912	103,488	135,744	131,799	542,403	305,443	270,204	385,673	315,078	2,149,666	
TOTAL OTHER MEDICAL	1,706,638	2,231,066	2,877,876	2,473,455	2,889,123	3,577,133	(1,333,149)	2,554,421	1,143,970	1,801,979	1,296,759	21,199,271	
PHARMACY SERVICES													
RX - Drugs & OTC	5,926,322	6,139,949	6,541,885	6,128,433	6,263,382	6,386,387	6,092,212	6,802,324	6,313,410	6,257,707	6,577,481	69,429,992	
RX - HEP-C	1,162,819	1,206,349	1,577,331	1,082,659	1,388,056	1,367,869	1,374,289	1,543,338	1,433,191	1,067,135	1,056,909	14,259,925	
Rx - DME	553,188	507,364	472,274	455,643	502,897	738,120	(175,257)	366,962	365,739	422,093	578,630	4,782,653	
Rx - Pharmacy Rebates	-	-	-	-	-	(605,749)	-	-	(15,674)	(66,000)	(66,000)	(753,423)	
TOTAL PHARMACY SERVICES	7,642,329	7,848,662	8,591,490	7,666,735	8,154,315	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	87,719,147	
PAY FOR PERFORMANCE QUALITY INCENTIVE	523,721	528,669	536,256	542,674	545,291	550,605	552,273	554,141	560,172	564,834	565,417	6,074,053	
EXPANSION RISK CORRIDOR EXPENSE	1,363,721	1,355,257	1,518,741	1,518,741	1,469,399	1,529,868	(215,621)	-	1,059,120	853,019	137,358	10,389,603	
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	-	(68)	(1,433,650)	(1,978,994)	(2,887,073)	(3,748,854)	-	3,244,295	128,791	162,526	(444,334)	(6,957,361)	
Total Medical Costs	47,235,149	47,629,810	45,288,943	47,238,309	44,523,263	43,689,499	46,395,182	53,911,861	44,887,656	45,836,855	44,672,896	511,309,422	

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH NOVEMBER 30, 2016												
	JANUARY 2016	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	YEAR TO DATE 2016
PHYSICIAN SERVICES												
Primary Care Physician Services	11.92	13.21	10.33	14.41	16.08	14.12	16.50	14.53	13.98	13.53	11.50	13.66
Referral Specialty Services	38.06	33.09	24.99	28.60	26.03	25.68	39.59	37.03	35.95	33.70	34.82	32.52
Urgent Care & After Hours Advice	1.92	1.96	2.43	2.30	2.47	3.05	3.04	2.10	3.54	3.37	3.61	2.72
TOTAL PHYSICIAN SERVICES	51.90	48.26	37.75	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	48.90
OTHER PROFESSIONAL SERVICES												
Vision Service Capitation												
310 - Health Services - Utilization Management - UM Allocation *	1.02	1.01	1.01	1.01	1.02	1.01	1.02	1.02	1.01	1.01	0.98	1.01
311 - Health Services - Quality Improvement - UM Allocation *	2.52	2.60	2.65	2.48	2.60	2.59	2.46	2.54	2.83	2.81	3.03	2.65
312 - Health Services - Education - UM Allocation *	0.37	0.37	0.39	0.31	0.41	0.35	0.30	0.38	0.48	0.49	0.54	0.40
313 - Health Services - Pharmacy - UM Allocation *	0.21	0.21	0.22	0.21	0.21	0.22	0.21	0.23	0.23	0.25	0.25	0.22
616 - Disease Management - UM Allocation *	0.36	0.35	0.36	0.33	0.34	0.33	0.31	0.37	0.36	0.35	0.38	0.35
Behavior Health Treatment	0.17	0.17	0.19	0.20	0.20	0.20	0.20	0.22	0.23	0.19	0.18	0.20
Mental Health Services	0.00	0.00	0.00	0.00	0.00	0.86	0.63	1.01	0.83	1.21	0.26	0.44
Other Professional Services	0.15	0.14	0.13	0.23	0.14	0.71	0.13	1.32	1.01	(2.03)	1.49	0.31
TOTAL OTHER PROFESSIONAL SERVICES	1.34	3.15	4.06	3.77	4.10	4.41	3.99	3.51	3.06	3.55	3.26	3.46
EMERGENCY ROOM												
EMERGENCY ROOM	6.14	7.98	8.99	8.54	9.04	10.69	9.24	10.41	10.04	7.85	10.36	9.05
INPATIENT HOSPITAL	21.55	20.28	19.89	19.50	17.73	17.26	21.08	19.75	18.65	18.70	17.86	19.28
REINSURANCE EXPENSE PREMIUM	62.26	60.60	60.89	62.95	58.55	56.02	73.05	56.96	45.94	48.82	50.31	57.75
OUTPATIENT HOSPITAL SERVICES	0.80	0.79	0.79	0.79	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.79
TOTAL OTHER MEDICAL	23.67	24.91	21.13	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.06	21.72
OTHER MEDICAL												
Ambulance	1.34	1.44	2.26	1.52	1.74	1.73	(0.37)	1.38	1.48	1.47	1.17	1.37
Home Health Services	1.29	2.58	5.24	4.15	4.85	4.20	(11.72)	0.83	0.37	1.07	0.93	1.23
CBAS Adult Day Health Care	0.49	0.49	0.36	0.40	0.43	0.34	0.27	0.32	0.47	0.45	0.50	0.41
Utilization and Quality Review Expenses	0.28	0.30	0.31	0.39	0.42	0.36	0.20	0.60	0.31	0.36	0.57	0.38
Long Term/SNF/Hospice	3.50	4.36	4.23	4.09	4.75	8.48	3.37	6.58	1.14	2.70	1.02	4.01
Non-Medical Transportation	0.99	1.01	0.56	0.46	0.59	0.59	2.37	1.33	1.16	1.65	1.35	1.10
TOTAL OTHER MEDICAL	7.88	10.19	12.95	11.00	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	8.50
PHARMACY SERVICES												
RX - Drugs & OTC	27.38	28.03	29.45	27.26	27.73	28.00	26.63	29.63	27.21	26.74	28.08	27.83
RX - HEP-C	5.37	5.51	7.10	4.82	6.15	6.00	6.01	6.72	6.18	4.56	4.51	5.72
Rx - DME	2.56	2.29	2.13	2.03	2.23	3.24	(0.77)	1.60	1.58	1.80	2.47	1.92
Rx - Pharmacy Rebates	0.00	0.00	0.00	0.00	0.00	(2.66)	0.00	0.00	(0.07)	(0.28)	(0.28)	(0.30)
TOTAL PHARMACY SERVICES	35.31	35.83	38.67	34.10	36.10	34.58	31.87	37.95	34.89	32.83	34.78	35.16
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.42	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41
EXPANSION RISK CORRIDOR EXPENSE	6.30	6.19	6.84	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	4.16
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.00	(0.00)	(6.45)	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	(2.79)
Total Medical Costs	218.23	217.45	203.86	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	204.93

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
209,326	203,976	2,180,210	2,587,690
	(5,350)		407,480
123,894	116,890	1,296,400	1,317,195
	(7,004)		20,795
448,034	422,759	4,536,475	4,650,353
	(25,275)		113,878
312,753	169,637	1,203,897	1,866,004
	(143,116)		662,107
448,224	380,086	4,758,672	4,280,317
	(68,138)		(478,355)
78,715	79,156	741,356	895,757
	441		154,401
430	2,000	17,336	27,500
	1,570		10,164
(210)	2,600	1,649	28,305
	2,810		26,656
291	1,000	1,036	11,650
	709		10,614
79,078	67,350	796,493	786,775
	(11,728)		(9,718)
169	-	1,161	-
	(169)		(1,161)
146,117	145,055	1,373,489	1,595,609
	(1,062)		222,120
374,885	385,482	3,543,613	4,205,512
	10,597		661,899
142,976	343,166	2,705,156	3,150,826
	200,190		445,670
46,781	41,342	437,902	454,762
	(5,439)		16,860
28,873	18,075	379,304	431,875
	(10,798)		52,571
60,457	48,520	541,126	539,170
	(11,937)		(1,956)
132,318	101,750	1,130,906	1,296,237
	(30,568)		165,331
-	-	3,909,271	-
	-		(3,909,271)
2,633,111	2,528,844	29,555,452	28,125,537
	(104,267)		(1,429,915)

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT
FOR THE MONTH ENDED NOVEMBER 30, 2016

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

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

ASSETS	NOVEMBER 2016	OCTOBER 2016	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,422,372	\$ 1,422,325	47
Interest Receivable	1,400	700	700
Prepaid Expenses & Other Current Assets	834	1,667	(833)
TOTAL CURRENT ASSETS	\$ 1,424,606	\$ 1,424,692	\$ (86)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	353,896	353,849	47
TOTAL CURRENT LIABILITIES	\$ 353,896	\$ 353,849	\$ 47
NET POSITION:			
Net Position- Beg. of Year	1,071,061	1,071,061	-
Increase (Decrease) in Net Position - Current Year	(351)	(218)	(133)
Total Net Position	\$ 1,070,710	\$ 1,070,843	\$ (133)
TOTAL LIABILITIES AND NET POSITION	\$ 1,424,606	\$ 1,424,692	\$ (86)

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

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

MEDICAL

ADULT AND FAMILY

	JAN'16	FEB'16	MAR'16	APR'16	MAY'16	JUN'16	JUL'16	AUG'16	SEP'16	OCT'16	NOV'16	DEC'16
PA - FAMILY	49,991	47,326	42,526	40,353	38,248	30,990	37,139	36,516	37,045	37,329	36,501	
MIN - FAMILY	88	74	-26	6	12	8	10	8	6	1	3	
REFUGEE - FAMILY	4	4	4	2	2	2	0	0	0	2	1	
FOSTER CARE	435	434	459	391	428	438	468	457	487	456	488	
POVERTY-133/200%	-14	103	-37	-69	-61	17	10	0	4	3	2	
POVERTY-100%	47	180	46	-147	-9	-49	17	7	7	7	4	
MI - CHILD	82,198	86,338	92,802	96,561	98,992	101,582	99,526	100,553	101,488	102,099	102,887	
CHILD-ACA	1,674	1,740	822	774	797	600	782	813	790	715	744	
FAMILY - UNDER 19	15,673	15,722	16,454	16,371	16,149	29,219	19,627	19,699	19,979	20,592	20,752	
SUB-TOTAL ADULT & FAMILY	150,096	151,921	153,050	154,242	154,558	162,807	157,579	158,053	159,806	161,204	161,382	0

MEDI-CAL EXPANSION

LHP Transition Pre-ACA	115	113	62	103	75	86	81	80	79	83	74	
ACA Expansion Adult-Citizen	47,426	48,873	50,870	51,912	52,771	47,373	52,375	52,663	53,497	53,866	54,036	
ACA Expansion CAL Fresh Adult	44	51	3	9	9	9	23	12	12	12	12	
LHP Transition Pre-ACA	426	435	454	431	405	509	516	528	497	539	490	
SUB-TOTAL MANDATORY	48,011	49,472	51,389	52,455	53,260	47,977	52,995	53,283	54,085	54,500	54,612	0

SDP MEMBERS (INCLUDING NEW)

SSI-AGED	273	255	372	350	314	318	156	148	180	157	163	
MIN - AGED	1,151	1,139	1,144	1,193	1,260	547	1,274	1,274	1,289	1,321	1,354	
SSI - BLIND & DIS-ABLED	12,406	11,565	11,587	11,820	11,572	11,627	11,886	11,728	11,621	11,671	11,601	
MIN - BLIND & DIS-ABLED	294	428	350	334	367	355	310	387	378	334	321	
SUB-TOTAL MANDATORY SPD	14,124	13,387	13,453	13,697	13,513	12,647	13,633	13,537	13,468	13,483	13,439	0
TOTAL MANDATORY	212,231	214,780	217,892	220,394	221,331	223,631	224,207	224,873	227,359	229,187	229,433	0

OTHER MEMBERS

BCCTP-TOBACCO SETTLEMENT	28	27	27	27	27	25	31	29	27	23	29	
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DUALS

PA - FAMILY DUALS	104	361	61	92	-9	37	40	34	28	35	28	
PART D SSI-AGED	508	495	518	551	581	504	533	549	589	585	621	
PART D MN - AGED	797	808	811	865	984	968	960	1,011	1,018	1,077	1,045	
PART D SSI - BLIND & DIS-ABLED	1,908	1,893	1,927	1,930	1,986	1,935	2,023	2,039	2,007	2,016	2,000	
PART D MN - BLIND & DIS-ABLED	643	676	639	675	706	678	683	711	727	734	756	
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	1	-4	1	1	1	0	1	1	
PART D MI - ADULT	0	0	0	0	0	0	0	0	0	0	0	
PART D MI - CHILD	223	1	279	288	271	294	301	313	298	327	312	
SUB-TOTAL DUALS	4,184	4,235	4,236	4,382	4,515	4,417	4,551	4,658	4,667	4,775	4,763	0
TOTAL OTHERS	4,212	4,262	4,263	4,409	4,542	4,442	4,582	4,687	4,694	4,798	4,792	0

TOTAL KAISER

	5,218	5,342	5,542	5,712	5,988	6,193	6,379	6,552	6,700	6,890	7,006	0
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TOTAL MEDI-CAL MEMBERS

	221,661	224,384	227,697	230,515	231,861	234,266	235,168	236,112	238,753	240,875	241,231	0
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KERN HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

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

KERN·HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

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

KERN·HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4059	KERN VALLEY HEALTHCARE DISTRICT*****	10,857.77	65,107.07	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	10,785.16	105,083.34	OCT. EDI CLAIM PROCESSING	CLAIMS
T4193	TECHNOSOCIALWORK.COM	10,545.65	189,930.11	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
		<u>1,211,346.03</u>			
	TOTAL VENDORS OVER \$10,000	1,211,346.03			
	TOTAL VENDORS UNDER \$10,000	202,307.94			
	TOTAL VENDOR EXPENSES-Nov.	<u>1,413,653.97</u>			

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

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	3,494,524.86	EMPLOYEE HEALTH BENEFITS	VARIOUS
WT4504	HEALTH MANAGEMENT SYSTEMS INC	2,330,000.00	AMG SETTLEMENT	ADMINISTRATION
T4592	LAW OFFICE OF JOSEPH K. JOHNSON, PC ATTORNEY TRUST	1,542,771.72	AMG SETTLEMENT-DEMETRE & LEWIS	ADMINISTRATION
T1001	KERN MEDICAL	1,508,898.47	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2726	ARGUS HEALTH SYSTEMS, INC.	784,777.49	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T1071	CLINICA SIERRA VISTA	711,254.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1408	DELL MARKETING L.P.	535,352.96	HARDWARE, SOFTWARE, MICROSOFT LICENSES, MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T4237	FLUIDEDGE CONSULTING	475,697.27	CONSULTING SERVICES-CASE MANAGEMENT/DISEASE MANAGEMENT	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2686	ALLIANT INSURANCE SERVICES INC.	467,185.11	2016-2017 INSURANCE RENEWALS	ADMINISTRATION
T4327	MCKESSON TECHNOLOGIES INC.	466,881.62	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADD'T'L COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T3460	THE GUARDIAN LIFE INSURANCE CO.	367,525.54	VOLUNTARY LIFE AD&D & DENTAL INSURANCE	VARIOUS
T4392	TRIZETTO CORPORATION	362,401.66	CONSULTING SERVICES	CORE SYSTEM REPLACEMENT
T4308	TRUXTUN PLACE PARTNERS	312,779.22	TRUXTUN- LEASE & UTILITIES EXPENSE	CORPORATE SERVICES
T2167	PG&E	288,956.01	ANNUAL TRUE-UP FOR 2015 USAGE/UTILITIES	CORPORATE SERVICES
T4582	HEALTHX, INC	264,333.32	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4391	OMNI FAMILY HEALTH	222,800.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

KERN HEALTH SYSTEMS

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

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



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

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

KERN HEALTH SYSTEMS

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

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

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3986	JACQUELYN S. JANS	39,600.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T4183	LAMAR ADVERTISING OF BAKERSFIELD	38,500.00	OUTDOOR ADVERTISEMENT-BILBOARDS	ADVERTISING
T2969	AMERICAN BUSINESS MACHINES INC	38,300.27	MONTHLY COPIER MAINTENANCE & HARDWARE	MIS INFRASTRUCTURE
T4047	CENTRAL CALIFORNIA FOUNDATION FOR HEALTH	37,242.86	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1957	MERCY FOUNDATION-BAKERSFIELD	37,000.00	SB75 OUTREACH SPONSORSHIP & WEB-BASED COMMUNITY ASSESSMENT SPONSORSHIP.	MARKETING
T4384	PINNACLE PRIMARY CARE, INC.	36,500.00	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2413	TREK IMAGING INC	35,611.61	PROMOTIONS GIVEAWAYS	VARIOUS
T4038	POLYCLINIC MEDICAL CENTER, INC	35,014.24	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4389	EXACT STAFF, INC	34,101.13	TEMPORARY HELP	VARIOUS
T2851	SINCLAIR TELEVISION MEDIA INC	33,502.75	TELEVISION/MEDIA	MARKETING
T4521	PAYSCALE, INC.	33,500.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T1644	BRIGHT HOUSE NETWORK	33,381.84	INTERNET SERVICES	MIS INFRASTRUCTURE
T4607	AGILITY RECOVERY SOLUTIONS INC.*****	32,400.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	ASIS
T4604	MICHAEL PITTS	31,850.00	HEALTH HOME CONSULTATION	HE-QI
T2807	DOWLING, AARON & KEELER	31,838.97	LEGAL FEES	ADMINISTRATION
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	31,506.00	2016 ANNUAL DUES ASSESSMENT & SEMINAR REGISTRATION FEES	ADMINISTRATION
T3400	CLIFFORD & BROWN, A PROFESSIONAL CORPORATION	30,398.27	LEGAL FEES	ADMINISTRATION
T4496	VOX NETWORK SOLUTIONS	29,976.00	WORKFORCE MANAGEMENT ADVANCED PACKAGE	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to Date	Description	Department
T2441	POPPYROCK DESIGNS	29,439.00	MATERIAL DESIGN	VARIOUS
T4431	ALAN AVERY	28,640.87	MISC. REIMBURSEMENT -EMP EXPENSES & EMP INCENTIVES	VARIOUS
T4182	THE LAMAR COMPANIES	28,850.00	BILLBOARD MEDIA-GET BUS DISPLAY	ADVERTISING
T4563	SPH ANALYTICS	28,240.00	2016 MEMBER SURVERY	MEMBER SERVICES
T4544	BARNERS WEALTH MANAGEMENT GROUP	28,252.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	27,750.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4554	THE KEN BLANCHARD COMPANIES	27,654.66	TRAINING REGISTRATION & MATERIAL	HUMAN RESOURCES
T4216	NEXTAR BROADCASTING INC	27,566.80	TELEVISION	ADVERTISING
T4195	KERO-TV	27,507.00	TELEVISION	ADVERTISING
T4603	ECFIRST.COM	27,496.17	PROFESSIONAL SERVICES-INFORMATION SYSTEM SECURITY	MIS INFRASTRUCTURE
T4561	SRI & SHARMA, LLC	26,875.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4484	INSURANCE STAFFERS, INC.	26,204.97	TEMPORARY HELP-(5) CLAIMS	CLAIMS
T4598	KEITH FLP HOLDINGS, A CALIMITED PARTNERSHIP	25,000.00	DUE DILIGENCE EXTENSION DEPOSIT	CAPITAL PROJECT - NEW BUILDING PROJECT
T4654	DELAWIE*****	24,968.02	ARCHITECTURAL SERVICES	CAPITAL PROJECT
T3076	SPECIAL DISTRICT RISK	24,765.83	2015-2016 WORKER'S COMP TRUE UP	VARIOUS
T4643	MOTOR CITY LEXUS OF BAKERSFIELD	23,500.00	COMPANY AUTOMOBILE	CORPORATE SERVICES
T1347	ADVANCED DATA STORAGE	22,577.37	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T3990	SPARKLETTS INC	22,342.90	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3065	CAREERBUILDER, LLC	21,000.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T4497	SKILLSOFT CORPORATION	20,896.93	YEAR 1 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T4028	WALL STREET IMPRINTABLES	20,531.97	PROMOTION EXPENSES-MOD T-SHIRTS & WELLNESS PROGRAM	MARKETING/HE
T1032	BAKERSFIELD CALIFORNIAN	19,746.56	EMPLOYMENT AD	HUMAN RESOURCES
T2941	KERN PRINT SERVICES INC.	19,746.45	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T1022	UNUM LIFE INSURANCE CO.	19,217.74	EMPLOYEE LONGE TERM AND LIFE INSURANCE	PAYROLL DEDUCTION
T4198	LAW OFFICES OF CARL SHUSTERMAN	18,510.00	LEGAL FEES	ADMINISTRATION
T4024	NEOPOST USA INC	17,359.20	2016 METER RENTAL FEES & FOLDING/INSERTER MACHINE	CORPORATE SERVICES
T3449	CDW GOVERNMENT	17,306.00	HARDWARE, EQUIPMENT UNDER \$1,000,COMPUTER SUPPLIES	MIS INFRASTRUCTURE
T4417	KAISER FOUNDATION HEALTH PLAN	17,189.64	EMPLOYEE HEALTH BENEFITS	HE-UM
T4228	THE SSI GROUP, INC.	16,491.20	EDI CLAIM PROCESSING	CLAIMS
T2930	PAESSLER AG	16,351.88	PRTG SOFTWARE LICENSE W/MAINTENANCE	MIS INFRASTRUCTURE
T4239	COAST TO COAST COMPUTER	15,929.36	OFFICE SUPPLIES - TONERS	CORPORATE SERVICES
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	15,742.62	LONG- TERM DISABILITY	ADMINISTRATION
T3454	DEPARTMENT OF MANAGEMENT HEALTH CARE	15,000.00	DMCH ENFORCEMENT MATTER 14-459	ADMINISTRATION
T4016	FIRST DATABANK, INC	14,410.00	NATIONAL DRUG CODE DATABASE-SOFTWARE LICENSES	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	14,375.15	INTERPRETATION SERVICES	MEMBER SERVICES
T4610	EVERBRIDGE, INC.	13,950.00	TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

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

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

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
February							
Level(3)TWTelecom	\$ 48,122.88	Yes	IT	Richard Pruitt	Voice an data services for Truxtun location	2/1/2016	2/1/2018
March							
Univision	\$ 31,747.50	Yes	MRK	Louie Iurrina	Spanish TV Advertisement	3/11/2016	11/30/2016
Sierra Printers	\$ 55,362.50	Yes	PR	Emily Duran	Provider Directories 2016	3/15/2016	11/30/2016
May							
Pacific Health Consulting	\$ 99,000.00	Yes	PM	Jeremy McCaur	Consulting services for additional line of business	5/15/2016	10/13/2016
Mercer	\$ 50,000.00	Yes	HR	Anita Peters	Employee Compensation Study	5/19/2016	7/29/2017
FluidEdge	\$ 99,700.00	Yes	UM	Deb Muir	Consulting services for selection of a medical management platform	5/23/2016	8/12/2016
June							
MedisoftRx	\$ 49,000.00	Yes	IT	Richard Pruitt	Home health provider and population analysis	7/1/2016	12/31/2016
Meadvasant	\$ 66,750.00	Yes	PR	Emily Duran	Provider Directory Solution to comply with SB 137	7/1/2016	6/30/2018
July							
Websolv Computin Inc.	\$ 44,000.00	Yes	IT	Richard Pruitt	Information System Security Assessment	7/26/2016	3/18/2017
Dell	\$ 81,108.05	Yes	IT	Richard Pruitt	Purchase of (5) PowerEdge blade servers Model: M630	7/22/2016	7/22/2021
August							
Milliman	\$ 80,000.00	Yes	Acct	Robin Plumb	Actuarial services	8/20/2016	7/31/2016
FluidEdge	\$ 48,800.00	Yes	UM	Deb Muir	Consulting services for procurement process of CM/DM platform	9/29/2016	10/21/2016
September							
Agility Recovery	\$32,400.00	Yes	AIS	Carl Breining	Disaster recovery and business continuity	9/16/2016	9/15/2017
DME Consulting	\$35,000.00	Yes	UM	Deb Muir	Medical equipment consulting services	9/25/2016	9/24/2017
Lamar	\$41,000.00	Yes	MRK	Louie Iurrina	Billboard advertisement	9/26/2016	9/24/2017
FluidEdge	\$62,000.00	Yes	IT	Richard Pruitt	620 hrs of professional services for EDI/SQL	9/26/2016	1/13/2017
October							
Dell	\$98,228.96	Yes	IT	Richard Pruitt	Brocade channel switches replacements	10/17/2016	10/16/2021
Executive Staffing Solutions	\$34,000.00	Yes	HR	Anita Peters	Director of Claims search	10/14/2016	4/16/2017
November							
CPAC Inc.	\$65,511.00	Yes	IT	Richard Pruitt	Diagnix voice survey (IVR - Software)	11/1/2016	10/31/2017
Dell	\$44,725.13	Yes	IT	Richard Pruitt	(2) Chassis Fiber Module, (1) Brocade Fiber Channel Switching, (1) Ethernet Module and (5) years support and maintenance	11/11/2016	11/10/2021
Dell	\$53,680.09	Yes	IT	Richard Pruitt	(1) Dell M1000E Chassis Enclosure and (5) years of support and maintenance	11/11/2016	11/10/2021
Dell	\$60,207.66	Yes	IT	Richard Pruitt	(5) M630 Blade Servers and (5) year Support and Maintenance	11/11/2016	11/10/2021
Looking Point	\$90,400.00	Yes	IT	Richard Pruitt	Certified CCIE Network Engineer (IVR: Professional Services)	11/1/2016	10/31/2017
FusionStorm	\$83,472.52	Yes	IT	Richard Pruitt	Stockdale (PROD) site, 2 Juniper EX4300 24-Port Switches, 3 years support	11/30/2016	11/30/2019
FusionStorm	\$35,665.35	Yes	IT	Richard Pruitt	Fresno (DR) site, 2 Juniper EX4300 24-Port Switches and 3 years support	11/30/2016	11/30/2019
December							
Dell	\$93,398.98	Yes	IT	Richard Pruitt	Yeaman Backup	12/1/2016	12/1/2021
Dell	\$77,412.75	Yes	IT	Richard Pruitt	PowerEdge M630 Blades	12/1/2016	12/1/2021
SHI	\$62,294.20	Yes	IT	Richard Pruitt	VMware Enterprise Plus	12/1/2016	12/1/2021
TrueNorth	\$76,686.00	Yes	IT	Richard Pruitt	Nimble Storage Expansion Enclosures H65-35TB	12/1/2016	12/1/2021
Sierra Printers	\$39,323.50	Yes	IT	Richard Pruitt	Printing and shipping of 2016 Medi-Cal Provider Directories	12/1/2016	4/1/2017
Dell	\$77,412.00	Yes	IT	Richard Pruitt	PowerEdge M630 Blade Servers to replace existing UAT servers located at our Stockdale (UAT) site	12/12/2016	12/12/2019
Dell	\$65,234.50	Yes	IT	Richard Pruitt	Brocade 6510 Fiber Channel Switches to replace existing switches located at our Fresno (DR) site	11/30/2016	11/30/2021
Forms on Fire	\$44,865.75	Yes	UM	Deborah Muir	Software subscription, maintenance and support for software	12/12/2016	12/11/2017



To: KHS Board of Directors
From: Douglas A Hayward, CEO
Date: February 9, 2017
Re: Health Services Trend Report

In the Chief Medical Officer's absence, this presentation will be given by Deborah Murr, RN BS, HCM, Administrative Director of Health Services.

Medical Cost and Utilization Trend Analyses: (Attachment A)

Physician Services: (Primary Care Physician, Specialist, Hospitalist and Ancillary Services):

For December 2016, the cost per enrollee was below budget for the Family and Expansion Aid groups, and for the overall Plan. The costs associated with the SPD aid category are above budget but continues the downward trend we have experienced during the last few months.

Diabetes and hypertension continue to be the predominant reasons for utilization of professional visits in both the Expansion and SPD aid categories, while routine child health, immunization and prenatal care for pregnant mothers were the most common reason in the Family aid category.

Pharmacy

We experienced slight increases in the costs per enrollee during December 2016, but continue to below budget for the year. The increase is seasonal, increases during the winter months and decreases during the summer months.

Inpatient Services

All measures, for all aid categories, are below budget for December 2016. Delivery of Newborns and chronic obstructive pulmonary continue to be the main reasons for admissions.

Outpatient Hospital (Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

For December 2016, the cost per enrollee was below budget for all aid categories. Encounters for routine child health exams, end stage renal disease and diabetes were the most common reasons for the Family, SPS and Expansion aid groups respectively.



Emergency Room (ER)

For December 2016, the cost per enrollee was below budget for all aid categories. There is some upward movement when compared to November 2016 as we have experienced an increase in visits associated with acute respiratory infections across all aid groups.

Hospital Utilization Reports (Attachment B Attachment C Attachment D)

Inpatient Admissions

There was a slight increase in the number of inpatient admissions during December 2016 when compared to the prior month. Bakersfield Memorial Hospital continues to provide the majority of inpatient services. SJCH, Mercy, and Kern Medical are all trailing in a tie showing the 2nd highest utilization.

Bakersfield Memorial experienced the largest number of admissions (74) while Delano Regional experienced the largest percent increase (46%).

Obstetrics Services

During the month of November 2016, vaginal births accounted for 77% of the births and cesarean section 23%. The percent of cesarean births has decreased from the prior month and when compared to November 2015 (24% and 28% respectively).

ER Visits

The number of ER visits increased slightly during December 2016 across all aid groups with acute respiratory infections being the primary reason for the increase. Bakersfield Memorial experienced the largest percent increase in visits and accounted for the majority of the increase.

Health Service Update:

The new ZeOmega (JIVA) Medical Management Platform implementation is currently in progress that will allow KHS health services staff the ability to improve service to both members and providers while eliminating costly administrative inefficiencies. As part of this implementation, KHS has licensed Care Web QI, a robust evidence based care guideline through MCG, to assist with maintaining health plan compliance, consistency, and cost containment involved with the medical decision making process. In addition, the new Provider Portal will integrate seamlessly into the JIVA system to improve health plan / provider communication through information exchange that promotes provider practice latitude and improved health plan data.



Governed Reporting System

Attachment A

Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

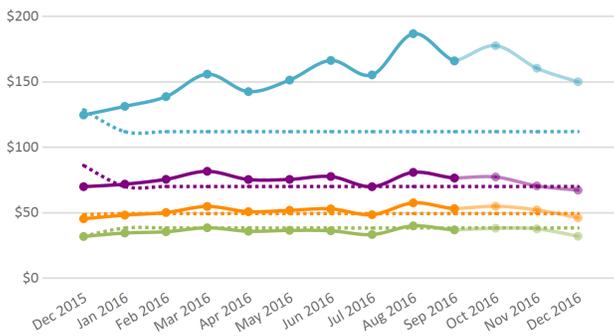


Physician Services

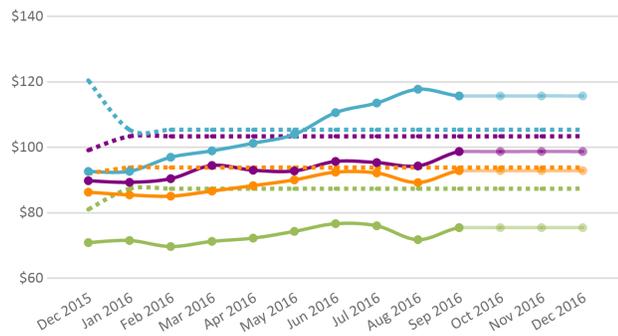
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

- MCAL Expansion - Actual
- MCAL Expansion - Budget
- MCAL Expansion - Forecast
- MCAL Family\Other - Actual
- MCAL Family\Other - Budget
- MCAL Family\Other - Forecast
- MCAL SPD - Actual
- MCAL SPD - Budget
- MCAL SPD - Forecast
- Total Combined - Actual
- Total Combined - Budget
- Total Combined - Forecast

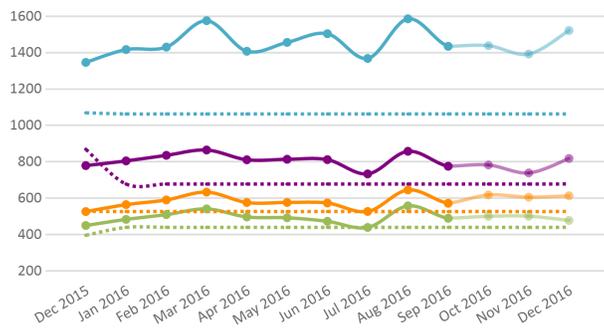
Professional Services Incurred by Aid Group PMPM



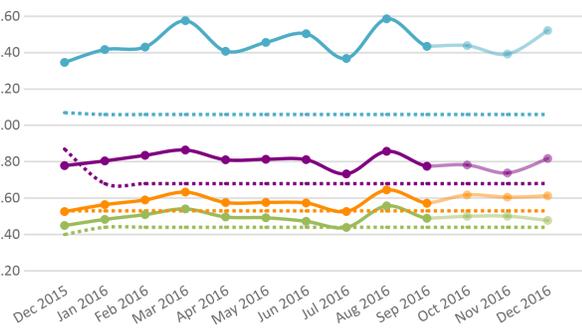
Cost per Professional Service Visit by Aid Group



Professional Service Visits per 1,000 per Month by Aid Group



Professional Service Visits per Member per Month by Aid Group





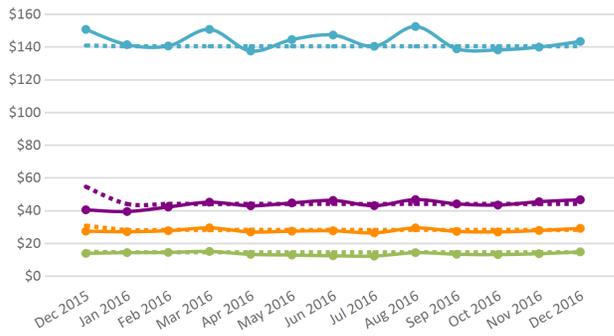
Governed Reporting System

Pharmacy

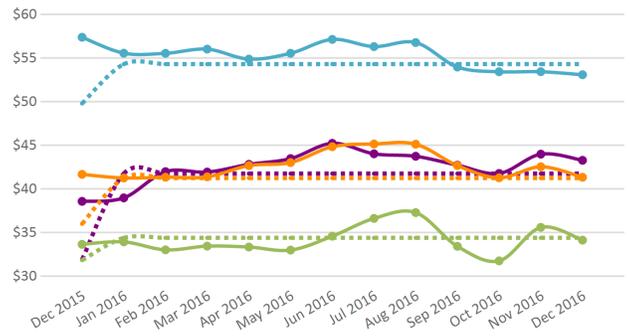
(Includes: Claims paid by PBM)

- MCAL Expansion - Actual
- MCAL Family\Other - Actual
- MCAL SPD - Actual
- MCAL Expansion - Budget
- MCAL Family\Other - Budget
- MCAL SPD - Budget
- MCAL Expansion - Forecast
- MCAL Family\Other - Forecast
- MCAL SPD - Forecast
- Total Combined - Actual
- Total Combined - Budget
- Total Combined - Forecast

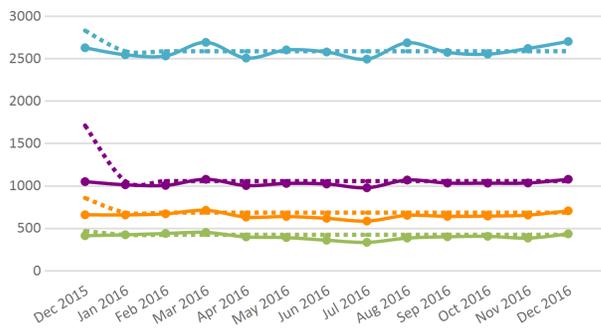
Pharmacy Services Incurred by Aid Group PMPM



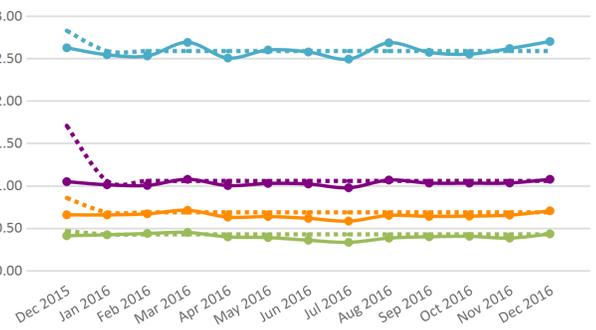
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





Governed Reporting System

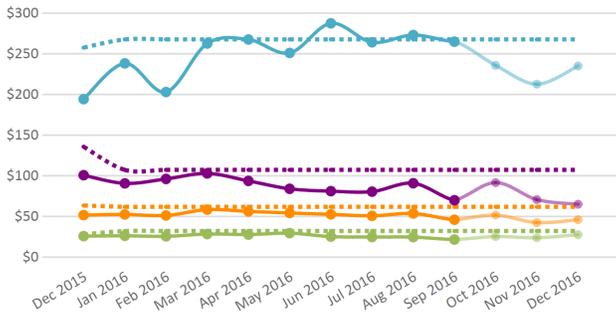


Inpatient

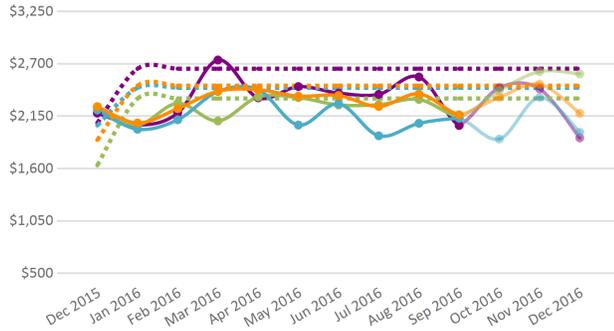
(Includes: Inpatient Hospital Claims)

- MCAL Expansion - Actual
- MCAL Family\Other - Actual
- MCAL SPD - Actual
- Total Combined - Actual
- MCAL Expansion - Budget
- MCAL Family\Other - Budget
- MCAL SPD - Budget
- Total Combined - Budget
- MCAL Expansion - Forecast
- MCAL Family\Other - Forecast
- MCAL SPD - Forecast
- Total Combined - Forecast

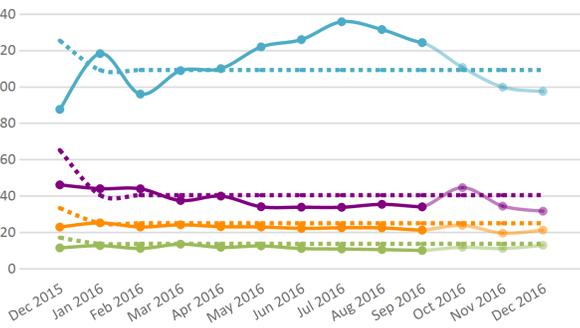
Inpatient Services Incurred by Aid Group PMPM



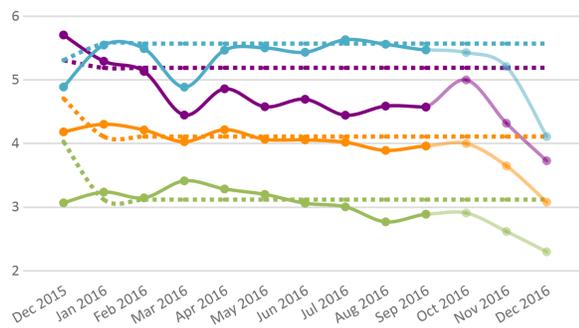
Cost Per Bed Day by Aid Group



Incurred Bed Days per 1,000 per Month by Aid Group



Average Length of Stay in Days by Aid Group





Governed Reporting System

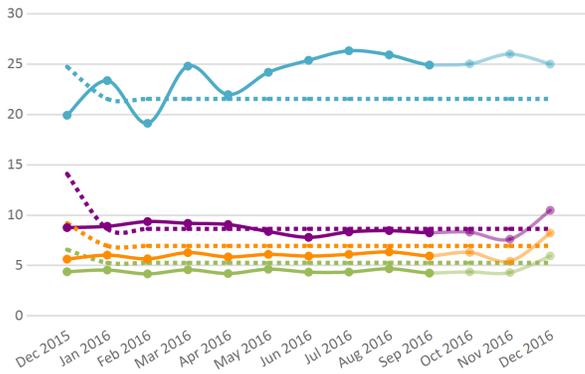


Inpatient

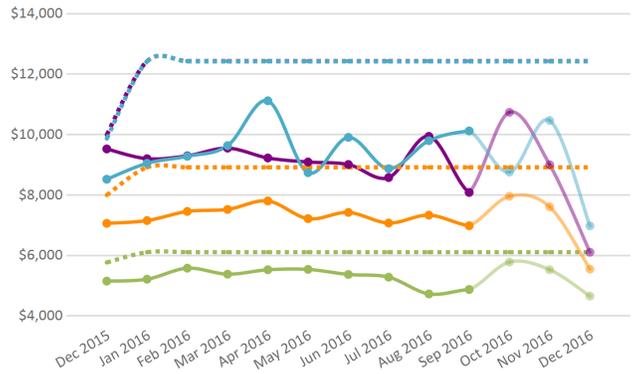
(Includes: Inpatient Hospital Claims)

- MCAL Expansion - Actual
- MCAL Expansion - Budget
- MCAL Expansion - Forecast
- MCAL Family\Other - Actual
- MCAL Family\Other - Budget
- MCAL Family\Other - Forecast
- MCAL SPD - Actual
- MCAL SPD - Budget
- MCAL SPD - Forecast
- Total Combined - Actual
- Total Combined - Budget
- Total Combined - Forecast

Incurring Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

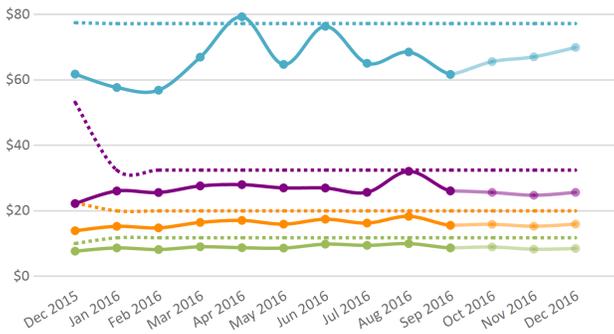


Outpatient Hospital

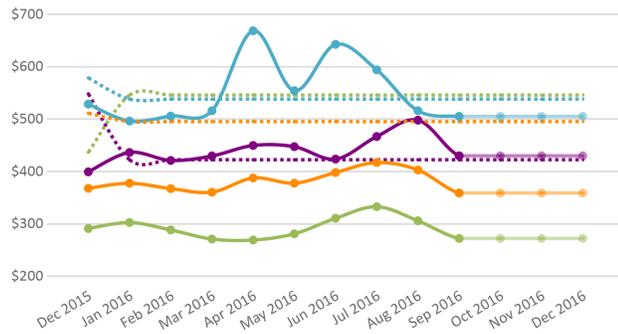
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

- MCAL Expansion - Actual
- MCAL Expansion - Budget
- MCAL Expansion - Forecast
- MCAL Family\Other - Actual
- MCAL Family\Other - Budget
- MCAL Family\Other - Forecast
- MCAL SPD - Actual
- MCAL SPD - Budget
- MCAL SPD - Forecast
- Total Combined - Actual
- Total Combined - Budget
- Total Combined - Forecast

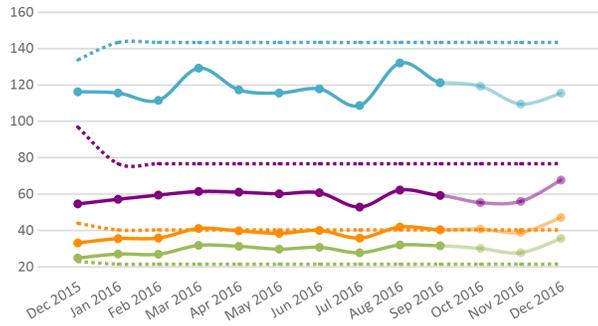
Outpatient Services Incurred by Aid Group PMPM



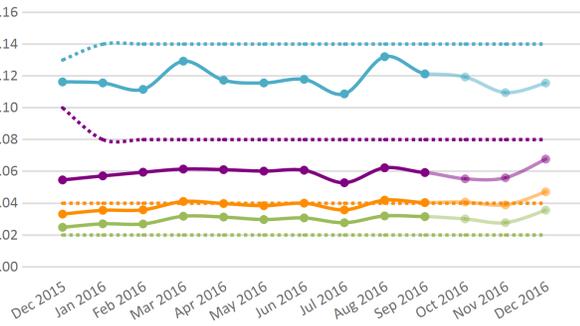
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





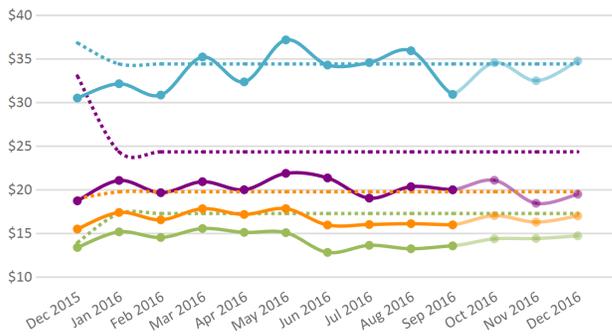
Governed Reporting System



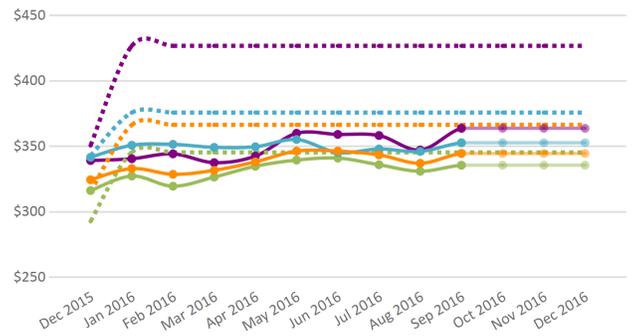
Emergency Room

- MCAL Expansion - Actual
 —●— MCAL Family\Other - Actual
 —●— MCAL SPD - Actual
 —●— Total Combined - Actual
- - - MCAL Expansion - Budget
 - - - MCAL Family\Other - Budget
 - - - MCAL SPD - Budget
 - - - Total Combined - Budget
- MCAL Expansion - Forecast
 —●— MCAL Family\Other - Forecast
 —●— MCAL SPD - Forecast
 —●— Total Combined - Forecast

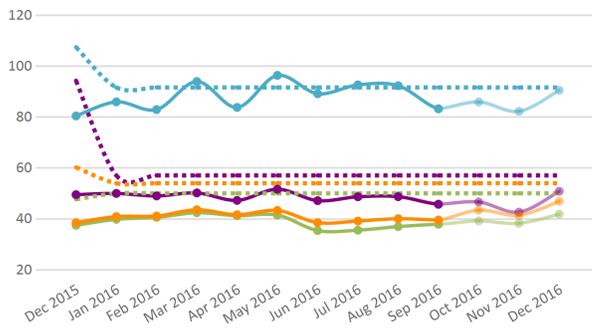
ER Services Incurred by Aid Group PMPM



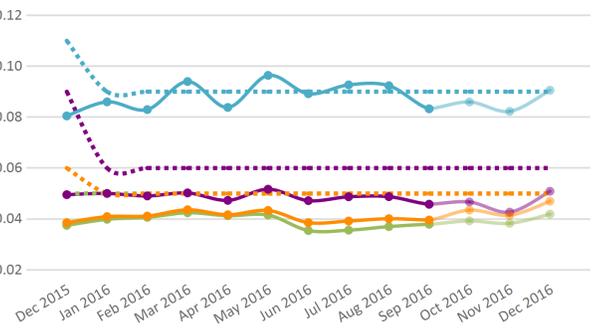
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



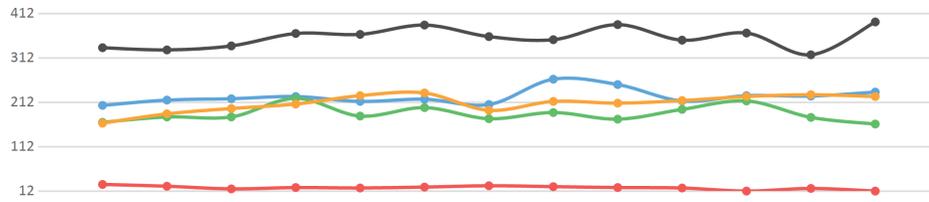
ER Visits per Member per Month by Aid Group



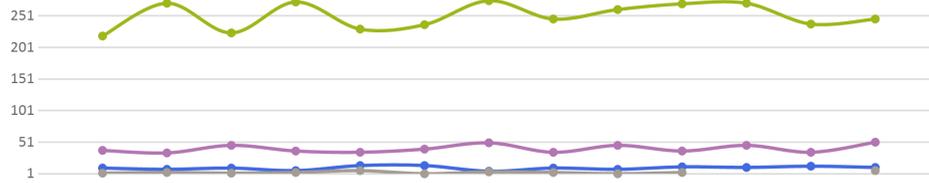


Governed Reporting System

Inpatient Admits by Hospital



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
BAKERSFIELD MEMORIAL	335	330	339	367	365	386	360	353	387	352	368	319	393
SAN JOAQUIN COMMUNITY	205	217	220	225	214	219	207	264	252	215	227	226	235
KERN MEDICAL	165	186	198	208	227	233	194	214	210	216	225	229	225
MERCY HOSPITAL	167	179	179	221	181	200	175	189	174	196	215	178	163
BAKERSFIELD HEART HOSP	27	23	17	20	19	21	24	22	20	19	12	18	12



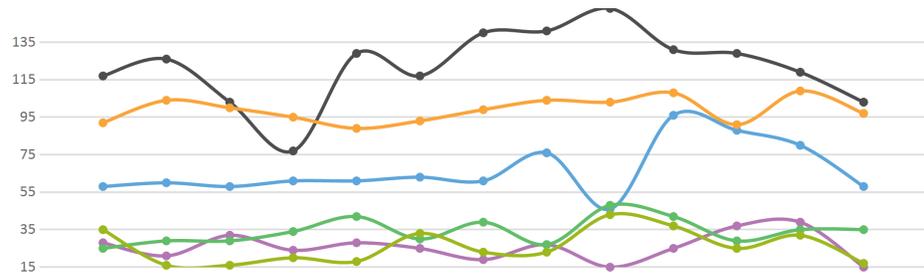
	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
OUT OF AREA	219	271	224	273	230	237	275	246	261	270	271	238	246
DELANO REGIONAL HOSPITAL	38	34	46	37	35	40	50	35	46	37	46	35	51
KERN VLY HLTHCRE HOSP	10	8	10	6	14	14	5	10	8	12	11	13	11
TEHACHAPI VALLEY	2	3	2	3	6	1	4	3	1	3	0	0	6



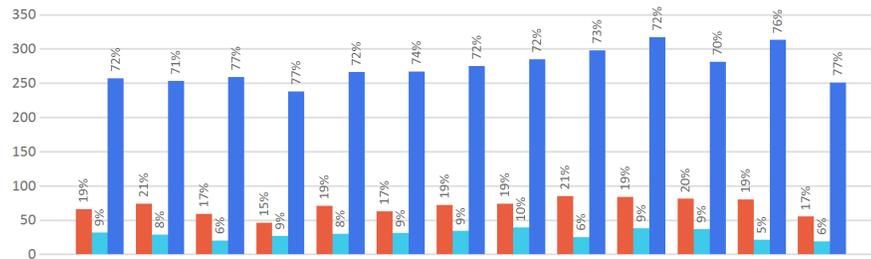
Attachment C

Governed Reporting System

Obstetrics Metrics



	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
BAKERSFIELD MEMORIAL	117	126	103	77	129	117	140	141	153	131	129	119	103
KERN MEDICAL	92	104	100	95	89	93	99	104	103	108	91	109	97
SAN JOAQUIN COMMUNITY	58	60	58	61	61	63	61	76	46	96	88	80	58
MERCY HOSPITAL	25	29	29	34	42	30	39	27	48	42	29	35	35
DELANO REGIONAL HOSPITAL	28	21	32	24	28	25	19	27	15	25	37	39	15
OTHER	35	16	16	20	18	33	23	23	43	37	25	32	17

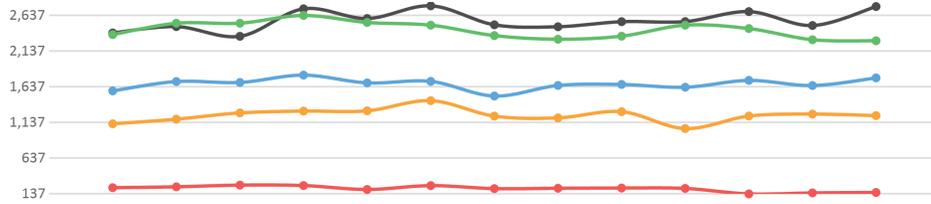


	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
VAGINAL DELIVERY	257	253	259	238	266	267	275	285	298	317	281	313	251
C-SECTION DELIVERY	66	74	59	46	71	63	72	74	85	84	81	80	55
PREVIOUS C-SECTION DELIVERY	32	29	20	27	30	31	34	39	25	38	37	21	19

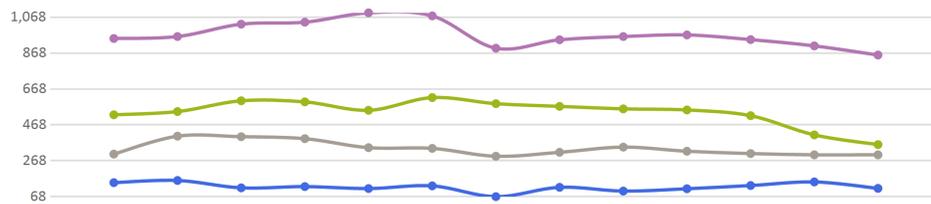


Governed Reporting System

Emergency Visits by Hospital



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
BAKERSFIELD MEMORIAL	2,390	2,479	2,343	2,728	2,592	2,770	2,504	2,477	2,548	2,549	2,689	2,494	2,760
MERCY HOSPITAL	2,367	2,526	2,526	2,635	2,537	2,499	2,353	2,302	2,345	2,499	2,452	2,295	2,281
SAN JOAQUIN COMMUNITY	1,579	1,710	1,697	1,800	1,691	1,712	1,507	1,655	1,669	1,630	1,726	1,654	1,761
KERN MEDICAL	1,118	1,183	1,271	1,296	1,300	1,442	1,226	1,201	1,288	1,052	1,227	1,254	1,233
BAKERSFIELD HEART HOSP	224	236	260	254	199	253	211	216	219	214	137	151	157



	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
DELANO REGIONAL HOSPITAL	949	960	1,029	1,040	1,092	1,075	895	942	960	969	943	908	857
OUT OF AREA	524	542	602	596	549	620	586	571	557	551	519	412	358
TEHACHAPI VALLEY	305	405	402	391	341	337	293	315	344	321	308	301	301
KERN VLY HLTHCRE HOSP	146	158	117	124	113	128	68	120	99	112	130	150	114

**KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
For February 9th, 2017
BOARD OF DIRECTORS MEETING**

REGULATORY AND COMPLIANCE ACTIVITIES

Regulatory and Compliance Monthly Activities Report

Attachment A is the monthly update on regulatory and compliance activities impacting KHS.

Regulatory Compliance Audit Program (quarterly review)

All Plan Letters (APLs) are the means by which MMCD conveys information or interpretation of changes in policy or procedure at the Federal or State levels, and provides instruction to health plans on how to implement these changes. Policy Letters (PLs) provide instruction to health plans about changes in Federal or State law and Regulation that affect the way in which health plans operate, or deliver services to Medi-Cal beneficiaries. Both APLs/PLs supplement the original guidance as set forth by the contract between KHS and the DHCS.

To confirm KHS compliance with all such DHCS guidance, the Compliance Department has instituted a two prong approach. Retrospective reviews (audits) are done to validate compliance with older APLs/PLs and prospective reviews are done to see that new APLs/PLs are instituted according to instruction. Compliance offers oversight and coordination for stakeholders (KHS staff) to see that deadlines and requirements are met. The list of APLs/PLs for 2016 (new) and 2015 (older) along with findings and recommendations are included under Attachment B1 and B2. Audit findings for all selected, in force, APLs indicate KHS is (2016 APLs) or remains (2015 APLs) in compliance with State policies governing each area reviewed.

PROGRAM DEVELOPMENT SUMMARY UPDATE

Palliative Care Benefit

In DHCS' draft budget proposal released in January, it was announced that the Palliative Care benefit would be delayed until at least July of 2018. The delay reflects workload issues at DHCS, particularly related to implementation of the various federal Medicaid regulations released over the last 12 months. KHS staff will adjust implementation planning accordingly. In the meantime, KHS will continue to review the need for these types of services on a case by case basis.

Kern Health Systems
Board of Directors Meeting
CEO Report – February, 2017
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Health Homes

Health Home Grant Awards are being finalized with CSV and OMNI. Discussions with Dignity are also occurring to finalize program details. Concurrently, work is being done with the existing Kern Medical Health Homes to establish alignment with the DHCS requirements. KHS and Kern Medical intend to begin operations with the updated processes in late February.

CMS Managed Care Regulation

DHCS has begun ramping up efforts in preparation for July 2017 contract-year requirements. KHS received draft contract amendment language in January and provided feedback to DHCS. Additionally, draft All Plan Letters are being circulated for input and the appropriate KHS staff are reviewing. DHCS and our Trade Associations are working closely with KHS as various items move toward implementation.

ACA Reform and Replacement

Attachment C presents the new administrations objectives and challenges with repealing and replacing the Affordable Care Act.

LEGISLATIVE SUMMARY UPDATE

A summary of the 2017 proposed new laws impacting KHS and their sponsors is enclosed under Attachment D.

KHS FEBRUARY ENROLLMENT

Medi-Cal Family Enrollment

As of February 2017 Medi-Cal enrollment is 168,986, which represents an increase of 1.5% from January enrollment.

Seniors and Persons with Disabilities (SPDs)

As of February 2017 SPD enrollment is 12,603, which represents an increase of 0.4% from January enrollment.

Expanded Eligible Enrollment

As of February 2017 Expansion enrollment is 56,613 which represent an increase of 2.1% from January enrollment.

Kern Health Systems
 Board of Directors Meeting
 CEO Report – February, 2017
 Page 3 of 6

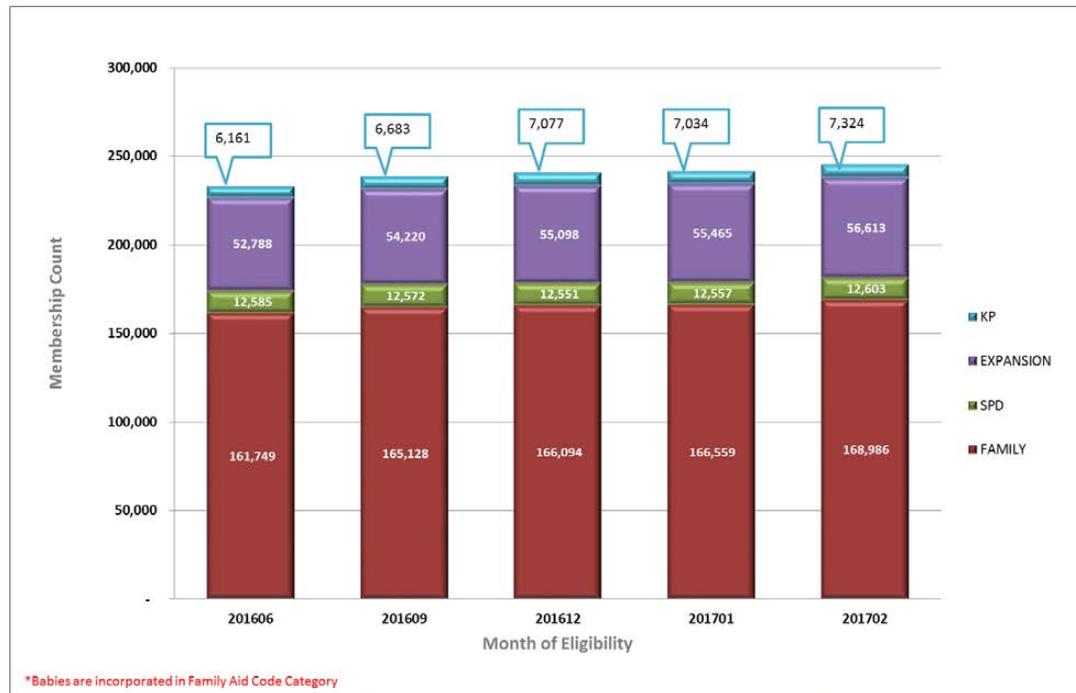
Kaiser Permanente (KP)

As of February 2017 Kaiser enrollment is 7,324, which represent an increase of 4.1% from January enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of February 2017 total Medi-Cal enrollment is 245,526 which represent an increase of 1.6% from January enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Monthly/Member Months Total
201606	161,386	12,585	52,788	6,161	363	233,283
201609	164,688	12,572	54,220	6,683	440	238,603
201612	165,703	12,551	55,098	7,077	391	240,820
201701	166,226	12,557	55,465	7,034	333	241,615
201702	168,591	12,603	56,613	7,324	395	245,526



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KHS ADMINISTRATIVE INITIATIVES

Provider Relations Update

1. Provider Contracting: Provider contract agreements and amendments highlighted this month are as follows:

- Wal Mart Pharmacies – Kern County
- Priority Urgent Care
- Rio Bravo Oncology
- California Institute of Behavioral Analysis – ABA
- Bowcor Inc. – ABA
- Mosaic Counseling Center
- Heartwatch Solutions – DME
- Ridgecrest Medical Transportation
- Eugene Lin, AC - Acupuncture
- ALL provider and Recruitment & Retention Grant award
- BMH/Mercy/Mercy Southwest Hospitals - Renegotiation
- CBCC Oncology - Renegotiation
- Millennium Surgery Center – Renegotiation
- Dignity Home Health – Renegotiation
- Dignity Diabetes Clinic Contract - Renegotiation
- Health South Pulmonary Rehab Program- Finalized
- Clinica Sierra Vista – Health Home Program
- OMNI – Health Home Program
- CHLA renegotiation

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2. Credentialing Activities:

- 51 New Initial Credentialed providers; 55 Re-Credentialed providers
- Staff continues with the transition of CACTUS requiring several changes in CACTUS to match QNXT categories and vice versa.

Marketing/Public Relations Update

1. Sponsorships: KHS will share sponsorship in the following events in February:

KHS donated \$5,000 to the American Heart Association’s 2017 Go Red for Women Luncheon at the DoubleTree Hotel on February 24th. With this donation, KHS will also sponsor the American Heart Association’s “Go Red por tu Corazon” event targeting our local Hispanic community that will take place in May 2017.

Maritza Jimenez, KHS Marketing & Public Affairs Representative, represents KHS on the “AHA Go Red for Women” planning committee, and due to her contributions to these events, she is part of the 2017 “Go Red for Women” group acknowledged in the February issue of the Bakersfield Magazine.

2. Community Events: In February KHS will participate in:

- 2/16 Homeless Consumer & Service Provider Days @ St. Vincent de Paul Society
- 2/26 Vision y Compromiso (Promotora/Community Health Worker Network in Kern County) Health and Nutrition Fair @ St. Jude Mission in Lamont.

Dashboard Presentation

- The 4th Qtr. 2016 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment E.
- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment F.
- The 4th Qtr. 2016 Staffing Reports indicating actual positions vs. budgeted positions and turnover by Department is located under Attachment G1 and G2.

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KHS OFFICES RELOCATION PROJECT UPDATE

The activities undertaken since the last report include:

- Regular meetings with Delawie to discuss overall building design
- Review and scored RFP proposal for CM/GC RFQ
- Held bid opening for General Contractors
- Regular meetings with legal to discuss recommendations for CM/GC. Issue to be presented in closed session during Feb. BOD
- Published RFP for IT Consultant
- Held Interviews for IT Consultant. Recommendation will be presented at Feb. BOD
- Civil Engineer retained
- Several meetings with Greg Bynum and team
- Delawie filed for LEED silver status
- Met to discuss CUPPCAA certification/options; will present in Feb. BOD
- Retained independent cost estimator
- Expense tracking for Construction Project
- Working on cubicle RFP



KERN HEALTH SYSTEMS

Attachment A

Board of Directors Meeting

February 9, 2017

STATE

Department of Health Care Services (DHCS)

All Plan Letters (APL)/Policy Letters (PL)

The DHCS issued six (6) new and two (2) revised APLs for the months of December and January to provide guidance for Managed Care Plans (MCP).

All Plan Letters (APL)

APL 16-003R - The purpose of this APL is to provide clarification regarding family planning services related to contraceptive supplies for MCPs and their delegates. This APL provides clarification to Policy Letter 98-011.

APL 16-009R - The Medi-Cal fee-for-service (FFS) contract drug list (CDL) has been amended to include specified adult immunizations as a pharmacy benefit. The purpose of this APL is to clarify for MCPs that they must also provide these adult immunizations on their formulary. This APL also clarifies the professional requirements pharmacists must follow when they administer these immunizations.

APL 16-015 - The purpose of this APL is to provide MCPs with guidance on the reinstatement of acupuncture services as a Medi-Cal managed care benefit. Acupuncture services are covered to prevent, modify, or alleviate the perception of severe, persistent chronic pain resulting from a generally recognized medical condition. Outpatient acupuncture services (with or without electric stimulation of the needles) are limited to two services in any one calendar month.

APL 16-016 - The purpose of this APL is to provide guidance to MCPs on changes in the Diagnosis Related Group (DRG) payment methodology used to establish reimbursement rates paid to out-of-state “border hospitals” for acute care hospital inpatient services in the Medi-Cal Fee-for-Service (FFS) system.

APL 16-017 - The purpose of this APL is to clarify for all MCPs their responsibilities to meet federal requirements for access to Certified Nurse Midwife or licensed midwife services and alternative or freestanding birth centers.

APL 16-018 - The purpose of this APL is to notify all MCPs of changes to the Quality and Performance Improvement Program and requirements. The DHCS requires MCPs to annually report performance measurement results, produce Plan-Do-Study-Act (PDSA) Cycle Worksheets for poor performance, conduct ongoing performance improvement projects (PIPs), and participate in the administration of consumer satisfaction surveys.

APL 16-019 - This APL supersedes APL 14-006 and provides further specifications to the Provider Network Data reporting requirements for all MCPs. Some of the requirements are noted below.

Managed Care Provider Data

- a) Provider files shall include data for all provider types accessible in the network, both individual providers and facilities.
- b) MCPs are responsible for reporting their full network, including information of delegated providers.
- c) MCPs must submit one file for each Health Care Plan (HCP) Code.
- d) Each HCP file must contain data on providers that provide covered services and medically necessary services to beneficiaries in that HCP, regardless of where the provider or facility is located.

APL 17-001 - The purpose of this APL is to provide MCPs with the 2017-2018 Medi-Cal Eligibility Data System (MEDS)/834 cutoff and processing schedule.

DHCS contract 03-76165/Amendment A23

The DHCS requested that the CEO sign and return contract amendment A23. The purpose of the amendment is to extend the contract term to December 31, 2020. This item is part of the consent calendar on the February agenda.

Department of Managed Health Care (DMHC)*1115 SPD Waiver Survey/Routine Survey*

Update: The DMHC sent the audit reports for the 1115 SPD Waiver Survey/Routine Survey to the Director of Compliance and Regulatory Affairs. Plan management is currently in the process of developing remediation plans that will be presented to the DMHC audit team for their review and approval. The final reports will be shared with the Board at a future date.

The DMHC will be conducting an 1115 Waiver Seniors and Persons with Disabilities (SPD) and a routine Knox-Keene survey for the review period of August 1, 2015 through July 31, 2016. DMHC auditors will be on-site from August 29, 2016 through September 2, 2016.

Pursuant to Health and Safety Code, the DMHC is required to conduct medical surveys of Knox-Keene licensed health plans at a minimum not less than once every three (3) years. The survey will assess KHS' overall performance in providing health care benefits and meeting health care needs for the member population. KHS was last audited by the DMHC, fall 2013.

COMPLIANCE

All Plan & Policy Letter Reviews

The Q4'2016 All Plan & Policy Letter Reviews matrix is included with this month's compliance report. The Compliance Department performs prospective reviews of new DHCS All Plan and Policy Letters to notify the departments of potential necessary changes to policy and procedures. Retrospective reviews are performed to ascertain if the changes made to the Plan operations were adequate to comply with DHCS instruction.

DHCS Medical Audit –2016

Update: A draft report was presented to Plan management. The Plan has 15 days to respond with any additional supporting documentation after which the report becomes final. Remediation plans will be submitted to the Department for their review and approval. The final report will be shared with the Board at a future date.

The DHCS will be conducting their annual Medical for the review period of August 1, 2015 through July 31, 2016. DHCS auditors will be on-site from August 30, 2016 through September 9, 2016. The audit will cover six categories: Utilization Management, Case Management, Access and Availability, Member Rights, Quality System and Delegation, and Administration and Organization Capacity.

Daniells Phillips Vaughan & Bock

Update: There are no schedule changes. The final audit fieldwork is scheduled February 21, 2017 – March 10, 2017.

Auditors from Daniells Phillips Vaughn & Bock were onsite the week of November 28 – December 2, for interim audit fieldwork. Their interim audit procedures included review of internal controls and tests of internal controls as they relate to the performance of claims disbursement, non-claims cash disbursements, and payroll. Final audit fieldwork is scheduled February 21, 2017 – March 10, 2017.

Reporting to government agencies

January

Report Name/Item	Status
AB 85 PCP Default Assignment – Bi-Annual	On time
Anti-Fraud (Annual) (DMHC)	On time
Arbitration (DMHC) - Quarterly	On time
BHT – Monthly (Jan)	On time
CBAS - Quarterly	On time
Call Center - Quarterly	On time
Claims Payment & Disputes (Annual) (DMHC)	On time
Dental Anesthesia - Quarterly	On time
Detailed Provider Network – Quarterly	On time
Grievance & Appeals - Quarterly	On time
Grievance (DMHC) – Quarterly	On time
Marketing Plan (Annual)	On time
Provider Network - Quarterly	On time
QI/UM Meeting Minutes – Quarterly	On time

December

Report Name/Item	Status
BHT – Monthly (Dec)	On time

MMCD 2015 ALL PLAN LETTERS		Attachment B 1									
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Reviewer	Current Status	
APL15-001.pdf	Continuity of Care for New Enrollees Transitions to Managed Care After Requesting a Medical Exemption	MS, IT, UM	SharePoint, Utilization Review, MHC/QNXT, Reporting	2/29/2016	12/22/2016	Compliance requirement met. § 601, § 17, (info) MER Contact Letter is required. Minor adjustments to MER Process Visto flowchart required and minor revisions to § 17 required.		Pending DHCS approval revisions made to 3.40-1, § 17, MER Process, New MER Letter and Flowchart revised.			
APL15-002.pdf	Multipurpose Senior Services Program Complaint, Grievance, Appeal, and State Hearing Responsibilities in Coordinated Care Initiative Counties	UM, Claims, MS, PR	Claims and Authorizations processing/provider and member notice updates	6/1/2016	6/30/2016	Compliance Requirement met. KHS P&P's were reflective of APL language. Plan is in compliance with APL.		N/A	N/A	N/A	
APL15-003.pdf	Podiatric and Chiropractic Services at Federally Qualified Health Centers and Rural Health Clinics										
APL15-004.pdf	Med-Cal Managed Care Health Plan Requirements for Nursing Facility Services in Coordinated Care Initiative Counties for Beneficiaries Not Enrolled in Cal MediConnect										
APL15-005.pdf	Data Request Requirements for Child Health Disability Prevention Report Contained in Policy Letter 15-0-13	HE, IT	Data report submission requirements	3/4/2016	3/4/2016	Compliance requirement met		N/A	N/A	N/A	
APL15-006.pdf	Reporting Requirements Related To Provider Preventable Conditions	UM, Claims, AIS	Governed reporting/medical record review/policy and procedure	6/1/2016	6/30/2016	Attachment A (7/07 Rev. 5/13) to policy 3.69-1, in process of being updated to reflect most recent revision - 7/07 Rev. 2/15		Compliance Requirement met. Revised from attached to policy, 7/07 Rev 2/15			
APL15-007.pdf	Dispute Resolution Process for Mental Health Services	UM, Compliance	Grievance/MP Disputes/Utilization Review, DHCS submission	6/1/2016	6/30/2016	Compliance Requirement met. KHS P&P's and MOU were reflective of APL language. Plan is in compliance with APL.		N/A	N/A	N/A	
APL15-008.pdf	Professional Fees For Office Visits Associated with Alcohol and Substance Use Disorder Treatment Services	UM, Claims	Claims Payment	6/1/2016	6/30/2016	Compliance Requirement met. KHS P&P's were reflective of APL language. Plan is in compliance with APL.		N/A	N/A	N/A	
APL15-009.pdf	Prepar, Use and Billing for Makana	Claims, Pharmacy, UM, PR	Claims, Pharmacy, UM, PR	3/4/2016	6/13/2016	Compliance requirement met. Requesting Physicians are prescribing the FDA approved drug of choice Makana.		N/A	N/A	N/A	
APL15-010.pdf	Affordable Care Act Section 1202 Increased Payments for Med-Cal Primary Care Services - Revised Guidance and Contractual Requirements	MS, PR, Claims	Claims Processing, Provider Reimbursement	12/1/2016	12/31/2016	Compliance Requirement met. KHS procedures were reflective of APL language, appropriate documents submitted to DHCS, per department request.		N/A	N/A	N/A	
APL15-011.pdf	Designated Public Hospitals - Billing for Beneficiaries with California Children's Services Eighte Conditions and/or Med-Cal Managed Care	Claims, UM	Claims Adjudication, Authorization of Referrals	6/9/2016	12/31/2016	In Process: Combined with Prospective APL 16-007. Lala to complete Audit sample.		Audit sample complete- pending interviews with staff to clarify procedures covered outside of CCS "professional fees."			
APL15-012.pdf	Dental Services - Intravenous Sedation and General Anesthesia Coverage Requirements For Med-Cal Managed Care Health Plans and Qualified Agency Contract	Claims, PR, UM	Authorization processing guidelines/Dental Anesthesia criteria	9/15/2016	10/31/2016	Compliance Requirement met. KHS P&P's are reflective of APL language. Plan is in compliance with APL.		N/A	N/A	N/A	
APL15-013.pdf	Administrative and Financial Standards										
APL15-014.pdf	Physical Health Care Covered Services Provided for Members Who are Admitted To Inpatient Psychiatric Facilities	UM, Claims	Utilization Management, Claims	9/14/2016	9/15/2016	Compliance requirement met. KHS P&P's were reflective of APL language.		N/A	N/A	N/A	
APL15-015.pdf	Hepatitis C Virus Treatment Policy Update	Pharmacy, UM	Hepatitis C drug approval criteria	6/14/2016	7/25/2016	Compliance Requirement met. KHS Internal Criteria includes the latest version of the Hep C criteria.		N/A	N/A	N/A	
APL15-016.pdf	Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services	Claims, PR, UM	Provider Network, claims processing, UM approval criteria.	6/1/2016	6/25/2016	Compliance Requirement met. KHS P&P's were reflective of APL language. Plan is in compliance with APL.		N/A	N/A	N/A	
APL15-017.pdf	Criteria For Coverage of Wheelchairs and Applicable Seating and Positioning Components	UM	Established internal criteria	9/16/2016	9/30/2016	Compliance requirement met. KHS P&P's were reflective of APL language. Plan is in compliance with APL.		Compliance criteria met internal criteria and Provider Bulletin			
APL15-018.pdf	Continuity of Care for Med-Cal Beneficiaries Who Transition into Med-Cal Managed Care	UM, MS, PR	Established internal criteria	9/28/2016	1/30/2017	Compliance Requirement not met. With the exception of 3.24-P, 3.40-P, was relative of APL requirements		Pending revision to 3.24-P.			

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
APLS-020.pdf	Abortion Services	Claims, PR, UM	Claims and Authorizations Processing	8/1/2016	9/30/2016	Compliance Requirement met: KHS P&P's were reflective of APL language. Plan is in compliance with APL.		N/A	N/A
APLS-021.pdf	General Acute Care Inpatient Services, Claiming For Beneficiaries Covered By Medi-Cal Managed Care and Medi-Cal Diagnosis Related Group Fee-For-Service Plan and Regional Centers	UM, Claims	Inpatient authorizations and Claims adjudication	8/23/2016	12/1/2016	Compliance requirement met: Utilization Management and Claims Process and Procedures are in place. Recommendation including DRG reimbursement rates in 6 0+P, \$5.0 amendment memorialized in MOU with KRC.		Pending memorialization of DRG reimbursement rates in 6 0+P, \$5.0	
APLS-022.pdf	Memorandum of Understanding Requirements For Medi-Cal Managed Care Health Plan and Regional Centers	UM/Compliance	MCU with KRC coordination of care	8/23/2016	8/23/2016	Compliance requirement met: Language in MOU reflects APL.		N/A	N/A
APLS-023.pdf	Facility Site Review Tools For Ancillary Services And Community Based Adult Services Providers	QI, PR	FSR's of New & Reentering or Ancillary and CBAS Sites	9/19/2016	1/13/2017	Compliance requirement met: FSRs of Facility and CBAS sites track a high volume of SPD members will be conducted annually. FR will revise 2.22-P to include this process.		2.22-P, \$3.0 has been revised and pending DHCS approval and memorialization	
APLS-024.pdf	Quality And Performance Improvement Requirements	QI	QI Performance Improvement Plan	9/16/2016	9/16/2016	Compliance Requirement met: QI identifies the current Quality and Performance Improvement Requirements.		N/A	N/A
APLS-025.pdf	Responsibilities For Behavioral Health Treatment Coverage For Children Diagnosed With Autism Spectrum Disorder	UM, MS, Claims, MIS, QI, PR, Compliance	BHT/Autism Services	12/1/2016	12/1/2016	Compliance Requirement met: KHS P&P's were reflective of APL language. Plan is in compliance with APL.		N/A	N/A
APLS-026.pdf	Actions Required Following Notice of A Credible Allegation of Fraud	Compliance	Fraud Investigations/ Reporting	11/1/2016	12/31/2016	Compliance Requirement met: KHS P&P's were reflective of APL language. Plan is in compliance with APL.		N/A	N/A

KEY	
Compliance - YES	
In Process	
Compliance - NO	
N/A, Informational	

MMCD ALL PLAN LETTERS		Attachment B 2					
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status	
APL_16-001 (PDF)	MEDI-CAL PROVIDER AND SUBCONTRACT SUSPENSIONS, TERMINATIONS, AND DECERTIFICATIONS	PR/MS/Kaiser	Provider terminations, suspensions, and decertification; impacts PR and MS for member notices in such cases	1/25/2016	New policy created for Provider Terminations. Pending stakeholder policy review and execution.		
APL_16-002 (PDF)	2016-2017 MEDI-CAL MANAGED CARE HEALTH PLAN MEDS/834 CUTOFF AND PROCESSING SCHEDULE	IT/MS/Kaiser	Eligibility and MED file processes	1/18/2016	Informational- no material change.		
APL_16-003 (PDF)	FAMILY PLANNING SERVICES POLICY FOR CONTRACEPTIVE SUPPLIES	UM/Claims/Compliance/Kaiser	Claims and Pharmacy	2/9/2016; 4/5/2016	Policy 3.21-P revised to reflect policy changes; pending policy review execution.		
APL16-004 (PDF)	MEDI-CAL MANAGED CARE HEALTH PLANS CARVED-OUT DRUGS	Pharmacy	KFHC Formulary	2/19/2016	Discussed with Pharmacy Director. No changes to current processes or policies required.		
APL_16-005 (PDF)	REQUIREMENTS FOR USE OF NON-MONETARY MEMBER INCENTIVES FOR INCENTIVE PROGRAMS, FOCUS GROUPS, AND MEMBER SURVEYS	Health Services, Member Services, Marketing, Compliance	Non-Monetary member incentives approval process; Policy 14.07-1	3/14/2016	Policies updated.		
APL_16-006 (PDF)	END OF LIFE OPTION ACT	No impact All related services carved out	No Impact	6/10/2016	Discusses EOL Option Act and requirements of beneficiaries to seek a physician who provides this service. FFS carve out MCAL.		
APL_16-007 (PDF)	DESIGNATED PUBLIC HOSPITALS: BILLING FOR BENEFICIARIES WITH CALIFORNIA CHILDREN'S SERVICES ELIGIBLE CONDITIONS AND/OR MEDI-CAL MANAGED CARE	Claims	Claims processing, accounting	7/19/2016	Pending audit interviews with staff to clarify procedures based on claims review.		
APL_16-008 (PDF)	DIAGNOSIS RELATED GROUPS: BILLING FOR BENEFICIARIES WITH CALIFORNIA CHILDREN'S SERVICES ELIGIBLE CONDITIONS AND/OR MEDI-CAL MANAGED CARE	Claims	Claims processing, accounting	7/19/2016	Pending audit interviews with staff to clarify procedures based on claims review.		

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
APL_16-009 (PDF)	ADULT IMMUNIZATIONS AS A PHARMACY BENEFIT	Pharmacy	Pharmacy benefit manager, formulary	8/31/2016	Compliant- Pharmacy has added this benefit and it has been added to the formulary per Pharmacy Director.	
APL_16-010 (PDF)	MEDI-CAL MANAGED CARE HEALTH PLAN PHARMACEUTICAL FORMULARY COMPARABILITY REQUIREMENT	Pharmacy	Formulary, regulatory reporting	9/6/2016	KHS is compliant with this requirement.	
APL_16-011 (PDF)	REPORTING REQUIREMENTS RELATED TO PROVIDER PREVENTABLE CONDITIONS	Health Services, Claims	Utilization Review and Claims Data	9/21/2016	Procedure to report PPC compliant.	
APL_16-012 (PDF)	PROVIDER CREDENTIALING AND RE-CREDENTIALING	PR/QI	Policies, procedures, provider credentialing application process	9/28/2016	Policy revision pending.	
APL_16-013 (PDF)	ENSURING ACCESS TO MEDI-CAL SERVICES FOR TRANSGENDER BENEFICIARIES	UM/QI/PHARMACY/CLAIMS/MEMBER SERVICES	Utilization Review and Claims Processing	11/4/2016	Policy revision pending.	
APL_16-014 (PDF)	COMPREHENSIVE TOBACCO PREVENTION AND CESSATION SERVICES FOR MEDI-CAL BENEFICIARIES	PR/RX/HE/DM	Provider tracking of members who smoke and medical records audits for ensuring that providers have a tracking mechanism in place within the member's medical record	12/7/2016	Pending stakeholder deliverables.	
APL_16-015 (PDF)	ACUPUNCTURE SERVICES	CLAIMS/IT/PR	Claims adjudication/Member Coverage for this service	1/9/2017	KHS is compliant with this requirement.	

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
APL_16-016 (PDE)	RATE CHANGES FOR EMERGENCY AND POST-STABILIZATION SERVICES PROVIDED BY OUT-OF-NETWORK "BORDER" HOSPITALS UNDER THE DIAGNOSIS RELATED GROUP PAYMENT METHODOLOGY	UM/CLAIMS/IT/PR	Claims adjudication and OON provider payments	1/17/2017	KHS is compliant with this requirement.	
APL_16-017 (PDE)	PROVISION OF CERTIFIED NURSE MIDWIFE AND ALTERNATIVE BIRTH CENTER FACILITY SERVICES	UM/CLAIMS/PR/IT	Coverage of alternative birthing centers	12/16/2016	KHS is compliant with this requirement.	
APL_16-018 (PDE)	QUALITY AND PERFORMANCE IMPROVEMENT REQUIREMENTS	QI/UM/PR/IT	quality measures for HEDIS	1/11/2017	Quality Improvement Department - changes identified.	
APL16-019.pdf	MANAGED CARE PROVIDER DATA REPORTING	PR/IT	Provider data submission	12/29/2016	Under PMO/Provider Relations.	

KEY
Compliance - YES
Compliance - NO
Outcome Pending
N/A - informational document



Attachment C Election Impact Summary

February 2017

Key Players

- President Donald Trump
 - HHS Secretary Nominee – Rep. Tom Price, MD (R-GA)
 - Has been an opponent of the ACA
 - Has expressed support to sunset the Medicaid Expansion and for Medicaid block grants
 - CMS Administrator Nominee – Seema Verma
 - Architected many of the Republican-state Medicaid Expansion waivers
- US Senate has a slim Republican Majority (52R/48D)
- House of Representatives has a sizable Republican Majority (240R/193D)
- 16 Republican Governors and their respective US senators who expanded Medicaid

President Trump's Agenda

- General lack of substantive details regarding healthcare proposals
- Repeal the Affordable Care Act (Obamacare) and eliminate the individual mandate
 - Implications regarding Medicaid Expansion if fully repealed, though specifics are unknown
- Supports block-grants to the states for Medicaid
 - Gives each state a defined lump-sum to spend on Medicaid services
 - Potentially allows for more state flexibility in determining eligibility, services, and reimbursement rates
 - Concerns that the block grants will result in a reduction of Federal contributions which could reduce eligibility and/or the benefits that can be covered by states
- “We’re going to have insurance for everybody” – President Trump

Speaker Ryan's Agenda

- “Better Way” paper outlines changes to healthcare in various different arenas
- Would allow states that already expanded Medicaid to keep their program, but by 2019 would reduce the federal funding from 90% to 50% to match the federal share for standard Medicaid
 - This would force a greater cost onto the states and likely lead to changes in the expansion program's eligibility, benefits, and/or funding
- Aligns with Trump on block grants, but also allows the state to select a per capita allotment
 - Provides states a specific per-member rate based on the category of membership (child, aged, disabled)
 - Receiving a per-member allotment would allow for programs to grow in population, but there are similar concerns that the per capita amounts would result in reduced Federal contributions

State Medicaid Waivers

- Under block grants or per-capita caps States would have more flexibility to implement non-standard provisions
- Currently these non-standard provisions are approved by CMS through the waiver program
 - The new administration is likely to be more receptive to conservative requests
- Some examples of Medicaid provisions included in other states' waivers:
 - Monthly premiums and/or co-pays for members above a certain Federal Poverty Level threshold
 - The use of Health Savings Accounts for Medicaid beneficiaries
 - Incentives for healthy behaviors
 - The exclusion of certain benefits from the State's Medicaid program
 - Time limits on coverage
 - Work requirements

Outstanding Questions

- How will coverage be impacted? Will the Medicaid adult expansion be repealed completely?
- Will the enhanced Federal dollars be maintained for the adult expansion (e.g., as part of a block grant)?
- How will block grants and/or per capita caps be calculated (e.g., base year, growth rates, etc.)? What will be the interplay between any repeal of the Medicaid expansion and the amount of a state's block grant or per capita cap?
- Under a block grant or per capita cap, what federal requirements will remain? What flexibilities will be offered to states?
- What is the overall budget target for federal Medicaid spending (e.g., maintain current law levels, general reduction in spending, reduction tied to repeal of adult expansion)?
- What sort of timeline will be expected to sunset and replace the ACA?

2017 Forecast

- Lots of debate about the form of “repeal and replace”
 - Who’s plan to use
 - Debate on the timeline to sunset/replace
- Use of the reconciliation process to repeal certain provisions of the ACA sooner than later
 - Reconciliation process is used to enact budget bills with a majority vote that avoids filibuster
 - Only ACA provisions with a budget impact could be changed
 - Could potentially include the Medicaid Expansion federal share
 - The budget resolution that instructs committees to craft language to repeal portions of the ACA has passed congress.
 - House Ways and Means, House Energy and Commerce, Senate Finance, and Senate HELP committees are targeting mid-March to have budget reconciliation language for approval through congress.
- Broader ACA replacement language will require legislation

Next Steps

- State Associations – California Association of Health Plans (CAHP) and Local Health Plans of California (LHPC)
 - Developing a strategy to identify appropriate contacts, talking points, and general communication needs
 - Advocacy representation at the federal level will meet with relevant committee staff members
 - LHPC strategic planning in January, also holding regular workgroup calls
 - Identifying areas of greatest impact for republican constituents
- National Association – Association for Community Affiliated Plans (ACAP)
 - Messaging to promote coverage stability in the Medicaid program and the small business impact to repeal without meaningful replacement
 - Developed a list of Medicaid Principles to be followed if repeal occurs. Goal is to maintain coverage and rates.

ATTACHMENT D

Legislative Summary – February 2017

State Legislature is back in session as of early January. New bills are being introduced and committee hearings will begin in mid-February. The deadline to introduce bills is February 17th. This session we can expect CA Legislature to focus on Affordable Care Act stabilization as more details from the federal government are released. The current bill tracking list below is considered preliminary, with more bills expected to be added as the submission deadline approaches.

Additionally, the Governor released the first draft budget proposal on January 10th. There were no new programs included in the budget, and some programs were delayed (i.e. Palliative Care). The Governor's office has not made any assumptions about Federal Medicaid reform impacting program funding in the January proposal. This draft budget serves as a starting point for discussions that will be ongoing until an updated budget is released in May.

Below are the bills being tracked for this session:

Title	Description	Status
AB 205 (Wood)	<p>Current law establishes hearing procedures for an applicant for or beneficiary of Medi-Cal who is dissatisfied with certain actions regarding health care services and medical assistance to request a hearing from the State Department of Health Care Services under specified circumstances, and requires a request for a hearing to be filed within 90 days after the order or action complained of. This bill would authorize a person to request a hearing involving a Medi-Cal managed care plan within 120 calendar days after the order or action complained of, and would exclude a request from the 120-calendar day filing time if there is good cause, as defined, for filing the request beyond the 120- calendar day period.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB205</p>	1/24/2017-From printer. May be heard in committee February 23.
SB 17 (Hernandez)	<p>Would state the intent of the Legislature to enact legislation requiring public and private purchasers of health care and health care coverage be given advance notice of price increases for the costs of prescription drugs in order to further the ability to predict and manage these costs and the public be given information about the justification, if any, for the prices of newly emerging medications and price increases for existing prescription drugs.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB17</p>	1/12/2017-Referred to Com. on RLS.
AB 15 (Maienschein)	<p>This bill would require the State Department of Health Care Services to increase Denti-Cal provider reimbursement rates for the 15 most common prevention, treatment, and oral evaluation services to the regional average commercial rates, effective January 1, 2018.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB15&search_keywords=Medi-Cal</p>	01/19/17 - Referred to Com. on HEALTH.

Attachment E

Kern Health Systems

2016 Project Summary – Q4



Open Projects

Project Title	Start Date	End Date	Percent Complete	Comments
274 Provider Data Improvement	1/2016	4/2017	70%	Project added to schedule to comply with new state requirement – DHCS extended due date
Configuration Team Work Items	12/2015	2/2017	90%	
Contracts Management Software	9/2016	2/2017	85%	
Health Homes Implementation	10/2016	12/2017	30%	
Outsource Non-Emergency Medical Transportation	10/2016	6/2017	25%	Project added to schedule to improve our service to members and to prepare for changes in transportation regulations
Provider/Member Portal Implementation	4/2016	7/2017	60%	Project extended to coordinate with Medical Management Platform Implementation
QI Site Review Automation	3/2016	6/2017	70%	Limited resources assigned
QNXT Related Enhancements	12/2015	1/2017	95%	
QNXT Upgrade	10/2016	2/2017	90%	

Completed Projects

Project Title	Start Date	End Date	Realized Benefit	Comments
1099 Reporting	10/2015	2/2016	N/A - Regulatory	
2 Dimensional PCP Profiling	1/2016	11/2016	Completed provider dashboard with utilization metrics for internal use. Dashboard ready to be added to the provider portal	
Alternative Product Line Analysis	1/2016	10/2016	Engaged Vendor Completed SWOT assessment for KHS, Presented Results to Board, Moving forward with approved Recommendations	
Behavioral Health Therapy	1/2015	7/2016	N/A – Regulatory	
Disaster Recovery and Business Continuity	5/2016	12/2016	Documented Plan Is in Place, Test Exercise was Completed, DR/BC Vendor Engaged, DR/BC Committee Established	
Eligibility to CAP Reconciliation	2/2016	6/2016	The new department report reflected a less than 1% variance from the actual KHS membership to the monthly state reconciliation report	Project goal was accomplished through internal departmental changes
Health Homes Grant Development	1/2016	10/2016	Grant was created and taken to the Board of Directors and approved	
InfoSec Review and Remediation	7/2016	1/2017	Vendor engaged and performed information security and risk assessment	
Interactive Voice Response Upgrade (Call Center)	5/2016	1/2017	TBD 2017 Q3	
Measuring Member Satisfaction	1/2016	11/2016	TBD 2017 Q3	
Member Services WFM Implementation	02/2015	11/2016	TBD 2017 Q3	
Pharmacy WF Integration	10/2015	7/2016	TBD 2017 Q3	
Provider/Member Portal Procurement	10/2015	5/2016	Selected and Purchased new Provider and Member Portal	Benefits of portal project will be realized with the implementation project currently in progress
Real-Time EDI	11/2015	12/2016	N/A Regulatory	
UM/CM/DM Platform Procurement	3/2016	11/2016	Selected and Purchased new UM/CM/DM Platform Procurement	

Cancelled/Removed Projects

Project Title	Start Date	End Date	Realized Benefit	Comments
Automate COB Process	N/A	N/A	N/A	Moved into QNXT Enhancement Project to make room in the schedule for 274 Provider Data Improvement regulatory project
Call Center Upgrade (Screen Pop)	N/A	N/A	N/A	Project was removed due to the addition of the IVR upgrade
Corporate Data Reporting Tool	N/A	N/A	N/A	Project was removed due to a shift in department priorities
Coverage for Undocumented Children	N/A	N/A	N/A	Project was removed - once the state requirements were received it was determined that there were no changes that required a project
Maintaining Historical DHCS Capitation Rates	7/2016	12/2016	N/A	Project was removed – the business determined that the project was no longer needed
QI Workflow	N/A	N/A	N/A	Project was removed – the technical resources are being shifted to the Health Homes Implementation



Governed Reporting System

Kern Health Systems Attachment F

**KHS Dashboard Performance Reports
(Critical Performance Measurements)**

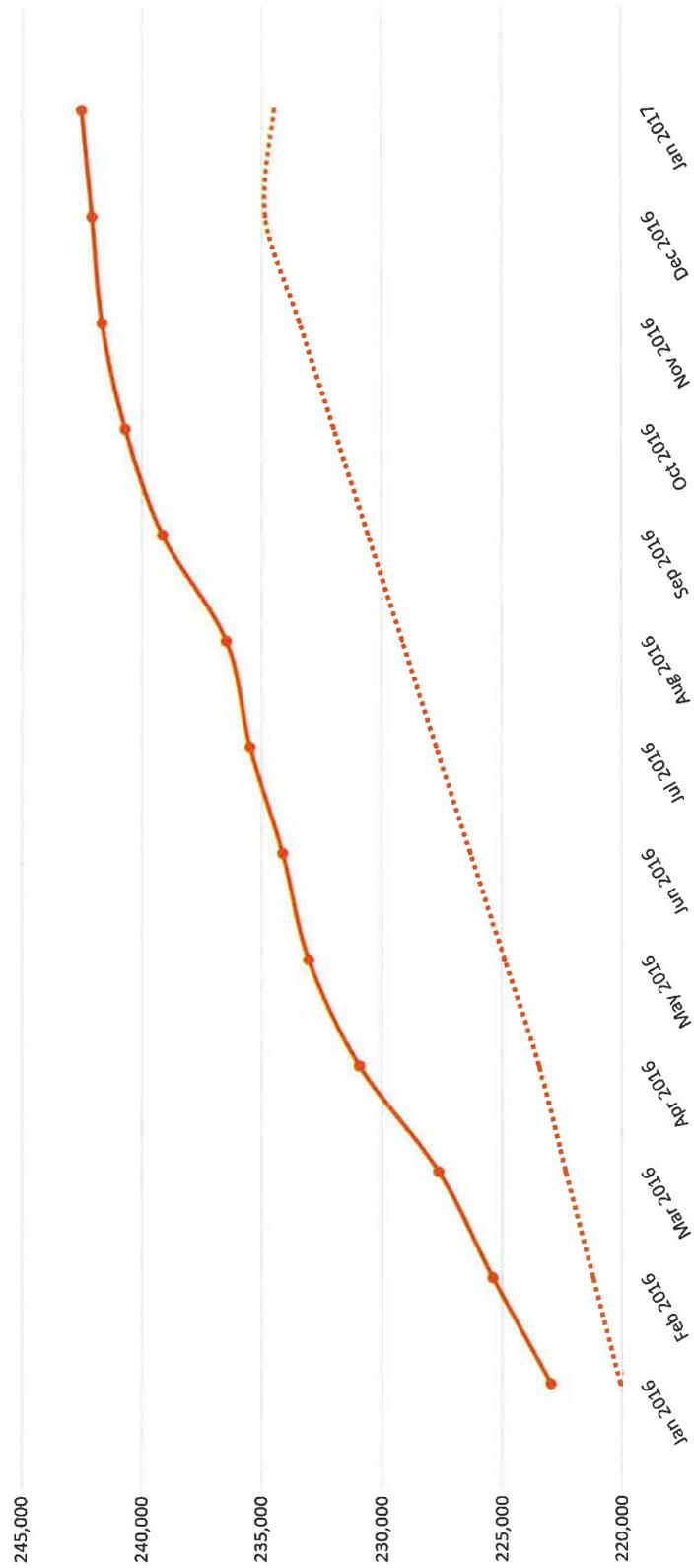


Governed Reporting System

Membership

- MCAL Expansion - Actual
- MCAL Expansion - Budget
- MCAL Family\Other - Actual
- MCAL Family\Other - Budget
- MCAL SPD - Actual
- MCAL SPD - Budget
- Total Combined - Actual
- Total Combined - Budget

Total MCAL Membership





Governed Reporting System

Membership

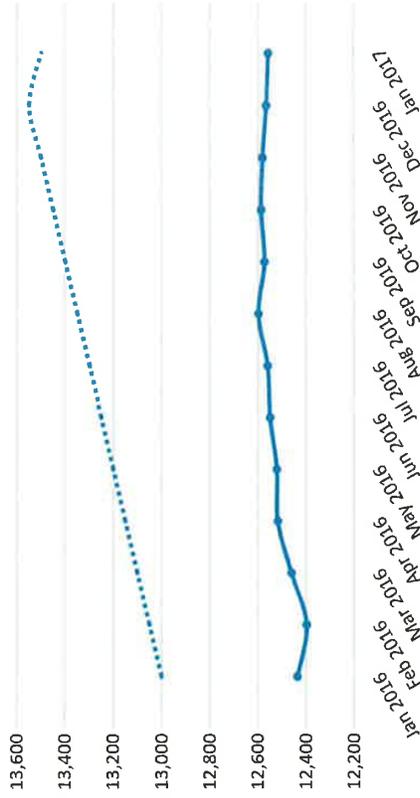
—●— Total Combined - Actual
..... Total Combined - Budget

—●— MCAL SPD - Actual
..... MCAL SPD - Budget

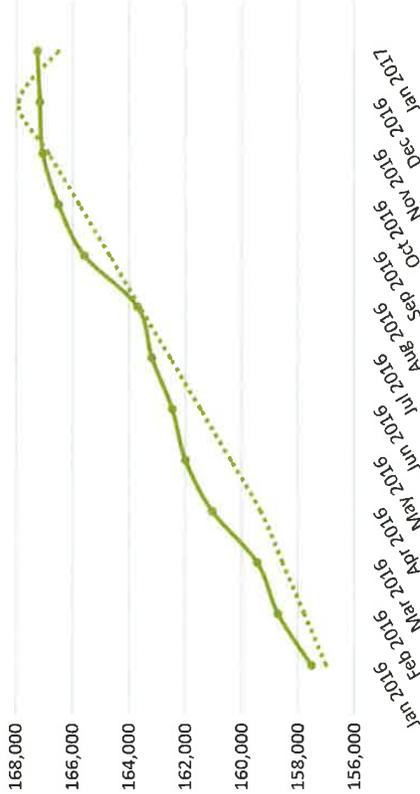
—●— MCAL Family/Other - Actual
..... MCAL Family/Other - Budget

—●— MCAL Expansion - Actual
..... MCAL Expansion - Budget

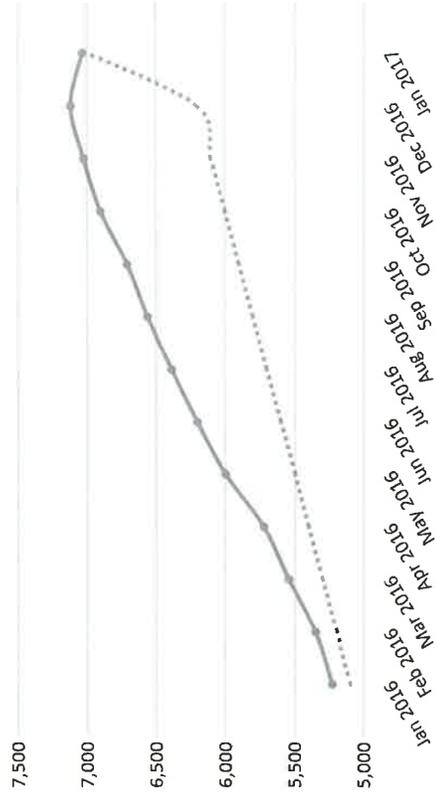
MCAL SPD Membership



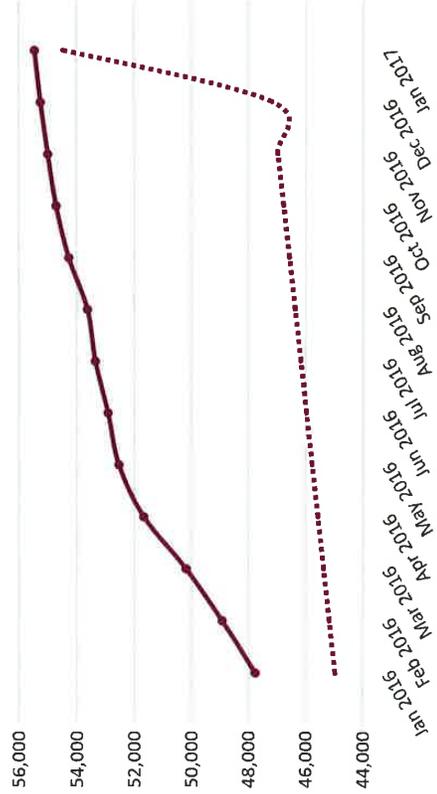
MCAL Family/Other Membership



KP Membership



MCAL Expansion Membership

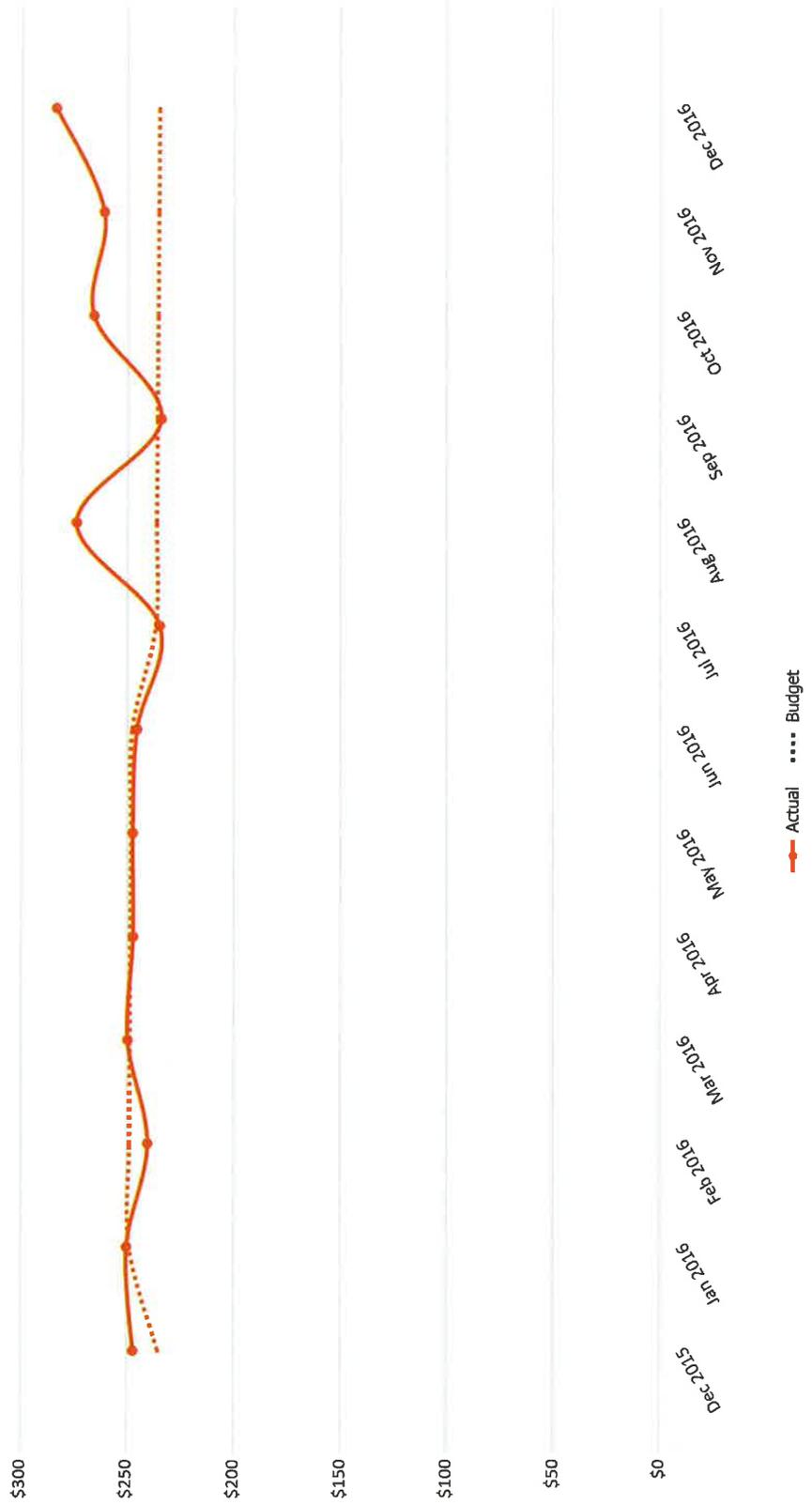




Governed Reporting System

Revenue

Medi-Cal Revenue PMPM





Governed Reporting System

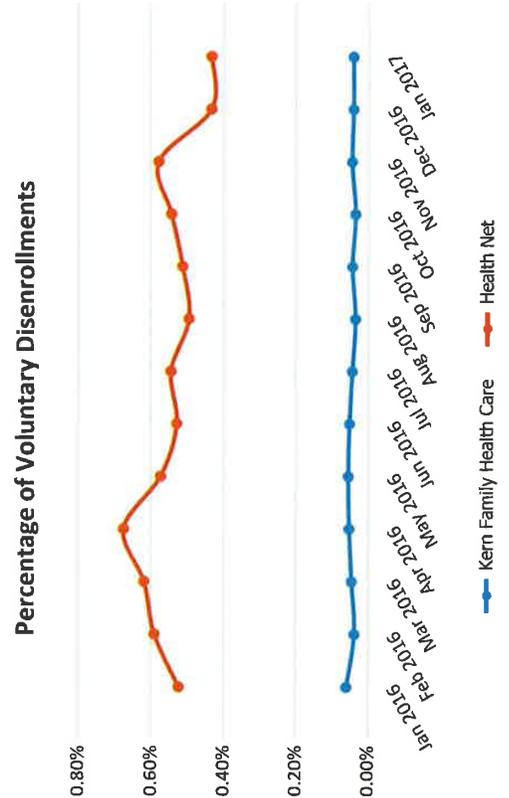
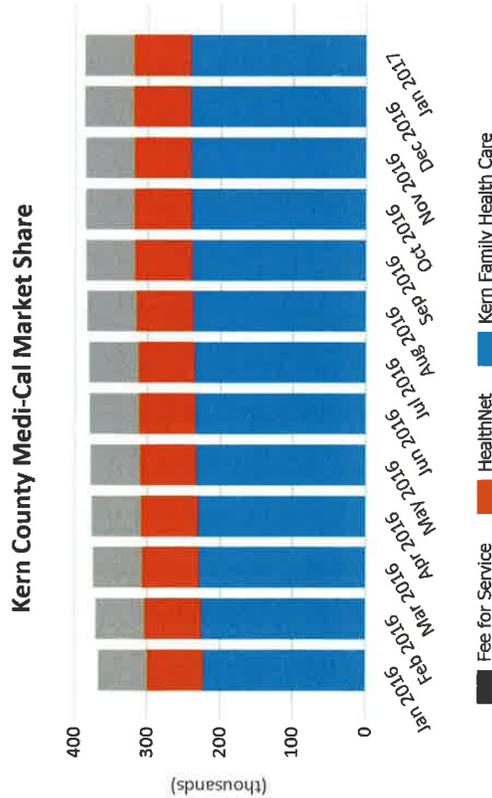
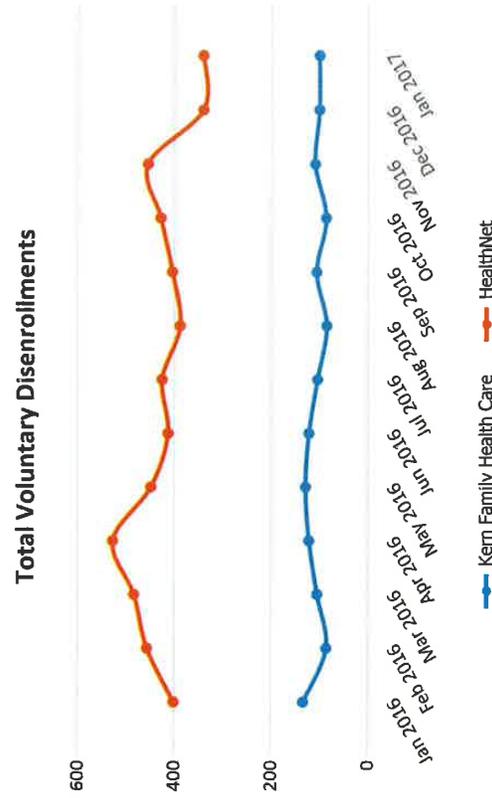
Kern Health Systems

**Performance Reports
Operations Metrics**



Governed Reporting System

Enrollment - Market Share

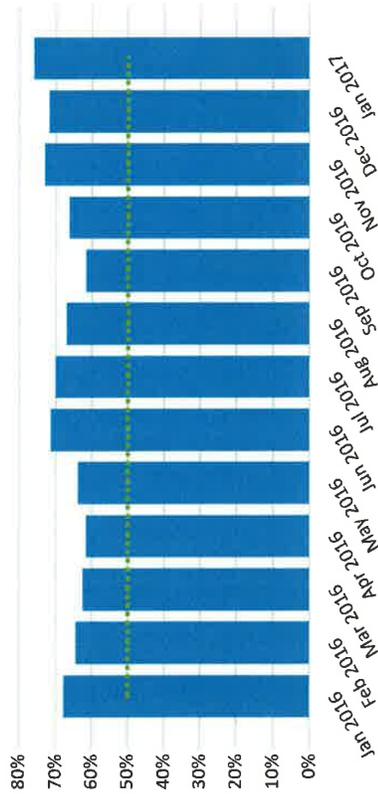




Governed Reporting System

Claims Efficiency and Quality

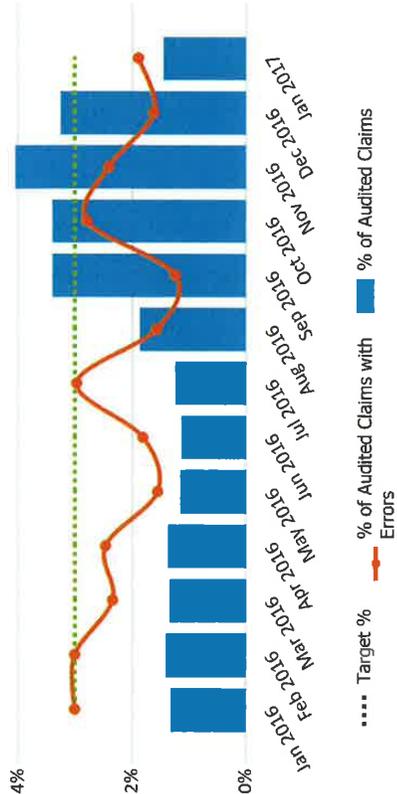
Claims Auto-Adjudication Rates



..... Target

■ Percentage of Claims Auto-Adjudicated

Claims Audit Percentage and Accuracy



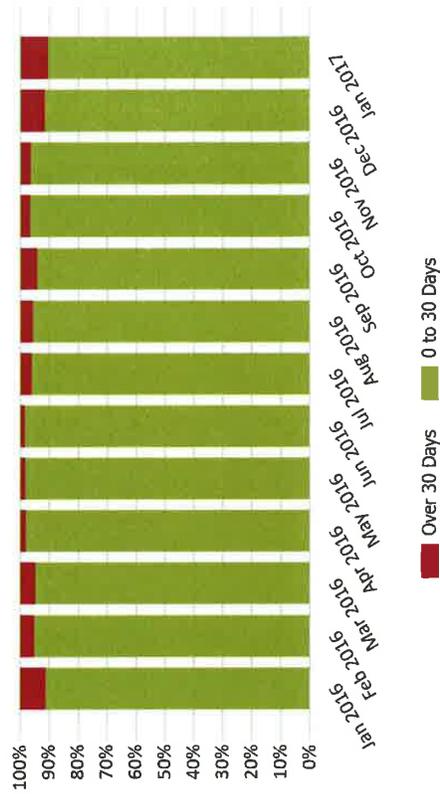
..... Target %

■ % of Audited Claims with Errors

..... Target

■ % of Audited Claims

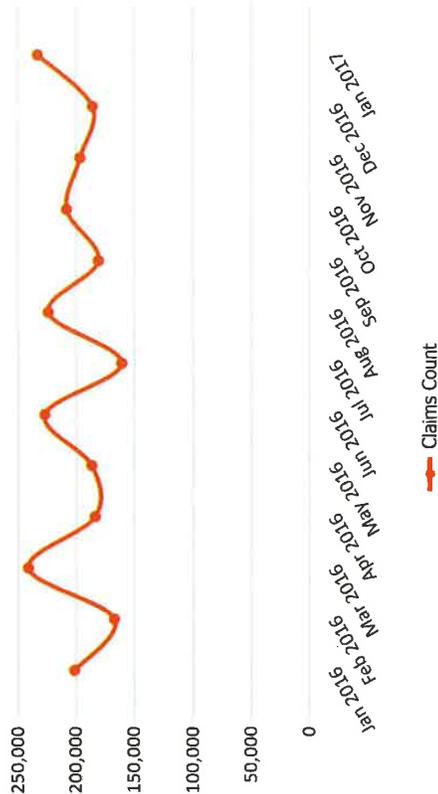
Claims Turnaround Days



■ Over 30 Days

■ 0 to 30 Days

Claims Processed

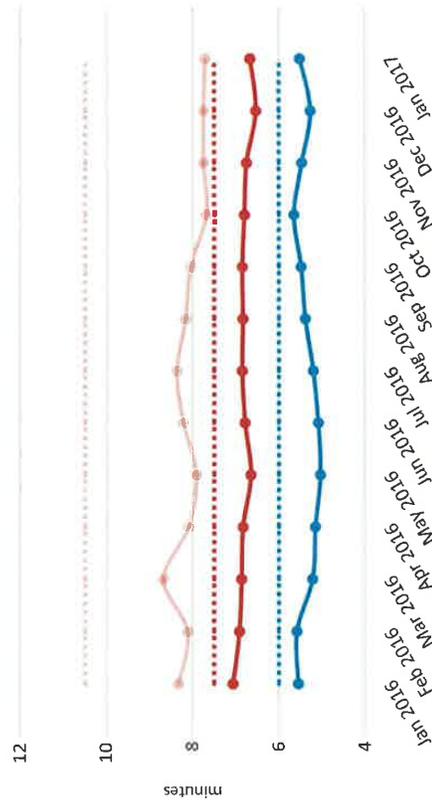


● Claims Count

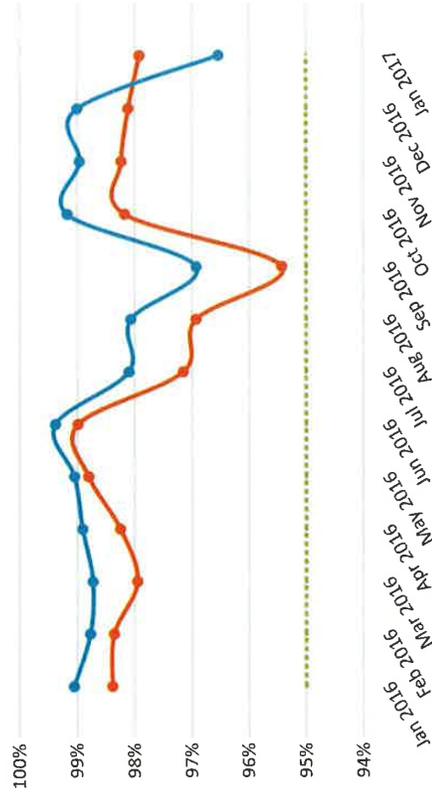
Member Services

—●— Providers
—●— Members - English
—●— Members - Spanish
- - - - Target

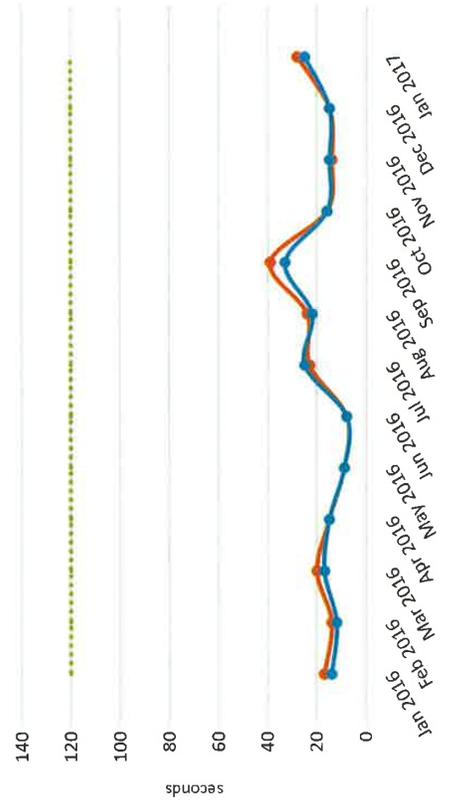
Average Length of Call



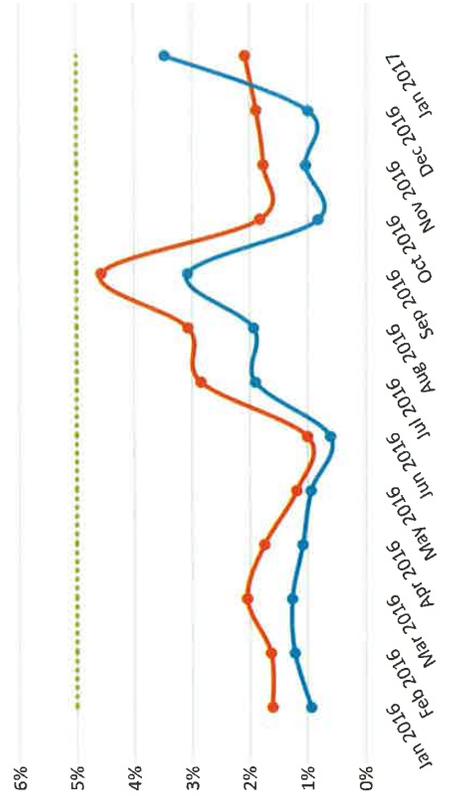
Percentage of Calls Handled



Average Speed of Answer



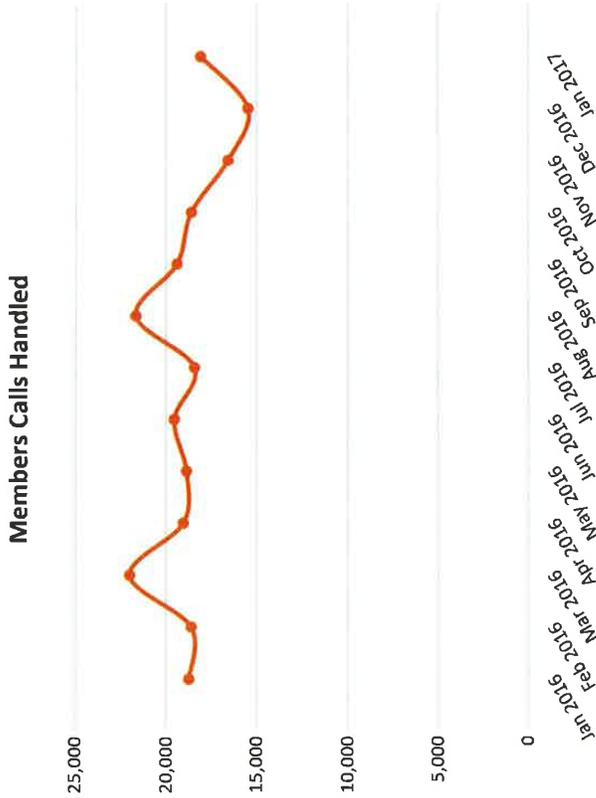
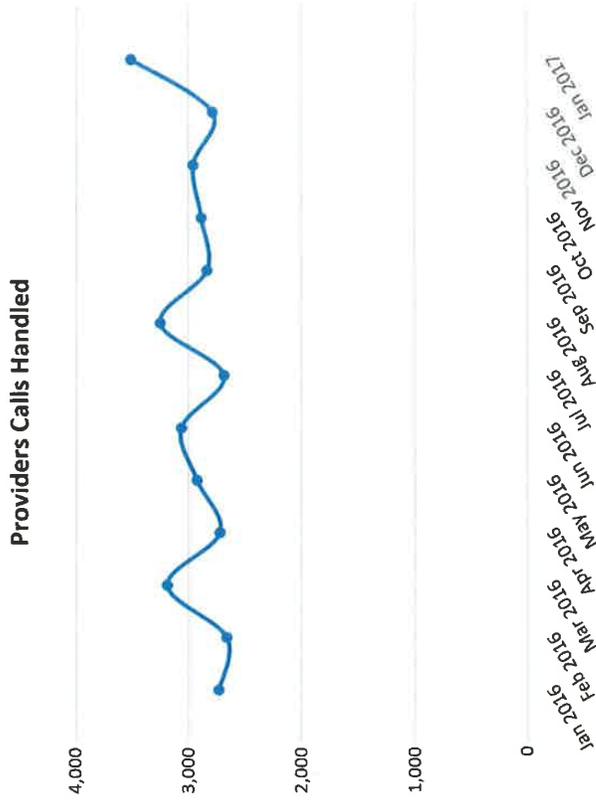
Percentage of Calls Abandoned





Governed Reporting System

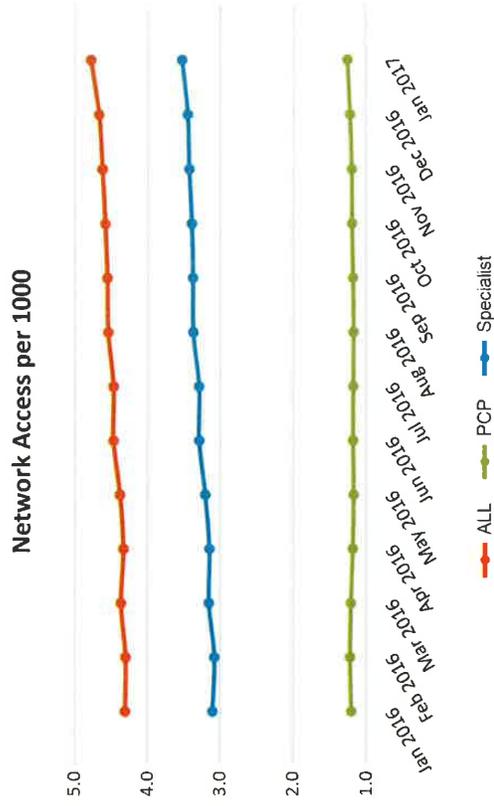
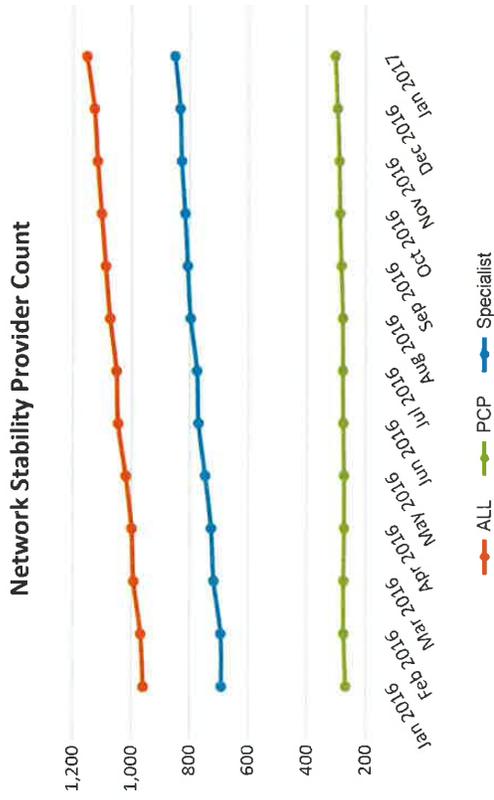
Member Services Calls Handled



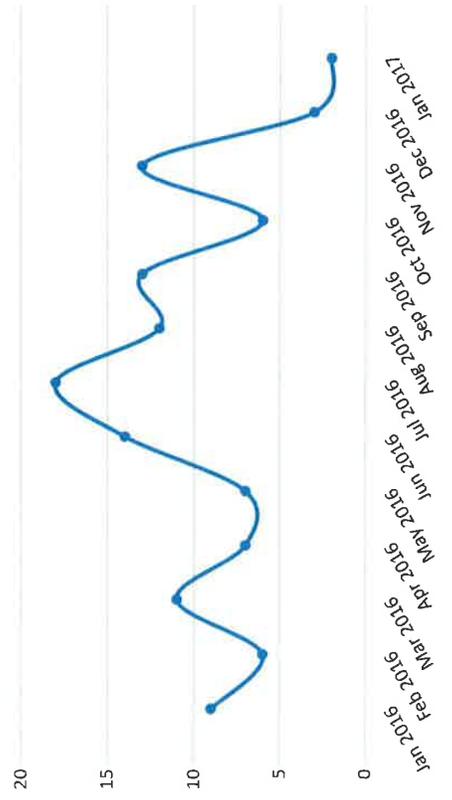


Governed Reporting System

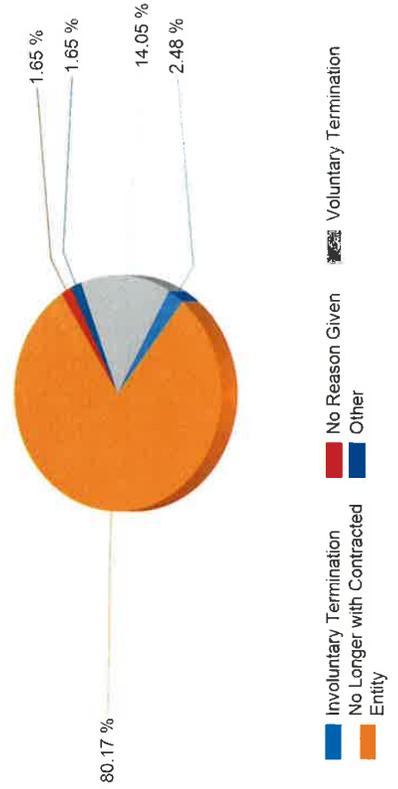
Provider Network and Terminations



Provider Terminations



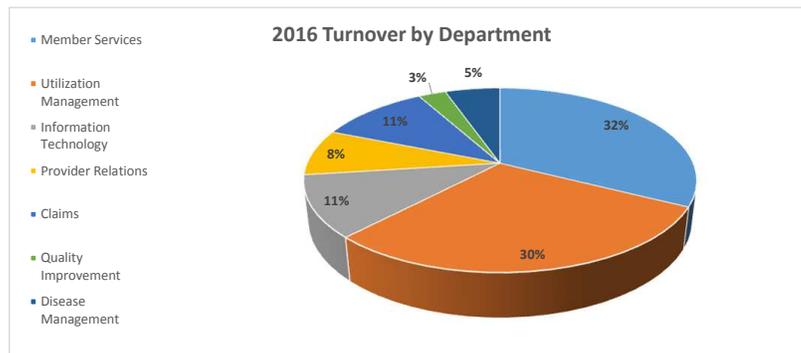
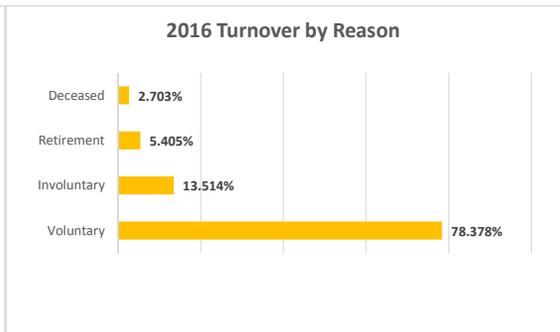
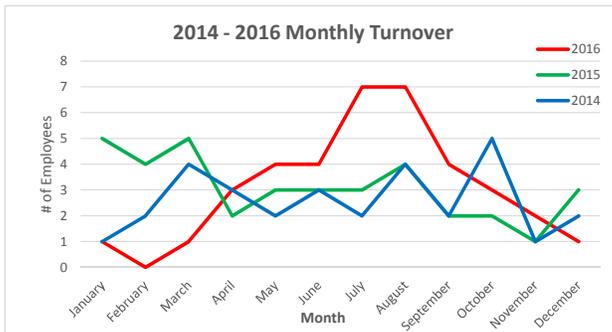
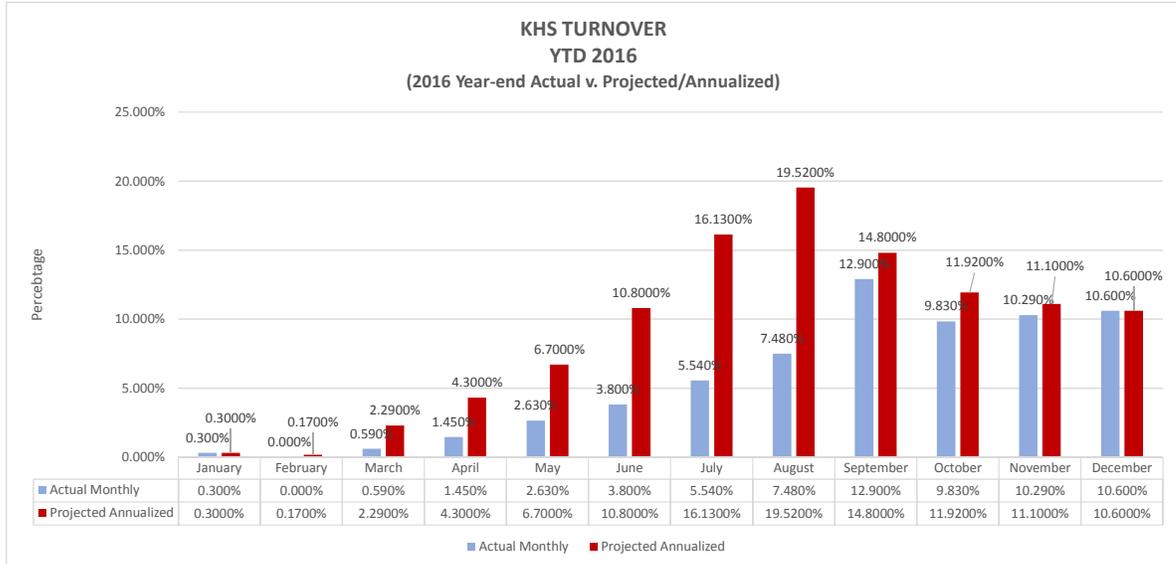
Provider Terminations by Reason



**KERN HEALTH SYSTEMS
MANAGED CARE STAFFING RATIOS - DECEMBER 31, 2016 (Year-end)**

SEGMENTED CATEGORY:	KERN HEALTH SYSTEMS	
ENROLLMENT TYPE MEMBERSHIP SIZE CORPORATE STATUS FULL TIME EMPLOYEE COUNT (FTE) RATIO	<i>MediCal</i> 240,200 <i>Not for Profit</i> 350	<i>December 31, 2016 Budgeted Membership</i> 241,200 356
	<i>1 FTE/Members</i>	
<i>EXECUTIVE</i>	<i>Actual</i>	<i>Budgeted</i>
Executive Dept. Total FTE	4	4
Executive Dept. RATIO FTEs/MEMBERS	60,050	60,300
<i>ACCOUNTING</i>		
Accounting Dept. Total FTE	13	13
Accounting Dept. RATIO FTEs/Members	18,477	18,554
<i>IT</i>		
MIS Dept. Total FTE	38	38
MIS Dept. RATIO FTEs/MEMBERS	6,321	6,347
<i>CLAIMS</i>		
Claims Dept. Total FTE	51	54
Claims Dept. RATIO FTEs/MEMBERS	4,710	4,467
<i>PROJECT MANAGEMENT</i>		
Project Management Dept. Total FTE	7	7
Project Management Dept. RATIO FTEs/MEMBERS	34,314	34,457
<i>UTILIZATION MANAGEMENT</i>		
UM Mgmt. Dept. Total FTE	84	84
UM Dept. RATIO FTEs/MEMBERS	2,860	2,871
<i>QI</i>		
QI Dept. Total FTE	13	13
QI Dept. RATIO FTEs/MEMBERS	18,477	18,554
<i>HEALTH ED</i>		
Health Ed Dept. Total FTE	9	9
Health Ed. RATIO FTEs/MEMBERS	26,689	26,800
<i>PHARMACY</i>		
Pharmacy Dept. Total FTE	10	10
Pharmacy Dept. RATIO FTEs/MEMBERS	24,020	24,120
<i>DISEASE MANAGEMENT</i>		
Disease Management Dept. Total FTE	6	8
Disease Management Dept. RATIO FTEs/MEMBERS	40,033	30,150
<i>PROVIDER RELATIONS</i>		
Provider Relations Dept. Total FTE	17	18
Provider Relations Dept. RATIO FTEs/MEMBERS	14,129	13,400
<i>MEMBER SERVICES</i>		
Member Services Dept. Total FTE	73	73
Member Services Dept. RATIO FTEs/MEMBERS	3,290	3,304
<i>CORPORATE SERVICES</i>		
Corporate Services Dept. Total FTE	7	7
Corporate Services Dept. RATIO FTEs/MEMBERS	34,314	34,457
<i>COMPLIANCE</i>		
Compliance Dept. Total FTE	5	5
Compliance Dept. RATIO FTEs/MEMBERS	48,040	48,240
<i>MARKETING</i>		
Marketing Dept. Total FTE	5	5
Marketing Dept. RATIO FTEs/MEMBERS	48,040	48,240
<i>HR</i>		
HR Dept. Total FTE	8	8
HR Dept. RATIO FTEs/MEMBERS	30,025	30,150
<i>ORGANIZATIONAL VIEW</i>		
Org. View Total FTE	350	356
Org. View RATIO FTEs/MEMBERS	686	678

Attachment G



**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
FEBRUARY 9, 2017**

Name	DBA	Specialty	Address	Comments	Contract Effective Date
Priority Urgent Care	Same	Urgent Care	4821 Panama Lane #A-C Bakersfield, CA 93313		2/1/2017
Wal-Mart Stores Inc.	Same	Pharmacy	All Kern County Locations	Retro effective date 1/15/2017.	1/15/2017
Rio Bravo Oncology Inc	Same	Radiation Oncology	4500 Morning Drive Ste 101 Bakersfield CA 93306	Retro effective date 1/1/2017.	1/1/2017
California Institute of Behavior Analysis Inc	Leafwing Center	ABA	13440 Ventura Ave Ste 200 Sherman Oaks CA 91423		2/1/2017
Bowcor Inc	Special Explorer Center	ABA	401 19th Street Bakersfield CA 93301		2/1/2017
Mosaic Counseling Center	Same	Behavioral Health	1430 Truxun Avenue Bakersfield CA 93301	Retro effective date 2/1/2017.	2/1/2017
Heartwatch Solutions Inc	Heartwatch Solutions Inc	Cardiac Monitoring (Implanted cardiac devices)	9400 Empire State Drive Bakersfield CA 93311	Retro effective date 1/1/2017.	1/1/2017
Adventist Health Medical Center Tehachapi	Adventist Health Medical Center Tehachapi (RHC)	PCP Services	Cal City/Tehachapi/Mojave	Retro effective date 1/1/2017.	1/1/2017
Ridgecrest Medical Transportation	Same	Transportation	1110 West Ridgecrest Blvd. Ridgecrest CA 93555	Retro effective date 2/1/2017.	2/1/2017
Eugene Lin, AC	Chinese Acupuncture of Bakersfield	Acupuncture	1805 27th Street, Bakersfield Ca 93301	Retro effective date 2/1/2017.	2/1/2017
Southern California Orthoedic Institute	SCOI (David Wahba, MD)	Pain Medicine	2400 Bahamas Drive Ste 200 Bakersfield CA 93309	Retro effective date 1/1/2017.	1/1/2017

2/5/2017



To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: February 9, 2017

Re: Reappointment of Pharmacy & Therapeutic (P&T) Committee members

Background

In accordance to KHS Policy 10.01-I, candidates nominated to sit on clinical committees are to be presented to the Board of Directors for formal appointment.

The Pharmacy & Therapeutic (P&T) Committee recommends re-appointing the following individuals to serve on KHS's P & T Committee for another term of 2 years:

- Allison Bell, Pharm. D,
- Dilbaugh Gehlawat, M.D., Pediatrics,
- Saman Ratnayake, M.D, Internist
- Vasanthi Srinivas, M.D., OB/GYN,
- Jeremiah Josen, Pharm. D, CGP, BCPS, BC-ADM (Specialty Practice Pharmacist)

Other members, previously appointed and currently serving on the Committee include: Paul Herndon, Pharm. D and Sarbjeet Singh, M.D, FACC, FAHA, FACP, General Medicine.

Dr. Kimberly Hoffmann currently represents the KHS Board on the Committee as well.

Requested Action

Re-Appoint Allison Bell, PharmD, Dilbaugh Gehlawat, MD, Saman Ratnayake, MD, Vasanthi Srinivas, MD, and Jeremiah Josen, PharmD as members to Kern Health Systems P&T Committee.

SUMMARY

FINANCE COMMITTEE MEETING

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

Friday, December 9, 2016

8:00 A.M.

COMMITTEE RECONVENED

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

Members absent: Casas

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

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

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

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

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

