



**KERN HEALTH  
SYSTEMS**

**REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**Thursday, June 8, 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, June 8, 2017

8:00 A.M.

All agenda item supporting documentation is available for public review at Kern Health Systems in the Administration Department, 9700 Stockdale Highway, Bakersfield, 93311 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**PLEASE REMEMBER TO TURN OFF ALL CELL PHONES, PAGERS OR ELECTRONIC DEVICES DURING BOARD MEETINGS.**

#### BOARD TO RECONVENE

Directors: Rhoades, McGlew, Deats, Hoffmann, Brar, Casas, Hinojosa, Judd, Melendez, 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) PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Title: Chief Executive Officer (Government Code Section 54957) –

8:45 A.M.

#### BOARD TO RECONVENE

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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

- 3) 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

- 4) 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-5) Minutes for Kern Health Systems Board of Directors regular meeting on April 13, 2017 (Fiscal Impact: None) –  
APPROVE
- CA-6) Report on KHS investment portfolio for the first quarter ending March 31, 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE



- 
- 7) Proposed Retroactive Amendment No. 18 to Physician Services Agreement and Amendment No. 35 to Hospital and Other Facility Services Agreement with Kern Medical for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) –  
 RETROACTIVE APPROVAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 8) Proposed Retroactive Amendment to Hospital and Other Facility Services Agreement with Kern Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between Kern Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –  
 RETROACTIVE APPROVAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 9) Proposed Retroactive Amendment to Hospital and Other Facility Services Agreement with Tehachapi Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between Tehachapi Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –  
 RETROACTIVE APPROVAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-10) Proposed renewal and binding of insurance coverages for crime, property, general liability, malpractice-professional liability, workers' compensation, fiduciary liability, excess cyber insurance, managed care errors and omissions, earthquake insurance and flood insurance from July 1, 2017 through June 30, 2018 (Fiscal Impact: \$290,000 Estimated; Budgeted) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 11) Proposed modification to Agreement with S.C. Anderson to extend Phase One Project Completion Date (Fiscal Impact: None)  
 RECEIVE AND FILE
- 12) Report on Kern Health Systems 2017 School Wellness Program (Fiscal Impact: None) –  
 RECEIVE AND FILE
- 13) Report on Kern Health Systems new grievance tracking and reporting system (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-14) Report on Department of Health Care Services 2016 Medical Audit Results (Fiscal Impact: None) –  
 RECEIVE AND FILE

- 
- 15) Report on Kern Health Systems financial statements for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
  - CA-16) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
  - 17) Kern Health Systems Health Services report (Fiscal Impact: None) –  
RECEIVE AND FILE
  - 18) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –  
RECEIVE AND FILE
  - CA-19) 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-20) Proposed modifications to Kern Health Systems Drug Formulary (Fiscal Impact: None) –  
APPROVE
  - CA-21) Miscellaneous Documents –  
RECEIVE AND FILE
    - A) Minutes for KHS Finance Committee meeting on April 7, 2017

ADJOURN TO THURSDAY, AUGUST 10, 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, April 13, 2017

8:00 A.M.

#### BOARD RECONVENED

Directors present: Rhoades, McGlew, Deats, Hoffmann (Arrived at 8:17 a.m.), Brar, Casas, Hinojosa, Melendez, Nyitray, Patrick

Directors absent: Judd, 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

ADJOURN TO CLOSED SESSION

**Melendez**

#### CLOSED SESSION

- 1) Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) – SEE RESULTS BELOW

8:15 A.M.

#### BOARD RECONVENED

REPORT ON ACTIONS TAKEN IN CLOSED SESSION -

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING MARCH 2017** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING APRIL 2017** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING MARCH 2017** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RECREREDENTIALING; DIRECTOR MCGLEW ABSTAINED FROM VOTING ON KERN VALLEY HEALTHCARE DISTRICT HOSPITAL; Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING APRIL 2017** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RECREREDENTIALING

#### PUBLIC PRESENTATIONS

- 2) 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

- 3) 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))

DIRECTOR NYITRAY ANNOUNCED THAT THIS WILL BE HIS LAST MEETING TO SERVE ON THE KHS BOARD; HIS POSITION HAS CHANGED; HE IS NOW ONE OF THE MANAGING PARTNERS AT THE BAKERSFIELD HEART HOSPITAL

CHAIRMAN RHOADES THANKED DR. NYITRAY FOR HIS SERVICE ON THE KHS BOARD

- CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on February 9, 2017 (Fiscal Impact: None) – APPROVED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- CA-5) Minutes for Kern Health Systems Board of Directors special meeting on February 9, 2017 (Fiscal Impact: None) – APPROVED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- 6) Kern County Board of Supervisors reappointment of Larry Rhoades, Third District Community Representative Member, for term expiring April 21, 2019 (Fiscal Impact: None) – RECEIVED AND FILED  
**Hoffmann-Deats: 9 Ayes; 1 Abstention - Deats; 2 Absent – Judd, Stewart**
- NOTE: DIRECTORS HOFFMANN, MELENDEZ, BRAR APPOINTED TO THE NOMINATING COMMITTEE
- 7) Report by Daniells Phillips Vaughan & Bock CPAs & Advisors on the audited financial statements of Kern Health Systems for the year ending December 31, 2016 (Fiscal Impact: None) – NANCY BELTON, SHANNON WEBSTER, DANIELLS PHILIPS VAUGHAN & BOCK, HEARD; APPROVED  
**Deats-Casas: 10 Ayes; 2 Absent – Judd, Stewart**
- 8) Proposed Agreement with American Logistics Company, LLC, for the Administration of the Non-Emergency Medical Transportation Services, from April 17, 2017 through April 17, 2019 (Fiscal Impact: \$303,360 estimated annually; Budgeted) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Casas-Deats: 10 Ayes; 2 Absent – Judd, Stewart**
- 9) Report on Kern Health Systems Relocation Committee (Fiscal Impact: None) - GREG BYNUM, GREG BYNUM AND ASSOCIATES, HEARD; RECEIVED AND FILED  
**Patrick-McGlew: 10 Ayes; 2 Absent – Judd, Stewart**
- CA-10) Report on Kern Health Systems operational dashboard (Fiscal Impact: None) – RECEIVED AND FILED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- CA-11) Report on Kern Health Systems strategic plan for the first quarter ending March 31, 2017 and 2017 Retreat Announcement (Fiscal Impact: None) – RECEIVED AND FILED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**

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- 12) Proposed Kern Health Systems Employee Benefits Adjustment (Fiscal Impact: \$296,000; Budgeted) – APPROVED  
**Brar-Hoffmann: 6 Ayes; 3 Noes – Deats, Casas, Nyitray; 3 Absent – Judd, Patrick, Stewart**

NOTE: DIRECTOR PATRICK LEFT THE DAIS AT 9:48 A.M.; DURING THE DISCUSSION ON ITEM 12 AND DID NOT VOTE

NOTE: DIRECTOR CASAS LEFT THE DAIS AT 9:54 A.M.; AFTER THE VOTE ON ITEM 12

NOTE: DIRECTOR DEATS LEFT THE DAIS AT 10:02 A.M.; AFTER THE VOTE ON ITEM 12

NOTE: DIRECTOR MELENDEZ LEFT THE DAIS AT 10:04 A.M.; AFTER THE VOTE ON ITEM 12

- CA-13) Report on Department of Managed Health Care SPD Audit Results for the period August 1, 2015 to July 31, 2016 (Fiscal Impact: None) – RECEIVED AND FILED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**

- CA-14) Proposed retroactive Amendment A12 to Agreement 03-75798 with the Department of Health Care Services, to extend the contract term to December 31, 2020 (Fiscal Impact: None) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**

- 15) Report on Kern Health Systems Financial Statements for December 2016 and January 2017 (Fiscal Impact: None) – RECEIVED AND FILED  
**McGlew-Hinojosa: 6 Ayes; 6 Absent – Deats, Casas, Judd, Melendez, Patrick, Stewart**

- 16) Kern Health Systems Health Services report (Fiscal Impact: None) – RECEIVED AND FILED  
**McGlew-Nyitray: 6 Ayes; 6 Absent – Deats, Casas, Judd, Melendez, Patrick, Stewart**

- 17) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED  
**McGlew-Nyitray: 6 Ayes; 6 Absent – Deats, Casas, Judd, Melendez, Patrick, Stewart**

Summary – Board of Directors  
 Kern Health Systems  
 Regular Meeting

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 4/13/2017

- 
- CA-18) 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-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- CA-19) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000-budgeted and \$50,000-nonbudgeted, and non-claims paid through QNXT system for December 2016 and January 2017 (Fiscal Impact: None) –  
 RECEIVED AND FILED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- CA-20) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) –  
 APPROVED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- CA-21) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) –  
 APPROVED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**
- CA-22) Miscellaneous Documents –  
 RECEIVED AND FILED  
**Patrick-McGlew: 9 Ayes; 3 Absent – Hoffmann, Judd, Stewart**

A) Minutes for KHS Finance Committee meeting on February 3, 2017

ADJOURNED TO THURSDAY, JUNE 8, 2017 AT 8:00 A.M.

**Nyitray**

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







**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: June 8, 2017**

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

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**Background**

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

- Preservation of principal
- Liquidity
- Yield

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

**Short-Term Portfolio (Under 1 year)**

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

**Long-Term Portfolio (1-5 years)**

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

**Requested Action**

Receive and File.

**Kern Health Systems  
Investment Portfolio  
March 31, 2017**

**Short Term Portfolio (under 1 year)**

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

<u>Description</u>			<u>Dollar Amount</u>	<u>% of Portfolio</u>	<u>Maximum Allowed Per Policy</u>	<u>Approximate Current Yield</u>	<u>Liquidity</u>	<u>Principal Fluctuation</u>
Wells Fargo - Repurchase Agreement	(A)	(1)	\$ 9,100,000	3.19%	50%	0.08%	1 Day	None
Morgan Stanley Money Market	(B)	(1)	\$ 33,200,000	11.65%	20%	0.56%	1 Day	None
Local Agency Investment Fund (LAIF)	(C)	(2)	\$ 64,400,000	22.60%	50%	0.82%	2 Days	None
US T-Bills at Wells Fargo		(1)	\$ 60,000,000	21.05%	100%	0.58%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)		\$ 34,600,000	12.14%		0.77%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total			\$ 201,300,000	70.63%		0.66%		

**Long Term Port Folio ( 1 - 5 years)**

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

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

**Yield Curve**

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

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
  - (B) \$14.5 Billion money market fund managed by Morgan Stanley comprised of high -quality debt securities issued by the US Government.
  - (C) LAIF is part of a \$72 Billion Pooled Money Investment Account managed by the State Treasurer of CA. Majority of portfolio is comprised of Treasuries, CD's, Time Deposits and Commercial Paper.
  - (D) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
  - (E) High quality diversified portfolio comprising certificate of deposits, corporate bonds and notes, municipal securities and US Treasury Securities. Includes investments maturing in less than 1 year that will be re-invested for over 1 year at maturity.
  - (F) Comprises 8 certificates of deposit at \$250,000, which is the FDIC Insurance maximum, maturing in 2018
- 
- (1) Funds are utilized to pay providers, meet operating expenses, distribute pass-through monies waiting for additional approvals and/or support and monies owed to the State For MCO Taxes and/or overpayments. Extra liquidity is maintained in the event the State is late with its monthly capitation payment and/or MCO Tax Reimbursement Payments.
  - (2) Funds will be primarily utilized to fund various Grant Programs and 2017 capital projects, which includes building a new office building.



# UBS Client Review

as of March 31, 2017

**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

- Asset allocation review..... 2
- Cumulative performance..... 3
- Bond summary..... 4
- Bond holdings..... 5
- Important information about this report..... 15



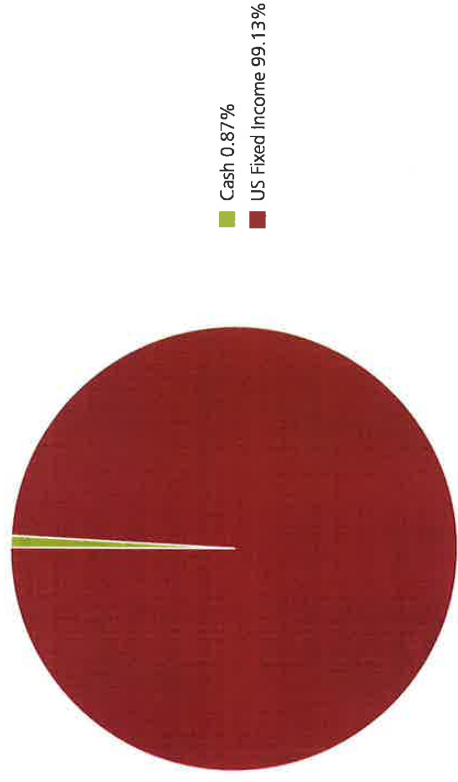
# Asset allocation review

as of March 31, 2017

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

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

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

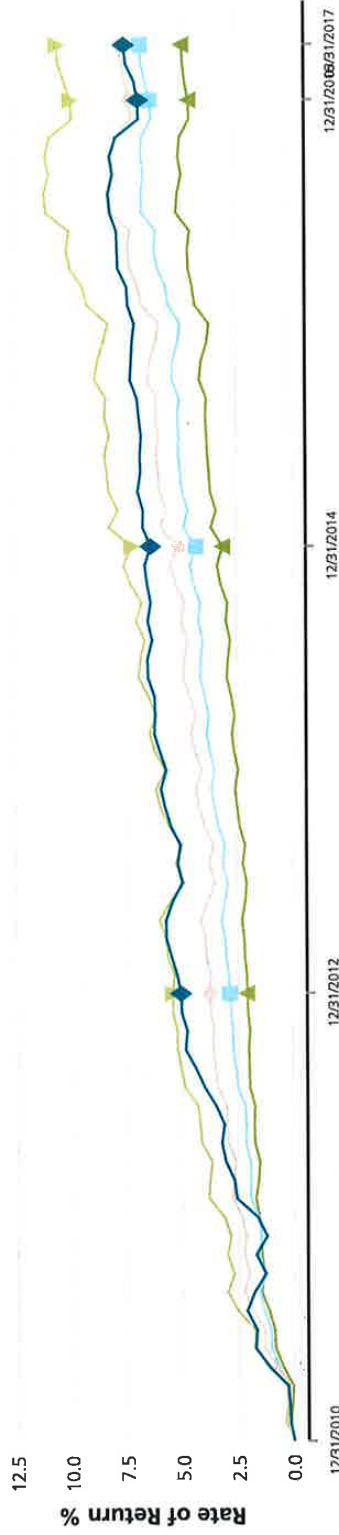


■ Cash 0.87%  
 ■ US Fixed Income 99.13%



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

## Cumulative performance as of March 31, 2017



	12/31/2010 to 12/31/2012	12/31/2010 to 12/31/2014	12/31/2010 to 12/31/2016	12/31/2010 to 03/31/2017	Annualized 12/31/2010 to 03/31/2017
◆ Net Time-weighted ROR	5.07	6.39	6.90	7.53	1.17
<b>Benchmarks - Time-weighted returns</b>					
○ Benchmark 1	3.75	5.16	7.27	7.72	1.20
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	6.79	1.06
▼ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	10.61	1.63
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	4.90	0.77

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

Report created on: April 02, 2017



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

# Bond summary

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

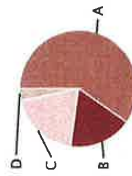
as of March 31, 2017

## Bond overview

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

## Credit quality of bond holdings

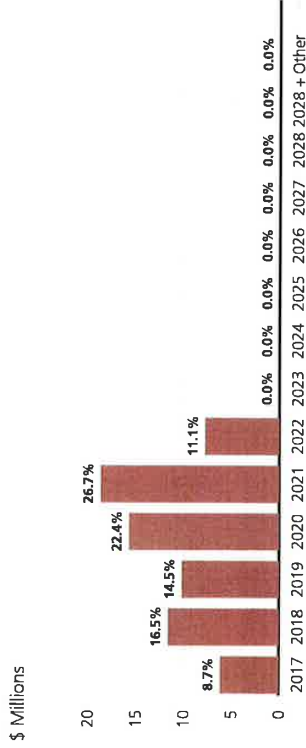
Effective credit rating	Issues	Value on 03/31/2017 (\$)	% of port.
<b>A</b> Aaa/AAA/AAA	16	41,795,727.56	59.87
<b>B</b> Aa/AA/AA	15	12,204,123.51	17.39
<b>C</b> A/A/A	15	13,708,967.40	19.42
<b>D</b> Baa/BBB/BBB	3	2,341,393.89	3.33
<b>E</b> Non-investment grade	0	0.00	0.00
<b>F</b> Certificate of deposit	0	0.00	0.00
<b>G</b> Not rated	0	0.00	0.00
<b>Total</b>	<b>49</b>	<b>\$70,050,212.36</b>	<b>100%</b>



## Investment type allocation

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

## Bond maturity schedule



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



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# Bond holdings

as of March 31, 2017

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

## Summary of bond holdings

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



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Bond holdings - as of March 31, 2017 (continued)

Details of bond holdings

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Total Bond Portfolio</b>		<b>69,606,000</b>	<b>2.33%</b>	<b>03/18/2020</b>	<b>NA</b>	<b>\$1,578,717.07</b>	<b>1.94%</b>	<b>\$-635,696.31</b>	<b>NA</b>	<b>\$409,037.48</b>	<b>100%</b>
						<b>2.27%</b>	<b>1.94%</b>	<b>\$-635,696.31</b>		<b>\$70,050,212.36</b>	
<b>Maturing 2017</b>											
TARGET CORP MW T +12.5BP	A2/A+/A	1,500,000	5.38%	05/01/2017		80,625.00	1.99%	1,504,741.43	100.278	1,504,170.00	2.16%
05.375% 050117 DTD050107	NR/NR/NR					5.36%	1.99%	-571.43		33,593.75	
FC110107											
CUSIP: 87612EAP1											
Initial Purchase Date: 07/09/2013											
Original Maturity: 05/01/2017											
COAST CMTY COLLEGE DIST TAX	Aa1/NR/AA+	265,000	1.34%	08/01/2017		3,545.70	1.08%	265,112.78	100.085	265,225.25	0.38%
SR B	NR/NR/NR					1.34%	1.08%	112.47		590.95	
BE/R/ 1.338 080117											
DTD 052913 /CA											
CUSIP: 190335GN3											
Initial Purchase Date: 03/28/2014											
Original Maturity: 08/01/2017											
MERCED CA UN HIGH SCH DI	NR/AA-/A+	295,000	5.38%	08/01/2017		15,868.05	1.55%	298,971.10	101.266	298,734.70	0.43%
TAX 81-QU	NR/NR/NR					5.31%	1.55%	-236.40		2,644.68	
BE/R/ 5.379											
080117 DTD 030311 /CA											
CUSIP: 587635EAT											
Initial Purchase Date: 01/28/2015											
Original Maturity: 08/01/2017											
GENL ELEC CAP CORP 05.625%	A1/AA-/AA-	500,000	5.63%	09/15/2017		28,125.00	1.33%	508,658.60	101.944	509,720.00	0.73%
091517 DTD092407 FC031508	NR/NR/NR					5.52%	1.33%	1,061.40		1,250.00	
MED TERM NTS											
CUSIP: 36962G3H5											
Initial Purchase Date: 09/30/2013											
Original Maturity: 09/15/2017											
NEVADA ST TAX SR E OID99.614	Aa2/AA+/AA	425,000	0.90%	10/01/2017		3,825.00	1.13%	421,676.50	99.888	424,524.00	0.61%
BE/R/ .900 100117 DTD 062414	NR/NR/NR					0.90%	1.13%	2,847.50		1,912.50	
/NV											
CUSIP: 641461H92											
Initial Purchase Date: 07/16/2014											
Original Maturity: 10/01/2017											





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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. gfl (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2017</b>										
ST OF CA VAR GEN OBLI BN BE/R/ 5.000 100117 DTD 101509 /CA	250,000	5.00%	10/01/2017		12,500.00 4.90%	0.75% 0.75%	255,146.69 145.81	102.117	255,292.50 6,250.00	0.37%
CUSIP: 13063BAF9 Initial Purchase Date: 04/16/2013 Original Maturity: 10/01/2017										
CHEVRON CORP BE 01.104% 120517 DTD 120512 FC060513 CALL@MMW+7.5BP	808,000	1.10%	12/05/2017	11/05/2017 100.00	8,920.32 1.11%	1.35% 1.35%	804,873.04 1,777.60	99.833	806,650.64 2,874.33	1.16%
CUSIP: 166764AA8 Initial Purchase Date: 02/14/2014 Original Maturity: 12/05/2017										
FNMA NTS 00.875 % DUJE 122017 DTD 103012 FC 12202012	2,000,000	0.88%	12/20/2017		17,500.00 0.88%	1.08% 1.08%	1,974,047.60 23,012.40	99.853	1,997,060.00 4,909.72	2.87%
CUSIP: 3135GORT2 Initial Purchase Date: 06/18/2014 Original Maturity: 12/20/2017										
<b>Total 2017</b>	<b>6,043,000</b>	<b>2.84%</b>	<b>09/21/2017</b>		<b>\$170,909.07</b> <b>2.82%</b>	<b>1.38%</b> <b>1.38%</b>	<b>\$6,033,227.74</b> <b>\$28,149.35</b>		<b>\$6,061,377.09</b> <b>\$54,025.92</b>	<b>8.70%</b>
<b>Maturing 2018</b>										
GOLDMAN SACHS GROUP INC 05.950% 011818 DTD011808 FC071808 NTS	650,000	5.95%	01/18/2018		38,675.00 5.76%	1.80% 1.80%	670,890.88 344.62	103.267	671,235.50 7,842.43	0.96%
CUSIP: 38141GFG4 Initial Purchase Date: 12/03/2015 Original Maturity: 01/18/2018										
AT&T INC CALL @MMW+BP 05.500% 020118 DTD020108 FC080108	500,000	5.50%	02/01/2018		27,500.00 5.33%	1.73% 1.73%	513,843.17 1,691.83	103.107	515,535.00 4,583.33	0.74%
CUSIP: 00206RA11 Initial Purchase Date: 07/09/2013 Original Maturity: 02/01/2018										
ST OF CA VAR GEN OBLI BN TAX BE/R/ 5.950 030118 DTD 040110 /CA	250,000	5.95%	03/01/2018		14,875.00 5.72%	1.59% 1.59%	259,972.55 -102.55	103.948	259,870.00 1,239.58	0.37%
CUSIP: 130638FT4 Initial Purchase Date: 03/16/2015 Original Maturity: 03/01/2018										



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Bond holdings - as of March 31, 2017 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g1 (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2018</b>										
GENERAL ELEC CAP CORP 01.625% 040218 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9 Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018 CONOCOPHILLIPS CO NTS 01.500% 051518 DTD051815 FC111515 CALL@MMW+10BP CUSIP: 20826FALO Initial Purchase Date: 12/16/2015 Original Maturity: 05/15/2018 ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513 CUSIP: 857477AK9 Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018 E I DU PONT DE NEMOURS 06.000% 071518 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 263534BT5 Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018 PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 080118 DTD 020713 /CA CUSIP: 695802MR6 Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018 SACRAMENTO CA PENSION OB AGC TAX OID99.264 BE/R/ 5.600 080118 DTD 092811 /CA CUSIP: 786056BEG Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018 INTERCONTINENTAL EXCHANGE 02.500% 101518 DTD 100813 FC041514 CALL@MMW+20BP CUSIP: 45866FAB0 Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018	1,000,000	1.63%	04/02/2018		16,250.00 1.62%	1.41% 1.41%	1,000,941.34 1,228.66	100.217	1,002,170.00 8,079.86	1.44%
Baa2/A-/A- NR/NR/NR	500,000	1.50%	05/15/2018		7,500.00 1.50%	1.68% 1.68%	493,725.00 5,270.00	99.799	498,995.00 2,833.33	0.72%
A1/AA-/A NR/NR/NR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.54% 1.54%	334,762.15 -485.75	99.784	334,276.40 1,708.50	0.48%
A3/A-/A NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.67%	1.45% 1.45%	472,987.63 3,031.37	105.782	476,019.00 5,700.00	0.68%
Aa2/NR/A+ NR/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.05%	1.45% 1.45%	302,637.30 -186.30	100.817	302,451.00 1,035.00	0.43%
A2/NR/AA Baa1/NR/A-	500,000	5.60%	08/01/2018		28,000.00 5.34%	1.85% 1.85%	526,023.01 -1,458.01	104.913	524,565.00 4,666.67	0.75%
A2/NR/A NR/NR/NR	300,000	2.50%	10/15/2018		7,500.00 2.47%	1.79% 1.79%	302,909.58 328.32	101.079	303,237.90 3,458.33	0.44%



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Bond holdings - as of March 31, 2017 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2018</b>											
FHLB NTS 01.050 % DUE 102618	Aaa/NR/AA+	5,000,000	1.05%	10/26/2018		52,500.00	1.24%	5,000,000.00	99.709	4,985,450.00	7.16%
DTD 072616 FC 10262016	NR/NR/NR					1.05%	1.24%	-14,550.00		22,604.17	
CUSIP: 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	2.01%	811,168.30	108.709	815,317.50	1.17%
07.500% 111518 DTD102808	NR/NR/NR					6.90%	2.01%	4,149.20		21,250.00	
CALL@MAKE WHOLE +50BP'S											
CUSIP: 057224AY3											
Initial Purchase Date: 11/03/2015											
Original Maturity: 11/15/2018											
MERRILL LYNCH GLOBAL NTS	Baa1/A/BBB+	750,000	6.88%	11/15/2018		51,562.50	2.04%	807,811.68	107.681	807,607.50	1.16%
06.875% 111518 DTD112498	NR/NR/NR					6.38%	2.04%	-204.18		19,479.17	
FC051599											
CUSIP: 590188IN9											
Initial Purchase Date: 10/27/2015											
Original Maturity: 11/15/2018											
<b>Total 2018</b>		<b>11,285,000</b>	<b>3.07%</b>	<b>08/16/2018</b>		<b>\$338,345.00</b>	<b>1.51%</b>	<b>\$11,497,672.59</b>		<b>\$11,496,729.80</b>	<b>16.51%</b>
						<b>2.94%</b>	<b>1.51%</b>	<b>\$-942.79</b>		<b>\$104,480.37</b>	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2019</b>											
FFCB BOND 01.030 % DUE	Aaa/AAA/AA+	5,000,000	1.03%	04/05/2019		51,500.00	1.35%	4,996,250.00	99.359	4,967,950.00	7.13%
040519 DTD 070516 FC	NR/NR/NR					1.04%	1.35%	-28,300.00		25,177.78	
10052016											
CUSIP: 3133EGJW6											
Initial Purchase Date: 06/29/2016											
Original Maturity: 04/05/2019											
CALIFORNIA ST TAX	Aaa/AA-/AA-	2,500,000	2.25%	05/01/2019		56,250.00	1.52%	2,514,465.04	101.498	2,537,450.00	3.64%
BERY 2.250 050119 DTD 050114	NR/NR/NR					2.22%	1.52%	22,984.96		23,437.50	
/CA											
CUSIP: 13063CKL3											
Initial Purchase Date: 05/20/2014											
Original Maturity: 05/01/2019											
FNMA NTS 01.125 % DUE	Aaa/AAA/AA+	594,000	1.13%	07/26/2019	04/26/2017	6,682.50	1.52%	593,109.00	99.099	588,648.06	0.85%
072619 DTD 072616 FC	NR/NR/NR				100.00	1.14%	1.52%	-4,460.94		1,206.56	
01262017											
CUSIP: 3135G0M59											
Initial Purchase Date: 08/02/2016											
Original Maturity: 07/26/2019											



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Bond holdings - as of March 31, 2017 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2019</b>											
MORGAN STANLEY 05 625% 092319 DTD092309 FC032310 M/W+35BP CUSIP: 61747YCJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019 CALIFORNIA ST TAX BE/R/ 6.200 100119 DTD 101509 /CA CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019 FHLMC MED TERM NTS 00.0000% DUE 100119 CUSIP: 3128X2SW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019 UNTD TECHNOLOGIES CORP 08.875% 11519 DTD111389 FC051590 DEB CUSIP: 913017ARO Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019	A3/A/BBB+	750,000	5.63%	09/23/2019		42,187.50 5.21%	2.29% 2.29%	804,837.55 5,004.95	107,979	809,842.50 937.50	1.16%
	Aa3/AA+/AA-	400,000	6.20%	10/01/2019		24,800.00 5.59%	1.71% 1.71%	440,571.49 3,248.51	110,955	443,820.00 12,400.00	0.64%
	Aaa/AAA/AA+	485,000		10/01/2019			1.70% 1.70%	460,625.19 4,591.66	95,921	465,216.85 0.00	0.67%
	A3/A-/A-	250,000	8.88%	11/15/2019		22,187.50 7.60%	2.23% 2.23%	297,513.22 -5,440.72	116,829	292,072.50 8,381.94	0.42%
<b>Total 2019</b>		<b>9,979,000</b>	<b>2.22%</b>	<b>05/25/2019</b>		<b>\$203,607.50</b> <b>2.01%</b>	<b>1.54%</b> <b>1.54%</b>	<b>\$10,107,371.49</b> <b>\$-2,371.58</b>		<b>\$10,104,999.91</b> <b>\$71,541.29</b>	<b>14.51%</b>
<b>Maturing 2020</b>											
ABBOTT LABS NTS B/E 02.0000% 031520 DTD031015 FC091515 CALL@M/W+10BP CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020 FNMA NTS 01.500 % DUE 032320 DTD 032316 FC 09232016 CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020	Baa3/BBB/BBB	1,000,000	2.00%	03/15/2020		20,000.00 2.01%	2.24% 2.24%	999,370.00 -6,070.00	99,330	993,300.00 888.89	1.43%
	Aaa/AAA/AA+	1,750,000	1.50%	03/23/2020	06/23/2017 100.00	26,250.00 1.51%	1.71% 1.71%	1,748,250.00 -9,100.00	99,380	1,739,150.00 583.33	2.50%



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Bond holdings - as of March 31, 2017 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2020</b>										
A3/A+/A- NR/NR/NR	2,000,000	5.15%	04/30/2020		103,000.00 4.72%	2.07% 2.07%	2,217,411.95 -34,471.95	109.147	2,182,940.00 42,916.67	3.13%
NBCUNIVERSAL MEDIA LLC 05.150% 04/30/20 DTD043011 CALL@MMW+25BP CUSIP: 63946BAD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020										
A1/NR/A+ NR/NR/NR	2,879,000	2.25%	05/20/2020		64,777.50 2.25%	2.18% 2.18%	2,891,769.14 -6,377.76	100.222	2,885,391.38 23,571.81	4.14%
QUALCOMM INC NTS B/E 02.250% 05/20/20 DTD052015 FC112015 CUSIP: 747525AD5 Initial Purchase Date: 02/22/2017 Original Maturity: 05/20/2020										
Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	06/29/2017 100.00	52,500.00 1.54%	2.38% 2.38%	3,500,000.00 -95,760.00	97.264	3,404,240.00 13,416.67	4.89%
FHLMC MED TERM NTS 01.500 % DUE 06/29/20 DTD 06/29/16 FC 12292016 CUSIP: 3134G9L08 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020										
Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.35%	08/24/2020	05/24/2017 100.00	47,250.00 1.39%	2.30% 2.30%	3,498,250.00 -106,855.00	96.897	3,391,395.00 4,856.25	4.87%
FNMA NTS 01.350 % DUE 082420 DTD 082416 FC 02242017 CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020										
A3/A+/A- NR/NR/NR	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.54%	2.42% 2.42%	994,430.00 10,030.00	100.446	1,004,460.00 10,766.67	1.44%
J P MORGAN CHASE & CO 02.550% 10/29/20 DTD102915 FC042916 NTS B/E CUSIP: 46625HNX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020										
<b>Total 2020</b>										
	<b>15,629,000</b>	<b>2.22%</b>	<b>06/16/2020</b>		<b>\$339,277.50</b> <b>2.17%</b>	<b>2.20%</b> <b>2.20%</b>	<b>\$15,849,481.09</b> <b>\$-248,604.71</b>		<b>\$15,600,876.38</b> <b>\$97,000.28</b>	<b>22.40%</b>
<b>Maturing 2021</b>										
A3/A+/A- NR/NR/NR	400,000	3.63%	01/15/2021		14,500.00 3.49%	2.57% 2.57%	423,680.50 -8,604.50	103.769	415,076.00 3,061.11	0.60%
E I DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MMW+15BP B/E CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021										



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

Bond holdings - as of March 31, 2017 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.	
											Effective rating/ Underlying rating (Mdy/Fitch/S&P)
<b>Maturing 2021</b>											
Aaa/AAA/AA+ NR/NR/NR	4,500,000	1.47%	02/17/2021		66,150.00 1.49%	1.90% 1.90%	4,496,625.00 -67,860.00	98.417	4,428,765.00 8,085.00	6.36%	
FFCB BOND 01.470 % DUE 021721 DTD 081716 FC CUSIP: 3133EGRN7 Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021											
Aaa/AAA/AA+ NR/NR/NR	3,525,000	1.50%	03/30/2021	06/30/2017 100.00	52,875.00 1.55%	2.32% 2.32%	3,524,118.75 -108,711.00	96.891	3,415,407.75 0.00	4.90%	
FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017 CUSIP: 3134GAE0 Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021											
A3/AA- NR/NR/NR	250,000	4.25%	04/01/2021		10,625.00 3.98%	2.47% 2.47%	272,972.00 -6,119.50	106.741	266,852.50 5,312.50	0.38%	
E I DU POINT DE NEMOURS 04.250% 040121 DTD032511 CALL@MW+15BP CUSIP: 263534CE7 Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021											
A3/NRA NR/NR/NR	1,000,000	4.10%	06/01/2021	03/01/2021 100.00	41,000.00 3.85%	2.47% 2.38%	1,065,332.89 -1,252.89	106.408	1,064,080.00 13,666.67	1.53%	
BURLINGTON NTHN SANTJA FE 04.100% 060121 DTD051911 CALL@MW +15BP CORP NTS CUSIP: 12189LAD3 Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021											
Aaa/AAA/AA+ NR/NR/NR	3,750,000	1.53%	07/28/2021	07/28/2017 100.00	57,375.00 1.59%	2.42% 2.42%	3,750,000.00 -136,425.00	96.362	3,613,575.00 10,040.63	5.19%	
FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017 CUSIP: 3136G3S97 Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021											
Aaa/NR/AA+ NR/NR/NR	500,000	1.55%	09/01/2021		7,750.00 1.59%	2.15% 2.15%	499,375.00 -11,895.00	97.496	487,480.00 645.83	0.70%	
FHLB NTS 01.550 % DUE 090121 DTD.090116 FC 03012017 CUSIP: 3130A9B19 Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021											
Aa2/NR/NR NR/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.15%	2.10% 2.10%	994,250.00 7,830.00	100.208	1,002,080.00 5,972.22	1.44%	
LOS ANG CAL TAX SR A BE/RV 2.150 090121 DTD 122116 /CA CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021											



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 Risk profile: Conservative  
 Return Objective: Current Income

Bond holdings - as of March 31, 2017 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2021</b>											
FHBL BOND 01.520 % DUE 092321 DTD 092316 FC 03232017	Aaa/NR/AA+ NR/NR/NR	2,290,000	1.52%	09/23/2021		34,808.00 1.57%	2.33% 2.33%	2,289,150.00 -77,582.50	96.575	2,211,567.50 773.51	3.18%
CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021											
FHBL 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 1.63%	2.02% 2.02%	255,000.00 -4,541.55	98.219	250,458.45 45.33	0.36%
CUSIP: 3130A9JZ5 Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021											
MISSISSIPPI ST TAX SR G BE/R/ 2.470 11/0121 DTD 120815 /MS	Aa2/AA/AA NR/NR/NR	1,450,000	2.47%	11/01/2021		35,815.00 2.44%	2.18% 2.18%	1,469,438.00 -1,226.00	101.256	1,468,212.00 14,922.92	2.11%
CUSIP: 605581GN1 Initial Purchase Date: 02/22/2017 Original Maturity: 11/01/2021											
<b>Total 2021</b>		<b>18,920,000</b>	<b>1.85%</b>	<b>06/07/2021</b>		<b>\$346,478.00</b> <b>1.86%</b>	<b>2.22%</b> <b>2.22%</b>	<b>\$19,039,942.14</b> <b>\$-416,387.94</b>		<b>\$18,623,554.20</b> <b>\$62,525.72</b>	<b>26.74%</b>
<b>Maturing 2022</b>											
APPLE INC NTS B/E 02.500% 020922 DTD020917 FC080917 CALL@MW+10BP	Aa1/NR/AA+ NR/NR/NR	2,000,000	2.50%	02/09/2022	01/09/2022 100.00	50,000.00 2.49%	2.40% 2.40%	2,005,663.64 3,196.36	100.443	2,008,860.00 7,222.22	2.88%
CUSIP: 037833CM0 Initial Purchase Date: 02/22/2017 Original Maturity: 02/09/2022											
FFCB BOND 02.240 % DUE 022222 DTD 022217 FC 08222017	Aaa/AAA/AA+ NR/NR/NR	2,500,000	2.24%	02/22/2022	05/22/2017 100.00	56,000.00 2.24%	2.28% 2.28%	2,496,875.00 -1,025.00	99.834	2,495,850.00 6,066.67	3.58%
CUSIP: 3133EHAA1 Initial Purchase Date: 03/01/2017 Original Maturity: 02/22/2022											
FFCB BOND 02.280 % DUE 030122 DTD 030117 FC 09012017	Aaa/AAA/AA+ NR/NR/NR	3,250,000	2.28%	03/01/2022	06/01/2017 100.00	74,100.00 2.28%	2.29% 2.29%	3,246,637.50 2,290.00	99.967	3,248,927.50 6,175.00	4.67%
CUSIP: 3133EHAV5 Initial Purchase Date: 03/01/2017 Original Maturity: 03/01/2022											
<b>Total 2022</b>		<b>7,750,000</b>	<b>2.32%</b>	<b>02/22/2022</b>		<b>\$180,100.00</b> <b>2.32%</b>	<b>2.31%</b> <b>2.31%</b>	<b>\$7,749,176.14</b> <b>\$4,461.36</b>		<b>\$7,753,637.50</b> <b>\$19,463.89</b>	<b>11.13%</b>



Bond holdings - as of March 31, 2017 (continued)

Prepared for Kern Health Systems  
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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. grl (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
	69,606,000	2.33%	03/18/2020	NA	\$1,578,717.07 2.27%	1.94% 1.94%	2.82	\$70,276,871.19 \$-635,696.31	NA	\$69,641,174.88 \$409,037.48	100%
<b>Total Bond Portfolio</b>										<b>\$70,050,212.36</b>	





## Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. 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 update them, please contact your Financial Advisor to change your accounts records.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

securities.

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

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

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

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

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

**Account changes:** At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:  
1) Have there been any changes to your financial situation or investment objectives?  
2) Would you like to implement or modify any restrictions regarding the management of your account? If the answer to either question is "yes," it is important



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

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

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

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

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

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

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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 March 31, 2017

## 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 1st Quarter 2017

**PURCHASES**

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

**MATURITIES / REDEMPTIONS**

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

INTERNAL WORKSHEET







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

KERN HEALTH SYSTEMS  
9700 STOCKDALE HWY  
BAKERSFIELD, CA 93311



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

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

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

**Statement Period**  
**03/01/2017 - 03/31/2017**

**Your Investment Account(s)**

KERN HEALTH SYSTEMS  
 9700 STOCKDALE HWY

**Account Number**  
 1AB84780

**Account Value Summary USD**

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	34,060,053.62	<b>33,224,689.83</b>	24%
Bonds	108,700,108.93	<b>107,585,316.77</b>	76%
Stocks	0.00	<b>0.00</b>	0%
<b>Total Account Value</b>	<b>\$ 142,760,162.55</b>	<b>\$ 140,810,006.60</b>	<b>100%</b>
<b>Value Change Since Last Statement Period</b>		<b>\$ (1,950,155.95)</b>	
<b>Percent Decrease Since Last Statement Period</b>			<b>1%</b>
<b>Value Last Year-End</b>		<b>\$ 64,661,783.31</b>	
<b>Percent Increase Since Last Year-End</b>			<b>118%</b>

**Income Summary USD**

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

**Money Market Mutual Funds Summary USD**

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



## Important Information

This statement is provided to customers of Wells Fargo Securities, LLC ("WFS"), broker dealer 0260. Statements are provided monthly for accounts with transactions and/or security positions. The account statement contains a list of securities held in safekeeping by WFS as of the statement date and provides details of purchase and sale transactions, the receipt and disbursement of cash and securities, and other activities relating to the account during the statement period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Institutional Prime and Institutional Tax Exempt money market mutual funds are required to price and transact at a net asset value ("NAV") per share that fluctuates based upon the pricing of the underlying portfolio of securities and this requirement may impact the value of those fund shares. Additionally, Institutional Prime and Institutional Tax Exempt funds may be subject to redemption fees and/or 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  
80 South 7th Street  
5th Floor, MAC N9305-05F  
Minneapolis, MN 55402  
[wfscustomerservice@wellsfargo.com](mailto:wfscustomerservice@wellsfargo.com)

Customers may also report complaints, inaccuracies or discrepancies by calling 1-800-645-3751 option 5. International callers should call 1-877-656-8678. To further protect their rights, including rights under the Securities Investor Protection Act, customers should also re-confirm in writing to the above address any oral communications with WFS relating to the inaccuracies or discrepancies.

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



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

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
<b>Bonds USD</b>								
032556BW1	ANAHEIM CA HSG & PUBLIC IMPT A TXBL-REF-ELEC UTIL DISTRIBUTIO	04/01/17	0.800%	1,320,000.000	100.0000	1,320,000.00		Y
48306AR41	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	04/04/17	0.000%	3,000,000.000	99.9891	2,999,672.01		
59515MR56	MICROSOFT CORP 4(2) DISCOUNTED COMMERCIAL PAPER	04/05/17	0.000%	5,000,000.000	99.9889	4,999,446.55		
93884ER56	WASHINGTON GAS LIGHT CO DISCOUNTED COMMERCIAL PAPER	04/05/17	0.000%	2,000,000.000	99.9889	1,999,778.62		
912796KQ1	UNITED STATES TREASURY BILL	04/06/17	0.000%	30,000,000.000	99.9949	29,998,470.00		
24422EQF9	JOHN DEERE CAPITAL CORP	04/13/17	5.500%	1,276,000.000	100.0902	1,277,150.95		N
66844CRM8	NORTHWESTERN UNIVERSITY DISCOUNTED COMMERCIAL PAPER	04/21/17	0.000%	3,000,000.000	99.8654	2,995,962.50		
30229ART8	EXXON MOBIL CORP DISCOUNTED COMMERCIAL PAPER	04/27/17	0.000%	3,000,000.000	99.9372	2,998,114.50		
912796JP5	UNITED STATES TREASURY BILL	04/27/17	0.000%	30,000,000.000	99.9513	29,985,390.00		
037833AM2	APPLE INC	05/05/17	1.050%	3,000,000.000	100.0052	3,000,156.00		N
91412GC94	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS	05/15/17	0.750%	2,000,000.000	99.9500	1,999,000.00		Y
8552M2SQ7	STARBUCKS CORP 4(2) DISCOUNTED COMMERCIAL PAPER	05/24/17	0.000%	2,000,000.000	99.8230	1,996,460.00		
48306AT80	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	06/08/17	0.000%	2,000,000.000	99.7775	1,995,549.50		
24422ESN0	JOHN DEERE CAPITAL CORP	06/12/17	1.125%	2,000,000.000	99.9903	1,999,806.00		N
52730JBP0	LEVEL ONE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/19/17	0.650%	250,000.000	100.0493	250,123.25		
13017HAD8	CALIFORNIA ST EARTHQUAKE AUTH TXBL	07/01/17	1.824%	2,000,000.000	100.2380	2,004,760.00		N
02587CDJ6	AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT	01/08/18	1.400%	250,000.000	100.2496	250,624.00		
94974BFG0	WELLS FARGO & COMPANY	01/16/18	1.500%	1,000,000.000	99.8200	998,200.00		N
94988JA1	WELLS FARGO BANK NA	01/22/18	1.650%	500,000.000	99.9442	499,721.00		N
06050TLY6	BANK OF AMERICA NA	03/26/18	1.650%	1,000,000.000	100.0391	1,000,391.00		N
38141GFM1	GOLDMAN SACHS GROUP INC	04/01/18	6.150%	1,000,000.000	104.1780	1,041,780.00		N
02587DYK8	AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/04/18	1.450%	250,000.000	100.2707	250,676.75		

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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
<b>Bonds USD</b>								
05580ADH4	BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT	06/11/18	1.400%	250,000.000	100.2422	250,605.50		
17275RAY8	CISCO SYSTEMS INC	06/15/18	1.441%	1,000,000.000	100.3679	1,003,679.00		N
02006LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	100.2866	250,716.50		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	100.2868	250,717.00		
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/16/18	1.100%	250,000.000	99.5134	248,783.50		Y
05581WJT3	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.4945	248,736.25		
254672F86	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.5903	248,975.75		
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	100.7661	1,309,959.30		N
795450ZE8	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.3623	248,405.75		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	100.1682	1,001,682.00		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	101.5070	1,329,741.70		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.6843	996,843.00		N
02665WBE0	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	98.6542	986,542.00		N
161571HG2	CHAIT 2016-A6 A6	01/15/20	1.100%	1,000,000.000	99.7779	997,778.80		N
43814GAD2	HAROT 2014-2 A4	05/18/20	1.180%	1,350,000.000	100.0147	1,350,198.59		N
02582JGW4	AMXCA 2014-4 A	06/15/20	1.430%	1,000,000.000	100.0720	1,000,719.50		N
				107,556,000.000		107,585,316.77	0.00	

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

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



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

**Daily Account Activity**

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Transaction Activity USD</b>									
03/02/17	03/02/17	Purchase	912796KN8	UNITED STATES TREASURY BILL	30,000,000.00	99.9879440	(29,996,393.33)	0.00	(29,996,393.33)
03/03/17	03/03/17	Purchase	48306AT80	KAISER FOUNDATION HOSP	2,000,000.00	99.7844450	(1,995,688.89)	0.00	(1,995,688.89)
03/01/17	03/06/17	Purchase	13017HAD8	CALIFORNIA ST EARTHQUAKE AUTH	2,000,000.00	100.3570000	(2,007,140.00)	(6,586.67)	(2,013,726.67)
03/10/17	03/10/17	Purchase	59515MR56	MICROSOFT CORP 4(2) DISCOUNTED	5,000,000.00	99.9602780	(4,998,013.89)	0.00	(4,998,013.89)
03/10/17	03/10/17	Purchase	93884ER56	WASHINGTON GAS LIGHT CO	2,000,000.00	99.9494450	(1,998,988.89)	0.00	(1,998,988.89)
03/13/17	03/16/17	Purchase	24422ESN0	JOHN DEERE CAPITAL CORP	2,000,000.00	100.0602370	(2,001,204.74)	(5,875.00)	(2,007,079.74)
03/16/17	03/16/17	Purchase	912796KQ1	UNITED STATES TREASURY BILL	30,000,000.00	99.9722920	(29,991,687.50)	0.00	(29,991,687.50)
03/22/17	03/27/17	Purchase	43814GAD2	HAROT 2014-2 A4	1,350,000.00	100.0117187	(1,350,158.20)	(398.25)	(1,350,556.45)

**Income / Payment Activity USD**

03/03/17	03/03/17	Matured	14912L5Z0	CATERPILLAR FINANCIAL SE			3,365,000.00		3,365,000.00
03/03/17	03/03/17	Interest	14912L5Z0	CATERPILLAR FINANCIAL SE				16,825.00	16,825.00
03/03/17	03/03/17	Matured	48306AQ34	KAISER FOUNDATION HOSP			2,000,000.00		2,000,000.00
03/08/17	03/08/17	Matured	07370WXG6	BEAL BANK USA INTEREST BEARING			250,000.00		250,000.00
03/08/17	03/08/17	Interest	07370WXG6	BEAL BANK USA INTEREST BEARING				1,869.86	1,869.86
03/09/17	03/09/17	Matured	03784JQK3	APPLE BANK FOR SVGS INTEREST			250,000.00		250,000.00
03/09/17	03/09/17	Interest	03784JQK3	APPLE BANK FOR SVGS INTEREST				1,625.00	1,625.00
03/10/17	03/10/17	Matured	33583CUV9	FIRST NIAGARA BANK INTEREST			250,000.00		250,000.00
03/10/17	03/10/17	Interest	33583CUV9	FIRST NIAGARA BANK INTEREST				1,620.55	1,620.55
03/10/17	03/10/17	Matured	59013JMU0	MERRICK BANK INTEREST BEARING			250,000.00		250,000.00
03/10/17	03/10/17	Interest	59013JMU0	MERRICK BANK INTEREST BEARING				124.66	124.66
03/13/17	03/13/17	Matured	93884EQD0	WASHINGTON GAS LIGHT CO			3,000,000.00		3,000,000.00
03/15/17	03/15/17	Interest	17275RAY8	CISCO SYSTEMS INC				3,183.60	3,183.60
03/15/17	03/15/17	Matured	30231GAA0	EXXON MOBIL CORPORATION			1,100,000.00		1,100,000.00
03/15/17	03/15/17	Interest	30231GAA0	EXXON MOBIL CORPORATION				5,065.50	5,065.50
03/15/17	03/15/17	Interest	02582JGW4	AMXCA 2014-4 A				1,191.67	1,191.67
03/15/17	03/15/17	Interest	161571HG2	CHAIT 2016-A6 A6				916.67	916.67
03/16/17	03/16/17	Matured	912796KN8	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00
03/20/17	03/20/17	Interest	52730JBP0	LEVEL ONE BANK INTEREST				124.66	124.66
03/22/17	03/22/17	Matured	9113A2QN9	UNITED PARCEL SERV INC 4(2)			3,000,000.00		3,000,000.00
03/27/17	03/27/17	Interest	06050TY6	BANK OF AMERICA NA				8,250.00	8,250.00
03/27/17	03/27/17	Matured	8552M2QT3	STARBUCKS CORP 4(2) DISCOUNTED			2,000,000.00		2,000,000.00
03/30/17	03/30/17	Matured	912796JJ9	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00

**Cash Activity USD**

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

064061 1738925 2009 130271LNW4N132000018653 74888.0010 23465 06/01/17 P



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

**Daily Account Activity (Continued)**

Your investment transactions during this statement period.

**Cash Activity USD**

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

**Money Market Fund Activity**

Morgan Stan TreasSvc 8314

\*As of March 31, 2017

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

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



KERN HEALTH SYSTEMS  
 Account Number: 1AB84780

Page 7 of 7  
 Statement Ending: March 31, 2017

**Money Market Fund Activity (Continued)**

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

064092 1718026 2009 110223 LHP#456700 0014556 74888 0010 2M69 04/2017 P







**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: June 8, 2017**

**Re: Voluntary Participation in IGT Funding Distribution**

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**Background**

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

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

Agenda items 7, 8 and 9 are retro-active amendments to our respective hospital agreements with each institution which will require retro-active approval by the Board in order to facilitate the transfer of such funds.

**Requested Action**

Retro-active Approval; Authorize Chief Executive Officer to Sign

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 18

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

RECITALS:

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

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

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

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

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

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

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

**IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES**

**1. IGT Capitation Rate Range Increases to PLAN**

**A. Payment**

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

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

**B. Health Plan Retention**

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

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

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

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

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

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

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

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

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

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

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

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

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

**E. Form and Timing of Payments**

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

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

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

**F. Consideration**

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

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

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

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

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

**G. PLAN's Oversight Responsibilities**

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

**H. Cooperation Among Parties**

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

**I. Reconciliation**

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

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

**J. Indemnification**

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

**2. Term**

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

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

**SIGNATURES**

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

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

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

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

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

RECITALS:

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

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

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

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

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

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

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

**IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES**

**1. IGT Capitation Rate Range Increases to PLAN**

**A. Payment**

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



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

**B. Health Plan Retention**

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

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

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

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

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

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

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

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

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

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

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

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

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

**E. Form and Timing of Payments**

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

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

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

**F. Consideration**

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

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

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

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

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

**G. PLAN's Oversight Responsibilities**

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

**H. Cooperation Among Parties**

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

**I. Reconciliation**

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

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

**J. Indemnification**

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

**2. Term**

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

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

**SIGNATURES**

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

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

APPROVED AS TO FORM  
Office of County Counsel  
Kern County  
By [Signature]  
Date 5/15/17



## HEALTH PLAN/PROVIDER AGREEMENT

### AMENDMENT

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

#### RECITALS:

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

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

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

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

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

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

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

#### **IGT MEDI-CAL MANAGED CARE CAPITATION RATE INCREASES**

##### **1. IGT Capitation Rate Increases to PLAN**

###### **A. Payment**

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

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

**B. Health Plan Retention**

1) Medi-Cal Managed Care Seller's Tax

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

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

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

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

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

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

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

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

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

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



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

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

#### **E. Form and Timing of Payments**

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

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

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

#### **F. Consideration**

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

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

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

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

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

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

**G. PLAN's Oversight Responsibilities**

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

**H. Cooperation Among Parties**

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

**I. Reconciliation**

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

**J. Indemnification**

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


**2. Term**

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

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

**SIGNATURES**

KERN VALLEY HOSPITAL

By:   
Timothy McClew  
Chief Executive Officer

KERN HEALTH SYSTEMS

By:   
Doug Hayward  
Chief Executive Officer

APPROVED AS TO FORM:



## HEALTH PLAN/PROVIDER AGREEMENT

### AMENDMENT

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

#### RECITALS:

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

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

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

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

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

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

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

#### **IGT MEDI-CAL MANAGED CARE CAPITATION RATE INCREASES**

##### **1. IGT Capitation Rate Increases to PLAN**

###### **A. Payment**

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

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

**B. Health Plan Retention**

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

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

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

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

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

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

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

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

#### **E. Form and Timing of Payments**

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

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

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

#### **F. Consideration**

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

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

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

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

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

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

#### **H. Cooperation Among Parties**

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

#### **I. Reconciliation**

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



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

**J. Indemnification**

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

**2. Term**

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

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

**SIGNATURES**

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

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

APPROVED AS TO FORM:





**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: June 8, 2017**

**Re: Analysis of Insurance Renewals**

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**Background**

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

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

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

- **Crime Insurance**

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

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

No claims were filed last year.

- **Property Insurance**

Management recommends renewal of the Hospital All Risk Property Program (“HARPP”) through Lexington Insurance. KHS has \$19.8 million of property plant and equipment to insure. Automobile Physical Damage is also included. Primary Cyber Coverage is included at a limit of \$2 million that insures against the damages that occur related to computer system breaches. Excess Flood Insurance is included with a limit of \$5 million.

- Rating: Carrier has an excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Coverage: This policy insures against losses from property damage
- Limit per Occurrence: \$350,000,000 repair or replacement cost
- Deductible: \$5,000 – Autos (Physical Damage \$2,500)
- Annual Premium: \$24,635. Prior year premium was \$22,935.

No claims were filed last year.

- **Workers’ Compensation Insurance**

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

KHS joined SDRMA on June 1, 2010.

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

- **Fiduciary Liability Insurance**

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

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

No claims were filed last year.

- **Excess Cyber Liability Insurance**

Management recommends continued coverage for Excess Cyber liability. Included in the Property placement is the limit of \$2,000,000 per incident and in the aggregate. This excess coverage provides KHS with an additional \$3,000,000 in coverage.

- Axis Insurance Company
- Rating: Carrier has an excellent A+ XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Limit per occurrence: \$3,000,000
- Aggregate: \$3,000,000
- Self-Insured Retention: Primary coverage within the HARPP Program
- Annual Premium: \$2,784. Last year's premium was \$35,000.

No claims were filed last year.

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

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

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

No claims were filed last year.

- **Earthquake Insurance**

Management recommends renewing the Earthquake insurance coverage.

- Everest Indemnity Insurance Company
- Rating: Carrier has excellent A XV rating from AM Best
- Term: July 1, 2017 through June 30, 2018
- Limit per occurrence: \$5,000,000
- Aggregate: \$5,000,000
- Deductible:5% Per unit (unit is defined as replacement cost of the covered Property – Building, Contents and Business Income separately), subject to a minimum of \$50,000
- Annual Premium: \$11,300. Last year's premium was \$13,044.

No claims were filed last year.

- **Flood Insurance**

Management recommends renewing the Flood Insurance coverage.

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

No claims were filed last year.

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

**Requested Action**

Approve.



**To: KHS Board of Directors**  
**From: Douglas A Hayward, CEO**  
**Date: June 8, 2017**  
**Re: General Contractor Change Order**

---

**Background**

The construction project is making significant progress and is nearing completion of Design Development Phase. KHS continues to work closely with our architects, general contractor and designers as we await final site plan approval from the City of Bakersfield. As reported at our last Board of Directors meeting, the city approval process and the bidding process per the Public Contract Code will cause an unanticipated delay in our initial construction schedule.

The No Cost Change Order to S.C. Anderson provides additional time for the completion of Phase 1. Under the general contractor agreement, Phase 1 includes services such as attaining building permits, process of trade bidding, review of bids, acceptance of bids, contract novation and construction mobilization. The additional time will allow for KHS to perform its due diligence and oversight of the public bid process and selection.

**Requested Action**

Approve and authorize CEO to execute No Cost Change Order to S.C. Anderson, Inc.

**KERN HEALTH SYSTEMS**

**CHANGE ORDER NO. 001**

**PROJECT: KERN HEALTH SYSTEMS RELOCATION PROJECT**

**CM/GC CONTRACTOR: S.C. ANDERSON, INC.**

**ARCHITECT: DELAWIE**

**DESCRIPTION OF WORK REQUESTED:**

**Revise the Project Phase I Completion Date**

This non-compensatory change order is to revise the Phase I Project Completion Date to the following:

- Completion of Phase I is revised from 09/18/2017 to 12/15/2017

per the previously negotiated addition of 150 days to the Contract Time reflected in Article 2.01A of the Agreement. Costs associated with this change are already included in the original Contract Sum.

**CROSS-**

**REFERENCE INFORMATION:**

RFI No. N/A  
 SI No. N/A  
 COR No. N/A  
 RFQ No. N/A  
 CE No. N/A  
 CD No. N/A

**CM/GC CONTRACTOR AGREES:** TO FURNISH ALL LABOR, MATERIALS AND EQUIPMENT AND PERFORM ALL WORK REQUIRED TO COMPLETE THE ABOVE-DESCRIBED WORK CHANGE IN ACCORDANCE WITH THE REQUIREMENTS FOR WORK COVERED BY THE CONTRACT FOR THE STATED CONSIDERATION. CM/GC CONTRACTOR AGREES TO PERFORM THE ABOVE-DESCRIBED CHANGES FOR THE AMOUNT AND WITHIN THE TIME INDICATED.

<b>CM/GC CONTRACTOR:</b> Leigh Ann Anderson, CEO, SCA	<b>DATE:</b>	<b>ORIGINAL CONTRACT:</b>  <b>\$1,801,400</b>
<b>CONSTRUCTION MANAGER:</b> Paul Burzych, SCA	<b>DATE:</b>	<b>PREVIOUS ADDS:</b>  <b>\$0</b>
<b>CHIEF EXECUTIVE OFFICER:</b> Douglas A. Hayward, KHS	<b>DATE:</b>	<b>PREVIOUS DEDUCTS:</b>  <b>(\$0)</b>
<b>PROJECT MANAGER:</b> Emily Duran, KHS	<b>DATE:</b>	<b>THIS CHANGE:</b>  <b>\$0</b>
	<b>DATE:</b>	<b>CONTRACT TO DATE:</b>  <b>\$1,801,400</b>
		<b>CONTRACT TIME:</b> <b>Increase <u>88</u> Days</b>
<b>PAGE <u>1</u> OF <u>1</u></b>		<b>DATE OF COMPLETION:</b> <b>May 31, 2019</b>





**To: KHS Board of Directors**

**From: Douglas A. Hayward, CEO**

**Date: June 8, 2017**

**Re: School Wellness Program**

---

**Background**

The KHS Ad hoc Wellness Committee, consisting of Board members: Linda Hinojosa and Timothy McGlew along with Doug Hayward and Isabel Silva, met in 2014 to address childhood obesity through school based wellness programs.

Beginning school year 2015-16, a pilot program involving two Kern County schools received healthy eating / active living grants to develop school based programs to encourage weight loss through organized physical activity and proper nutrition.

Because of the pilot program's positive results, the Wellness Committee recommended and the KHS Board approved expansion of the School Wellness Program to additional schools during the 2017-18 school year. Although most of the same program elements will continue, three new features will be introduced in 2017 including:

- Program Site Selection – emphasis to locate program sites in rural areas of the county
- Healthy Eating – emphasis to combine physical activity with good nutrition such as growing a vegetable garden
- Internship – engaging local college students through a paid internship program sponsored by KHS for students enrolled in health care related curriculums.

Isabel Silva will present the 2017 School Based Wellness Program.

**Requested Action**

Receive and file.



# School Wellness Program

Isabel Silva, MPH, CHES

Director of Health Education, Cultural & Linguistic Services

June 8, 2017

# Background

## 2015-16 Academic Year

KHS School Wellness Pilot Program at Jefferson Elementary School in Bakersfield and Pioneer School in Delano



- **Goal:** Increase students daily walking and other types of physical activity to reach healthier weights.
- **Outcome:** 200,000 miles walked at each school site; Decrease in overweight/obese students

# Background

Given the Program's success and its educational impact to children:

- KHS Wellness Committee recommended expansion of the School Wellness Program
- KHS Board approved to expand to new school sites
- Funding for the expanded program is included in KHS's 2017 budget



In addition to promoting active living among students, the 2017/18 School Wellness Program will also consider:

## **USDA Food and Nutrition Services Final Rule (7/29/16)**

- Schools must revise their local wellness policies and fully comply with the requirements by June 30, 2017

# 2017/18 School Wellness Program

- **Goal:** Expand efforts of the KHS School Wellness Program by engaging students and stakeholders in activities that promote physical activity and healthy eating during the 2017-18 Academic Year.
- **School Wellness Grant:** up to \$35,000 per school to implement a School Wellness Program
  - **Eligibility:**
    - Kern County public school
    - Primarily serves low income students from Kindergarten up to 12<sup>th</sup> grade.
    - Have not previously participated in the KHS School Wellness Program
- **School Health Promoter Internship:** \$5,000 plus mileage per intern to aid with implementation of the School Wellness Programs.
  - **Eligibility:**
    - 18 years or older
    - Enrolled college student
    - Not a dependent of a KHS employee

# School Wellness Grant Applicants

- **Application deadline: April 3, 2017**
- **18 applications received**
  - Bakersfield (12):
    - Bakersfield City School District
    - Panama Buena Vista School District
    - Standard School District
    - Kern High School District
    - Greenfield Unified School District
  - Outlying areas (6)
    - Buttonwillow Union School District
    - Delano Union Elementary School District
    - Kernville Union Elementary School District
    - Lamont Elementary School District
    - Lost Hills Union School District
    - Wonderful College Prep Academy

# Internship Applicants

- **Application deadline – April 17, 2017**
- **16 Applications Received**
  - Bakersfield
  - Outlying areas
    - Arvin, Delano, Porterville
- **College Campus:**
  - Bakersfield College
  - Cal State Bakersfield
  - Taft College
- **Pursued Degree Programs:**
  - Business Administration
  - Child Development
  - Health Care Administration
  - Nursing/Public Health
  - Public Administration

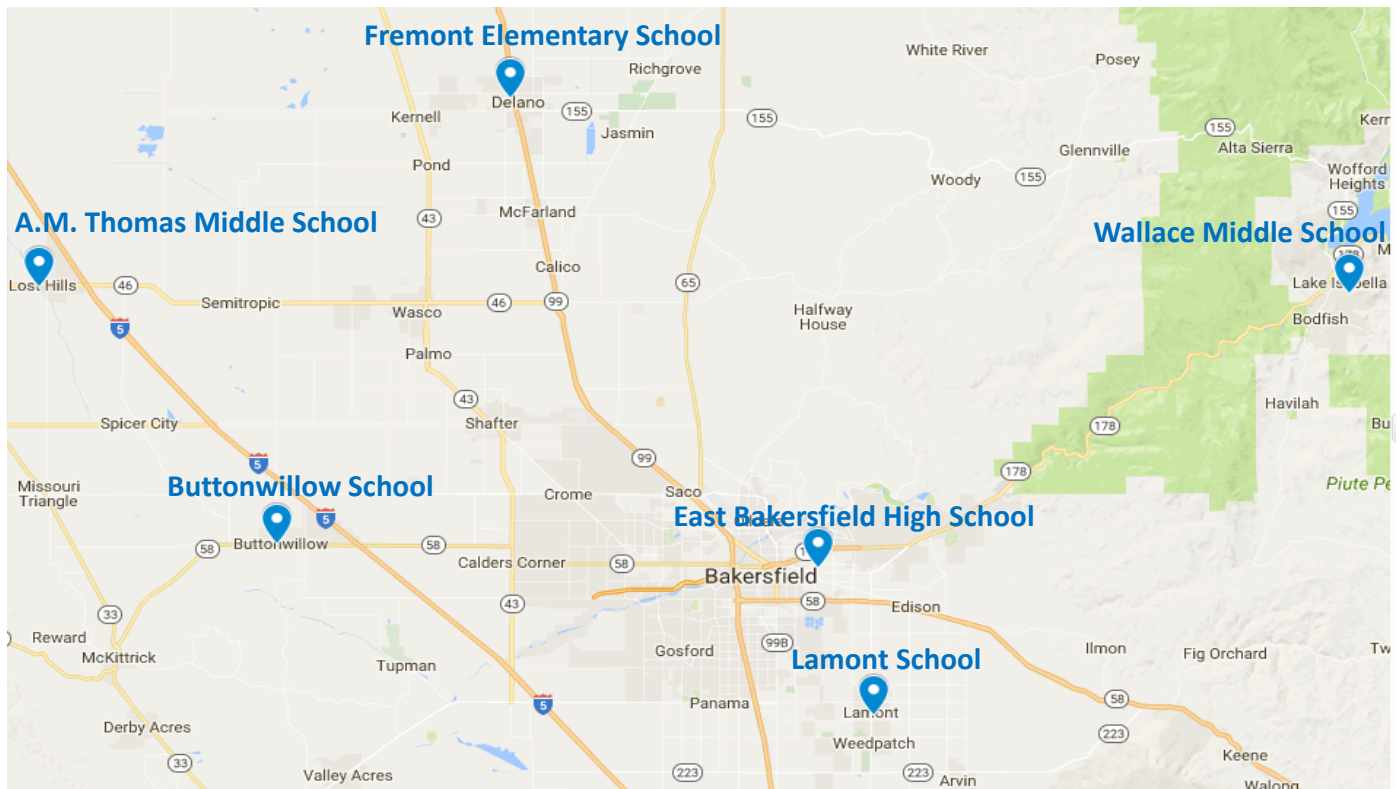


# Scoring Rubric for Applicants

Schools	Student Interns
1. Student impact	1. Availability
2. School need	2. Interests in internship
3. Goal alignment with grant	3. Experience
4. Level school commitment	4. Skills/talents
5. Parent engagement	5. Parent/community engagement strategies
6. Program evaluation	6. Organization and time management
7. Success, Effectiveness & Sustainability	7. Computer proficiency
8. Creativity	



# Awarded Schools



# Awarded Interns

- Total of 6 interns



- Bakersfield College Students (3)
  - Associates in Nursing/Public Health
  - Associates in Child Development



- Cal State Bakersfield Students (3)
  - Masters in Public Administration
  - Bachelors in Nursing
  - Bachelors in Public Policy and Administration

# Program Budget

Item	Budgeted Funds
School Wellness Programs (6)	\$194,500
Internship (6)	\$38,000
<b>TOTAL:</b>	<b>\$232,500</b>



# Timeline and Next Steps

- ✓ April – Applications Due
- ✓ May – Award Announcements
- June – Contracting and Intern Clearance
- August – Implementation
- September – Initial Progress Reports Due

# Questions?







**TO: KHS Board of Directors**

**FROM: Douglas Hayward, CEO**

**DATE: June 8, 2017**

**RE: Quarterly Grievance Reporting**

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**Background**

Historically, the State, through its two oversight agencies: Department of Managed Health Care and the Department of Health Care Services emphasized the importance of member satisfaction and health plan accountability as key to its managed care Medi-Cal Program. Beginning this July, new Federal regulations will take effect; again, emphasizing the need for more health plan accountability, specifically concerning the tracking and reporting of member complaints or grievances.

**KHS Member Grievance Process**

Kern Health System receives on an average of 22,000 incoming calls from members and providers on a monthly basis. Over 99% of these calls are simple questions or concerns that are resolved at the time of the call. Less than 1% requires further research by the Member Services Department. Of that 1%, a few become a formal complaint or grievance which are investigated further by staff and presented weekly to the KHS Grievance Committee for a decision.

Members who are dissatisfied with the outcome may request a “State Fair Hearing”. The decision by the administrative judge is final and requires the health plan to take action if found in favor of the member.

**Member Grievance Monitoring and Oversight**

The actions of the Grievance Committee are reviewed quarterly both internally and externally. Internally, all related concerns are investigated by the KHS Utilization Management Quality Improvement Committee and our KHS Public Policy Committee. Depending on the Committee, each is staffed with KHS leadership, physicians, health plan members or consumer advocate groups. When appropriate, Committee deliberation and recommendations may lead to KHS policy or protocol changes to eliminate future occurrences.

Externally, reports are sent to Department of Managed Health Care and the Department of Health Care Services. State agencies may request additional information on any specific grievance including resolution outcome or any corrective action taken by the health plan.

**KHS Board Review**

Beginning June, 2017 and ongoing each quarter, as part of the Board reporting dashboard, KHS will add a grievance report. This will be the same information, in summary form, shared with our two standing Committees: Utilization Management Quality Improvement Committee and the Public Policy Committee. Since this is the first time this report will be presented, it is expected the Board will request additional information not presented here. This can be addressed in the discussion portion of the presentation.

Alan Avery, Chief Operating Officer will present an overview of the KHS grievance process along with the 2016 4<sup>th</sup> Quarter Grievance Report.

**Requested Action**

Review the 2016 4<sup>th</sup> Quarter Grievance Report. After discussion receive and file the report.



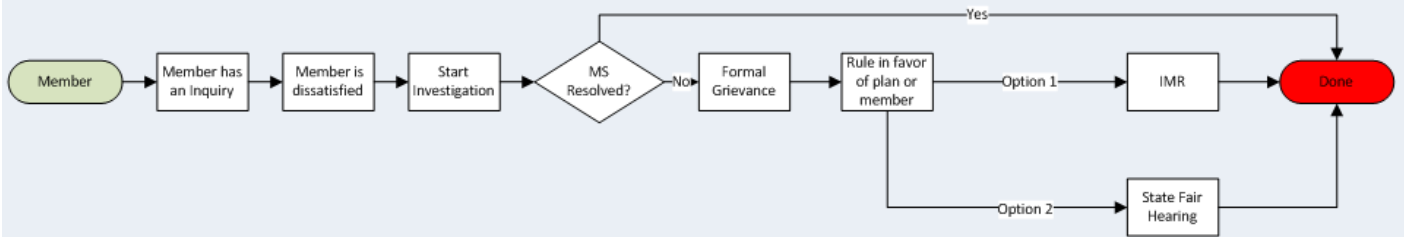


## Member Inquiry/Grievance Process

# Agenda

1. Member Inquiry/Complaint/Grievance Process
2. 2016 Grievance Trends
3. KHS Current Oversight
4. New Regulatory Oversight Requirement
5. Future Grievance/Appeal Regulatory Changes

# Member Inquiry/Complaint Flow Chart



## Member Inquiry Process

- Member Inquiries, questions, concerns and complaints are shared with KHS Member Services primarily by phone:
  - Simple Questions
  - Complicated Questions
  - Grievances
  - State Fair Hearing
  - Independent Medical Review

## Simple Questions

- Member calls regarding questions or concerns are handled by Member Service Representatives. Member Services currently receives approximately 22,000 calls per month.
  - More than 99% of the calls are resolved during the initial call. No further action needed.
  - Less than 1% of the calls need additional follow up becoming a “complicated question” requiring further follow up by a Grievance Coordinator (GC I/II)

## Complicated Questions

- Members with complicated questions or clinical concerns, ones not resolved during initial call, and require additional research, are handled by GC I/II
  - GC I/II researches claims and prior authorization history, policy and procedures, and medical guidelines and provides recommended action to the member.
  - If the member is not satisfied by the recommended action by the GC I/II, they are offered the opportunity to file a formal grievance.

## Formal Grievance

- Members not satisfied with KHS recommended action will be provided assistance by GC I/II to submit formal grievance.
  - GC I/II will assist the member to file a written grievance.
  - GC I/II will research the member's issue and make recommendation to KHS Grievance Committee.
  - Grievance Committee meets weekly.
    - Committee Membership-COO, MD, Compliance, Quality, Case Management, PR, UM, GC I/II , Grievance Supervisor
    - Committee reviews GC I/II decisions-concurs or alters decision
    - GC I/II communicates decision to member
  - 2016 Grievance Activity

Quarter	# of Grievances
Q1	299
Q2	348
Q3	313
Q4	233
Total	1193

## State Fair Hearing (SFH)

- Members not satisfied with the action of KHS may file a State Fair Hearing request with the California Department of Social Services within 90 days of their issue.
- Members will have the opportunity to present their issue to the Administrative Law Judge (ALJ). KHS will present their position and participate in the SFH as necessary. Final decision made by ALJ.
- 2016 SFH Activity

Quarter	SFH Activity
Q1	7
Q2	1
Q3	7
Q4	1
Total	16

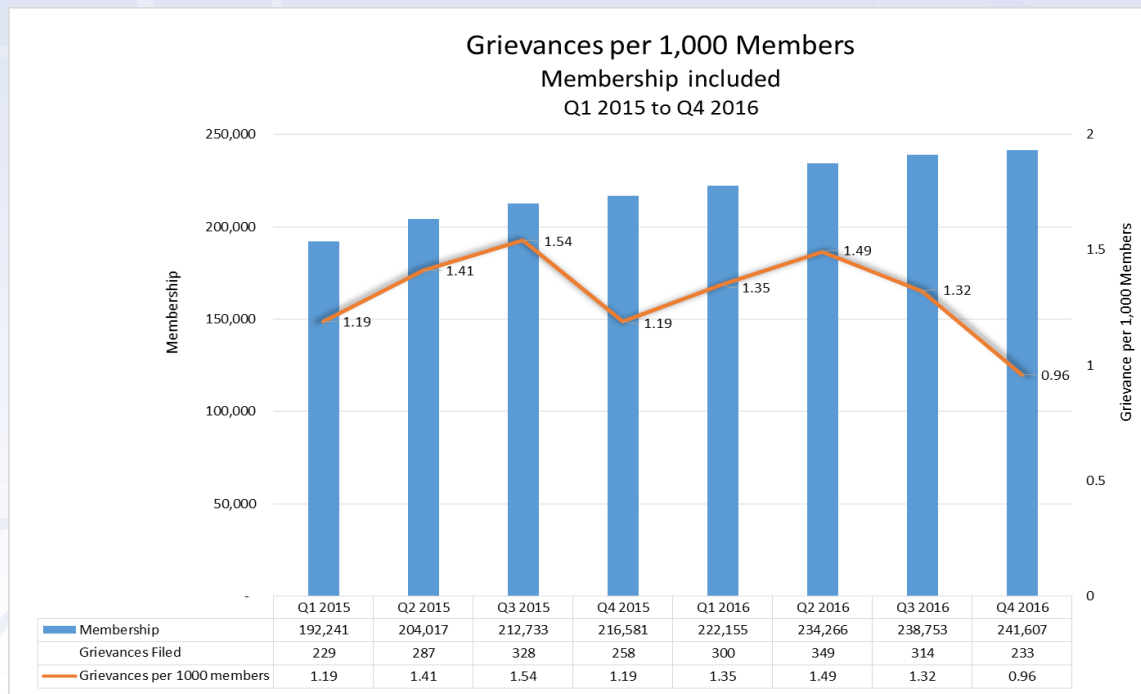


# Independent Medical Review (IMR)

- Members may request to file an IMR from the Department of Managed Care within six months if the Plan denies, changes or delays a service/treatment as not medically necessary
  - Member receives formal Notice of Action (NOA) letter from KHS with instructions on how to file IMR.
  - IMR cannot be filed if SFH decision has been rendered.
  - 2016 IMR Activity:

Quarter	IMR Activity
Q1	3
Q2	6
Q3	1
Q4	2
Total	12

# 2015/2016 Grievances per 1,000 Members



## KHS Current Grievance Oversight

- Weekly KHS Grievance Committee
- Quarterly KHS Utilization Management/Quality Improvement Committee
- Quarterly KHS Public Policy Committee
- Quarterly KHS Regulatory Reporting to the Department of Managed Health Care (DMHC) and to the Department of Health Care Services (DHCS)

# New Regulatory Oversight Requirement

- The recent DMHC survey requires KHS Management report/review quarterly grievances with the KHS Board of Directors.
- Quarterly grievance reporting will be included in the Medical Management report effective June 2017
- 4<sup>th</sup> Quarter 2016 Grievance Summary:

Category	Total	Issue	Q1	Q2	Q3
Access to Care	7	Appointment Availability	17	21	15
Coverage Dispute	19	Authorizations and Pharmacy	30	23	21
Medical Necessity	24	Questioning denial of service	36	39	29
Other Issues	2	Miscellaneous	17	21	4
Quality of Service	31	Questioning services provided. All cases forwarded to Quality Dept.	58	82	58
Quality of Service		Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department			
-Courtesy and Attitude of Provider	89		76	86	117
-Courtesy and Attitude of Staff	18		35	40	43
-Courtesy and Attitude of both	43		30	36	26
Grievances	233		299	348	313

## July 1, 2017 Regulatory Changes-Mega Reg

- Definition Enhancements
  - A Grievance is any dissatisfaction not involving an Adverse Benefit Determination (“ABD”).
  - An Appeal is a review by KHS of an ABD-Denial, delays, modification of a service or medication request.
- Documentation
  - A verbal Appeal must be followed by a signed written appeal from the member
- Filing & Notification Time
  - Member must be notified within 72 hours of an overturned Appeal
  - Unlimited timeframe for member to file a Grievance
  - Appeal must be filed within 60 days from the date of the ABD.
- State Fair Hearing
  - Member must complete the KHS Grievance and Appeal System prior to filing a SFH.
  - Member has up to 120 days to file a SFH after exhausting KHS Grievance Process
  - Member must be notified within 72 hours of overturned SFH decision.

## Questions?

For additional questions, please contact

Alan Avery, Chief Operating Officer  
(661) 664-5005



**To: KHS Board of Directors**

**From: Douglas Hayward, CEO**

**Date: June 8, 2017**

**Re: 2016 DHCS Medical Audit - findings**

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**Background**

Pursuant to statute, the Department of Health Care Services (DHCS) conducted its' annual medical audit of Kern Family Health Care (KFHC) on August 30, 2016 through September 2, 2016. The audit review period included August 1, 2015 through July 31, 2016.

The audit consisted of an evaluation of KFHC's compliance with DHCS contract and regulations pertaining to the areas of Utilization Management; Case Management and Coordination of Care; Access and Availability; Member's Rights; Quality Improvement; and Administrative and Organizational Capacity.

The results of the DHCS Medical audit have been summarized in the attached matrix. The DHCS close-out memo issued on May 3, 2017 along with the Corrective Action Plan Response Form are also included.

**Requested Action**

Receive and file.



State of California—Health and Human Services Agency  
 Department of Health Care Services

2016 - MEDICAL AUDIT

AUDIT PERIOD: August 1, 2015 to July 31, 2016

CAPs APPROVED: May 3, 2017

AUDIT CATEGORIES: Utilization Management; Case Management; Access & Availability; Member Rights; Quality Improvement; Administrative Capacity

Category/Item	Resolution	Member Impact
<i>ACCESS AND AVAILABILITY</i>		
3.1.1 - Appointments not available per standard	Compliance audits access – random audit	medium
<i>MEMBER RIGHTS/CONFIDENTIALTY</i>		
4.1.1 – Appeals for prior authorization not processed per contract	Policy update and process training	low

Key –Member Impact

High	– beneficiary risk
Medium	– possible beneficiary risk
Low	– no beneficiary risk

Prepared by: Carl R. Breining, CHC  
 May 31, 2017





JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

May 3, 2017

Carl Breining, Director of Compliance and Regulatory Affairs  
Kern Health System  
9700 Stockdale Highway  
Bakersfield, CA 93311

RE: Department of Health Care Services Medical Audit

Dear Mr. Breining:

The Department of Health Care Services (DHCS), Audits and Investigations Division conducted an on-site Medical Audit of Kern Health System, a Managed Care Plan (MCP), from August 30, 2016 through September 2, 2016. The survey covered the period of August 1, 2015 through July 31, 2016.

On May 1, 2017, the MCP provided DHCS with additional information regarding its Corrective Action Plan (CAP) in response to the report originally issued on February 16, 2017.

All items have been reviewed and found to be in compliance. The CAP is hereby closed. The enclosed report will serve as DHCS' final response to the MCP's CAP.

Please be advised that in accordance with Health & Safety Code Section 1380(h) and the Public Records Act, the final report will become a public document and will be made available on the DHCS website and to the public upon request.

If you have any questions, feel free to contact me at (916) 552-8946 or Lyubov Poonka at (916) 552-8797.

Sincerely,

A handwritten signature in black ink, appearing to be 'JFong'.

Jeanette Fong, Chief

---

Managed Care Quality and Monitoring Division  
1501 Capitol Avenue, P.O. Box 997413, MS 4400  
Sacramento, CA 95899-7413  
Phone (916) 449-5000 Fax (916) 449-5005  
[www.dhcs.ca.gov](http://www.dhcs.ca.gov)

Page 2

Compliance Unit

Enclosures: Attachment A CAP Response Form

cc: Jonathan Prince, Contract Manager  
Department of Health Care Services  
Medi-Cal Managed Care Division  
P.O. Box 997413, MS 4408  
Sacramento, CA 95899-7413

**ATTACHMENT A  
Corrective Action Plan Response Form**

**Plan Name: Kern Family Health Care**

**Audit Type: Medical Audit**

**Review Period: 08/01/15 -07/31/16**



MCPs are required to provide a CAP and respond to all documented deficiencies within 30 calendar days, unless an alternative timeframe is indicated in the letter. MCPs are required to submit the CAP via email in word format which will reduce turnaround time for DHCS to complete its review.

The CAP submission must include a written statement identifying the deficiency and describing the plan of action taken to correct the deficiency, and the operational results of that action. For deficiencies that require long term corrective action or a period of time longer than 30 days to remedy or operationalize, the MCP must demonstrate it has taken remedial action and is making progress toward achieving an acceptable level of compliance. The MCP will be required to include the date when full compliance is expected to be achieved.

DHCS will maintain close communication with the MCP throughout the CAP process and provide technical assistance to ensure the MCP provides sufficient documentation to correct deficiencies. Depending on the volume and complexity of deficiencies identified, DHCS may require the MCP to provide weekly updates, as applicable.

Deficiency Number and Finding	Action Taken	Supporting Documentation	Implementation Date* <small>(*anticipated or completed)</small>	DHCS Comments
<b>3. Access and Availability of Care</b>				
<b>Deficiency Number_3.1.1</b>  <b>Findings:</b> The Plan did not meet the timeframes for specialty care	Kern Health Systems has participated in the ICE annual audit to verify timely access for Specialists.  In addition to this annual survey, KHS' Compliance		Implementation Date: Q3 2016	<b>04/19/17</b> - The following documentation supports the MCP's efforts to correct this finding:  -Internal audit (March 2017) as evidence that MCP conducts internal audits to assess timely access to specialist appointments. 15

Deficiency Number and Finding	Action Taken	Supporting Documentation	Implementation Date* <small>(*anticipated or completed)</small>	DHCS Comments
<p>appointments for members <b>(this is an ongoing finding)</b>.</p> <p>The Plan's service area includes rural locations where it is more difficult for members to obtain access to care (The Plan has also taken steps to enhance access to care in K.C., the Plan has invested in provider recruitment and retention activities via the Plan's grant program and the Plan will send its Accessibility Standards Policy twice a year to providers as a reminder of the Timely</p>	<p>Department schedules and routinely conducts 15 random access calls per quarter to gauge access for PCPs.</p> <p>The Q3'16 KHS Compliance Department audit confirmed 100% compliant with the required timeframes for the sample randomly selected for the PCP calls.</p> <p>If a provider is found to be out of compliance, that provider is sent a letter identifying the area of non-compliance. Additionally follow-up calls are made to re-access and ensure access standards are met.</p> <p>The Plan is also extending the 15 random access calls per quarter to gauge access to the Specialists group.</p> <p>A second source of data used</p>		<p>Implementation Date: Q1 2017</p> <p>Implementation Date: Ongoing</p>	<p>specialists were contacted, 5 of which were non-compliant.</p> <p>-Quarterly Grievance Review (04/27/16; 08/12/16; 12/12/16; 04/14/17) as evidence that MCP reviews provider trends for access-related grievances on a quarterly basis.</p> <p>-"Board of Directors Meeting" summary (09/15/16) as evidence that continuation of the Recruitment and Retention Grant Program was approved and signed.</p> <p><b>04/26/17</b> - The following additional documentation supports the MCP's efforts to correct this finding:</p> <p>-Sample letter to provider (04/24/17) as evidence that MCP follows up with providers who were non-compliant on internal monitoring. The letter indicates the provider will remain on the list to be surveyed for continued compliance with access standards.</p> <p>For the non-compliant providers, MCP's Provider Relations</p>

Deficiency Number and Finding	Action Taken	Supporting Documentation	Implementation Date* <small>(*anticipated or completed)</small>	DHCS Comments
Access Standards).	<p>to calibrate adherence to access standards are the access grievances filed by KFHC members with the KHS. These grievances are reviewed on a quarterly basis. If a provider/group is found to be deficient based on member complaints, the provider/group is offered additional training to ensure that standards are understood.</p> <p>Noteworthy, Kern County's 8,163 square miles is comprised of highly rural locations where access to care is reduced. The County is part of a federally designated medically underserved area, which the Plan would like the Department to recognize. For the reasons noted above, the Plan filed alternative access standards with both the DMHC and DHCS.</p>		<p>Implementation Date: December 2016</p>	<p>Representative personally hand delivered each letter on 4/25/17 and provided education.</p> <p><b>This finding is closed.</b></p>

Deficiency Number and Finding	Action Taken	Supporting Documentation	Implementation Date* <small>(*anticipated or completed)</small>	DHCS Comments
	<p>Lastly, the Plan has committed significant financial resources to assist local providers with <i>Provider and Specialty Recruitment and Retention</i>. Recruitment and Retention Grants are being offered for the 2nd year in a row, with the intent of incentivizing contracted providers to recruit new providers to the community as well as retain the currently contracted providers.</p>			
<b>4. Members' Rights</b>				
<p><b>Deficiency Number 4.1.1</b> <b>Finding:</b> The Plan failed to process appeals for prior authorizations in accordance with Contract requirements. The Plan allowed the</p>	<p>In February 2017, KHS reminded (re-educated) the clinical RN staff and MD reviewers who are responsible for conducting medical necessity reviews for the health plan of the contract requirement. This training included a: monthly Clinical RN meeting agenda item to review</p>		<p>Implementation Date: 2/1/17-Internal processes were updated.</p>	<p><b>05/01/17</b> - The following documentation supports the MCP's efforts to correct this finding:  -"Utilization Management Staff Meeting" minutes (02/27/17) as evidence that staff were educated on this finding. Meeting minutes state, "MDs are to only review a referral one time. The same MD cannot</p>

Deficiency Number and Finding	Action Taken	Supporting Documentation	Implementation Date* <small>(*anticipated or completed)</small>	DHCS Comments
<p>qualified health professional who initially denied the prior authorization to also make the final appeal decision.</p>	<p>the Prior Authorization process and methods to alert MD reviewers to previous decisions in daily workflow.</p> <p>Additionally, revisions were completed to Policy 3.73-1, <i>Medical Decision Making</i>, to include the following language: <i>"any decision based on medical necessity or otherwise shall be reviewed by a different Medical Director, or Physician Reviewer, who did not take part in any prior decision making processes"</i>.</p> <p>In addition, the Plan is in the process of creating a Physician Advisory Panel, which will consist of five contracted doctors. This Panel will be responsible for reviewing authorizations for medical necessity using MCG Health.</p>	<p>Red-lined Policy 3.73-1, <i>Medical Decision Making revised</i></p>	<p>Implementation Date: 3/1/17 Policy revisions adoption by organizational leadership.</p> <p>Implementation Date: Q2 2017</p>	<p>review the same referral more than once per DHCS contract."</p> <p>-“UM CIC Meeting” agenda (02/06/17) as evidence that staff were educated on this finding. Agenda states, “Same provider not able to review auth/claim/dispute.”</p> <p>-Sample audit (February 2017) as evidence MCP reviewed appeals cases to assess effectiveness of education conducted. Audit tool includes fields for MCP to note the original MD reviewer and subsequent dispute reviewer.</p> <p>-Written response (05/01/17) indicating that the first audit was conducted and MCP will schedule frequent and regular audits in the weeks to come.</p> <p><b>This finding is closed.</b></p>

**Submitted by:**  
**Title: Chief Executive Officer**

**Date: 03/17/17**





**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: June 8, 2017**

**Re: February 2017 Financial Results**

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

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

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

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

**Kern Health Systems  
Financial Packet  
February 2017**

**KHS – Medi-Cal Line of Business**

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

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

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

**KHS Administrative Analysis and Other Reporting**

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

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

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

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH FEBRUARY 28, 2017		FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	13 MONTH TOTAL
<b>ENROLLMENT</b>		219,042	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	2,985,335
<b>Members -MCAL</b>															
<b>REVENUES</b>															
Title XIX - Medicaid - Family and Other		18,819,164	18,893,342	19,268,416	20,200,699	21,721,996	21,087,468	21,487,293	21,539,111	21,717,599	21,346,545	20,429,201	21,026,665	20,048,215	267,555,714
Title XIX - Medicaid - Expansion Members		21,186,984	22,332,378	22,221,325	22,681,126	20,013,241	20,106,340	20,207,212	20,219,075	19,620,974	20,146,560	20,105,649	20,905,352	21,131,189	270,977,215
Title XIX - Medicaid - SPD Members		9,117,133	9,250,198	9,598,222	9,800,904	8,974,279	10,383,333	10,279,833	10,007,635	10,231,800	10,209,218	9,940,752	9,966,872	9,618,941	127,081,121
Premium - MCO Tax		2,016,667	2,116,879	2,135,629	2,201,211	2,176,933	1,156,277	2,082,212	2,164,834	2,184,130	2,198,399	10,065,534	7,491,128	7,405,842	71,745,895
Interest /Dividends		145,775	174,396	162,990	155,221	144,418	156,158	150,143	186,999	362,189	223,085	194,711	181,883	176,794	2,288,712
Reinsurance Recoveries		105,967	105,967	136,469	136,469	136,469	136,469	35,587	30,454	205,689	-	(210,968)	-	94,199	303,198
COB/Subrogation Collections		1,794,713	2,530,658	2,134,967	1,867,649	2,758,967	1,886,161	9,063,870	2,787,116	3,407,813	2,069,113	2,859,103	4,060,985	3,306,877	40,508,003
Rate/Income Adjustments		590,682	43,719	61,906	(709,861)	182,133	(191,918)	1,795,534	13,093	(333,319)	(541)	2,836,951	(2,016,975)	6,322,354	24,294,420
Other Income (Expense)		241	34,127	129	(1,527)	(101,654)	66,531	(67,508)	215	41	(1,262,113)	37,570	121	(1,701,730)	37,570
<b>TOTAL REVENUES</b>		53,611,359	55,481,664	55,583,594	55,895,422	56,006,782	53,738,700	63,075,046	75,990,414	62,271,090	61,192,211	64,838,821	63,670,425	63,704,954	785,080,482
<b>EXPENSES</b>															
<b>Medical Costs:</b>															
Physician Services		10,570,109	8,387,281	10,184,063	10,067,372	9,733,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	11,369,024	12,342,816	12,684,849	147,167,142
Other Professional Services		1,749,050	1,996,280	1,918,865	2,041,275	2,438,637	2,115,049	2,389,356	2,329,736	1,836,321	2,425,983	2,850,615	2,642,041	2,246,962	28,980,170
Emergency Room		4,442,421	4,418,069	4,384,207	4,004,335	3,936,263	4,823,266	4,534,245	4,227,181	4,274,538	4,182,880	4,106,435	4,687,780	4,450,889	56,673,029
Reinsurance Expense		173,105	175,283	171,724	179,842	180,699	182,458	183,031	183,648	185,433	187,188	187,380	103,176	103,384	2,202,561
Outpatient Hospital		5,456,797	4,694,700	6,199,589	4,835,347	4,986,698	2,738,213	6,364,762	3,990,250	5,114,588	4,698,013	6,388,140	5,477,940	5,813,468	66,758,505
Other Medical		2,231,066	2,877,876	2,473,455	2,889,123	3,577,133	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	1,515,058	2,097,824	2,007,506	25,113,021
Pharmacy		7,848,602	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	8,098,176	8,128,455	7,616,304	103,919,753
Pay for Performance Quality Incentive		528,669	536,256	542,674	545,291	550,605	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	7,178,272
Expansion Risk Corridor Expense		1,355,257	1,518,741	1,518,741	1,469,399	1,329,868	(215,621)	1,059,120	853,019	137,558	413,246	-	-	-	9,439,228
IBNR, Incentive, Paid Claims Adjustment		(68)	(1,433,650)	(1,978,994)	(2,887,073)	(3,748,854)	0	3,244,295	128,791	162,526	(444,534)	1,045,552	(141,866)	111,013	(5,942,662)
<b>Total Medical Costs</b>		47,629,810	45,288,943	47,238,309	44,523,262	43,689,499	46,395,182	53,911,861	44,887,656	45,836,855	44,672,896	49,466,655	49,889,881	50,466,468	613,837,257
<b>GROSS MARGIN</b>		5,981,549	10,192,721	8,345,285	11,372,160	12,317,283	7,363,518	9,163,185	31,102,758	16,434,235	16,519,315	15,372,186	13,700,544	13,238,486	171,243,225
<b>Administrative:</b>															
Compensation		1,432,846	1,499,527	1,428,925	1,493,127	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,307	1,748,853	1,667,274	1,550,593	20,110,492
Purchased Services		298,383	546,034	485,217	231,179	532,780	256,055	354,966	343,390	478,654	607,200	470,957	268,436	450,657	5,323,877
Supplies		41,417	36,431	78,743	81,297	61,144	84,932	1,284	70,613	62,414	42,864	53,867	66,872	36,371	718,249
Other Administrative Expenses		379,302	316,107	375,558	304,432	391,548	333,267	338,202	368,192	663,609	265,740	423,090	359,822	363,606	4,882,475
<b>Administrative Expense Adjustment</b>		-	-	-	-	-	-	-	(190,729)	-	-	-	-	-	-
<b>Total Administrative Expenses</b>		2,151,948	2,469,099	2,868,443	2,110,035	2,467,926	2,048,649	2,198,158	2,181,198	2,826,399	2,633,111	2,624,004	2,401,227	2,401,227	32,983,815
<b>TOTAL EXPENSES</b>		49,781,758	51,387,042	50,106,752	46,633,297	46,157,425	48,443,831	56,110,019	47,068,854	48,663,254	47,306,007	50,202,853	52,352,285	52,307,695	646,821,072
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>		3,829,601	4,194,622	5,476,842	9,262,125	9,849,357	5,314,869	6,965,027	28,911,560	13,607,856	13,886,204	14,635,968	11,418,140	10,897,359	138,259,410
<b>NET OF TAX</b>		2,016,667	2,176,879	2,135,629	2,201,211	2,176,933	1,156,277	2,082,212	2,164,834	2,184,130	2,198,399	10,065,534	7,491,128	6,911,096	71,251,149
<b>OPERATING INCOME (LOSS) NET OF TAX</b>		1,812,934	2,077,743	3,341,213	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	67,008,261
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	(220,405)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>		1,812,934	2,077,743	3,341,213	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	66,787,856
<b>MEDICAL LOSS RATIO</b>		92.3%	84.9%	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	86.1%
<b>ADMINISTRATIVE EXPENSE RATIO</b>		4.2%	4.2%	4.2%	3.9%	4.4%	3.8%	3.5%	4.0%	4.5%	4.3%	4.3%	4.2%	4.3%	4.6%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - FNPM ROLLING 13 MONTHS THROUGH FEBRUARY 28, 2017														
E N R O L L M E N T														
	FEBRUARY 2016	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	13 MONTH TOTAL
Members - MCAL	219,042	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	2,985,335
R E V E N U E S														
Title XIX - Medicaid - Family and Other	120.49	120.10	121.45	126.97	129.88	129.86	132.03	130.94	130.83	128.46	122.95	126.64	119.60	126.27
Title XIX - Medicaid - Expansion Members	428.26	434.58	423.63	425.86	417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	391.91
Title XIX - Medicaid - SPD Members	681.04	687.59	700.75	705.09	698.55	760.11	759.39	743.07	758.87	759.57	736.02	736.98	717.78	726.17
Premium - MCO Tax	9.21	9.53	9.50	9.75	9.54	9.51	9.10	9.31	9.01	9.03	8.83	9.18	9.18	31.21
Interest/Dividends	0.67	0.79	0.73	0.69	0.63	0.68	0.65	0.81	1.01	0.95	0.83	0.77	0.74	0.77
Reinsurance Recoveries	0.00	0.48	0.00	0.00	0.00	0.00	0.16	0.13	0.88	0.00	0.00	0.00	0.00	0.10
COB/Subrogation Collections	8.19	11.59	9.50	8.27	12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	13.57
Rate/Income Adjustments	2.42	0.20	0.28	(3.14)	0.80	(0.07)	7.82	0.66	(1.42)	(0.00)	(0.00)	0.00	8.50	2.12
Other Income (Expense)	0.00	0.15	0.00	(0.01)	(0.45)	0.29	(0.23)	(1.76)	0.00	0.00	(5.38)	0.16	0.00	(0.57)
TOTAL REVENUES	244.75	249.74	247.25	247.46	245.57	334.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	2,622.98
E X P E N S E S														
Medical Costs:														
Physician Services	48.26	37.75	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	48.48	52.53	53.45	49.30
Other Professional Services	7.98	8.99	8.54	9.04	10.69	9.24	10.41	10.04	7.85	10.36	12.16	11.24	9.71	11.24
Emergency Room	20.28	19.89	19.50	17.73	17.26	21.08	19.72	18.65	18.70	17.86	17.51	19.95	18.75	18.98
Inpatient	60.60	60.89	62.95	58.45	56.02	71.08	56.96	45.94	48.82	50.31	55.13	59.58	62.41	57.53
Reinsurance Expense	0.79	0.79	0.79	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.80	0.44	0.44	0.74
Outpatient Hospital	24.91	21.13	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	23.36
Other Medical	10.19	12.95	11.00	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	8.41
Pharmacy	35.83	38.67	34.10	36.10	34.58	31.87	37.95	34.89	32.83	34.78	34.54	34.59	32.89	34.81
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.40
Expansion Risk Corridor Expense	6.19	6.84	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	3.16
IBNR, Incentive, Paid Claims Adjustment	(0.00)	(6.45)	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(1.99)
Total Medical Costs	217.45	203.86	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	210.95	212.33	212.40	205.62
GROSS MARGIN	27.31	45.88	37.12	50.35	54.01	32.18	39.91	134.03	70.24	70.53	65.56	58.65	56.04	57.36
Administrative:	6.54	6.75	6.36	6.61	6.40	6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.53	6.74
Compensation	1.36	2.46	2.16	1.02	2.34	1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.78
Purchased Services	0.19	0.16	0.35	0.36	0.37	0.27	0.01	0.30	0.27	0.18	0.23	0.28	0.15	0.24
Supplies	1.73	1.42	1.67	1.35	1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	1.64
Other Administrative Expenses	0.00	16.20	2.22	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	(3.96)	0.00	0.00	0.65
Total Administrative Expenses	9.82	27.00	12.76	9.34	10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.05
TOTAL EXPENSES	227.27	230.86	222.89	206.46	202.38	211.74	244.42	202.84	207.98	201.97	214.09	222.39	222.51	216.67
OPERATING INCOME (LOSS) BEFORE TAX	17.48	18.88	24.36	41.01	43.19	33.23	30.34	124.63	58.16	59.29	65.42	48.60	45.92	46.31
MCO TAX	9.21	9.53	9.50	9.75	9.54	9.51	9.10	9.15	30.70	30.73	42.93	31.83	29.12	23.87
OPERATING INCOME (LOSS) NET OF TAX	8.28	9.35	14.86	31.26	33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	22.45
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	(0.94)
NET INCREASE (DECREASE) IN NET POSITION	8.28	9.35	14.86	31.26	33.64	22.73	30.24	31.49	27.45	27.61	19.49	16.71	16.80	21.50
MEDICAL LOSS RATIO	92.3%	84.9%	88.3%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	80.3%	88.3%	89.5%	86.1%
ADMINISTRATIVE EXPENSE RATIO	4.2%	11.2%	5.4%	3.9%	4.4%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.6%



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



KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED FEBRUARY 28, 2017				YEAR-TO-DATE		
CURRENT MONTH		VARIANCE		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
3,070,267	3,313,323	243,056		6,477,126	6,614,335	137,209
8,954,220	7,914,008	(1,040,212)		17,045,708	15,798,728	(1,246,980)
651,650	640,124	(11,526)		1,487,131	1,277,868	(209,263)
8,712	8,974	262		17,700	17,914	214
12,684,849	11,876,430	(808,419)		25,027,665	23,708,846	(1,318,819)
<b>PHYSICIAN SERVICES</b>						
234,963	242,038	7,075		469,454	483,176	13,722
596,974	776,377	179,403		1,256,399	1,552,754	296,355
94,856	118,953	24,097		196,528	237,905	41,377
51,352	71,437	20,085		107,345	142,873	35,528
76,174	89,964	13,790		162,416	179,928	17,512
28,633	33,566	4,933		67,651	67,132	519
38,265	67,454	29,189		74,993	134,908	59,915
131,003	216,208	85,205		431,003	431,615	612
119,474	88,338	(31,136)		340,363	176,350	(164,013)
875,268	899,631	24,363		1,802,851	1,795,936	(6,915)
2,246,962	2,603,966	357,004		4,889,003	5,202,577	313,574
4,450,889	4,627,725	176,836		9,138,669	9,238,281	99,612
14,812,384	13,300,716	(1,511,668)		28,811,936	26,552,253	(2,259,683)
103,384	103,565	181		206,560	206,745	185
5,813,468	5,529,003	(284,465)		11,291,408	11,037,550	(253,858)
<b>OTHER MEDICAL</b>						
349,619	325,859	(23,760)		671,407	650,507	(20,900)
381,556	357,446	(24,110)		752,103	713,572	(38,531)
115,998	313,888	197,890		183,614	627,777	444,163
820,073	975,843	155,770		1,842,115	1,948,088	105,973
-	235,375	235,375		0	469,875	469,875
340,260	280,375	(59,885)		656,091	559,713	(96,378)
2,007,506	2,488,786	481,280		4,105,330	4,969,531	864,201
<b>PHARMACY SERVICES</b>						
6,565,755	7,415,737	849,982		13,722,767	14,804,080	1,081,313
672,985	1,335,541	662,556		1,234,046	2,666,163	1,432,117
443,564	482,440	38,876		919,946	963,099	43,153
(66,000)	(65,577)	423		(132,000)	(130,912)	1,088
7,616,304	9,168,141	1,551,837		15,744,759	18,302,430	2,557,671
559,709	553,131	(6,578)		1,111,872	1,104,206	(7,666)
111,013	-	(111,013)		(30,853)	-	30,853
50,406,468	50,251,463	(155,005)		100,296,349	100,322,419	26,070

\* Medical costs per DMHC regulations

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

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

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

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED FEBRUARY 28, 2017	JANUARY 2017	FEBRUARY 2017	YEAR TO DATE 2017
110 - Executive	279,907	177,920	457,827
210 - Accounting	110,185	137,255	247,440
220 - Management Information Systems (MIS)	408,164	408,429	816,593
225 - Infrastructure	3,723	152,258	155,981
230 - Claims	409,956	432,879	842,835
240 - Project Management	63,772	68,960	132,732
310 - Health Services - Utilization Management	159	2,491	2,650
311 - Health Services - Quality Improvement	500	15	515
312 - Health Services - Education	-	(66)	(66)
313- Pharmacy	85,960	79,829	165,789
314 - Health Homes	-	608	608
616 - Disease Management	33	-	33
320 - Provider Relations	136,674	143,067	279,741
330 - Member Services	364,293	349,583	713,876
340 - Corporate Services	263,501	243,425	506,926
360 - Audit & Investigative Services	73,998	40,824	114,822
410 - Advertising Media	19,017	3,800	22,817
420 - Sales/Marketing/Public Relations	47,664	55,567	103,231
510 - Human Resources	94,898	104,383	199,281
Total Department Expenses	2,362,404	2,401,227	4,763,631

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

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

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

MEDICAL	2017 MEMBER MONTHS	2017																
		JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17					
<b>ADULT AND FAMILY</b>	<b>72,378</b>	36,123	36,255															
PA - FAMILY	0	0	0															
MIN - FAMILY	2	1	1															
REFUGEE - FAMILY	991	493	498															
FOSTER CARE	4	2	2															
POVERTY-133/200%	0	0	0															
POVERTY-100%	210,137	104,391	105,746															
MI - CHILD	303	-127	430															
CHILD-ACA	40,500	20,203	20,297															
FAMILY - UNDER 19	324,315	161,086	163,229	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL ADULT &amp; FAMILY</b>																		

<b>MEDICAL EXPANSION</b>	<b>95</b>	26	69															
LIHP Transition Pre-ACA	110,728	54,856	55,872															
ACA Expansion Adult-Citizen	10	9	1															
ACA Expansion CAL Fresh Adult	1,014	514	500															
LIHP Transition Pre-ACA	111,847	55,405	56,442	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL MANDATORY</b>																		

<b>SDP MEMBERS</b>	<b>343</b>	158	185															
SSI-AGED	2,697	1,338	1,359															
MIN - AGED	23,325	11,702	11,623															
SSI - BLIND & DIS-ABLED	719	326	393															
MIN - BLIND & DIS-ABLED	27,084	13,524	13,560	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL MANDATORY SPD</b>																		
<b>TOTAL MANDATORY</b>	<b>463,246</b>	230,015	233,231	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

<b>OTHER MEMBERS</b>	<b>59</b>	29	30															
BCCTP-TOBACCO SETTLEMENT																		

<b>DUALS</b>	<b>48</b>	31	17															
PA - FAMILY DUALS	1,243	615	628															
PART D SSI-AGED	2,243	1,127	1,116															
PART D MN - AGED	4,078	2,067	2,011															
PART D SSI - BLIND & DIS-ABLED	1,542	762	780															
PART D MN - BLIND & DIS-ABLED	2	1	1															
PART D BCCTP-TOBACCO SETTLEMENT	0	0	0															
PART D MI - ADULT	676	316	360															
PART D MI - CHILD	9,832	4,919	4,913	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL DUALS</b>																		

<b>TOTAL OTHERS</b>	<b>9,891</b>	4,948	4,943	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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<b>TOTAL KAISER</b>	<b>14,468</b>	7,103	7,365															
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<b>TOTAL MEDICAL MEMBERS</b>	<b>487,605</b>	242,066	245,539	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: June 8, 2017**

**Re: March 2017 Financial Results**

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

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

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

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

**Kern Health Systems  
Financial Packet  
March 2017**

**KHS – Medi-Cal Line of Business**

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

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

**KHS Administrative Analysis and Other Reporting**

Monthly Member Count	Page 14
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<b>KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF MARCH 31, 2017</b>			
<b>ASSETS</b>	<b>MARCH 2017</b>	<b>FEBRUARY 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 105,080,500	\$ 110,710,430	\$ (5,629,930)
Short-Term Investments	178,249,343	170,777,922	7,471,421
Pass-through Monies Held for Future Payment	1,706,562	1,593,954	112,608
Premiums Receivable - Net	18,460,701	15,620,320	2,840,381
Interest Receivable	123,244	287,509	(164,265)
Other Receivables	633,546	736,167	(102,621)
Prepaid Expenses & Other Current Assets	1,306,308	708,515	597,793
<b>Total Current Assets</b>	<b>\$ 305,560,204</b>	<b>\$ 300,434,817</b>	<b>\$ 5,125,387</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,851,562	4,851,562	-
Furniture and Equipment	7,357,608	6,994,372	363,236
Automobile - Net	21,324	21,715	(391)
Building and Building Improvements - Net	6,908,665	6,936,520	(27,855)
Capital Projects in Process	4,394,914	4,278,169	116,745
<b>Total Capital Assets</b>	<b>\$ 23,534,073</b>	<b>\$ 23,082,338</b>	<b>\$ 451,735</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,540,339</b>	<b>\$ 4,540,339</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 333,934,616</b>	<b>\$ 328,357,494</b>	<b>\$ 5,577,122</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 51,540	\$ 307,944	(256,404)
Accrued Salaries and Employee Benefits	1,984,004	1,665,416	318,588
Accrued Other Operating Expenses	1,889,257	2,234,851	(345,594)
Accrued Taxes and Licenses	21,088,883	13,889,487	7,199,396
Other Medical Liabilities - Nonoperating Passthrough	1,706,562	1,593,954	112,608
Claims Payable (Reported)	17,009,782	19,829,387	(2,819,605)
IBNR - Inpatient Claims	27,544,004	30,282,508	(2,738,504)
IBNR - Physician Claims	10,988,184	12,413,657	(1,425,473)
IBNR - Accrued Other Medical	17,605,131	16,865,976	739,155
Risk Pool and Withholds Payable	4,121,539	3,556,815	564,724
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	38,063,167	38,074,892	(11,725)
<b>Total Current Liabilities</b>	<b>\$ 143,978,727</b>	<b>\$ 142,641,561</b>	<b>\$ 1,337,166</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	4,735,682	4,746,851	(11,169)
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 4,735,682</b>	<b>\$ 4,746,851</b>	<b>\$ (11,169)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 1,840,334</b>	<b>\$ 1,840,334</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	12,164,300	7,913,175	4,251,125
<b>Total Net Position</b>	<b>\$ 183,379,873</b>	<b>\$ 179,128,748</b>	<b>\$ 4,251,125</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 333,934,616</b>	<b>\$ 328,357,494</b>	<b>\$ 5,577,122</b>

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

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

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 15 MONTHS THROUGH MARCH 31, 2017														
	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	13 MONTH TOTAL
<b>ENROLLMENT</b>														
Members-MCAL	222,155	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,208	3,006,601
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	18,893,342	19,268,416	20,000,699	21,721,996	21,087,468	21,487,293	21,539,111	21,717,599	21,346,545	20,429,201	21,026,665	20,048,215	21,940,850	270,677,400
Title XIX - Medicaid - Expansion Members	22,332,578	22,221,535	22,681,126	20,013,241	20,106,340	20,307,212	20,219,075	19,620,974	20,146,360	20,105,649	20,905,352	21,131,189	22,045,879	271,836,110
Title XIX - Medicaid - SPD Members	9,250,198	9,598,222	9,500,904	8,974,279	10,385,333	10,279,823	10,007,635	10,231,800	10,029,218	9,940,753	9,906,872	9,618,941	9,959,770	127,903,758
Premium - MCO Tax	2,116,879	2,135,629	2,201,211	2,176,933	115,627	23,082	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	7,405,842	7,470,851	77,199,779
Interest/Dividends	174,396	162,990	155,221	144,418	156,158	150,143	186,999	236,189	223,035	194,711	181,883	176,794	245,909	2,388,846
Reinsurance Recoveries	105,967	30,467	136,469	136,467	35,587	30,454	30,454	205,689	(210,968)	-	-	-	-	303,198
COB/Subrogation Collections	2,530,658	2,134,967	1,867,649	1,886,161	9,063,870	2,787,116	3,407,813	3,407,813	2,069,154	2,839,103	4,060,955	3,306,877	4,696,164	43,409,454
Rate/Income Adjustments	43,719	61,906	(709,861)	182,133	(14,918)	1,795,554	13,093	(333,319)	(941)	2,736,951	-	2,016,975	413,545	6,205,217
Other Income (Expense)	34,127	129	(1,527)	(101,654)	66,531	(67,508)	(407,903)	215	41	(1,262,113)	37,570	121	46,740	(1,655,231)
<b>TOTAL REVENUES</b>	<b>55,481,664</b>	<b>55,583,594</b>	<b>55,895,422</b>	<b>56,006,782</b>	<b>53,758,700</b>	<b>63,075,046</b>	<b>75,990,414</b>	<b>62,271,090</b>	<b>61,192,211</b>	<b>64,838,821</b>	<b>63,670,425</b>	<b>63,704,954</b>	<b>66,799,408</b>	<b>798,268,431</b>
<b>EXPENSES</b>														
<b>Medical Costs:</b>														
Physician Services	8,387,281	10,184,063	10,067,372	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	11,369,024	12,342,816	12,684,849	13,156,118	149,753,151
Other Professional Services	1,996,280	1,918,865	2,041,275	2,438,637	2,115,049	2,389,356	2,329,736	2,425,983	2,425,983	2,850,615	2,642,041	2,246,962	2,496,217	29,727,337
Emergency Room	4,418,069	4,384,207	4,004,335	3,936,263	4,823,966	4,534,245	4,327,181	4,374,358	4,182,880	4,106,435	4,687,780	4,450,889	4,100,250	56,330,858
Inpatient	13,526,617	14,151,250	13,224,036	12,777,659	16,712,009	15,075,786	10,660,875	11,423,068	11,785,459	12,926,841	13,999,552	14,812,384	15,281,823	174,555,319
Reinsurance Expense	175,283	177,724	179,842	180,698	182,458	183,031	183,648	185,643	187,188	187,380	103,176	103,384	103,399	2,132,855
Outpatient Hospital	4,694,700	6,199,589	4,835,347	4,986,698	2,738,213	6,364,762	3,990,250	5,114,588	4,698,013	6,388,140	5,477,940	5,813,468	6,116,559	67,418,267
Other Medical	2,877,876	2,473,455	2,889,123	3,577,133	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	1,515,058	2,097,824	2,007,506	2,214,713	25,096,668
Pharmacy	536,256	542,674	545,291	550,605	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	7,214,327
Pay for Performance Quality Incentive	1,518,741	1,518,741	1,463,299	1,329,868	(215,621)	-	1,059,130	853,019	137,358	413,346	-	-	-	8,083,971
Expansion Risk Corridor Expense	(1,433,650)	(1,978,994)	(2,887,073)	(3,748,854)	0	3,244,295	128,791	162,526	(444,334)	1,045,552	(141,866)	111,013	(585,473)	(6,528,067)
IBNR, Incentive, Paid Claims Adjustment	45,288,943	47,238,309	44,523,262	43,689,499	46,395,182	53,911,861	44,887,656	45,836,855	44,672,896	49,466,635	49,889,881	50,466,468	52,511,453	618,718,900
Total Medical Costs	10,192,721	8,345,285	11,372,160	12,317,283	7,363,318	9,163,185	31,102,758	16,434,235	16,519,315	15,372,186	13,780,544	13,298,486	14,287,955	179,549,631
<b>GROSS MARGIN</b>	<b>51,287,042</b>	<b>50,106,752</b>	<b>46,633,297</b>	<b>46,157,425</b>	<b>48,443,831</b>	<b>56,110,019</b>	<b>47,068,854</b>	<b>48,663,254</b>	<b>47,306,007</b>	<b>50,202,853</b>	<b>52,252,285</b>	<b>52,807,695</b>	<b>55,325,713</b>	<b>652,365,027</b>
<b>Administrative:</b>														
Compensation	1,499,527	1,428,925	1,495,127	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,307	1,748,853	1,667,274	1,550,593	1,806,555	20,484,201
Purchased Services	546,034	485,217	231,179	532,780	256,055	354,966	343,359	478,654	607,200	470,957	268,436	450,657	436,052	5,461,546
Supplies	36,431	78,743	81,297	61,144	84,932	1,284	1,284	62,414	42,864	53,867	66,872	36,371	86,926	763,758
Other Administrative Expenses	316,107	375,558	304,432	391,548	333,267	338,202	368,192	663,609	265,740	423,090	359,822	363,606	484,727	4,987,900
Administrative Expense Adjustment	3,600,000	500,000	-	-	-	(190,729)	-	-	-	(1,960,549)	-	-	-	1,948,722
Total Administrative Expenses	5,998,099	2,868,443	2,110,835	2,467,926	2,048,649	2,198,138	2,826,399	2,633,111	2,362,218	2,362,218	2,401,227	2,814,260	33,646,127	
<b>TOTAL EXPENSES</b>	<b>51,287,042</b>	<b>50,106,752</b>	<b>46,633,297</b>	<b>46,157,425</b>	<b>48,443,831</b>	<b>56,110,019</b>	<b>47,068,854</b>	<b>48,663,254</b>	<b>47,306,007</b>	<b>50,202,853</b>	<b>52,252,285</b>	<b>52,807,695</b>	<b>55,325,713</b>	<b>652,365,027</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>4,194,622</b>	<b>5,476,842</b>	<b>9,262,125</b>	<b>9,849,357</b>	<b>5,314,869</b>	<b>6,965,027</b>	<b>28,921,560</b>	<b>13,607,836</b>	<b>13,886,204</b>	<b>14,635,968</b>	<b>11,418,140</b>	<b>10,897,259</b>	<b>11,473,695</b>	<b>145,903,504</b>
<b>MCO TAX</b>	<b>2,116,879</b>	<b>2,135,629</b>	<b>2,201,211</b>	<b>2,176,933</b>	<b>115,627</b>	<b>23,082</b>	<b>21,614,834</b>	<b>7,184,130</b>	<b>7,198,399</b>	<b>10,065,534</b>	<b>7,491,128</b>	<b>6,911,096</b>	<b>7,199,296</b>	<b>76,433,878</b>
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>2,077,743</b>	<b>3,341,213</b>	<b>7,060,914</b>	<b>7,672,424</b>	<b>5,199,242</b>	<b>6,941,945</b>	<b>7,306,726</b>	<b>6,423,706</b>	<b>6,687,805</b>	<b>4,570,434</b>	<b>3,927,012</b>	<b>3,986,163</b>	<b>4,274,399</b>	<b>69,469,626</b>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(243,579)</b>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>2,077,743</b>	<b>3,341,213</b>	<b>7,060,914</b>	<b>7,672,424</b>	<b>5,199,242</b>	<b>6,941,945</b>	<b>7,306,726</b>	<b>6,423,706</b>	<b>6,687,805</b>	<b>4,570,434</b>	<b>3,927,012</b>	<b>3,986,163</b>	<b>4,274,399</b>	<b>69,226,047</b>
<b>MEDICAL LOSS RATIO</b>	<b>84.99%</b>	<b>88.49%</b>	<b>82.99%</b>	<b>81.2%</b>	<b>86.5%</b>	<b>85.5%</b>	<b>82.6%</b>	<b>83.2%</b>	<b>82.7%</b>	<b>90.3%</b>	<b>88.8%</b>	<b>89.5%</b>	<b>88.5%</b>	<b>85.8%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>11.2%</b>	<b>5.4%</b>	<b>3.9%</b>	<b>4.6%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>1.3%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.7%</b>

**KERN HEALTH SYSTEMS  
MEDICAL  
STATEMENT OF REVENUE, EXPENSES, AND  
CHANGES IN NET POSITION BY MONTH - PMPM  
ROLLING 13 MONTHS  
THROUGH MARCH 31, 2017**

ENROLLMENT Members - MGAL	MARCH 2016	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	13 MONTH TOTAL
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	120.10	121.45	126.97	129.88	129.86	132.03	130.94	130.83	128.46	122.95	126.64	119.60	129.31	127.00
Title XIX - Medicaid - Expansion Members	434.58	423.63	425.86	417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	388.56
Title XIX - Medicaid - SPD Members	687.59	700.75	703.09	698.55	760.11	759.39	743.07	758.87	759.67	759.02	756.02	717.79	734.16	729.77
Premium - MCO Tax	9.53	9.50	9.75	9.54	9.54	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15
Interest /Dividends	0.79	0.73	0.69	0.63	0.68	0.65	0.81	1.01	0.95	0.83	0.77	0.74	1.02	0.79
Reinsurance Recoveries	0.48	0.00	0.00	0.00	0.00	0.16	0.13	0.88	0.00	(0.90)	0.00	0.00	0.00	0.10
COB/Subrogation Collections	11.39	9.50	8.27	12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	14.44
Rate/Income Adjustments	0.20	0.28	(3.14)	0.80	(0.07)	7.82	0.06	(1.52)	(0.00)	11.67	0.00	8.50	1.72	2.06
Other Income (Expense)	0.15	0.00	(0.01)	(0.45)	0.29	(0.29)	(1.76)	0.00	0.00	(5.38)	0.16	0.00	0.19	(0.55)
<b>TOTAL REVENUES</b>	<b>249.74</b>	<b>247.25</b>	<b>247.46</b>	<b>245.57</b>	<b>234.97</b>	<b>274.76</b>	<b>327.47</b>	<b>266.13</b>	<b>261.25</b>	<b>234.491</b>	<b>234.963</b>	<b>237.323</b>	<b>240.308</b>	<b>2,766.293</b>
<b>EXPENSES</b>														
<b>Medical Costs:</b>														
Physician Services	37.75	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	49.81
Other Professional Services	8.99	8.54	9.04	10.69	9.24	10.41	10.04	7.85	10.36	12.16	11.24	9.47	10.39	9.89
Emergency Room	19.89	19.50	17.73	17.26	21.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	18.74
Inpatient	60.89	62.95	58.55	56.02	73.05	56.96	45.94	48.82	50.31	55.13	59.58	62.41	63.49	57.99
Reinsurance Expense	0.79	0.73	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.80	0.44	0.44	0.43	0.71
Outpatient Hospital	21.13	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.86	27.34	23.31	24.50	25.45	22.42
Other Medical	12.95	11.00	12.79	15.68	(5.83)	11.04	4.23	7.70	5.54	6.46	8.93	8.46	9.22	8.35
Pharmacy	38.67	34.10	36.10	34.58	31.87	37.95	34.78	32.83	34.78	34.54	34.59	32.09	37.71	34.97
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.35	2.35	2.40
Expansion Risk Corridor Expense	6.84	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	2.69
IBNR, Incentive, Paid Claims Adjustment	(6.45)	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(2.17)
Total Medical Costs	203.86	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	210.95	210.95	212.33	212.40	205.79
<b>GROSS MARGIN</b>	<b>45.88</b>	<b>37.12</b>	<b>50.35</b>	<b>54.01</b>	<b>32.18</b>	<b>39.92</b>	<b>134.03</b>	<b>70.24</b>	<b>70.53</b>	<b>65.56</b>	<b>58.65</b>	<b>56.04</b>	<b>59.46</b>	<b>59.72</b>
<b>Administrative:</b>														
Compensation	6.75	6.36	6.61	6.40	6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.81
Purchased Services	2.46	2.16	1.02	2.34	1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.82
Supplies	0.16	0.35	0.36	0.37	0.27	0.01	0.30	0.27	0.18	0.23	0.28	0.15	0.36	0.25
Other Administrative Expenses	1.42	1.67	1.35	1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.66
Administrative Expense Adjustment	16.20	2.22	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.65
Total Administrative Expenses	27.00	12.76	9.34	10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.71	11.19
<b>TOTAL EXPENSES</b>	<b>230.86</b>	<b>222.89</b>	<b>206.46</b>	<b>202.38</b>	<b>211.74</b>	<b>244.42</b>	<b>202.84</b>	<b>207.98</b>	<b>201.97</b>	<b>214.09</b>	<b>222.39</b>	<b>222.51</b>	<b>230.23</b>	<b>216.98</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>18.88</b>	<b>24.36</b>	<b>41.01</b>	<b>43.19</b>	<b>23.23</b>	<b>30.34</b>	<b>124.63</b>	<b>58.16</b>	<b>59.29</b>	<b>62.42</b>	<b>48.60</b>	<b>45.92</b>	<b>47.75</b>	<b>48.53</b>
<b>NET OPERATING INCOME (LOSS) AFTER TAX</b>	<b>9.53</b>	<b>9.50</b>	<b>9.75</b>	<b>9.54</b>	<b>0.51</b>	<b>0.10</b>	<b>93.15</b>	<b>30.70</b>	<b>30.73</b>	<b>42.93</b>	<b>31.88</b>	<b>29.12</b>	<b>29.96</b>	<b>25.42</b>
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>9.35</b>	<b>14.86</b>	<b>31.26</b>	<b>33.64</b>	<b>22.73</b>	<b>30.24</b>	<b>31.49</b>	<b>27.45</b>	<b>28.55</b>	<b>19.49</b>	<b>16.71</b>	<b>16.80</b>	<b>17.79</b>	<b>23.11</b>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.94)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(1.04)</b>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>9.35</b>	<b>14.86</b>	<b>31.26</b>	<b>33.64</b>	<b>22.73</b>	<b>30.24</b>	<b>31.49</b>	<b>27.45</b>	<b>27.61</b>	<b>19.49</b>	<b>16.71</b>	<b>16.80</b>	<b>17.69</b>	<b>22.07</b>
<b>NET INCOME (LOSS) RATIO</b>	<b>84.9%</b>	<b>88.4%</b>	<b>87.9%</b>	<b>81.2%</b>	<b>86.5%</b>	<b>85.5%</b>	<b>82.6%</b>	<b>83.2%</b>	<b>82.7%</b>	<b>90.3%</b>	<b>88.8%</b>	<b>89.5%</b>	<b>88.5%</b>	<b>85.8%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>11.2%</b>	<b>5.4%</b>	<b>3.9%</b>	<b>4.6%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>1.3%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.7%</b>

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF REVENUES - ALL COA</b> <b>FOR THE MONTH ENDED MARCH 31, 2017</b>			
<b>R E V E N U E S</b>			
Title XIX - Medicaid - Family & Other			
19,190,739	18,937,437	56,843,464	56,606,253
2,475,990	2,073,391	5,535,267	6,220,173
97,940	216,427	195,880	646,861
82,356	64,382	157,871	192,428
93,825	91,275	283,248	272,880
21,940,850	21,382,913	63,015,730	63,938,596
Total Title XIX - Medicaid - Family & Other			
Title XIX - Medicaid - Expansion Members			
20,652,560	19,390,131	60,855,688	57,958,479
621,817	409,980	1,382,487	1,229,938
736,754	609,851	1,740,639	1,822,889
34,748	32,940	103,606	98,460
22,045,879	20,442,902	64,082,420	61,109,766
Total Title XIX - Medicaid - Expansion Members			
Title XIX - Medicaid - SPD Members			
9,410,276	9,685,784	28,499,686	28,950,524
367,275	514,181	734,550	1,536,873
162,219	152,626	291,347	456,195
9,939,770	10,352,592	29,525,583	30,943,593
Total Title XIX - Medicaid - SPD Members			



CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF MEDICAL COSTS - ALL COA</b> <b>FOR THE MONTH ENDED MARCH 31, 2017</b>					
2,668,777	3,325,633	656,856	9,145,903	9,939,968	794,065
8,835,432	7,943,297	(892,135)	25,881,140	23,742,025	(2,139,115)
1,642,609	642,505	(1,000,104)	3,129,740	1,920,373	(1,209,367)
9,300	9,008	(292)	27,000	26,922	(78)
13,156,118	11,920,442	(1,235,676)	38,183,783	35,629,289	(2,554,494)
<b>PHYSICIAN SERVICES</b>					
Primary Care Physician Services					
Referral Specialty Services					
Urgent Care & After-Hours Advise					
Hospital Admitting Team					
<b>TOTAL PHYSICIAN SERVICES</b>					
<b>OTHER PROFESSIONAL SERVICES</b>					
Vision Service Capitation					
238,174	242,937	4,763	707,628	726,113	18,485
655,378	776,376	120,998	1,911,777	2,329,131	417,354
112,498	118,953	6,455	309,026	356,858	47,832
57,865	78,927	21,062	165,210	221,801	56,591
87,191	89,964	2,773	249,607	269,891	20,284
40,290	33,566	(6,724)	87,941	100,699	12,758
51,455	67,453	15,998	126,448	202,361	75,913
334,111	217,009	(117,102)	765,114	648,624	(116,490)
38,619	88,665	50,046	378,982	265,015	(113,967)
880,636	902,958	22,322	2,683,487	2,698,893	15,406
2,496,217	2,616,809	120,592	7,385,220	7,819,385	434,165
4,100,250	4,644,895	544,645	13,238,919	13,883,176	644,257
15,281,823	13,349,896	(1,931,927)	44,093,759	39,902,149	(4,191,610)
103,399	103,950	551	309,959	310,695	736
6,116,559	5,549,460	(567,099)	17,407,967	16,587,010	(820,957)
<b>EMERGENCY ROOM</b>					
<b>INPATIENT HOSPITAL</b>					
<b>REINSURANCE EXPENSE PREMIUM</b>					
<b>OUTPATIENT HOSPITAL SERVICES</b>					
<b>OTHER MEDICAL</b>					
Ambulance					
341,345	327,070	(14,275)	1,012,752	977,577	(35,175)
383,407	358,768	(24,639)	1,135,510	1,072,339	(63,171)
142,141	313,888	171,747	325,755	941,665	615,910
961,497	979,441	17,944	2,803,612	2,927,528	123,916
-	236,250	236,250	-	706,125	706,125
386,323	281,413	(104,910)	1,042,414	841,126	(201,288)
2,214,713	2,496,829	282,116	6,320,043	7,466,360	1,146,317
<b>TOTAL OTHER MEDICAL</b>					
<b>PHARMACY SERVICES</b>					
RX - Drugs & OTC					
7,810,438	7,443,130	(367,308)	21,533,205	22,247,210	714,005
971,345	1,340,459	369,114	2,205,391	4,006,622	1,801,231
669,108	484,222	(184,886)	1,589,054	1,447,321	(141,733)
(387,768)	(65,819)	321,949	(519,768)	(196,731)	323,037
9,063,123	9,201,992	138,869	24,807,882	27,504,422	2,696,540
564,724	555,188	(9,537)	1,676,596	1,659,394	(17,202)
(585,473)	-	585,473	(616,326)	-	616,326
52,511,453	50,439,461	(2,071,992)	152,807,802	150,761,880	(2,045,922)

\* Medical costs per DMHC regulations

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

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

		CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT</b> <b>FOR THE MONTH ENDED MARCH 31, 2017</b>					
209,756	239,607	29,851	667,583	743,270	75,687
124,511	140,785	16,274	371,951	413,790	41,839
469,937	555,125	85,188	1,286,530	1,665,372	378,842
173,666	212,500	38,834	329,647	637,501	307,854
463,333	631,813	168,480	1,306,168	1,589,441	283,273
70,610	83,016	12,406	203,342	249,048	45,706
(435)	44,975	45,410	2,215	134,925	132,710
-	3,929	3,929	515	11,789	11,274
438	-	(438)	372	650	278
90,520	94,900	4,380	256,309	267,610	11,301
6,000	7,550	1,550	6,608	22,650	16,042
-	-	-	33	150	117
186,675	192,571	5,896	466,416	577,713	111,297
382,981	496,280	113,299	1,096,857	1,488,841	391,984
320,028	312,685	(7,343)	826,954	938,045	111,091
45,501	48,943	3,442	160,323	149,329	(10,994)
46,065	44,350	(1,715)	68,882	133,050	64,168
49,579	55,754	6,175	152,810	166,881	14,071
175,095	116,391	(58,704)	374,376	414,321	39,945
2,814,260	3,281,174	466,914	7,577,891	9,604,377	2,026,486

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

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

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

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

	2017 MEMBER MONTHS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
<b>MEDICAL</b>													
<b>ADULT AND FAMILY</b>	108,943	36,123	36,255	36,565									
PA - FAMILY	0	0	0	0									
MN - FAMILY	2	1	1	0									
REFUGEE - FAMILY	1,499	493	498	508									
FOSTER CARE	6	2	2	2									
POVERTY-133/200%	0	0	0	0									
POVERTY-100%	317,422	104,391	105,746	107,285									
MI - CHILD	708	-127	430	405									
CHILD-ACA	60,377	20,203	20,297	19,877									
FAMILY - UNDER 19	488,957	161,086	163,229	164,642	0	0	0	0	0	0	0	0	0
<b>SUB-TOTAL ADULT &amp; FAMILY</b>													

**MEDICAL EXPANSION**

LIHP Transition Pre-ACA	153	26	69	58									
ACA Expansion Adult-Citizen	167,221	54,856	55,872	56,493									
ACA Expansion CAL Fresh Adult	14	9	1	4									
LIHP Transition Pre-ACA	1,546	514	500	532									
<b>SUB-TOTAL MANDATORY</b>	168,934	55,405	56,442	57,087	0	0	0	0	0	0	0	0	0

**SDP MEMBERS**

SSI-AGED	534	158	185	191									
MN - AGED	4,085	1,338	1,359	1,388									
SSI - BLIND & DIS-ABLED	34,939	11,702	11,623	11,814									
MN - BLIND & DIS-ABLED	1,065	326	393	346									
<b>SUB-TOTAL MANDATORY SPD</b>	40,623	13,524	13,560	13,539	0	0	0	0	0	0	0	0	0
<b>TOTAL MANDATORY</b>	688,514	230,015	233,231	235,268	0	0	0	0	0	0	0	0	0

**OTHER MEMBERS**

BCCTP-TOBACCO SETTLEMENT	86	29	30	27									
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**DUALS**

PA - FAMILY DUALS	63	31	17	15									
PART D SSI-AGED	1,868	615	628	625									
PART D MN - AGED	3,377	1,127	1,116	1,134									
PART D SSI - BLIND & DIS-ABLED	6,159	2,067	2,011	2,081									
PART D MN - BLIND & DIS-ABLED	2,282	762	780	740									
PART D BCCTP-TOBACCO SETTLEMENT	3	1	1	1									
PART D MI - ADULT	0	0	0	0									
PART D MI - CHILD	1,093	316	360	417									
<b>SUB-TOTAL DUALS</b>	14,845	4,919	4,913	5,013	0	0	0	0	0	0	0	0	0

**TOTAL OTHERS**

	14,931	4,948	4,943	5,040	0	0	0	0	0	0	0	0	0
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**TOTAL KAISER**

	21,934	7,103	7,365	7,466									
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**TOTAL MEDICAL MEMBERS**

	735,379	242,066	245,539	247,774	0	0	0	0	0	0	0	0	0
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**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: June 8, 2017**

**Re: April 2017 Financial Results**

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

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

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

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

**Kern Health Systems  
Financial Packet  
April 2017**

**KHS – Medi-Cal Line of Business**

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

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**KHS Administrative Analysis and Other Reporting**

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

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

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

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH APRIL 30, 2017	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	13 MONTH TOTAL
	<b>ENROLLMENT</b>													
<b>Members - MICAL</b>	224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,523	240,308	241,178	3,025,624
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	19,268,416	20,200,699	21,721,996	21,057,468	21,487,293	21,539,111	21,717,599	21,346,545	20,429,201	21,026,665	20,048,215	21,940,850	21,818,166	273,602,224
Title XIX - Medicaid - Expansion Members	22,221,335	22,681,126	20,016,340	20,106,340	20,307,212	20,219,075	19,620,974	20,146,949	20,105,649	20,905,352	21,131,189	22,045,879	21,650,071	271,153,803
Title XIX - Medicaid - SPD Members	9,598,222	9,500,904	8,974,279	10,385,633	10,279,833	10,007,635	10,209,218	9,940,753	9,966,872	9,639,770	9,939,770	10,055,780	10,055,780	128,709,340
Premium - MCO Tax	2,135,629	2,201,211	2,176,933	11,527	23,082	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	82,590,868
Interest/Dividends	162,990	155,221	144,418	156,158	150,143	186,989	236,189	223,035	194,711	181,883	176,794	245,909	264,732	2,479,182
Reinsurance Recoveries	-	-	35,549	1,366,469	-	35,537	20,689	-	(210,668)	-	-	-	-	197,231
COB/Subrogation Collections	2,134,967	1,867,649	2,758,367	1,886,161	1,063,870	2,787,116	3,407,813	2,069,154	2,839,103	4,060,955	3,306,877	4,696,164	2,789,187	43,667,983
Rate/Income Adjustments	61,506	(709,861)	182,133	(14,918)	1,795,534	13,093	(333,319)	(541)	2,736,951	413,548	2,016,975	413,548	93,756	6,255,254
Other Income (Expense)	129	(1,527)	(101,654)	66,531	(67,508)	(407,903)	215	41	(1,262,113)	37,570	121	46,740	(1,110)	(1,690,468)
<b>TOTAL REVENUES</b>	55,583,594	55,895,422	56,006,782	53,758,700	53,075,046	75,990,414	62,271,090	61,192,211	64,838,821	63,704,425	63,704,954	66,799,408	64,178,550	806,965,417
<b>EXPENSES</b>														
<b>Medical Costs:</b>														
Physician Services	10,184,063	10,067,372	9,773,684	13,578,740	12,319,200	12,407,347	11,839,584	11,693,173	11,369,024	12,342,816	12,684,849	13,156,118	13,305,167	154,671,037
Other Professional Services	1,918,865	2,041,275	2,438,637	2,115,049	2,289,356	2,329,736	1,836,321	2,425,983	2,850,615	2,642,041	2,246,962	2,496,217	2,479,229	30,210,352
Emergency Room	4,384,207	4,004,335	3,956,263	4,853,245	4,534,245	4,377,181	4,374,358	4,182,880	4,106,435	4,687,780	4,450,889	4,102,580	4,012,665	58,925,454
Patient	14,151,250	13,224,036	12,777,639	16,712,909	13,075,786	10,660,875	11,783,439	12,926,841	13,999,552	14,812,823	15,281,823	14,524,702	14,524,702	175,553,404
Reinsurance Expense	177,724	179,847	180,699	182,458	183,031	183,648	187,188	187,380	187,380	103,176	103,384	103,399	105,736	2,063,308
Outpatient Hospital	6,199,589	4,835,347	4,986,698	2,738,213	3,990,250	3,990,250	5,114,588	4,698,013	6,388,140	5,477,940	5,813,468	6,116,559	5,765,474	68,489,041
Other Medical	2,473,455	2,889,123	3,571,133	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	2,097,824	2,214,713	2,007,506	2,273,420	2,373,420	24,592,212
Pharmacy	7,666,735	8,154,315	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	8,098,176	8,128,455	7,616,304	9,063,123	8,149,210	96,542,724
Pay for Performance Quality Incentive	542,674	545,291	550,605	552,733	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	7,244,839
Expansion Risk Corridor Expense	1,518,741	1,469,399	1,429,868	(215,621)	-	1,059,120	853,019	137,258	413,346	(141,866)	111,013	(585,473)	(232,581)	(5,226,998)
IBNR, Incentive, Paid Claims Adjustment	(1,978,994)	(2,887,073)	(3,748,854)	0	3,244,295	128,791	162,526	(444,334)	1,045,552	49,889,381	50,466,468	52,511,453	51,049,856	616,330,603
Total Medical Costs	47,238,309	44,523,262	43,689,499	46,395,182	43,911,861	44,887,656	45,836,855	44,672,896	49,466,633	49,889,381	50,466,468	52,511,453	51,049,856	616,330,603
<b>GROSS MARGIN</b>	8,345,285	11,372,160	12,231,288	7,363,518	9,163,185	31,102,758	16,434,235	16,519,315	15,772,186	13,780,544	13,298,486	14,287,955	13,128,694	190,634,814
<b>Administrative:</b>														
Compensation	1,428,925	1,493,127	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,307	1,748,853	1,667,274	1,550,593	1,806,555	1,650,173	20,634,847
Purchased Services	485,217	231,179	532,780	256,055	354,966	343,559	478,654	607,200	470,957	268,456	450,657	436,052	442,046	5,257,558
Supplies	78,743	81,297	84,932	61,144	1,284	70,613	62,414	42,864	53,867	66,872	36,371	66,976	99,813	827,140
Other Administrative Expenses	375,558	304,432	391,548	333,267	338,202	368,192	663,609	265,740	423,000	359,822	363,606	484,727	365,239	5,037,032
Administrative Expense Adjustment	500,000	-	-	-	-	(190,729)	-	-	(1,960,549)	-	-	-	-	(1,651,278)
Total Administrative Expenses	2,868,443	2,110,035	2,467,926	2,048,649	2,198,158	2,181,198	2,826,299	2,633,111	736,218	2,362,404	2,401,227	2,814,260	2,557,271	30,205,299
<b>TOTAL EXPENSES</b>	50,106,752	46,633,297	46,157,425	48,443,831	56,110,019	47,068,854	48,663,254	47,206,007	50,202,853	52,252,285	52,807,695	55,325,713	53,607,127	646,535,902
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	5,476,842	9,262,125	9,349,357	5,314,869	6,965,027	28,921,560	13,607,836	13,886,204	14,635,968	11,418,140	10,897,259	11,473,695	10,571,423	152,380,305
<b>MCO TAX</b>	2,135,629	2,201,211	2,176,933	11,527	23,082	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	6,911,096	7,199,396	7,204,569	81,521,568
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	3,341,213	7,060,914	7,172,424	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	4,274,299	3,366,854	70,758,737
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-	-	-	-	(220,405)	-	-	-	-	(23,174)	-	(243,579)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	3,341,213	7,060,914	7,172,424	5,199,242	6,941,945	7,306,726	6,423,706	6,467,400	4,570,434	3,927,012	3,986,163	4,251,125	3,366,854	70,515,158
<b>MEDICAL LOSS RATIO</b>	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	85.1%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	5.4%	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	4.3%	4.2%	4.3%	4.7%	4.5%	4.2%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH APRIL 30, 2017														
E N R O L L M E N T														
Members - MCAL	APRIL 2016	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	13 MONTH TOTAL
224,803	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,178	2,544,138
R E V E N U E S														
Title XIX - Medicaid - Family and Other	121.45	126.97	129.88	129.86	132.03	130.94	130.83	128.46	122.95	126.64	119.60	129.31	128.39	127.68
Title XIX - Medicaid - Expansion Members	425.63	425.86	417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	375.46	383.44
Premium - MCO Tax	700.75	703.09	698.55	760.11	759.39	743.07	758.87	759.67	756.02	756.98	717.78	734.16	740.65	733.35
Interest/Dividends	9.50	9.75	9.54	9.51	9.10	93.15	30.70	30.73	42.93	31.88	31.21	31.09	31.13	27.30
Reinsurance Recoveries	0.73	0.69	0.63	0.68	0.65	0.81	1.01	0.95	0.83	0.77	0.74	1.02	1.10	0.82
COB/Subrogation Collections	0.00	0.00	0.60	0.60	0.16	0.13	0.88	0.00	0.90	0.00	0.00	0.00	0.00	0.00
Rate/Income Adjustments	9.50	8.27	12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.43
Other Income (Expense)	0.28	(3.14)	0.80	(0.07)	7.82	(1.42)	(0.00)	(0.00)	(0.00)	0.00	8.50	1.72	0.39	2.07
TOTAL REVENUES	0.00	(0.01)	(0.45)	0.29	(0.29)	(1.76)	0.00	(5.38)	0.16	0.00	0.00	0.19	(0.00)	(0.56)
247.25	247.66	246.57	234.97	274.76	337.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.71	2,665.71
E X P E N S E S														
Medical Costs:														
Physician Services	45.30	44.57	42.85	59.13	53.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	51.12
Other Professional Services	8.54	9.04	10.69	9.24	10.41	10.04	10.36	10.36	12.16	11.24	9.47	10.39	10.28	9.98
Emergency Room	19.50	17.73	17.26	21.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.64	18.48
Inpatient	62.95	58.55	56.02	73.05	56.26	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	57.96
Reinsurance Expense	0.79	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.80	0.44	0.44	0.43	0.44	0.68
Outpatient Hospital	27.58	21.41	21.86	11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	22.64
Other Medical	11.00	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	8.13
Pharmacy	34.10	36.10	34.58	34.87	37.95	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	31.91
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.36	2.35	2.39
Expansion Risk Corridor Expense	6.76	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	2.17
IBNR, Incentive, Paid Claims Adjustment	(8.80)	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(1.76)
TOTAL MEDICAL COSTS	210.13	197.12	191.56	202.79	234.85	193.44	195.90	190.73	210.93	212.33	212.40	218.52	211.67	203.70
GROSS MARGIN:	37.12	50.35	54.01	32.18	39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	63.01
Administrative:	6.36	6.61	6.40	6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.84	6.82
Compensation	2.16	1.02	2.34	1.12	1.55	1.48	2.05	2.01	1.14	1.14	1.90	1.81	1.83	1.77
Purchased Services	0.35	0.36	0.37	0.27	0.01	0.30	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.27
Supplies	1.67	1.35	1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.66
Other Administrative Expenses	2.22	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	(8.30)	0.00	0.00	0.00	0.00	(0.55)
Administrative Expense Adjustment	12.76	9.34	10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.71	10.60	9.98
TOTAL ADMINISTRATIVE EXPENSES	222.89	206.46	202.38	211.74	244.42	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	213.69
OPERATING INCOME (LOSS) BEFORE TAX	24.36	41.01	43.19	23.23	30.34	124.63	58.16	59.29	62.43	48.60	45.92	47.75	43.83	50.33
NICO TAX	9.50	9.75	9.54	9.51	9.10	93.15	30.73	30.73	42.93	31.88	29.12	29.96	29.87	26.94
OPERATING INCOME (LOSS) NET OF TAX	14.86	31.26	33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	23.39
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	0.00	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	0.00	(0.10)	0.00	(1.04)
NET INCREASE (DECREASE) IN NET POSITION	14.86	31.26	33.64	22.73	30.24	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	22.35
MEDICAL LOSS RATIO	88.4%	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	85.1%
ADMINISTRATIVE EXPENSE RATIO	5.4%	3.9%	4.0%	3.8%	3.5%	4.0%	5.1%	4.9%	4.2%	4.3%	4.3%	4.7%	4.5%	4.2%



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



KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED APRIL 30, 2017				YEAR-TO-DATE	
ACTUAL	CURRENT MONTH BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
2,931,046	3,337,944	406,898	12,076,949	13,277,912	1,200,963
9,279,831	7,972,585	(1,307,246)	35,160,971	31,714,610	(3,446,361)
1,085,290	644,886	(440,404)	4,215,030	2,565,259	(1,649,771)
9,000	9,041	41	36,000	35,963	(37)
13,305,167	11,964,455	(1,340,712)	51,488,950	47,593,744	(3,895,206)
PHYSICIAN SERVICES					
240,308	243,837	3,529	947,936	969,950	22,014
585,083	790,156	205,073	2,496,860	3,119,287	622,427
102,951	120,541	17,590	411,977	477,398	65,421
54,139	79,850	25,711	219,349	301,651	82,302
81,001	91,173	10,172	330,608	361,064	30,456
48,254	44,427	(3,827)	136,195	145,125	8,930
54,901	68,256	13,355	181,349	270,617	89,268
249,875	217,810	(32,065)	1,014,989	866,434	(148,555)
87,739	88,992	1,253	466,721	354,008	(112,713)
975,044	906,284	(68,760)	3,658,531	3,605,178	(53,353)
2,479,295	2,651,326	172,031	9,864,515	10,470,712	606,197
4,012,665	4,662,065	649,400	17,251,584	18,545,241	1,293,657
14,524,702	13,399,076	(1,125,626)	58,618,461	53,301,225	(5,317,236)
105,736	104,335	(1,401)	415,695	415,030	(665)
5,765,474	5,569,917	(195,557)	23,173,441	22,156,927	(1,016,514)
OTHER MEDICAL					
346,373	328,281	(18,092)	1,359,125	1,305,858	(53,267)
279,863	360,089	80,226	1,415,373	1,432,428	17,055
133,334	313,888	180,554	459,089	1,255,553	796,464
1,172,612	983,039	(189,573)	3,976,224	3,910,567	(65,657)
-	237,125	237,125	-	943,250	943,250
441,238	282,451	(158,787)	1,483,652	1,123,576	(360,076)
2,373,420	2,504,872	131,452	8,693,463	9,971,232	1,277,769
TOTAL OTHER PROFESSIONAL SERVICES					
6,736,832	7,470,523	733,691	28,270,037	29,717,732	1,447,695
944,297	1,345,378	401,081	3,149,688	5,352,000	2,202,312
534,081	486,004	(48,077)	2,123,135	1,933,325	(189,810)
(66,000)	(66,061)	(61)	(585,768)	(262,793)	322,975
8,149,210	9,235,843	1,086,633	32,957,092	36,740,264	3,783,172
566,768	557,244	(9,524)	2,243,364	2,216,638	(26,727)
(232,581)	-	232,581	(848,907)	-	848,907
51,049,856	50,649,133	(400,723)	203,857,658	201,411,012	(2,446,646)
TOTAL PHARMACY SERVICES					
RX - Drugs & OTC					
RX - HEP-C					
Rx - DME					
RX - Pharmacy Rebates					
TOTAL PHARMACY SERVICES					
PAY FOR PERFORMANCE QUALITY INCENTIVE					
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT					
Total Medical Costs					

\* Medical costs per DMHC regulations

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

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

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

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

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF APRIL 30, 2017</b>			
<b>ASSETS</b>	<b>APRIL 2017</b>	<b>MARCH 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,422,347	\$ 1,419,689	2,658
Interest Receivable	880	2,658	(1,778)
Prepaid Expenses & Other Current Assets	1,666	2,500	(834)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,424,893</b>	<b>\$ 1,424,847</b>	<b>\$ 46</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 353,849</b>	<b>\$ 353,849</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	1,004	958	46
<b>Total Net Position</b>	<b>\$ 1,071,044</b>	<b>\$ 1,070,998</b>	<b>\$ 46</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,424,893</b>	<b>\$ 1,424,847</b>	<b>\$ 46</b>

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

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

	2017 MEMBER MONTHS	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
<b>MEDICAL</b>													
<b>ADULT AND FAMILY</b>													
PA - FAMILY	144,319	36,123	36,255	36,565	35,376								
MIN - FAMILY	0	0	0	0	0								
REFUGEE - FAMILY	4	1	1	0	2								
FOSTER CARE	2,035	493	498	508	536								
POVERTY-133/200%	8	2	2	2	2								
POVERTY-100%	0	0	0	0	0								
MI - CHILD	425,984	104,391	105,746	107,285	108,562								
CHILD-ACA	1,123	127	430	405	415								
FAMILY - UNDER 19	80,262	20,203	20,297	19,877	19,885								
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>653,735</b>	<b>161,086</b>	<b>163,229</b>	<b>164,642</b>	<b>164,778</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MEDICAL EXPANSION</b>													
LIHP Transition Pre-ACA	218	26	69	58	65								
ACA Expansion Adult-Citizen	224,241	54,856	55,872	56,493	57,020								
ACA Expansion CAL Fresh Adult	19	9	1	4	5								
LIHP Transition Pre-ACA	2,119	514	500	532	573								
<b>SUB-TOTAL MANDATORY</b>	<b>226,597</b>	<b>55,405</b>	<b>56,442</b>	<b>57,087</b>	<b>57,663</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>SDP MEMBERS</b>													
SSI-AGED	728	158	185	191	194								
MIN - AGED	5,442	1,338	1,359	1,388	1,357								
SSI - BLIND & DIS-ABLED	46,640	11,702	11,823	11,614	11,701								
MIN - BLIND & DIS-ABLED	1,390	326	393	346	325								
<b>SUB-TOTAL MANDATORY SPD</b>	<b>54,200</b>	<b>13,524</b>	<b>13,560</b>	<b>13,539</b>	<b>13,577</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL MANDATORY</b>	<b>934,532</b>	<b>230,015</b>	<b>233,231</b>	<b>235,268</b>	<b>236,018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>OTHER MEMBERS</b>													
BCCTP-TOBACCO SETTLEMENT	114	29	30	27	28								

<b>DUALS</b>													
PA - FAMILY DUALS	84	31	17	15	21								
PART D SSI-AGED	2,541	615	628	625	673								
PART D MN - AGED	4,550	1,127	1,116	1,134	1,173								
PART D SSI - BLIND & DIS-ABLED	8,244	2,067	2,011	2,081	2,085								
PART D MN - BLIND & DIS-ABLED	3,033	762	780	740	751								
PART D BCCTP-TOBACCO SETTLEMENT	5	1	1	1	2								
PART D MI - ADULT	0	0	0	0	0								
PART D MI - CHILD	1,520	316	360	417	427								
<b>SUB-TOTAL DUALS</b>	<b>19,977</b>	<b>4,919</b>	<b>4,913</b>	<b>5,013</b>	<b>5,132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL OTHERS</b>	<b>20,091</b>	<b>4,948</b>	<b>4,943</b>	<b>5,040</b>	<b>5,160</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL KAISER</b>	<b>29,553</b>	<b>7,103</b>	<b>7,365</b>	<b>7,466</b>	<b>7,619</b>								

<b>TOTAL MEDICAL MEMBERS</b>	<b>984,176</b>	<b>242,066</b>	<b>245,539</b>	<b>247,774</b>	<b>248,797</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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# KERN·HEALTH SYSTEMS

February AP Vendor Report  
Amount over \$10,000.00

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



February AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2918	STINSON'S****	24,276.61	24,276.61	OCT., NOV., & DEC. OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4392	TRIZETTO CORPORATION	24,077.35	195,830.19	CONSULTING SERVICES	MIS INFRASTRUCTURE
T4686	CENTRIC HEALTH*****	23,175.00	23,175.00	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T4688	VANGUARD MEDICAL CORPORATION*****	20,991.09	20,991.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4497	SKILLSOFT CORPORATION*****	20,836.93	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T2697	FUSION STORM INC.*****	18,298.05	18,298.05	HARDWARE- 2 FAN MODULES EX4300	MIS INFRASTRUCTURE
T4193	TECHNOSOCIALWORK.COM	17,191.73	36,693.10	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4582	HEALTHX, INC*****	17,000.00	17,000.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4237	FLUIDEDGE CONSULTING	16,500.00	46,700.00	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T3011	OFFICE ALLY, INC.	15,058.50	29,733.75	EDI CLAIM PROCESSING	CLAIMS
T4467	MEDISOFTX, LLC.	14,700.00	28,500.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	14,226.64	37,596.38	TEMPORARY HELP - 1 MIS, 1 QI, 1 CLAIMS, 1 UM, 1 PR.	VARIOUS
T4059	KERN VALLEY HEALTH CARE DISTRICT*****	14,061.35	15,711.35	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

# KERN·HEALTH SYSTEMS

February AP Vendor Report  
Amount over \$10,000.00

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

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

# KERN•HEALTH SYSTEMS

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

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

# KERN·HEALTH SYSTEMS

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

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

# KERN·HEALTH SYSTEMS

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

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

# KERN HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
TT4452	WELLS FARGO 3500 2469	21,105.05	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T4688	VANGUARD MEDICAL CORPORATION*****	20,991.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4497	SKILLSOFT CORPORATION*****	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T2597	FUSION STORM INC.*****	18,298.05	HARDWARE- 2 FAN MODULES EX4300	MIS INFRASTRUCTURE
T4582	HEALTHX, INC*****	17,000.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4478	AMERICAN FIDELITY ASSURANCE CO.	16,662.29	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4059	KERN VALLEY HEALTH CARE DISTRICT*****	15,711.35	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2413	TREK IMAGING INC*****	15,677.30	PROMOTIONS GIVEAWAYS	VARIOUS
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL	15,033.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2840	ATALASOFT, INC.*****	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4425	PRO RESTORATION SERVICES INC.*****	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T4683	CLAUDIA M. BACA*****	13,410.58	CONSULTING SERVICES	PROJECT MANAGEMENT
T4396	KAISER FOUNDATION HEALTH-DMHO*****	13,281.36	EMPLOYEE HEALTH BENEFITS	VARIOUS

# KERN•HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2961	SOLUTION BENCH, LLC****	12,650.00	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4460	PAYSPAN, INC	12,311.36	ELECTRONIC CLAIMS	FINANCE
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	11,448.00	FLU CLINIC SPONSORSHIPS	MARKETING
T4852	BAKERSFIELD SYMPHONY ORCHESTRA****	11,000.00	SPONSORSHIP	MARKETING
T4386	STACY POEHLMAN****	10,059.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
		<u>4,563,071.46</u>		
	TOTAL VENDORS OVER \$10,000	4,593,071.46		
	TOTAL VENDORS UNDER \$10,000	390,127.30		
	TOTAL VENDOR EXPENSES-Feb.	<u><u>4,983,198.76</u></u>		

Note:

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



# KERN·HEALTH SYSTEMS

March AP Vendor Report  
Amount over \$10,000.00

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



March AP Vendor Report  
Amount over \$10,000.00

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

# KERN·HEALTH SYSTEMS

March AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4546	LEVEL 3 COMMUNICATIONS, LLC	17,494.77	48,382.01	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	16,128.50	45,862.25	FEBRUARY EDI CLAIM PROCESSING	CLAIMS
T2562	CACTUS SOFTWARE LLC*****	16,050.00	22,972.50	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4678	XEROX STATE HEALTHCARE, LLC*****	15,105.00	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4467	MEDISOFTX, LLC.	14,700.00	43,200.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4537	BURKE, WILLIAMS & SORENSEN, LLP*****	14,040.50	16,965.50	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4460	PAYSPAN, INC*****	13,773.20	26,084.56	ELECTRONIC CLAIMS	FINANCE
T1183	MILLIMAN USA*****	11,764.50	16,798.25	CY2015 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T4538	CHANGE HEALTHCARE SOLUTIONS,	10,885.41	33,453.00	FEB - EDI CLAIM PROCESSING	CLAIMS
T3084	KERN COUNTY-COUNTY COUNSEL*****	10,653.30	19,652.20	JAN. LEGAL FEES	ADMINISTRATION
T4297	PREGMATIC WORKS SOFTWARE*****	10,203.75	13,410.58	BI XPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE	CAPITAL PROJECT IN PROCESS
		<b>2,598,058.42</b>			
TOTAL VENDORS OVER \$10,000		2,598,058.42			
TOTAL VENDORS UNDER \$10,000		354,453.47			
TOTAL VENDOR EXPENSES-Mar.		<b>2,952,511.89</b>			

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

# KERN • HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	1,024,540.74	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1408	DELL MARKETING L.P.	927,218.76	HARDWARE- 10- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, KHS VEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4695	EDIFICS, INC.	807,200.00	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	593,666.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T4327	MCKESSON TECHNOLOGIES INC. ****	419,913.20	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T2726	ARGUS HEALTH SYSTEMS, INC.	318,591.32	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T2167	PG&E	272,502.52	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES
T4237	FLUIDEDGE CONSULTING	186,724.97	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T2704	MCG HEALTH LLC****	141,105.21	2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5	HE-UM
T3460	THE GUARDIAN LIFE INSURANCE CO.	139,235.46	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2597	FUSION STORM INC.	138,284.63	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4654	DELAWIE	136,528.95	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T2961	SOLUTION BENCH, LLC	105,995.00	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4350	COMPUTER ENTERPRISE INC. *****	94,566.00	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T1071	CLINICA SIERRA VISTA	86,741.72	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4193	TECHNOSOCIALWORK.COM	82,802.77	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4908	TRUXTUN PLACE PARTNERS	82,021.99	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	81,067.91	TEMPORARY HELP	VARIOUS
T4165	SHI INTERNATIONAL CO.	79,784.60	VMWARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS
T4664	TURNORTHE. LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CM/DM
T2584	UNITED STATES POSTAL SVC.-HASLER	70,000.00	POSTAGE-METERED	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T4168	RELAYHEALTH	53,855.62	EDI CLAIM PROCESSING	CLAIMS

# KERN HEALTH SYSTEMS

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

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

# KERN·HEALTH SYSTEMS

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

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



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

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



# KERN·HEALTH SYSTEMS

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

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

# KERN·HEALTH SYSTEMS

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

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

Note:

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

# KERN·HEALTH SYSTEMS

April AP Vendor Report  
Amount over \$10,000.00

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

# KERN·HEALTH SYSTEMS

April AP Vendor Report  
Amount over \$10,000.00

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

# KERN·HEALTH SYSTEMS

April AP Vendor Report  
Amount over \$10,000.00

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

Note:

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	1,369,375.23	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1408	DELL MARKETING L.P.	941,554.14	HARDWARE- 10- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4695	EDIFECs, INC.	889,334.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	594,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T2726	ARGUS HEALTH SYSTEMS, INC.	408,921.65	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T1071	CLINICA SIERRA VISTA	321,481.40	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING	311,151.36	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T2167	PG&E	272,527.66	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES
T4654	DELAWARE	247,074.73	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T3460	THE GUARDIAN LIFE INSURANCE CO.	186,280.84	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS

# KERN·HEALTH SYSTEMS

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

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



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

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



# KERN·HEALTH SYSTEMS

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

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



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

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

# KERN·HEALTH SYSTEMS

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

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



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

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

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

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





**To: KHS Board of Directors**  
**From: Douglas A Hayward, CEO**  
**Date: June 8<sup>th</sup>, 2017**  
**Re: Health Services Trend Report**

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*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):**

While the overall number of visits has increased, the cost per visit and cost per member are below budget. Overall, encounters for routine child health exams continues to be the primary reason for professional visits; while hypertension continues to be the primary reason for both the Expansion and SPD aid categories. Health Services is reviewing data for development of potential hypertension management group.

**Pharmacy**

The monthly cost and utilization per enrollee for all aid categories was below budget for April 2017. The cost per script was also below budget for all aid categories. Certain specialty drugs have an option to be administered in physician offices versus outpatient setting.

**Inpatient Services**

Even as the overall number of admits has increased slightly, the cost has remained stable as the length of stay has declined as has the cost per bed day. Value based contracts, i.e. DRG, Observation, and Administrative days have expanded to local and out of area contracts that positively impact both length of stay and overall admission costs. Delivery of Newborns, Sepsis and chronic obstructive pulmonary continue to be the main reasons for admissions. Separate discussion and analysis of Sepsis diagnosis per Board's previous request to follow.



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

For April, 2017 the cost per enrollee was below budget for all aid categories. Encounters for routine child health exams was the most common reason for the Family group, end stage renal disease was the most common reasons for the SPD and Expansion aid groups.

**Emergency Room (ER)**

For April, 2017 the cost per enrollee was below budget for the plan aid categories. Upper respiratory infections was the largest reason for ER visits for the Plan as a whole, while abdominal pain and urinary tract infections lead the SPD and Expansion categories respectively.

**Hospital Utilization Reports (Attachment B Attachment C Attachment D)**

**Inpatient Admissions**

Total inpatient admissions increased slightly when compared to the same point last year. While their numbers are down, Bakersfield Memorial Hospital continues to provide the largest segment of inpatient services. San Joaquin accounts for the second highest number of admissions. Good Samaritan Hospital was moved from the Out of Area group and Tehachapi Valley was renamed: Adventist Health Medical Center.

**Obstetrics Services**

During the month of March 2017, vaginal births accounted for 78% of the births and cesarean section 22%. The percent of cesarean births increased slightly when compared to the prior month but when compared to March 2016 (21% and 27% respectively).

**ER Visits**

The number of ER visits decreased in April as Dignity Health is delayed in billing ER events. All other facilities are within their expected ranges.





**May, 2017 HEDIS Report (Attachment E)**

The purpose of this report is to show, in “real time”, how KHS is performing year-to-date in most HEDIS measurement categories. For the most part, the data for this report is based on information from medical service claims.

Each measurement count requires a patient encounter specific to service(s), that when performed, will indicate the measurement was met for that patient. All KHS members identified as having the medical condition associated with the measurement represent the denominator. When members receive service(s), it is recorded as “compliant” becoming part of the numerator. The level of achievement is shown as the percentage (%) of members receiving the required (service(s)). The minimum target performance percentage (MPL) is established by DHCS each year and the previous year’s MPL is used here to determine how well our HEDIS program performs against this standard. Subsequent pages of the report gives a snap shot summary of each measurement year- to- date. It is color coded in green when current rate is on or above previous year trending rate, yellow when below previous year’s trending rate but statistically in line with expectation and red when below previous year’s trending rate and if continued, could fail to meet the minimum standard set by the State. Since the final HEDIS tally does not occur until the end of the reporting period (12/2017), using historical performance for the same month in the prior year, enables staff to project year-end results for the measured period. Measurements showing “red” enables staff to know where they need to boost their effort to bring this measurement back in line with expectation while there is still time.

Of the 14 HEDIS measures displayed here, 10 measures are in green and on target to meet expectation. The 4 measures in yellow show a 5% or less variance to the previous year’s rate. In such cases, staff closely monitors yellow measures to see that trends come back in line with prior year’s results. Measures showing red (none at this time) are actively managed and will be investigated to determine what additional steps may be necessary to bring them in line with expectation.



**Quarter 4, 2016 Grievance Summary**

The following report will be routinely reviewed with the Board quarterly. The report delineates by category, types of grievances members formally file with the health plan relating to provider complaints.

As covered under Agenda item 13, the Grievance process includes different options that members may take to resolve their issue(s) with the health plan or provider. Members, who are dissatisfied with the decision, may request a State Fair Hearing or appeal a medically related decision to DMHC for an independent medical review.

Category	Total	Issue	Q1	Q2	Q3
Access to Care	7	Appointment Availability	17	21	15
Coverage Dispute	19	Authorizations and Pharmacy	30	23	21
Medical Necessity	24	Questioning denial of service	36	39	29
Other Issues	2	Miscellaneous	17	21	4
Quality of Service	31	Questioning services provided. All cases forwarded to Quality Dept.	58	82	58
Quality of Service		Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department			
-Courtesy and Attitude of Provider	89		76	86	117
-Courtesy and Attitude of Staff	18		35	40	43
-Courtesy and Attitude of both	43		30	36	26
Grievances	233		299	348	313
State Fair Hearings	1	Issue reviewed by Administrative Law Judge	7	1	7
Independent Medical Review	2	Issue reviewed by IMR vendor	3	6	1



*Governed Reporting System*

Attachment A

# **Kern Health Systems**

## **KHS Medical Management Performance Dashboard (Critical Performance Measurements)**



Governed Reporting System

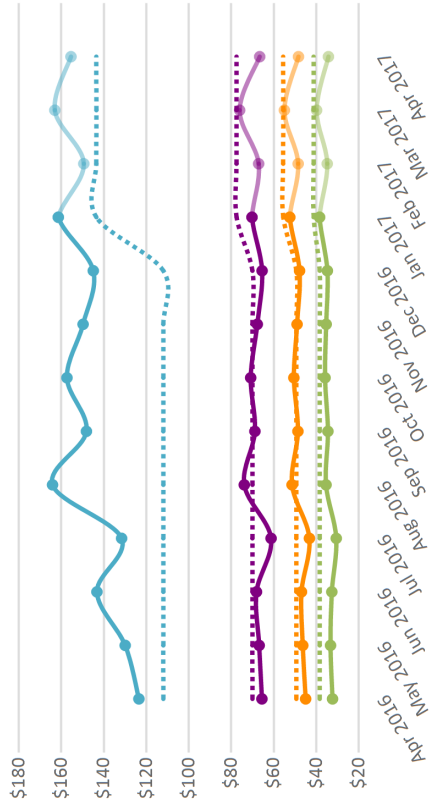
Physician Services



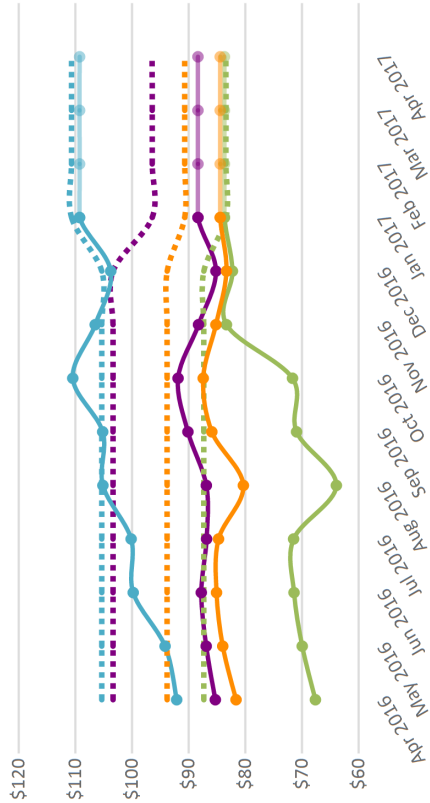
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

- MCAL Expansion - Actual
- MCAL 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

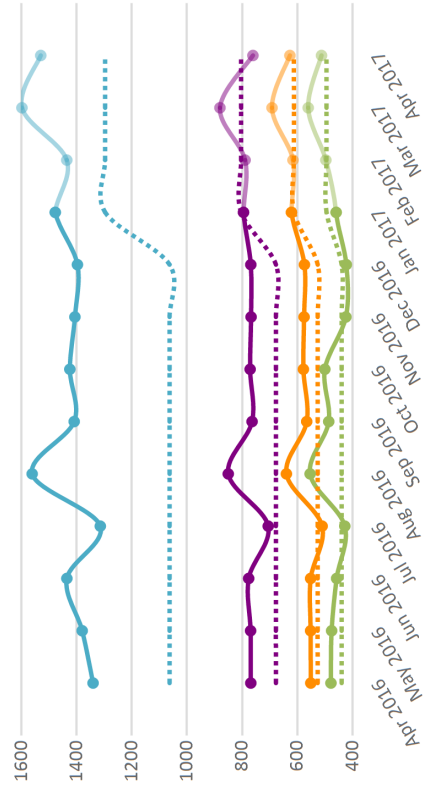
Professional Services Incurred by Aid Group PMPM



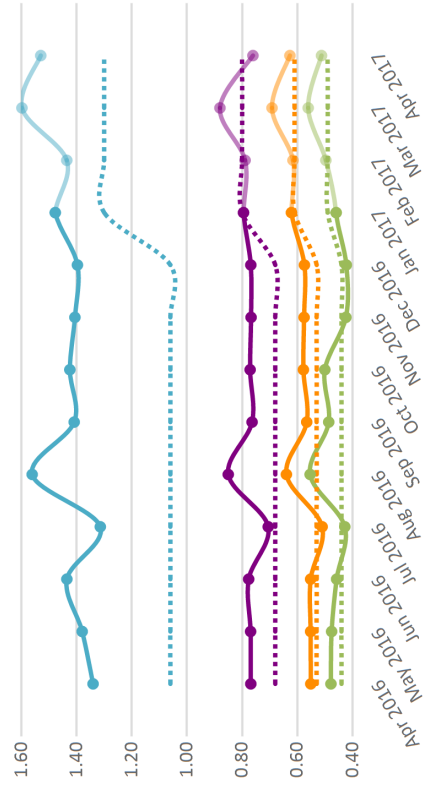
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





Governed Reporting System

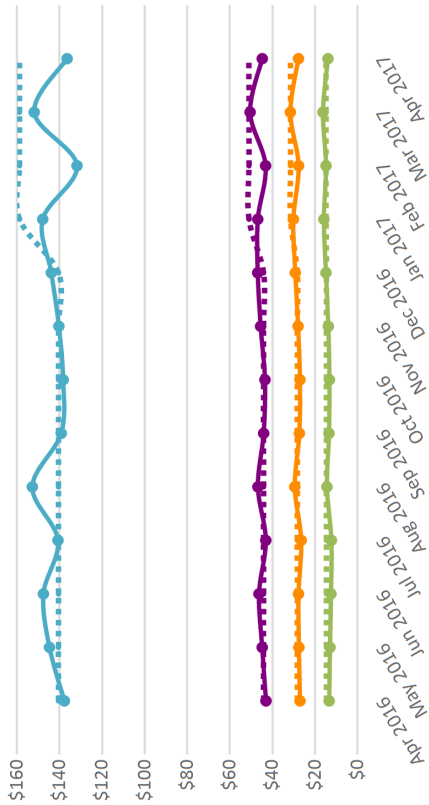


Pharmacy

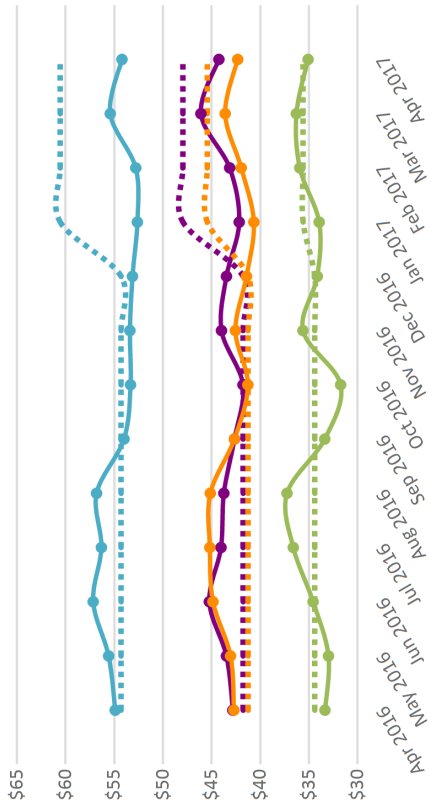
(Includes: Claims paid by PBM)

- MICAL Expansion - Actual
- MICAL Family/Other - Actual
- Total Combined - Actual
- MICAL Expansion - Budget
- MICAL Family/Other - Budget
- Total Combined - Budget
- MICAL Expansion - Forecast
- MICAL Family/Other - Forecast
- Total Combined - Forecast

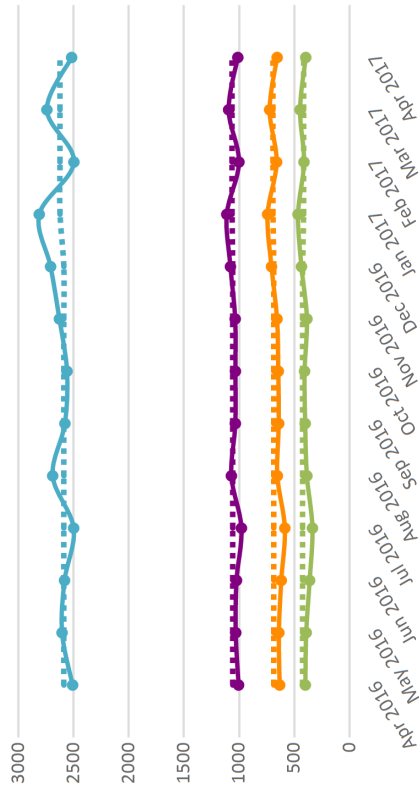
Pharmacy Services Incurred by Aid Group PMPM



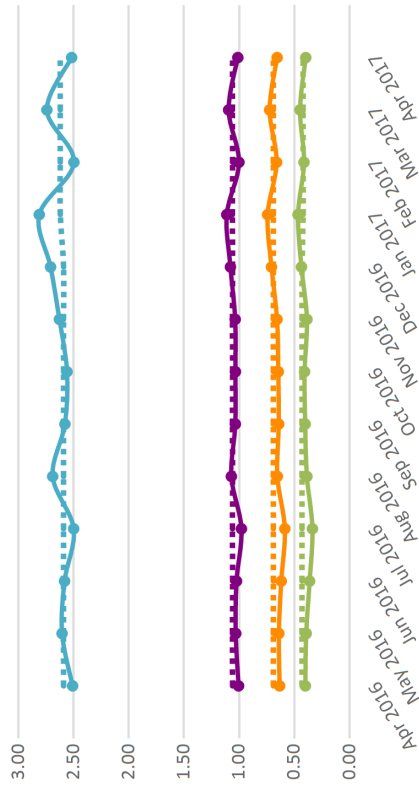
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





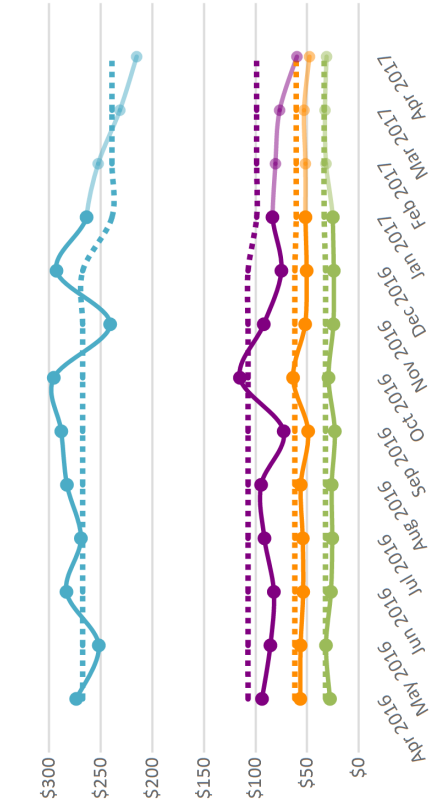
Governed Reporting System

**Inpatient**

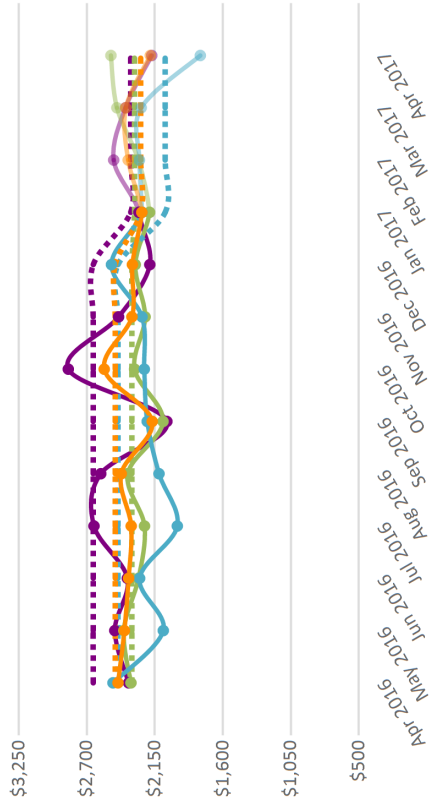
(Includes: Inpatient Hospital Claims)

- MCAL Expansion - Actual
- MCAL Family\Other - Actual
- MCAL SPD - Actual
- 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

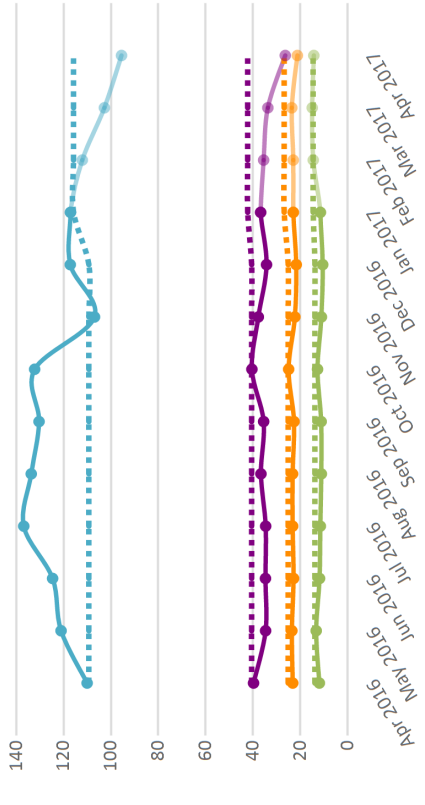
Inpatient Services Incurred by Aid Group PMPM



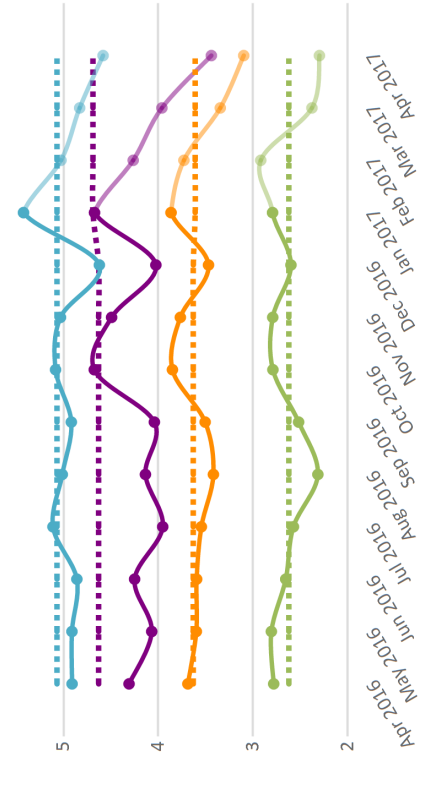
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





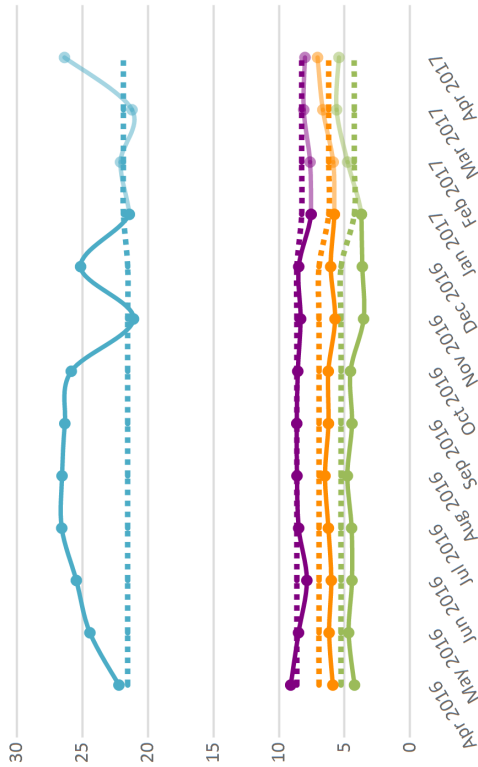
Governed Reporting System

Inpatient

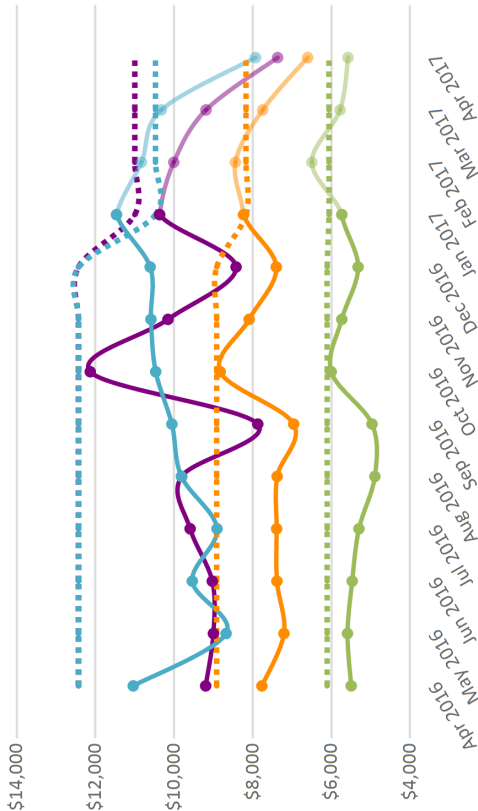
(Includes: Inpatient Hospital Claims)

- 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

Incurred Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

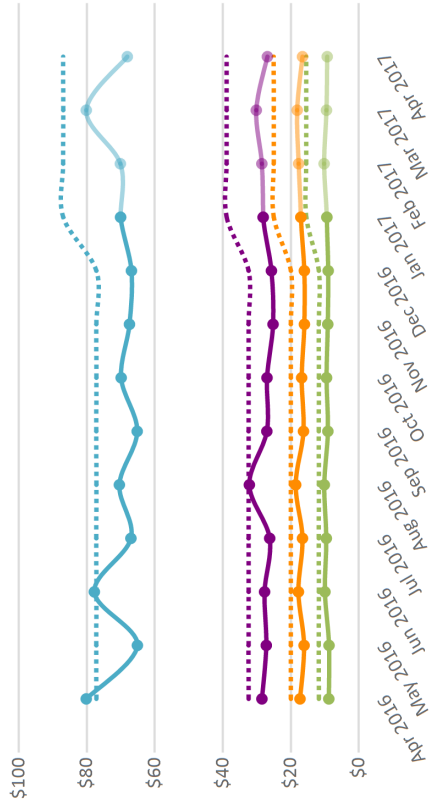
Outpatient Hospital



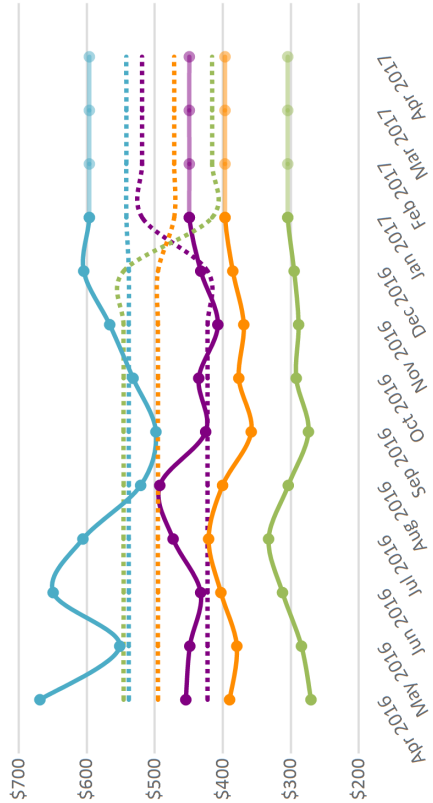
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

- 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

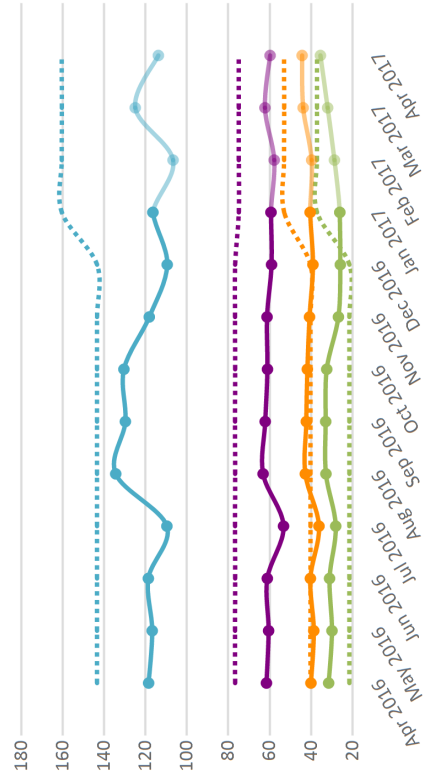
Outpatient Services Incurred by Aid Group PMPM



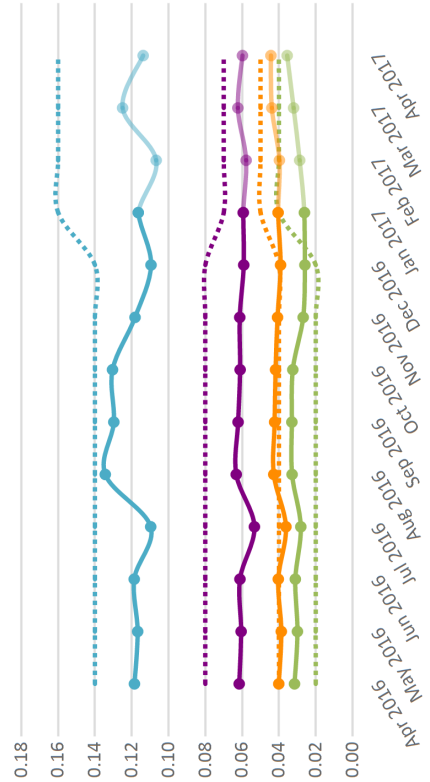
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group







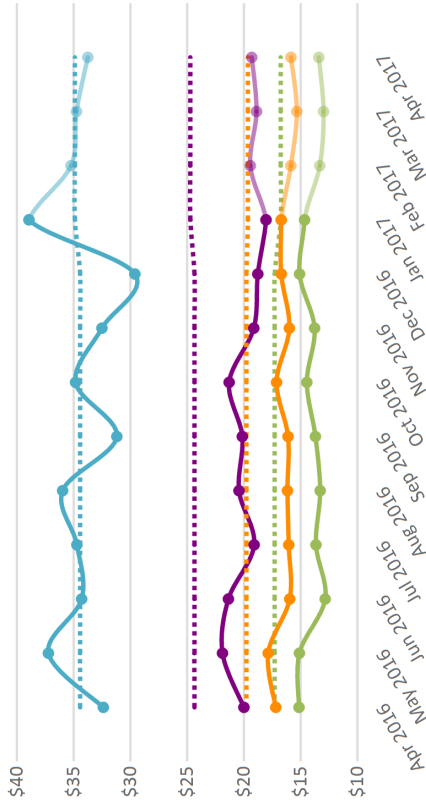
Governed Reporting System



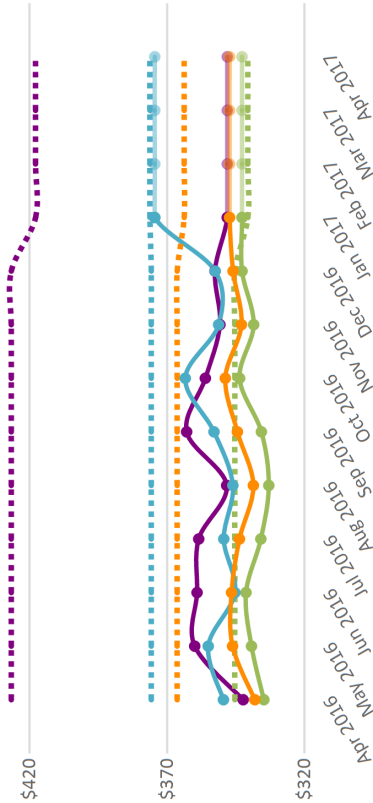
Emergency Room

- MCAL Expansion - Actual
- MCAL 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

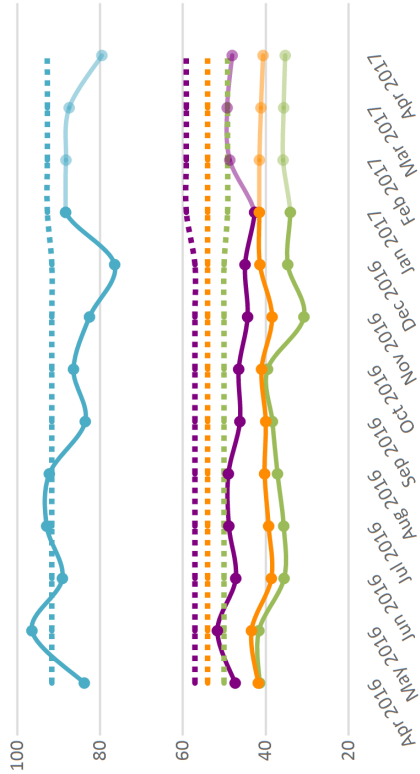
ER Services Incurred by Aid Group PMPM



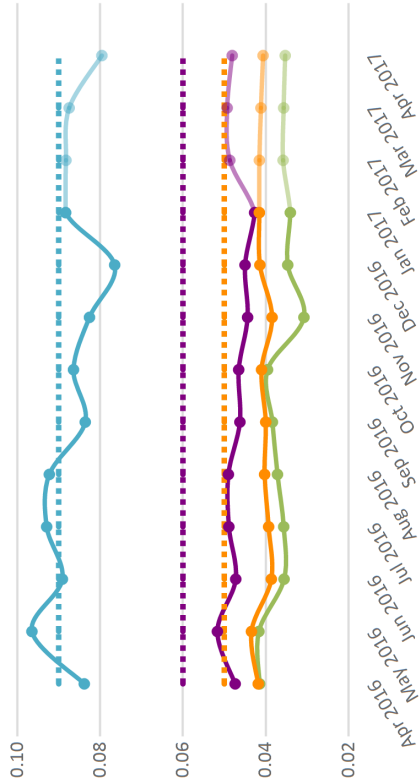
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



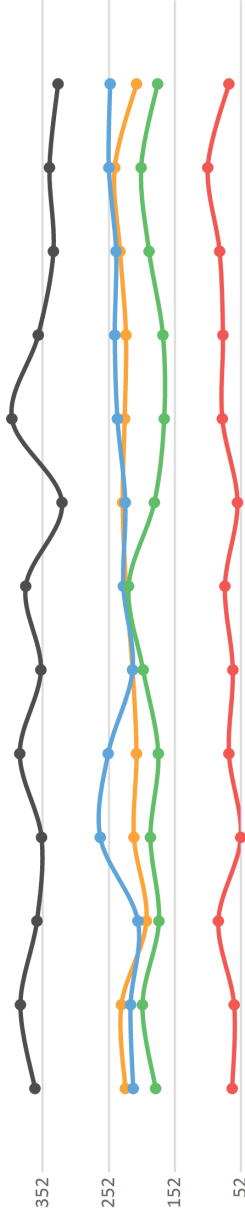
ER Visits per Member per Month by Aid Group



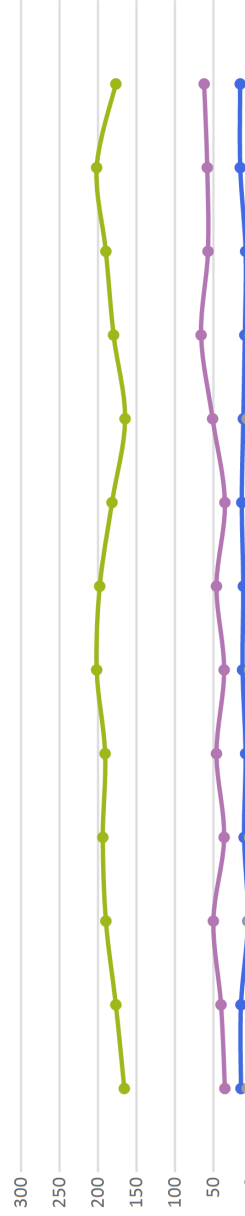


Governed Reporting System

Inpatient Admits by Hospital



	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
BAKERSFIELD MEMORIAL	364	386	361	354	387	355	378	323	399	359	336	342	329
SAN JOAQUIN COMMUNITY	215	219	208	265	253	216	230	227	239	243	241	252	250
KERN MEDICAL	227	233	195	214	210	216	226	231	228	226	235	243	210
MERCY HOSPITAL	181	201	176	189	177	200	222	183	168	170	191	203	178
GOOD SAMARITAN HOSPITAL	65	62	86	52	70	64	76	57	80	79	84	102	70



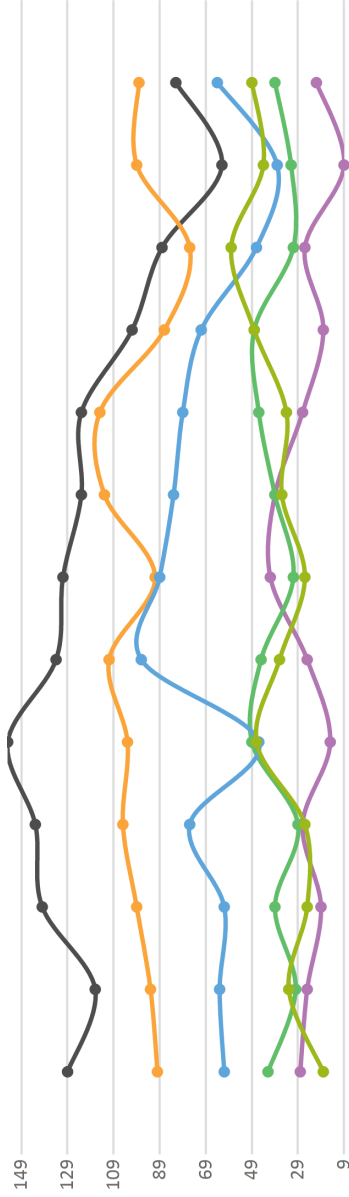
	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
OUT OF AREA	166	177	190	194	191	202	198	182	165	180	190	202	177
DELANO REGIONAL HOSPITAL	35	40	50	36	46	36	46	35	51	66	57	58	62
BAKERSFIELD HEART HOSP	19	21	24	22	20	19	12	17	12	17	17	14	10
KERN VLY HLTHCRE HOSP	14	14	5	10	8	12	11	13	11	9	8	15	15
ADVENTIST HEALTH MEDICAL CENTER	6	1	4	3	1	3	0	0	6	2	1	1	0



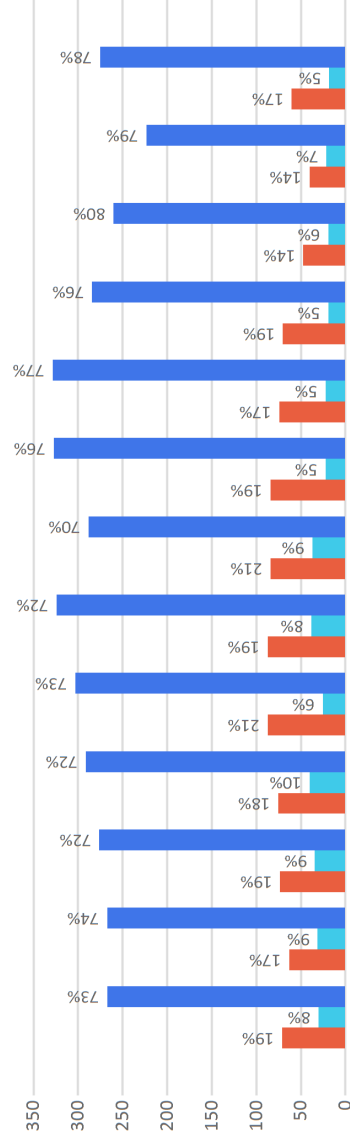
Governed Reporting System

Attachment C

Obstetrics Metrics



	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
BAKERSFIELD MEMORIAL	129	117	140	143	155	134	131	123	123	101	88	62	82
KERN MEDICAL	90	93	99	105	103	111	91	113	115	87	76	99	98
SAN JOAQUIN COMMUNITY	61	63	61	76	46	97	89	83	79	71	47	38	64
MERCY HOSPITAL	42	30	39	29	49	45	31	39	46	48	31	32	39
DELANO REGIONAL HOSPITAL	28	25	19	27	15	25	41	39	27	18	26	9	21
OTHER	18	33	25	26	47	37	26	36	34	48	58	44	49



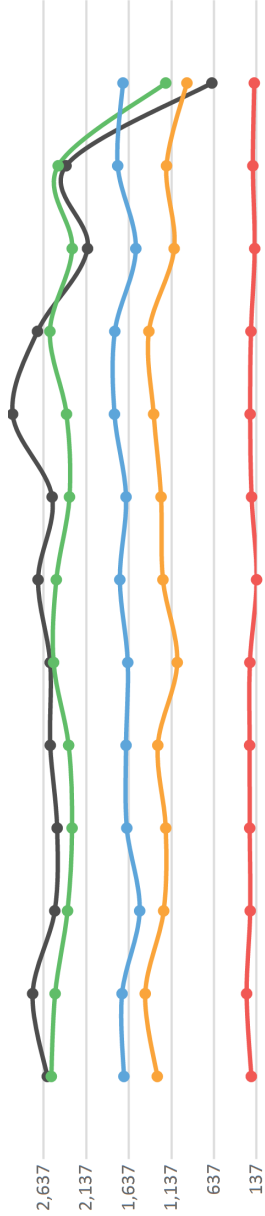
	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
VAGINAL DELIVERY	267	267	276	291	303	324	288	327	328	284	260	223	275
C-SECTION DELIVERY	71	63	73	75	87	87	84	84	74	70	47	40	60
PREVIOUS C-SECTION DELIVERY	30	31	34	40	25	38	37	22	22	19	19	21	18



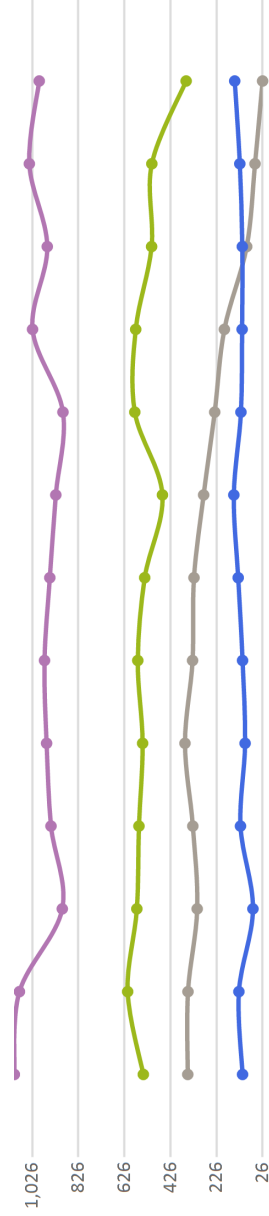
Governed Reporting System

Emergency Visits by Hospital

Attachment D



	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Bakersfield Memorial	2,595	2,767	2,507	2,479	2,560	2,561	2,703	2,538	3,002	2,710	2,122	2,375	662
Mercy Hospital	2,548	2,503	2,357	2,304	2,344	2,521	2,489	2,334	2,369	2,564	2,302	2,467	1,204
San Joaquin Community	1,695	1,717	1,510	1,661	1,670	1,650	1,743	1,670	1,806	1,802	1,555	1,768	1,706
Kern Medical	1,303	1,445	1,228	1,204	1,297	1,069	1,237	1,259	1,346	1,402	1,105	1,195	955
Bakersfield Heart Hosp	199	254	212	218	219	216	137	196	213	203	159	181	164



	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Delano Regional Hospital	1,104	1,082	896	945	964	973	950	924	893	1,025	961	1,039	996
Out of Area	544	612	572	563	547	568	538	461	581	577	508	507	358
Adventist Health Medical Center	351	350	310	329	363	330	324	282	234	192	95	59	26
Kern Vly Hlthcre Hosp	113	129	68	122	102	113	132	151	120	115	114	125	147



Governed Reporting System

Attachment E

### HEDIS Trending Year-Over-Year Comparison

<p>CCS</p> <p><b>39.72%</b></p> <p>Prior Year 36.53%</p> <p>% Point Change 3.19%</p>	<p>CDC - Eye Exam</p> <p><b>18.16%</b></p> <p>Prior Year 18.00%</p> <p>% Point Change 0.16%</p>	<p>CDC - Hba1c Test</p> <p><b>52.01%</b></p> <p>Prior Year 53.87%</p> <p>% Point Change -1.86%</p>	<p>CDC - Nephropathy</p> <p><b>70.60%</b></p> <p>Prior Year 75.13%</p> <p>% Point Change -4.53%</p>
<p>CIS - Combo 3</p> <p><b>27.84%</b></p> <p>Prior Year 28.92%</p> <p>% Point Change -1.08%</p>	<p>PPC - Postpartum</p> <p><b>49.95%</b></p> <p>Prior Year 45.94%</p> <p>% Point Change 4.01%</p>	<p>PPC - Prenatal</p> <p><b>75.89%</b></p> <p>Prior Year 72.61%</p> <p>% Point Change 3.27%</p>	<p>W34</p> <p><b>28.01%</b></p> <p>Prior Year 26.33%</p> <p>% Point Change 1.68%</p>
<p>WCC - Nc</p> <p><b>8.01%</b></p> <p>Prior Year 4.81%</p> <p>% Point Change 3.20%</p>	<p>WCC - Pac</p> <p><b>4.32%</b></p> <p>Prior Year 2.59%</p> <p>% Point Change 1.72%</p>		
<p>AAB</p> <p><b>48.73%</b></p> <p>Prior Year 27.09%</p> <p>% Point Change 21.65%</p>	<p>LBP</p> <p><b>74.10%</b></p> <p>Prior Year 72.94%</p> <p>% Point Change 1.16%</p>	<p>MPM - Ace Inhibitors</p> <p><b>62.68%</b></p> <p>Prior Year 60.17%</p> <p>% Point Change 2.51%</p>	<p>MPM - Diuretics</p> <p><b>66.15%</b></p> <p>Prior Year 69.49%</p> <p>% Point Change -3.34%</p>

Hybrid Measures

Administrative Measures



**KERN HEALTH SYSTEMS  
CHIEF EXECUTIVE OFFICER'S REPORT  
For June 8<sup>th</sup>, 2017  
BOARD OF DIRECTORS MEETING**

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**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 2017 (new) & 2016 (older) along with findings and recommendations are included under Attachment B. Internal audit findings for all selected & audited APLs/PLs indicate KHS is in compliance (Green), in process (White) no longer applicable or information only (Gray) or not in compliance and requires corrective action (Red). Where audits were done, no APLs or PLs were identified as KHS being noncompliant. Several audits remain open or yet to begin (White). These items will carry over to a future reports as new information on the audit process becomes available.

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## **PROGRAM DEVELOPMENT SUMMARY UPDATE**

### ***Palliative Care***

The January State budget draft proposed to delay the implementation of Palliative Care into mid-2018. However, the recently released May draft budget proposes to implement Palliative Care no later than January 2018. The final budget language will be released in the coming weeks and will clarify the implementation expectations. Staff will be monitoring and planning accordingly.

### ***Whole Person Care***

Staff continues to work with Kern Medical to define KHS' role for the Whole Person Care Program. Discussions are occurring related to the MOU language that outlines KHS' responsibilities and deliverables.

## **LEGISLATIVE SUMMARY UPDATE**

### ***Affordable Care Act Repeal and Replacement Update***

Beginning in the House of Representatives, federal legislation to repeal and replace the Affordable Care Act (ACA) emerged in February. Minor amendments were made in March and additional support was gathered throughout April, culminating in a House floor vote on the AHCA in early May. Narrowly passing the House, the bill has now been with the Senate for several weeks. The Congressional Budget Office released its analysis of the AHCA indicating significant negative impact to several currently insured under the ACA. The Senate is anticipated to make significant changes to the House bill, though there is still not agreement on several elements of the proposal. Senate staff have not yet released bill language for review; however it is scheduled to be drafted shortly. Subject to gathering enough support, the Senate would like to vote on a bill before the July 4<sup>th</sup> recess. KHS staff will continue to monitor the situation in Washington and work with the appropriate individuals as things progress.

### ***Proposed California 2017 Legislation Update***

A summary of the 2017 proposed State laws impacting KHS is included under Attachment C.



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## **KHS JUNE ENROLLMENT**

### ***Medi-Cal Family Enrollment***

As of JUNE 1, 2017, Medi-Cal enrollment is 170,264, which represents an increase of 0.02% from MAY enrollment.

### ***Seniors and Persons with Disabilities (SPDs)***

As of JUNE 1, 2017, SPD enrollment is 12,743, which represents an increase of 0.6% from MAY enrollment.

### ***Expanded Eligible Enrollment***

As of JUNE 1, 2017, Expansion enrollment is 58,121 which represents a decrease of 0.3% from MAY enrollment.

### ***Kaiser Permanente (KP)***

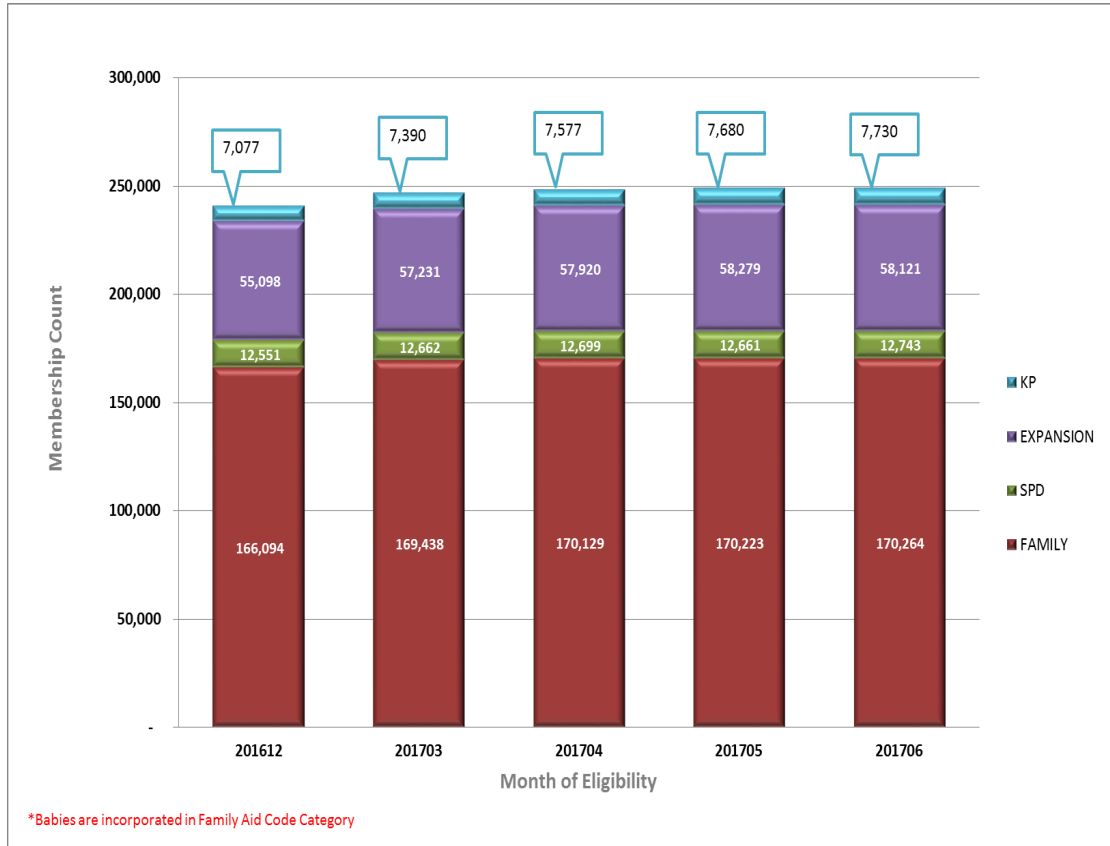
As of JUNE 1, 2017, Kaiser enrollment is 7,730, which represents an increase of 0.7% from MAY enrollment

### ***Total KHS Medi-Cal Managed Care Enrollment***

As of JUNE 1, 2017, total Medi-Cal enrollment is 248,858 which represents an increase of 0.01% from MAY enrollment.

<b>Membership as of Month of Eligibility</b>	<b>FAMILY</b>	<b>SPD</b>	<b>EXPANSION</b>	<b>KP</b>	<b>BABIES</b>	<b>Monthly/Member Months Total</b>
201612	165,703	12,551	55,098	7,077	391	240,820
201703	169,051	12,662	57,231	7,390	387	246,721
201704	169,760	12,699	57,920	7,577	369	248,325
201705	169,851	12,661	58,279	7,680	372	248,843
201706	169,867	12,743	58,121	7,730	397	248,858

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## KHS ADMINISTRATIVE INITIATIVES

### *Provider Relations Update*

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

- Bakersfield Heart Hospital
- Westside Family HealthCare – Taft PCP

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- Adventist Health Physicians Network
- Lily Lactation
- Dr. Ashmead Ali, PCP
- Dr. Alpha Anders
- Dr. Brandon Freeman, Plastic Surgeon Independent
- Kinetica Physical Therapy
- Truxtun Psychiatry Therapy
- Sreedhar Kommineni MD PC
- Comfort Anesthesia – BHH group

**Credentialing Activities:**

- 47 New Initial Credentialed providers; 47 Re-Credentialed providers
- Working on contracts for ACL and delegation of credentialing.

***Marketing/Public Relations Update***

**Sponsorships:** KHS will share sponsorship in the following events in June and July:

- KHS donated \$1,000 to the Ronald McDonald House to sponsor the 2017 Walk for Kids on June 3rd at the California Living Museum.
- KHS donated \$1,000 to the Epilepsy Society of Kern County to sponsor the 2017 Mud Volleyball Tournament on June 24th at Stramler Park.
- KHS donated \$500 to the Latina Leaders of Kern County to sponsor their 2017 Awards and Installation Dinner on July 15th in Bakersfield.

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**Community Events:** In June and July, KHS will participate in:

- 6/15 Homeless Consumer & Service Provider Days @ St. Vincent de Paul in Bakersfield
- 6/24 American General Media Health & Wellness Expo @ Kern County Museum
- 6/24 Frazier Mountain Community Health Fair @ Frazier Park Elementary School
- 6/28 Planned Parenthood Teen Success Health Fair @ Larry E. Reider Center
- 7/8 American Cancer Society Relay for Life Tehachapi @ Meadowbrook Park
- 7/9 Bakersfield Burrito Project 8th Anniversary Event @ Mill Creek Park
- 7/20 Homeless Consumer & Service Provider Days @ Bakersfield Homeless Center

***Member & Employee Newsletters***

Attached are the most recent Employee and Member Newsletters (Attachments D and E).

***Dashboard Presentation***

- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment F.

**KHS OFFICES RELOCATION PROJECT UPDATE**

The activities undertaken since the last report include:

- The Relocation Project continues to successfully move forward with our most recent milestone being the 50% approval mark of the Architectural Design Development phase.
- Continued progress working with the Interior and IT Design Consultants finalizing business needs, layouts, budgets, etc.

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- The RFP for cubicles was published June 2, 2017.
- Working with the legal team and CM/GC to create Subcontractors' Scopes of Work for each trade. Bidding will begin during Q4, 2017.
- The notice that Kern Health Systems became subject to CUPCCAA was published in The Bakersfield Californian for two weeks in late April. The ad encouraged interested contractors to submit a Pre-Qualification application to be placed on our approved vendor list. The notice was also posted in the local plan room.
- The Site Plan was submitted to the City of Bakersfield for review and approval on March 20, 2017. To date, our plan has not been approved due to the City's backlog. We have retained Pollution Liability Coverage beginning July 2017 thru July 2020 and we are currently looking into the benefits of obtaining an OCIP (owner controlled insurance policy).
- The project finish date has been extended due to the refined bidding process as well as building design modifications. A no cost change order is being presented to KHS BOD in June 2017.
- The Parcel Merger is being finalized however we were provided an address of 2900 Buck Owens Blvd.



# KERN HEALTH SYSTEMS

## Attachment A

Board of Directors Meeting

June 8, 2017

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### STATE

#### **Department of Health Care Services (DHCS)**

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

The DHCS issued seven (7) APLs for the months of April through May to provide guidance for Managed Care Plans (MCP).

##### *All Plan Letters (APL)*

*APL 17-004* - The purpose of this APL is to summarize new subcontracting and delegation requirements issued by the Centers for Medicare and Medicaid Services and to clarify existing contract requirements. This APL also provides guidance to MCPs on subcontractor and delegated entity monitoring requirements that MCPs must meet in order to fulfil their obligations under the MCP contract with the DHCS.

For example, if an MCP delegates any activity or obligation to a subcontractor, whether directly or indirectly, the subcontract or written agreement shall:

- Specify any and all delegated activities, obligations, and related reporting responsibilities.
- Include the subcontractor's agreement to perform the delegated activities and reporting responsibilities.

- Provide for the revocation of the delegation of activities or obligations, or specify other remedies where DHCS or the MCP determines the subcontractor is not performing satisfactorily.

Other requirements regarding MCP Review of Subcontractor's Ownership and Control Disclosures, Monitoring Subcontracted and Delegated Functions, Monitoring of Subcontractor Data Reporting, and Monitoring of Subcontractor Care Coordination Requirements are also included in this APL.

*APL 17-005* - The purpose of this APL is to set forth the requirements related to certification of data, information, and documentation submitted to the DHCS.

Each MCP must submit its certification statement on MCP letterhead by the final business day of each month to its MCO contract manager. The certification statement must apply to all data, information, and documentation submitted to DHCS during the specified month. It is not necessary to submit certification statements with each data, information, and documentation submission. The certification statement must conform to the following requirements:

- Indicate the current month during which all data, information, and documentation submitted to DHCS, as described above, is certified.
- Specifically reference all types of data, information, and documentation described in the bulleted list above.
- State that the data, information, and documentation to which the certification statement applies is "accurate, complete, and truthful" to the declarant's "best information, knowledge, and belief."
- Signed by the MCP's Chief Executive Officer (CEO), Chief Financial Officer (CFO), or an individual who reports directly to the CEO or CFO and has delegated authority to sign on his or her behalf so that the CEO or CFO is ultimately responsible for the certification and the data, information and documentation submitted to DHCS.

*APL 17-006* - The purpose of this APL is to provide MCPs with clarification and guidance regarding the application of new federal and existing state regulations for processing Grievances and Appeals.

On May 6, 2016, the Centers for Medicare and Medicaid Services (CMS) published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule<sup>1</sup>, which aimed to align Medicaid managed care regulations with requirements of other major sources of

coverage. The final rule stipulated new requirements for the handling of Grievances and Appeals that become effective July 1, 2017.

*APL 17-007* - The purpose of this APL is to notify all non-County Organized Health System model MCPs that they must ensure continuity of care for Medi-Cal beneficiaries who transition from fee-for-service Medi-Cal into Medi-Cal MCP and who are included on the Exemption Transition Data report. This APL also provides information to MCPs about the data file through which the DHCS will notify MCPs of beneficiaries who are transitioning from FFS to an MCP and have submitted a Medical Exemption Request and/or an Emergency Disenrollment Exemption Request. In addition, this APL also provides new instructions for the Monthly MER Denial Reporting process, which will become a monthly requirement effective July 1, 2017. This APL supersedes APL 15-001.

*APL 17-008* - The purpose of this APL is to clarify Medi-Cal MCPs contractual requirements related to Medi-Cal drug utilization review (DUR) program requirements pursuant to Title 42, Code of Federal Regulations (CFR), Section 438.3(s).

Effective July 1, 2017, in collaboration with DHCS' FFS Program for covered outpatient drugs, MCPs shall participate in a global Medi-Cal DUR program. Additionally, as part of the global Medi-Cal DUR program, each MCP will individually develop and implement a Prospective and Retrospective DUR processes. In addition to individually implemented prospective and retrospective DUR processes, each MCP will participate in the following: Educational Program: The global Medi-Cal DUR program will provide for active and ongoing educational outreach programs to educate practitioners on common drug therapy problems with the aim of improving prescribing and dispensing practices. MCPs must conduct these educational efforts in collaboration with its DUR Board

*APL 17-009* - The purpose of this APL is to inform all Medi-Cal MCPs of updated reporting requirements for encounter data resulting from provider preventable conditions. These PPC reporting requirements were issued by the federal Centers for Medicare & Medicaid Services (CMS) in rulemaking CMS-2390-F, dated May 6, 2016. This APL supersedes APL 16-011.

MCPs must use DHCS' secure online reporting portal to report PPCs to DHCS. Each MCP must report any identified PPCs pursuant to Department instructions and in accordance with the steps below.

MCPs must:

- Review encounter data submitted by network providers for evidence of PPCs that must be reported via the online reporting portal beginning on the date of the issuance of this APL.



- Report each PPC per the instructions for the online reporting portal.
- Issue a special notice informing all of their network providers that they must report PPCs to DHCS using the online reporting portal.
- Require their network providers to also send them a copy of all PPCs submitted to the online portal.
- Retain copies of all submissions.

*APL 17-010* - This APL provides Medi-Cal MCPs with guidance regarding Non-Emergency Medical Transportation (NEMT) and Non-Medical Transportation (NMT) services. With the passage of Assembly Bill (AB) 2394 (Chapter 615, Statutes of 2016), which amended Section 14132 of the Welfare and Institutions Code (WIC), the DHCS is clarifying MCPs' obligations to provide NEMT and NMT services.

MCPs must provide the following four available modalities of NEMT transportation in accordance with the Medi-Cal Provider Manual and the CCR when the member's medical and physical condition is such that transport by ordinary means of public or private conveyance is medically contraindicated, and transportation is required for the purpose of obtaining needed medical care:

- MCPs must provide NEMT ambulance services
- MCPs must provide litter van services when the member's medical and physical condition does not meet the need for NEMT ambulance services
- MCPs must provide wheelchair van services when the member's medical and physical condition does not meet the need for litter van services
- MCPs must provide NEMT by air only under the following conditions: When transportation by air is necessary because of the member's medical condition or because practical considerations render ground transportation not feasible. The necessity for transportation by air shall be substantiated in a written order of a physician, podiatrist or dentist.

## COMPLIANCE

### *All Plan & Policy Letter Reviews*

An update retrospective audits matrix for 2016 is included along with the prospective audits matrix for the 2017 APLs issued and reviewed by the Compliance Department.

*DHCS Medical Audit –2016*

*Update: The Director of Compliance received the final close out letter for the 2016 Medical Audit. A copy of the close out document is included as part of this month’s board package.*

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.

**Reporting to government agencies**

**April**

<b>Report Name/Item</b>	<b>Status</b>
Annual Assessment (DMHC)	On time
BHT – Monthly (April)	On time
Claims Payment & Disputes (DMHC) Quarterly	On time
Detailed Provider Network – Quarterly	On time
Grievance & Appeals - Quarterly	On time
Grievance Log – Quarterly	On time
Medical Exemption Request (MER) – Quarterly	On time
Mental Health – Quarterly	On time
Special Population Report OTLIC – Quarterly	On time
Special Population SPDs – Quarterly	On time
Special Population Universal – Quarterly	On time

**May**

<b>Report Name/Item</b>	<b>Status</b>
Arbitration (DMHC) - Quarterly	On time
BHT – Monthly (March)	On time
Call Center - Quarterly	On time
CBAS - Quarterly	On time
Dental Anesthesia - Quarterly	On time
Grievance (DMHC) – Quarterly	On time
Provider Network - Quarterly	On time
QI/UM Meeting Minutes – Quarterly	On time

MMCD 2017 ALL PLAN LETTERS		ATTACHMENT B					
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status	
APL 17-001(PDF)	2017-2018 MEDI-CAL MANAGED CARE HEALTH PLAN MEDS/834 CUTOFF AND PROCESSING SCHEDULE	IT Member Services Accounting	Enrollment File Uploads	1/11/2017	Policies 7.14-1 and 7.16-1 sent to IT CIO for review and updating. Pending confirmation from IT for responsibilities provided in APL.		
APL 17-002(PDF)	HEALTH EDUCATION CULTURAL AND LINGUISTIC GROUP NEEDS ASSESSMENT	Health Education	Annual GNA Survey	2/10/2017	Policy Updated		
<u>APL 17-003(PDF)</u>	TREATMENT OF RECOVERIES MADE BY THE MANAGED CARE HEALTH PLAN OF OVERPAYMENTS TO PROVIDERS	Claims	Recovery of overpayments	5/3/2017	Policy 6.01-P Sent to Claims Director for revision. Update to be complete prior to the 06/01/17 Final Rule Deliverable deadline.		
<u>APL 17-004(PDF)</u>	SUBCONTRACTUAL RELATIONSHIPS AND DELEGATION	Health Services Provider Relations	Oversight of Delegated Entities	5/3/2017	Policy 2.45-1 Sent to Admin Director of Health Services for revision. Update to be complete prior to the 06/01/17 Final Rule Deliverable deadline		
<u>APL 17-005(PDF)</u>	CERTIFICATION OF DOCUMENT AND DATA SUBMISSIONS	Claims Health Services Provider Relations Accounting Member Services Compliance Executive	Certification of data submissions to DHCS	5/2/2017	Policy 14.57-1 Created by the Compliance Department in response to the APL. The Policy will be completed prior to the 06/01/17 Final Rule Deliverable deadline		
<u>APL 17-006(PDF)</u>	GRIEVANCE AND APPEAL REQUIREMENTS AND REVISED NOTICE TEMPLATES AND "YOUR RIGHTS" ATTACHMENTS	Health Services Member Services Provider Relations Compliance	Grievance and Appeals Processes	5/9/2017	Policy 5.01-1 Sent to Director of Member Services for revision. Update to be complete prior to the 06/01/17 Final Rule Deliverable deadline		
<u>APL 17-007(PDF)</u>	CONTINUITY OF CARE FOR NEW ENROLLEES TRANSITIONED TO MANAGED CARE AFTER REQUESTING A MEDICAL EXEMPTION AND IMPLEMENTATION OF MONTHLY MEDICAL EXEMPTION REVIEW DENIAL REPORTING	Health Services Provider Relations IT Member Services	Continuity of Care for new Members	5/23/2017	Policy 3.40 - 1 Stakeholder meeting scheduled to review and update Policy.		

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status								
<a href="#">APL 17-008(PDF)</a>	REQUIREMENT TO PARTICIPATE IN THE MEDICAL DRUG UTILIZATION REVIEW PROGRAM	Health Services Pharmacy	Provision of pharmaceutical services	5/10/2017	Policy 13.04-1 Sent to Director of Pharmacy for revision. Update to be complete prior to the 06/01/17 Final Rule Deliverable deadline									
<a href="#">APL 17-009(PDF)</a>	REPORTING REQUIREMENTS RELATED TO PROVIDER PREVENTABLE CONDITIONS	Health Services Claims	Reporting of Provider Preventative Conditions	5/23/2017	Policy 3.69-1 Sent to Admin Director of Health Services for revision. Update to be complete prior to the 06/01/17 Final Rule Deliverable deadline.  Policy 60.01-1 Sent to Director of Claims for revision. Update to be complete by 06/01/17 Final Rule Deliverable deadline.									
<table border="1"> <tr> <td>KEY</td> <td>Compliance - YES</td> </tr> <tr> <td></td> <td>Compliance - NO</td> </tr> <tr> <td></td> <td>Outcome Pending</td> </tr> <tr> <td></td> <td>N/A - informational document</td> </tr> </table>							KEY	Compliance - YES		Compliance - NO		Outcome Pending		N/A - informational document
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Attachment B									
MMCD 2016 ALL PLAN LETTERS									
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Start Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
<a href="#">APL 16-001 (PDF)</a>	Medi-Cal Provider And Subcontract Suspensions, Terminations, and Decertifications	Provider Relations Member Services	Provider Terminations Provider Suspensions Member Notices	3/30/2017	6/10/2017	Medi-Cal Provider and Subcontract Suspensions, Terminations, and Decertifications		In Process: Policy comparison matrix in review.	
<a href="#">APL 16-002 (PDF)</a>	2016-2017 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	Information Technology Member Services	Eligibility MED File Processes	N/A	N/A	2016-2017 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	N/A	Informational-no material change	N/A
<a href="#">APL 16-003 (PDF)</a>	Family Planning Services Policy For Contraceptive Supplies	Health Services Claims Compliance	Claims Pharmacy	3/30/2017	5/4/2017	Family Planning Services Policy for Contraceptive Supplies		Compliance requirement met. Pending implementation of revisions to 3.21-P.	
<a href="#">APL 16-004 (PDF)</a>	Medi-Cal Managed Care Plans Carved-Out Drugs	Health Services Pharmacy	KFHC Formulary	5/15/2017	5/22/2017	Medi-Cal Managed Care Health Plans Carved-Out Drugs		Compliance requirement met.	
<a href="#">APL 16-005 (PDF)</a>	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 Incentive Process	5/15/2017	6/10/2017	Requirements for Use of Non-Monetary Member Incentives for Incentive Programs, Focus Groups, and Member Surveys		In Process: Pending Focus Group and CAC log for sample selection.	
<a href="#">APL 16-006 (PDF)</a>	End of Life Option Act	No Impact All related services are carved out	No Impact	N/A	N/A	End of Life Option Act	N/A	N/A	N/A
<a href="#">APL 16-007 (PDF)</a>	Designated Public Hospitals: Billing For Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care	Health Services Claims	Adjudication of Claims Referral Authorizations	5/16/2017	6/30/2017	Designated Public Hospitals: Billing for Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care		In Process: Compliance Auditor requested CCS Log to determine audit sample selection.	
<a href="#">APL 16-008 (PDF)</a>	Diagnosis Related Groups: Billing For Beneficiaries With California Children's Services Eligible Conditions and/or Medi-Cal Managed Care	Health Services Claims	Adjudication of Claims Referral Authorizations	5/17/2016	6/30/2017	Diagnosis Related Groups: Billing for Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care		In Process: Compliance Auditor requested CCS Log to determine audit sample selection.	
<a href="#">APL 16-009 (PDF)</a>	Adult Immunizations As A Pharmacy Benefit	Pharmacy	Pharmacy Benefit Manager Formulary	5/16/2017	5/25/2017	Adult Immunizations as a Pharmacy Benefit		Compliance requirement met.	
<a href="#">APL 16-010 (PDF)</a>	Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement	Pharmacy	Formulary Regulatory Reporting	5/17/2017	5/25/2017	Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement		Compliance requirement met.	
<a href="#">APL 16-011 (PDF)</a>	Reporting Requirements Related to Provider Preventable Conditions	Health Services Claims	Utilization Review Claims Data	5/23/2017	5/24/2017	Reporting Requirements Related to Provider Preventable Conditions	N/A	APL 17-009 supersedes APL 16-011. Compliance Program Mgr. received recommendations.	N/A
<a href="#">APL 16-012 (PDF)</a>	Provider Credentialing and Recredentialing	Provider Relations Member Services	Policies Procedures Provider Credentialing Application Process	5/26/2017	6/30/2017	Provider Credentialing and Recredentialing		In Process: Policy comparison matrix in review.	
<a href="#">APL 16-013 (PDF)</a>	Ensuring Access To Medi-Cal Services for Transgender Beneficiaries	Health Services Quality Improvement Pharmacy	Utilization Review Claims Processing	5/26/2017	6/30/2017	Ensuring Access to Medi-Cal Services for Transgender Beneficiaries		In Process: Policy comparison matrix in review.	

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Start Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
<a href="#">APL16-014.pdf</a>	Comprehensive Tobacco Prevention and Cessation Services for Medi-Cal Beneficiaries	Provider Relations Health Education Pharmacy Disease Management	Provider tracking of Members who smoke and medical records audit for ensuring that providers have a tracking mechanism in place within the member's medical record.			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.			
<a href="#">APL16-015.pdf</a>	Acupuncture Services	Claims Information Technology Provider Relations	Claims Adjudication Member Coverage			Claims Adjudication/Member Coverage for this Service			
<a href="#">APL16-016.pdf</a>	Rate Changes for Emergency and Post Stabilization Services Provided By Out of Network, Birth Hospitals Under the Diagnosis Related Group Payment Methodology	Health Services Claims Information Technology Provider Relations	Claims Adjudication OON Provider Payments			Claims Adjudication and OON provider payments			
<a href="#">APL16-017.pdf</a>	Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services	Health Services Claims Provider Relations Information Technology	Coverage of Alternative Birthing Centers			Coverage of Alternative Birthing Centers			
<a href="#">APL16-018.pdf</a>	Quality And Performance Improvement Requirements	Quality Improvement Health Services Provider Relations Information Technology	Quality Measures For HEDIS			Quality Measures For HEDIS			
<a href="#">APL16-019.pdf</a>	Managed Care Provider Data Reporting	Provider Relations Information Technology	Provider Data Submission			Provider Data Submission			
		Key	Compliance - YES						
			Compliance - NO						
			Outcome Pending						
			N/A-Informational document						

**ATTACHMENT C****California Legislative Summary – June 2017**

The State Legislature recently held their first appropriations committee hearings. This is one of the first major roadblocks bills with fiscal impact face as they are placed on suspension and often do not move forward. The chart below has been updated to reflect the bills which advanced. After appropriations committee, bills will go to the chamber floor for a vote and then switch houses to go through the whole process again. KHS staff is working with CAHP and LHPC to provide feedback on bills of interest.

The Governor's May Budget Revision has been released and is currently going through legislative committee review. At this time the decisions are not final but there is discussion of allowing undocumented immigrants up to age 26 to qualify for Medi-Cal, and reinstating some optional benefits that were cut back in 2009. By late-June the budget committees will submit their budget proposal to the Governor for review and signature. Staff will continue to monitor this process.

Below are the bills being tracked for this Legislative Session:

<b>Title</b>	<b>Description</b>	<b>Status</b>
<b>AB 180 (Wood)</b>	Allows for the delay in implementation for the Whole Child Model pilot programs.  <a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB180">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB180</a>	5/26/2017 - Read second time, amended, and re-referred to Com. on RLS.
<b>AB 205 (Wood)</b>	Mega-Reg bill that addresses timely access, network adequacy, and establish a medical loss ratio (MLR) for Medi-Cal plans at 85% as required in the mega-reg. Also makes changes to how public hospitals are funded through Medi-Cal managed care payments.  <a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB205">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB205</a>	LHPC/CAHP oppose unless amended  5/30/2017 - In Senate. Read first time. To Com. on RLS. for assignment.
<b>AB 254 (Thurmond)</b>	Would require the State Department of Health Care Services to establish the Local Behavioral Health Integration Pilot Program for the purpose of improving the behavioral health outcomes of students through a whole person care approach that is accomplished by providing funding to an eligible participant for the provision of direct behavioral health services, as defined.  <a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB254">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB254</a>	5/30/2017 - Read second time and amended. Ordered to third reading.

<b>AB 315 (Wood)</b>	<p>Would require PBM to be licensed by the DMHC. The bill would require a pharmacy benefit manager to periodically disclose to a purchaser certain information such as drug acquisition cost, rebates received from pharmaceutical manufacturers, and rates negotiated with pharmacies. The bill would prohibit a pharmacy benefit manager from including in a contract with a pharmacy network provider provisions that prohibit the provider from informing consumers of alternative medication options or from dispensing a certain amount of prescribed medication.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB315">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB315</a></p>	<p>CAHP Oppose</p> <p>5/30/2017 - Read second time. Ordered to third reading.</p>
<b>AB 340 (Arambula)</b>	<p>Would require, consistent with federal law, that screening services under the EPSDT program include screening for trauma, as defined by the bill and as specified. The bill also would require the Department of Health Care Services, in consultation with the State Department of Social Services and others, to adopt, employ, and develop, as appropriate, tools and protocols for screening children for trauma and would authorize the department to implement, interpret, or make specific the screening tools and protocols by means of all-county letters, plan letters, or plan or provider bulletins, as specified.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB340">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB340</a></p>	<p>LHPC Oppose</p> <p>5/30/2017 - Read third time. Passed. Ordered to the Senate.</p>
<b>AB 391 (Chiu)</b>	<p>Would require DHCS to seek an amendment to its medicaid state plan to include qualified asthma preventive service providers.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB391">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB391</a></p>	<p>5/30/2017 - Read second time and amended. Ordered returned to second reading.</p>
<b>AB 401 (Aguiar-Curry)</b>	<p>This bill would require the board to issue a remote dispensing site pharmacy license to a supervising pharmacy, as defined, of a remote dispensing site pharmacy, as defined, if all the requirements for licensure are met for the purpose of increasing access to dispensing or pharmaceutical care services in the geographic area in which the remote dispensing site pharmacy is located. The bill would authorize a remote dispensing site pharmacy to use a telepharmacy system, as specified. The bill would require a remote dispensing site pharmacy to be located in a medically underserved area, as defined, unless otherwise approved by the board. The bill would authorize a pharmacy located in this state to serve as a supervising pharmacy to provide telepharmacy services for up to one remote dispensing site pharmacies.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB401">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB401</a></p>	<p>5/26/2017 - From committee: Do pass.</p>
<b>AB 447 (Gray)</b>	<p>This bill would, to the extent that federal financial participation is available and any necessary federal approvals have been obtained, add continuous glucose monitors and related supplies required for use with those monitors to the schedule of benefits under the Medi-Cal program for the treatment of diabetes mellitus type 1 and diabetes mellitus type 2 when medically necessary, subject to utilization controls.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB447">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB447</a></p>	<p>CAHP Oppose Unless Amended</p> <p>5/30/2017 - Read second time. Ordered to third reading.</p>



<p><b>AB 659</b> <b>(Thomas)</b></p>	<p>Medi-Cal Reimbursement Rates spot bill.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB659">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB659</a></p>	<p>5/26/2017 - From committee: Do pass.</p>
<p><b>AB 1074</b> <b>(Maienschein)</b></p>	<p>This bill would require a qualified autism service professional or a qualified autism service paraprofessional to be supervised by a qualified autism service provider for purposes of providing behavioral health treatment. The bill would require a qualified autism service professional and a qualified autism service paraprofessional to be employed by a qualified autism service provider or an entity or group that employs qualified autism service providers. The bill additionally would authorize a qualified autism service professional to supervise a qualified autism service paraprofessional. The bill would revise the definition of a qualified autism service professional to, among other things, specify that the behavioral health treatment provided by the qualified autism service professional may include clinical case management and case supervision under the direction and supervision of a qualified autism service provider.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1074">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1074</a></p>	<p>CAHP Oppose Unless Amended</p> <p>5/30/2017 - In Senate. Read first time. To Com. on RLS. for assignment.</p>
<p><b>AB 1092</b> <b>(Cooley)</b></p>	<p>Would under the Medi-Cal program, to the extent federal financial participation and any necessary federal approvals are obtained, restore coverage of one pair of eyeglasses provided every 2 years to an individual 21 years of age or older. The bill would authorize the department to implement those provisions by means of all-county letters, plan letters, plan or provider bulletins, or similar instructions.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1092">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1092</a></p>	<p>5/30/2017 - Read second time. Ordered to third reading.</p>
<p><b>AB 1316</b> <b>(Quirk)</b></p>	<p>Would require that the regulations establishing a standard of care include a risk assessment for determining whether a child is at risk for lead poisoning that considers the most significant environmental risk factors, as specified, and would clarify that the lead screening would not be paid for by funds from the Childhood Lead Poisoning Prevention Fund.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1316">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1316</a></p>	<p>5/30/2017 - In Senate. Read first time. To Com. on RLS. for assignment.</p>
<p><b>AB 1534</b> <b>(Nazarian)</b></p>	<p>Would require a health care service plan contract that is issued, amended, or renewed on or after January 1, 2018, to permit an HIV specialist to be an eligible primary care provider if the provider requests primary care provider status and meets the plan's eligibility criteria for all specialists seeking primary care provider status.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1534">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1534</a></p>	<p>5/30/2017 - In Senate. Read first time. To Com. on RLS. for assignment.</p>

<p><b>SB 17 (Hernandez)</b></p>	<p>This bill would require health care service plans or health insurers that file rate information to report to DMHC or DOI, on a date no later than the reporting of the rate information, specified cost information regarding covered prescription drugs, including generic drugs, brand name drugs, and specialty drugs, dispensed as provided. DMHC and DOI would be required to compile the reported information into a report for the public and legislators that demonstrates the overall impact of drug costs on health care premiums and publish the reports on their Internet Web sites by January 1 of each year.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB17">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB17</a></p>	<p>CAHP Support</p> <p>5/30/2017 - Read third time. Passed. Ordered to the Assembly.</p>
<p><b>SB 152 (Hernandez)</b></p>	<p>This bill would delay the implementation of the Whole Child Model pilots.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB152">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB152</a></p>	<p>5/18/2017 - Referred to Com. on HEALTH</p>
<p><b>SB 171 (Hernandez)</b></p>	<p>Mega-Reg bill that addresses timely access, network adequacy, and establish a medical loss ratio (MLR) for Medi-Cal plans at 85% as required in the mega-reg. Also makes changes to how public hospitals are funded through Medi-Cal managed care payments.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB171">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB171</a></p>	<p>CAHP/LHPC Oppose unless amended</p> <p>5/30/2017 - Read third time. Passed. Ordered to the Assembly.</p>
<p><b>SB 199 (Hernandez)</b></p>	<p>This bill would require the Secretary of California Health and Human Services, in furtherance of the goal of creating the California Health Care Cost, Quality, and Equity Atlas, to convene an advisory committee composed of a broad spectrum of health care stakeholders and experts, as specified. The bill would require the secretary to charge the advisory committee with identifying the type of data, purpose of use, and entities and individuals that are required to report to, or that may have access to, a health care cost, quality, and equity atlas, and with developing a set of recommendations based on specified findings of the March 1, 2017, report.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB199">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB199</a></p>	<p>5/23/2017 - In Assembly. Read first time. Held at Desk.</p>

<p><b>SB 223 (Atkins)</b></p>	<p>This bill would require written notice to be made available in the top 15 languages spoken by limited-English-proficient (LEP) individuals in California identified annually by the United States Census Bureau. The bill would establish minimum qualification and education criteria that an interpreter is required to meet in order to provide interpretation services to enrollees. The bill would require a health care service plan, including a Medi-Cal managed care plan, and a health insurer to notify enrollees or insureds upon initial enrollment and in the annual renewal materials of the availability of language assistance services and of certain nondiscrimination protections available to individuals enrolled in a plan contract or health insurance policy, and would require this information to be included in a separate section of the plan's or health insurer's evidence of coverage, on materials that are routinely disseminated to enrollees or insureds, and to be posted on the Internet Web site maintained by the plan or health insurer.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB223">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB223</a></p>	<p>CAHP Oppose / LHPC neutral</p> <p>5/30/2017 - Read third time. Passed to assembly.</p>
<p><b>SB 456 (Pan)</b></p>	<p>Would authorize a federally qualified health center or rural health clinic to enter into an agreement with a public or private entity willing and qualified to provide services that follow the patient. The bill would describe those entities eligible to contract with an FQHC or RHC under the bill, and would define "services that follow the patient" as services that promote continuity of care and contribute to overall patient wellness, as specified.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB456">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB456</a></p>	<p>5/26/2017 - Read second time. Ordered to third reading. Ordered to special consent calendar.</p>
<p><b>SB 538 (Monning)</b></p>	<p>This bill, the Health Care Market Fairness Act of 2017, would prohibit contracts between hospitals and contracting agents, health care service plans, or health insurers from containing certain provisions, including, but not limited to, setting payment rates or other terms for nonparticipating affiliates of the hospital, requiring the contracting agent, plan, or insurer to keep the contract's payment rates confidential from any payor, as defined, that is or may become financially responsible for the payment, and requiring the contracting agent, plan, or insurer to submit to arbitration, or any other alternative dispute resolution program, any claims or causes of action that arise under state or federal antitrust laws after those claims or causes of action arise, except as provided.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB538">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB538</a></p>	<p>CAHP Support</p> <p>5/26/2017 - Read second time and amended. Ordered to third reading</p>
<p><b>SB 562 (Lara)</b></p>	<p>This bill, the Healthy California Act, would create the Healthy California program to provide comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of all residents of the state.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB562">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB562</a></p>	<p>CAHP Oppose</p> <p>5/26/2017 - From committee: Do pass as amended.</p>

<p><b>SB 608 (Hernandez)</b></p>	<p>Hospital QAF changes due to Mega-Reg</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB608">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB608</a></p>	<p>05/30/17 Read third time. Passed. Ordered to the Assembly.</p>
<p><b>SB 743 (Hernandez)</b></p>	<p>Would prohibit a Medi-Cal managed care plan from restricting the choice of the qualified provider, as defined, from whom a Medi-Cal beneficiary enrolled in the plan may receive family planning services. The bill would require a Medi-Cal managed care plan to reimburse an out-of-plan or out-of-network qualified provider at the applicable fee-for-service rate.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB743">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB743</a></p>	<p>5/30/2017 - Read third time. Passed. Ordered to the Assembly.</p>

# TH TOP HEALTH<sup>®</sup>

The Health Promotion and Wellness Newsletter

5.2017

May is Arthritis Awareness Month.



## Osteoarthritis: Do You Know the Facts?

After decades of hard work, your joints will undergo some degree of degeneration. The most common form of joint disease is **osteoarthritis (OA)**.

- 1 It is the leading cause of physical disability in the U.S.
- 2 It occurs with thinning of the cartilage, a tissue that covers and cushions the ends of your bones where they form joints.
- 3 It affects primarily the hips, knees, lower back, hands and neck.
- 4 It causes inflammation, pain, stiffness and reduced function of the affected joint.
- 5 Primary causes include past joint injuries, aging and being overweight.



**Losing excess weight** decreases stress on the joints, while the more overweight you are, the earlier the onset of OA.

**Strengthening the muscles around your joints** can help slow OA progression and reduce cartilage damage. **Example:** Doing moderate strength training of your quadriceps (thigh muscles) can reduce the pain of OA in your knees.

**Physical therapy and stretching techniques** can often help control the progression of OA and improve your mobility.

**Long-term sitting can tighten muscles and stiffen joints.** If you have OA, don't avoid exercise — daily physical activity is key to maintaining joint function.

**During exercise and sports:** Stay aware to avoid trauma or major overuse of your joints; wear supportive shoes; gradually increase the time and intensity of your activity; and vary your activities.

**You may not prevent the pain and disability of OA altogether,** but you can lessen its impact by staying fit. If you have persistent joint pain, see your health care provider.

Attachment D

## Q: How can exercise help control stress?

**A: Exercise helps reduce stress hormones in the body and boosts chemicals that improve your mood.** Becoming fitter gives you a sense of accomplishment, and working out may be a nice break from upsetting situations.

**Unlike using alcohol or drugs,** coping through exercise can help you feel more able to face difficulties. When you exercise, you physically stress your body intentionally, making you better equipped to respond when emotional stress comes along. Physical activity can also help improve your sleep, energy and concentration, reducing troubling symptoms of anxiety and depression. You may even grow new brain cells.



**Exercise can be functional,** such as raking leaves or walking to work; it can be fun, such as surfing or dancing; or it can be a gym class or routine. Whichever you prefer, start moving today and enjoy all of the benefits.

— Eric Endlich, PhD

May is Mental Health Month.



May is Melanoma/Skin Cancer Detection and Prevention Month.

## QuikRisk™ Assessment: Skin Sense

**Sunscreen can lower your risk of skin cancer and help delay the natural aging of your skin.** When it comes to sun safety, can you pass the screen test? Check **yes** or **no**.



**YES NO**

- I use sunscreen with a minimum 30 SPF and UVA/UVB protection when outdoors, even on cloudy days.
- I apply 1 to 2 ounces (about 1 full shot glass) of sunscreen to exposed skin 30 minutes before going outdoors and reapply about every 2 hours, and after sweating or swimming.
- I use moisturizers containing sunscreen every day, regardless of weather.
- I avoid the sun or stay in the shade between 10 a.m. and 3 p.m., when the sun's rays are strongest.
- I wear long-sleeve shirts and wide-brimmed hats for sun protection.
- I don't use tanning beds and sunlamps.

Answers on back. >>

Brought to you by Personal Best®



## Eat the *Mediterranean* Way

May is  
Mediterranean  
Diet Month.

By Cara Rosenbloom, RD

Studies link the Mediterranean Diet to a reduced risk of heart disease, diabetes, cancer, obesity and dementia, so it makes sense to enjoy more Mediterranean-inspired meals every day. And you don't need to travel to Greece, Italy or other Mediterranean countries to reap the benefits of these eating habits. Just head to your nearest grocery store and stock up on some staples.

### The Mediterranean Diet emphasizes healthy, nutrient-dense whole foods.

Core items for your grocery cart are vegetables, fruit, whole grains, beans, nuts and healthy fats such as olive oil. And instead of salty condiments and sauces, add flavor with a variety of herbs and spices. Start with cumin, cinnamon, basil, oregano and mint.



Many Mediterranean meals are plant-based and filled with protein-rich nuts, seeds, beans, tofu and eggs rather than meat. Delicious dishes such as chickpea stew, lentil and vegetable soup, and fluffy omelets are meal mainstays.

Fish and seafood are part of the diet and are recommended for meals at least twice per week. Poultry is included, but red meat is recommended only occasionally.

### Interestingly, the Mediterranean Diet isn't just about what you eat;

it also focuses on whom you eat with. It encourages you to enjoy meals with friends and family, and to slow down and enjoy your food rather than eating on the go. Tenets of the diet also remind you to consume moderate portion sizes and stay physically active.



### Start your Mediterranean journey today for a lifetime of better health.

*“There are **no shortcuts** to life's greatest achievements.”*

— Anonymous



Smart Moves toolkit is at [www.personalbest.com/extras/17V5tools](http://www.personalbest.com/extras/17V5tools).

5.2017

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May is Better Sleep Month.

## Operation SLEEP WELL



When you sleep well you feel well. Quality sleep can mean the difference between feeling positive and mentally sharp with energy to enjoy your day and, alternatively, dragging yourself from 1 activity to another and longing for bedtime.

**What's keeping you from sleeping better?** Many people experience **acute (short-term) insomnia**. Others develop **chronic insomnia** for months or years, and struggle to fall asleep or stay asleep despite feeling tired.

**Insomnia doesn't always have a cause**, although some insomnia cases are related to emotional issues — stress, anxiety and depression. Other common causes include chronic pain, restless leg syndrome, sleepwalking, allergies, acid reflux, alcohol abuse and many medications.

**Work with your health care provider** to find personal solutions, and adopt these habits:

- ✓ Sleep on schedule.
- ✓ Quiet your mind and leave worries for wake time.
- ✓ Cut back on caffeine and skip the alcohol.
- ✓ Review your medications with your provider.
- ✓ Get some exercise.
- ✓ Relax your body and meditate to fall back to sleep.
- ✓ Unplug electronic devices well before bedtime.



## QuikRisk™: Skin Sense

Continued from front.

If you answered **yes** to every statement, **congratulations**. You're doing a good job. If you answered **no** to some or all of them, take steps to better protect your skin.

**Let's face it: Tanned skin is damaged skin.** Even if it's cool and cloudy outdoors, cover up — UV rays, not the heat, cause skin damage. The most common sign of skin cancer: a change in your skin, including a new growth, a sore that doesn't heal or a change in a mole.




**Attachment E**

**Summer • 2017**






*NEW MEMBER PORTAL!*

### Access health plan information online

Have you seen our new member portal? Just visit **kernfamilyhealthcare.com**. Click on "Member Login." Then follow the steps to sign up.

You'll have access to your health plan information—**plus**, you'll be able to:

-  View and print your member ID card.
-  Confirm your eligibility with Kern Family Health Care and find out who your doctor is.
-  Get reminders about vaccines or tests you need.
-  Change your doctor.
-  Sign up for free health education.
-  Learn more about your health plan.

**Create your online account today!**

## Take the Summer Reading Challenge

### CHALLENGE YOURSELF TO READ 10 BOOKS

**T**he Kern County Library Summer Reading Challenge encourages children, teens and adults to exercise their minds and read during the summer. This year's theme is Reading by Design. Some benefits of reading:

- Studies show that children who read for fun during the summer often perform better than other children once back in school.
- Reading teaches problem-solving skills.
- Reading helps you learn about people who are different from you.

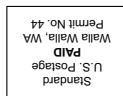
#### For children and teens.

- Read 10 books, magazines, graphic novels, audio books or eBooks. Teens can choose to read 10 books or for 10 hours.

- Record your titles/hours, either online at **kclsummerchallenge.org** or in a paper reading log. The log can be picked up from the library. Make sure a parent signs it.
- Return your signed reading log or your printed Reading Champion badge from our online reading log to the library by **Monday, July 31**. Then you can receive a **free** paperback book from Friends of the Kern County Library, Inc.

#### For adults.

- Register with your email address at **kclsummerchallenge.org** to be entered into a drawing for prizes. Winners are contacted in August.
  - Record your books online as you read them.
- To learn more, call **661-868-0700**.





## wellness



# Kern Family Health Care wants to reward you for being healthy

**G**oing to regular doctor visits helps you and your family stay healthy. As a thank-you for taking these steps, we are offering incentives. These are rewards that we will send you for taking health actions.

### New member incentive.

- Do your Initial Health Assessment with your doctor within 120 days of enrolling.
- The assessment will help your doctor know your health needs.

- You will get a gift in the mail. It includes a first aid kit, a thermometer and a pedometer.

### Pregnancy incentive.

- Go to at least six prenatal visits and one postpartum visit with your doctor within three to eight weeks after you have your baby.
- These visits help you have a healthy pregnancy and a healthy baby.
- You will get a voucher for a Pack-n-Play crib **or** diapers and wipes.

### 1-year-old well-child exam incentive.

- Take your child (12 to 23 months) to the doctor for a yearly exam.
- This will keep your child up-to-date on shots.
- You will get a voucher for a stroller.

### Healthy Eating and Active Lifestyle (HEAL) workshop incentives.

- We will give you a gift when you attend one of our HEAL workshops.
- It may be a set of measuring cups, an exercise band, a cookbook or a pedometer.
- You'll also be entered in a raffle for a slow cooker.

### Asthma management workshop incentives.

- We will give you a gift when you attend one of our asthma management workshops.
- This gift may include a hypoallergenic pillowcase or nontoxic cleaning supplies.

### Other incentives.

- We will also provide other incentives for taking your child to the yearly well-child visit. You will receive a letter in the mail if you qualify.

If you have any questions about the incentive programs, please call us at **800-391-2000**. If you want to sign up for a health education workshop, please visit the member portal.

Kern Family Health Care complies with applicable federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex.

ATTENTION: If you speak a language other than English, language assistance services, free of charge, are available to you. Call **800-391-2000**.

ATENCIÓN: Si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al **800-391-2000**.

注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 **800-391-2000**。



safety



Have a safe summer

Summer is a laid-back season. It's not good to be laid-back when it comes to safety though. With warm weather comes the risk for certain injuries and health problems—some can even be deadly.

Here are some tips on how to keep you and your family safe:

**Never leave a child in the car.** Even if it's only 85 degrees outside, a parked car can reach 120 degrees. Always check the back seat. Put your purse or wallet in the back so you are sure to look before you lock the door.

**Make helmets a must.** Helmets help reduce the risk of head injury and of death from bicycle crashes. Helmets are also a good idea when riding a horse or skateboard, playing sports like baseball or softball, or using inline skates.

**Watch out for heatstroke.** Signs include a body temperature above 103 degrees; hot, red, dry or moist skin; a rapid and strong

pulse; and passing out. Call 911 right away if you think someone has heatstroke. Move the person to a cooler place, and use cool cloths or a cool bath to bring the temperature down. Do not give the person liquids to drink.

**Protect your skin.** Use a broad-spectrum sunscreen with at least SPF 30. The waterproof versions are the best!

Keep pets cool in the heat

Summer's heat can be dangerous for people and pets. Help keep your furry friends safe and cool with these four tips:

**1. Supply water and shade.** If pets must be outdoors, provide plenty of cold water. In heat waves, add ice to water. No trees for shade? A tarp can do the trick. It's better than a doghouse—which can become a sauna on a hot day. Use a kiddie

Summer safety in Kern County

If you have a child who is 5 years old or younger, there are free programs in Kern County that will teach you water safety, first aid and CPR. These include:

**Make a Splash**  
Water safety, first aid and CPR  
661-852-7430

**Kern Valley Aquatics Program**  
Water safety, injury prevention and swim lessons  
760-299-2030

**Be safe around water.** Always keep young children within arm's reach of an adult. Kids should wear a Coast Guard-approved life vest when swimming. Arm "floaties" cannot be used to prevent drowning.

Sources: American Academy of Allergy, Asthma & Immunology; Centers for Disease Control and Prevention; Safe Kids Worldwide; U.S. Consumer Product Safety Commission

Source: The Humane Society of the United States

KFHC mailing address: 9700 Stockdale Highway, Bakersfield, CA 93311

# staying healthy



- Know your family's health history.
- Bring all your medicines with you.
- Take notes.
- Bring someone to help you understand and remember what you heard.
- Don't be afraid to ask your doctor to repeat something.
- It's OK to ask your doctor to draw pictures or write down long words.

Hector Jose Arreaza, MD, a primary care doctor in Bakersfield, says: "It is very important for patients to take ownership of their health. Some patients feel like their doctor is in charge of their health. But in the end, patients are responsible for their own health."

He shared these common questions you can ask your doctor at every visit:

- What screening tests do I need?
- Do I need any vaccines at my age?

**And when you see your doctor for a problem, ask:**

- What is my diagnosis?
- How is it treated?
- Will I need a test?
- What will the medicine you prescribed do? How do I take it? Are there any side effects?
- What can I do to improve my health?

**Take answers home.**

- Ask for written instructions or a written plan.
- Ask for brochures, videos, websites or local health programs.

Source: Agency for Healthcare Research and Quality

## Questions are the answer

QUESTIONS TO ASK YOUR DOCTOR

### What questions will you ask your doctor?

For your next appointment with your doctor, write down at least three questions you want to ask. Take these questions with you to the appointment.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**Y**ou can make sure you get the best care by being an active member of your health care team. That means asking questions.

**Be prepared.** Time is limited during doctor visits. Think ahead about what you want to do during your visit. Do you want to:

- Talk about a health problem?
- Get or change a medicine?
- Get medical tests?
- Talk about surgery?

**Here are more tips:**

- Write down your current and past health conditions and surgeries. Bring that list to your appointment.

KFHC office address: 5701 Truxtun Ave., No. 201, Bakersfield, CA 93309

## staying healthy

# Keep your kidneys healthy

**W**hat are kidneys and what do they do?

You have two kidneys. They are bean-shaped and about the size of a fist. They are located in the middle of your back, on the left and right sides of your spine.

The kidneys filter your blood, removing wastes and extra water to make urine. They also help control blood pressure and make hormones that your body needs to stay healthy. When the kidneys are damaged, wastes can build up in the body.

### What are the main risk factors?

- Diabetes.
- High blood pressure.
- Heart disease.
- A family history of kidney failure.

### Tips to help keep your kidneys healthy:

- Keep your blood pressure at the target set by your health care provider. For most people, the blood pressure target is less than 140/90 mm Hg.
- If you have diabetes, control your blood glucose level.
- Keep your cholesterol levels in the target range. Less than 200 mg/dL is the desirable range for most people.
- Cut back on salt. Aim for less than 2,300 milligrams of sodium each day.
- Choose foods that are healthy for your heart: fresh fruits, fresh or frozen vegetables, whole grains, and low-fat dairy foods.
- Limit your alcohol intake, be more physically active, and if you

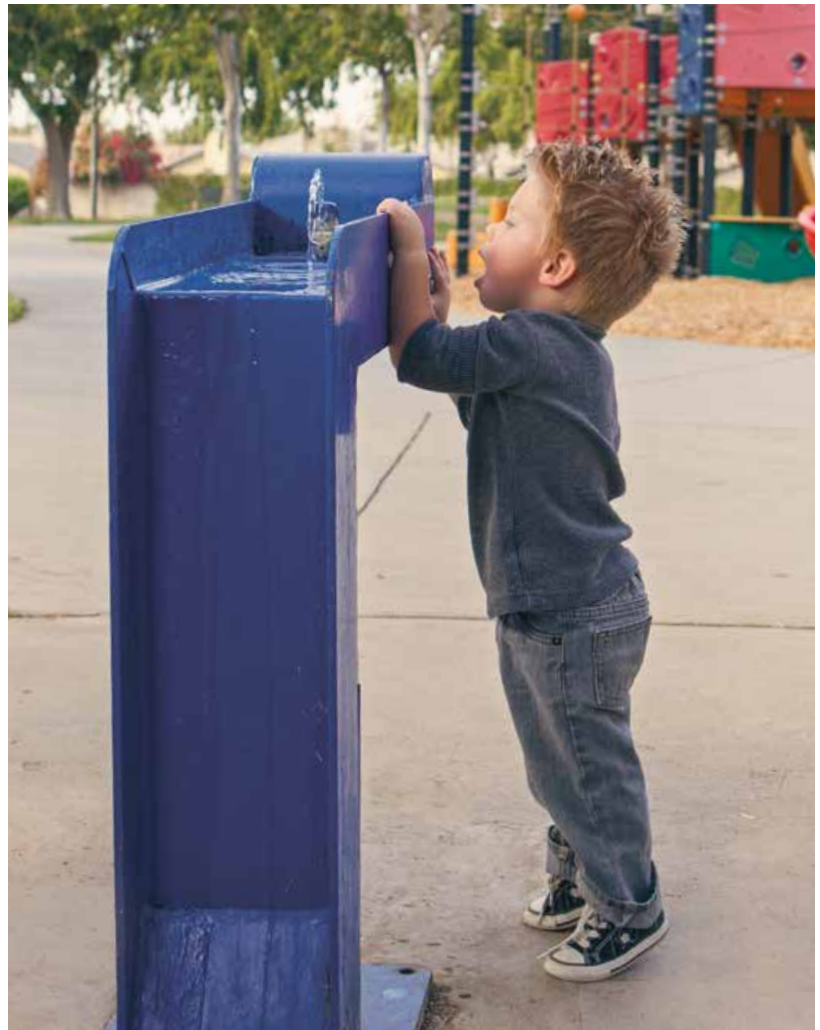
smoke, take steps to quit. Cigarette smoking can make kidney damage worse.

■ Avoid some over-the-counter medicines (such as aspirin, naproxen or ibuprofen) because they can harm kidneys.

If you have any of these risk factors, talk to your doctor and

get tested for kidney disease. Early kidney disease has no signs or symptoms. You may not feel any different until your kidney disease is advanced. Blood and urine tests are the only way to know if you have kidney disease. Kidney disease can be treated if detected early.

Source: National Kidney Foundation



KFHC mailing address: 9700 Stockdale Highway, Bakersfield, CA 93311

family health 5



## diabetes

# Learn how to manage diabetes

**M**anaging diabetes means healthy eating, checking your blood sugar and taking meds the right way. Dignity Health offers two free programs to help.

### Chronic Disease and Diabetes Self-Management seminars.

These seminars are called “empowerment” because you’ll have more control over your condition with the tips and skills you’ll learn. They include:

- Dealing with tough emotions.
- Goal setting and action plans.
- Healthy eating.
- Medication usage.
- Problem solving.
- Staying active.
- Working with your health care team.

**DEEP seminars.** Our free Diabetes Empowerment Education Program (DEEP) seminars will



help you reduce your risk of health problems that result from diabetes. These health problems can include kidney failure, amputation, vision loss, heart failure and stroke. DEEP has been shown to improve:

- A1C levels and systolic blood pressure.
- Diabetes knowledge.
- Physical activity.
- How to follow a healthy eating plan.
- Foot care.
- Checking your glucose.
- Taking your medication.

■ Feeling confident about taking care of your health.

The seminars are free, but you’ll need to sign up in advance. Call **661-323-3524** or email **lucia.ramirez@dignityhealth.org**.

Not sure if you have diabetes? Schedule a visit with your doctor to discuss your risk. You can also take the Type 2 Diabetes Risk Test at **diabetes.org** to give you an idea.

To learn more, visit **dignityhealth.org/mercy-bakersfield/classes-and-events/diabetes-education**.

## Member rights

If you have a service or quality of care complaint against Kern Family Health Care or a provider, call us first at **661-632-1590** (Bakersfield) or **800-391-2000** (outside of

Bakersfield) or visit our website: **kernfamilyhealthcare.com**.

You may call the Department of Managed Health Care (DMHC) for help if:

- Your grievance is an emergency.
- You are not happy with Kern Family Health Care’s decision.

■ It has not been resolved in 30 days.

The DMHC’s toll-free number is **888-HMO-2219 (888-466-2219)**. Its TDD line (for people with hearing and speech impairments) is **877-688-9891**. You may also call the DHCS Office of the Ombudsman toll-free at **888-452-8609**.



FAMILY HEALTH is published as a community service for the friends and patrons of KERN FAMILY HEALTH CARE, 9700 Stockdale Highway, Bakersfield, CA 93311, telephone 800-391-2000.

Information in FAMILY HEALTH comes from a wide range of medical experts. If you have any concerns or questions about specific content that may affect your health, please contact your health care provider. Models may be used in photos and illustrations.

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We post current health care news and tips to help you and your family stay healthy. You can also get important member updates and see what Kern Family Health Care is doing in your community.

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Watch the Kern Family Health Care channel on YouTube



*Governed Reporting System*

# **Kern Health Systems Attachment F**

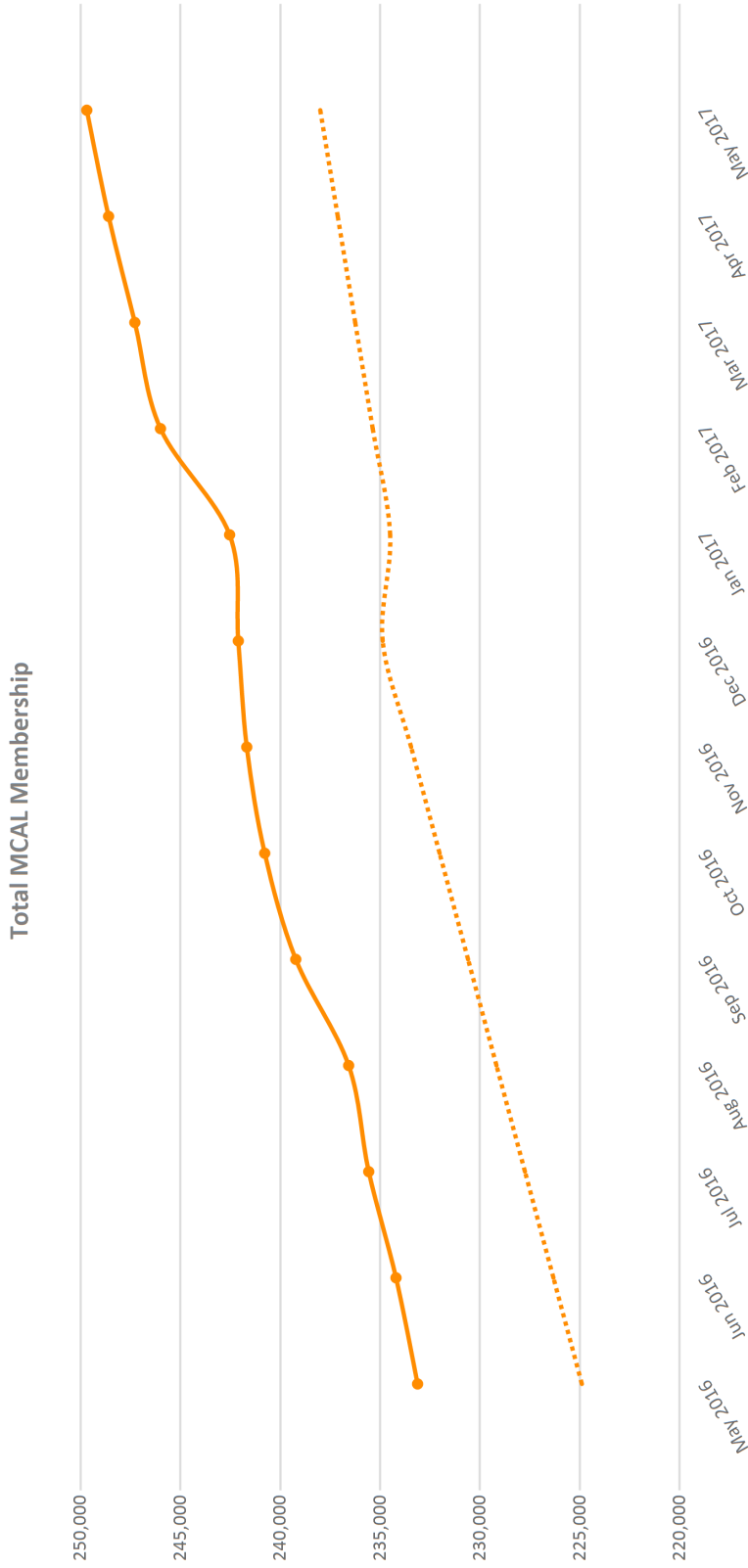
**KHS Dashboard Performance Reports  
(Critical Performance Measurements)**



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



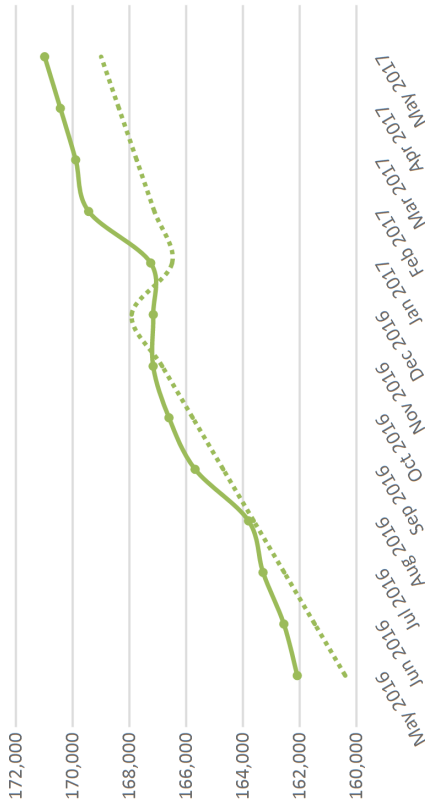


Governed Reporting System

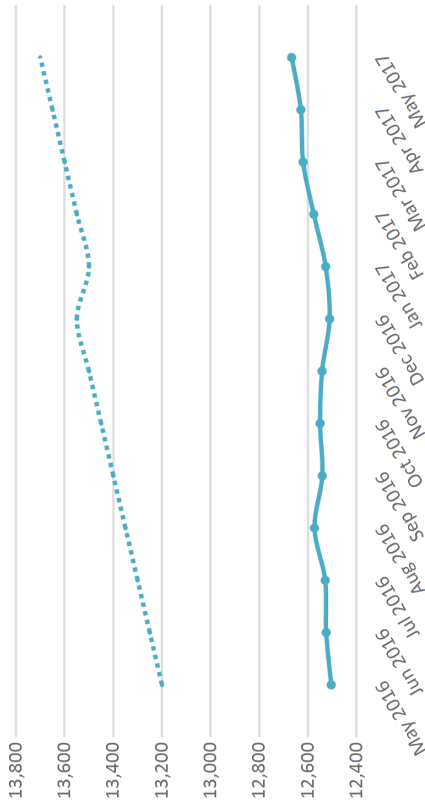
Membership

● 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

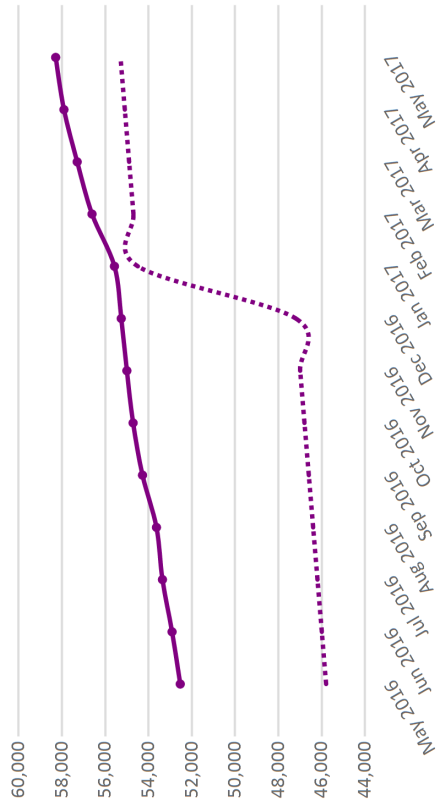
MCAL Family/Other Membership



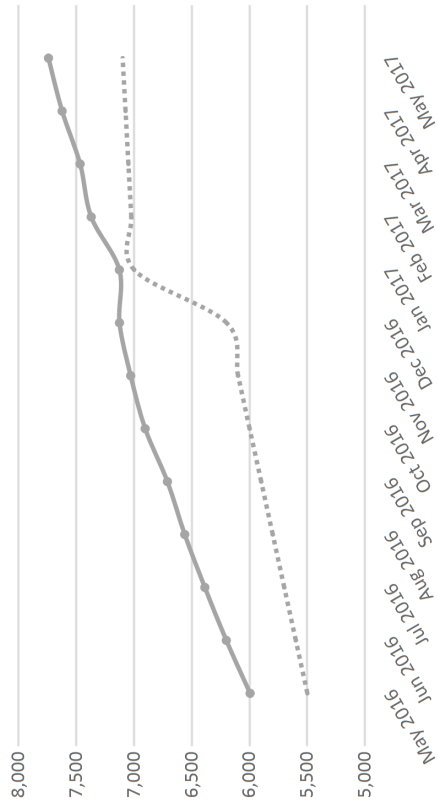
MCAL SPD Membership



MCAL Expansion Membership



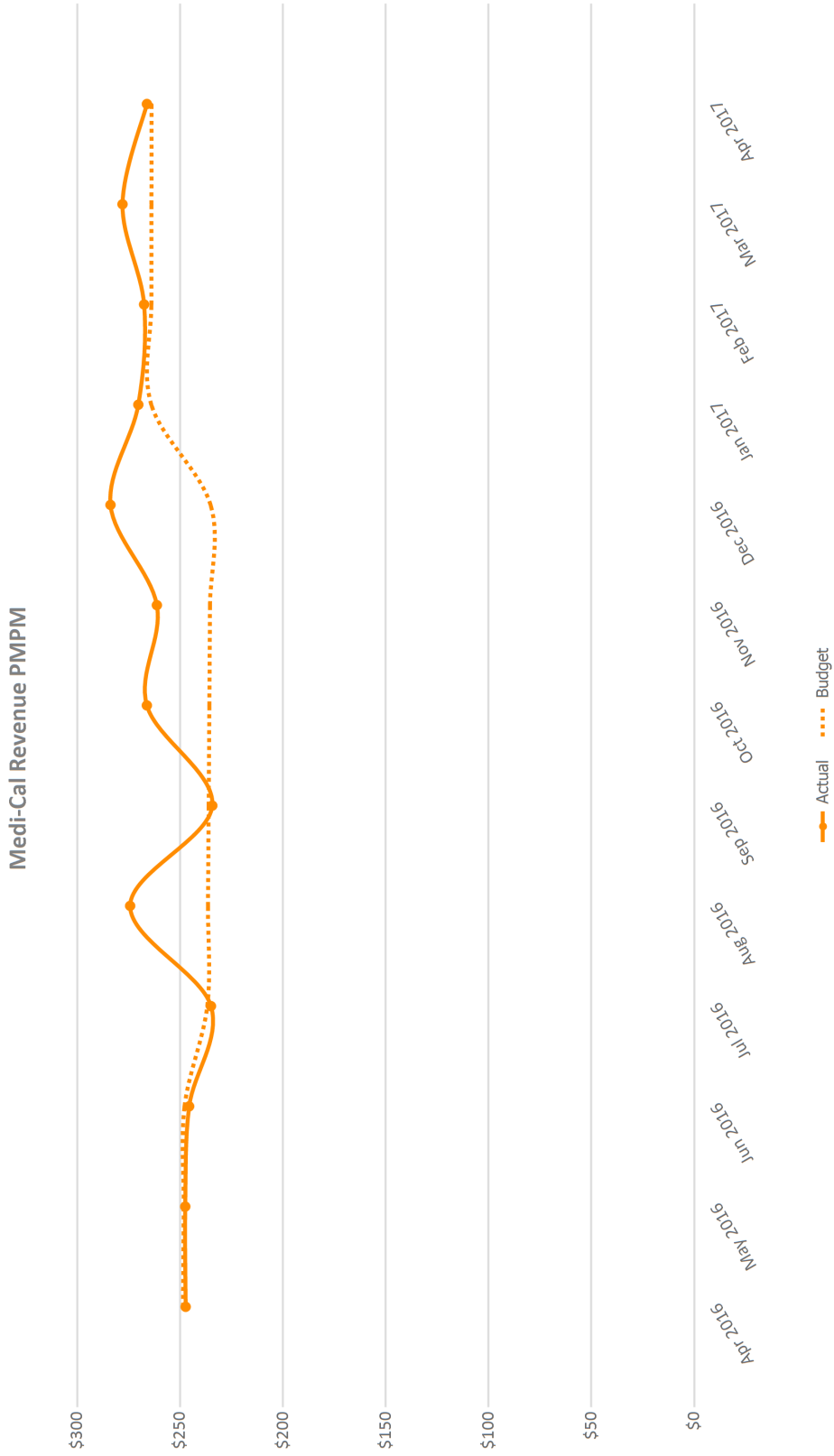
KP Membership





Governed Reporting System

Revenue







*Governed Reporting System*

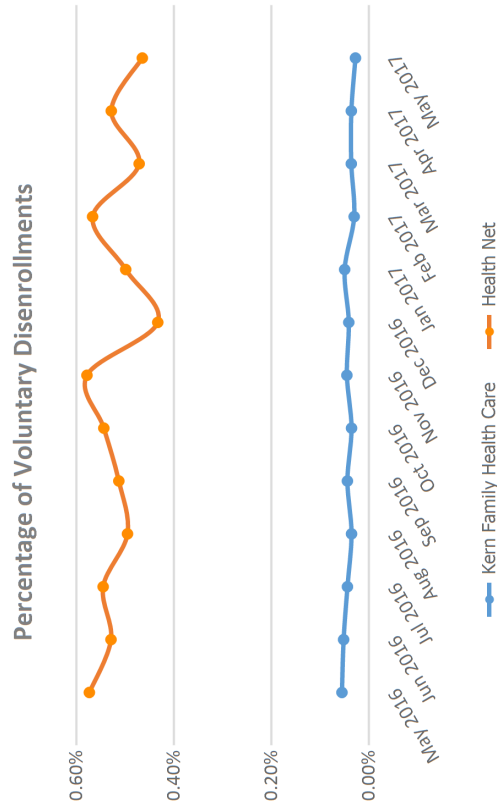
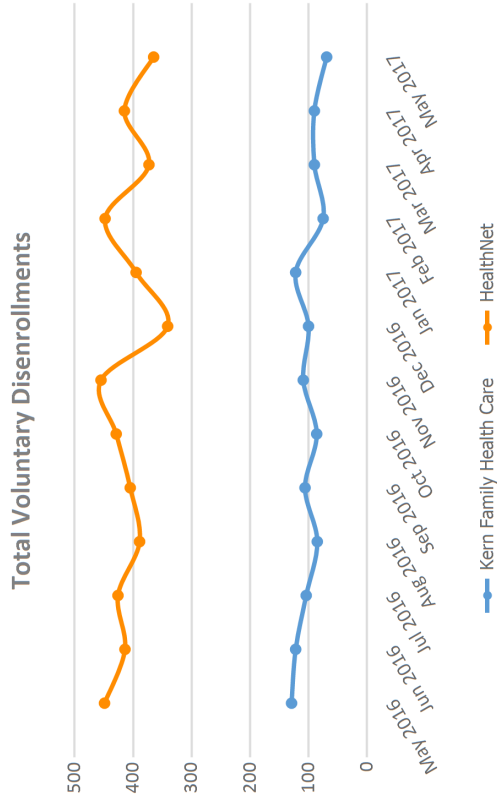
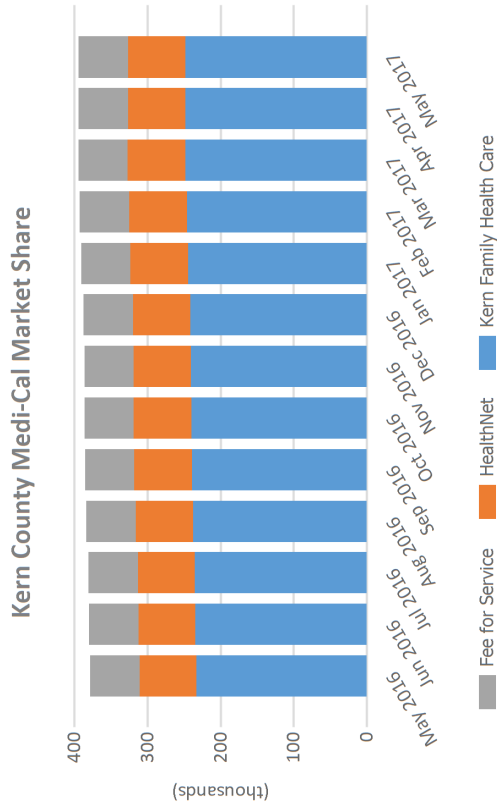
# **Kern Health Systems**

**Performance Reports**  
**Operations Metrics**



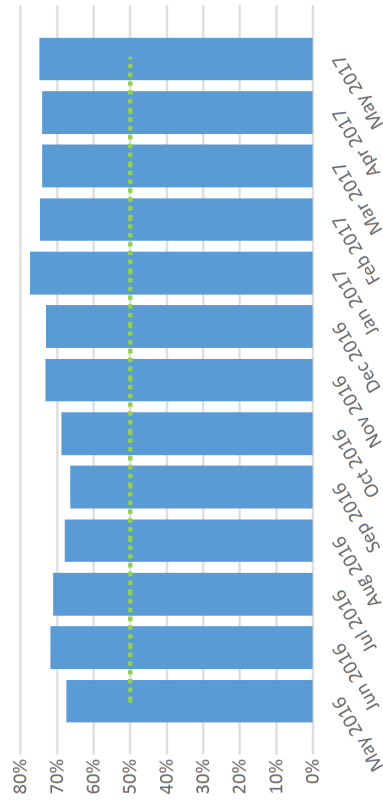
Governed Reporting System

# Enrollment - Market Share

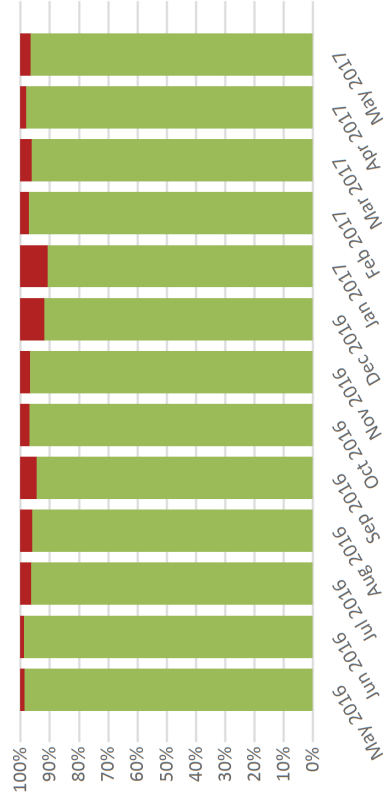


## Claims Efficiency and Quality

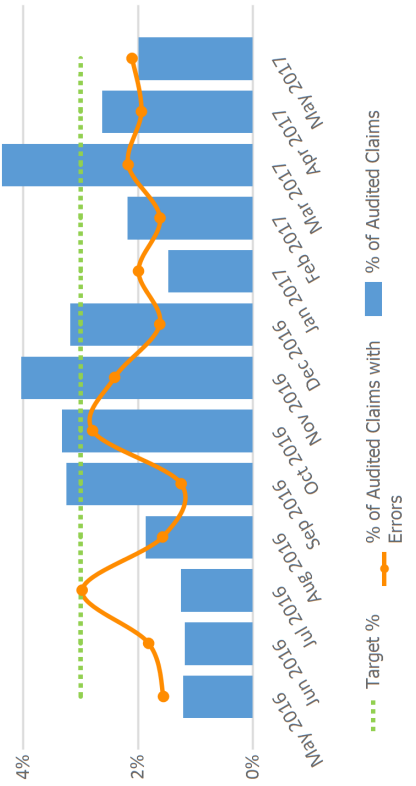
Claims Auto-Adjudication Rates



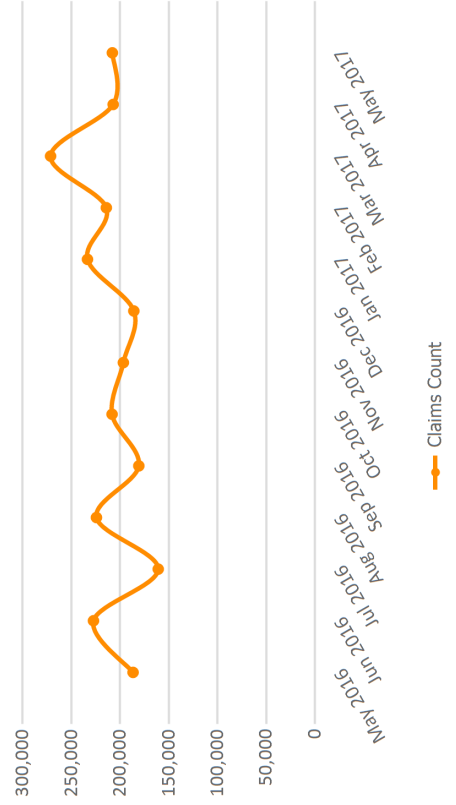
Claims Turnaround Days



Claims Audit Percentage and Accuracy



Claims Processed

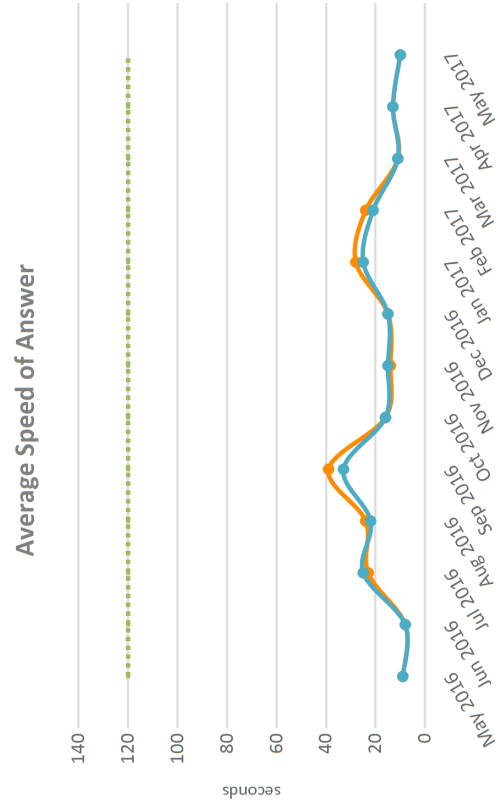
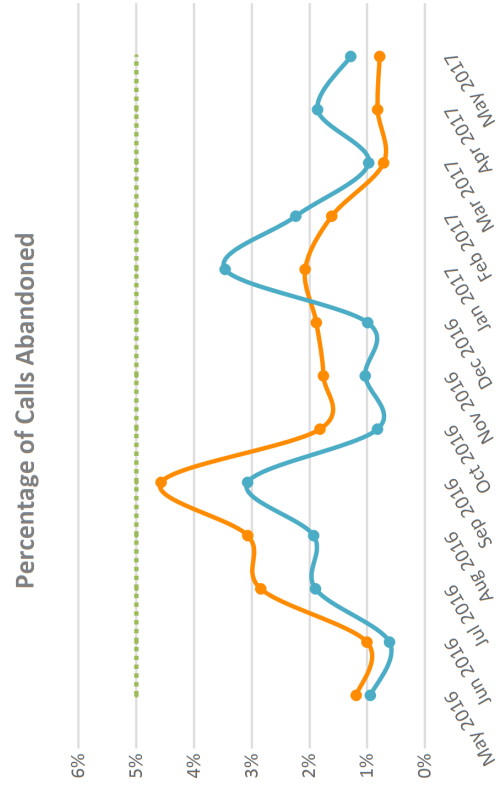
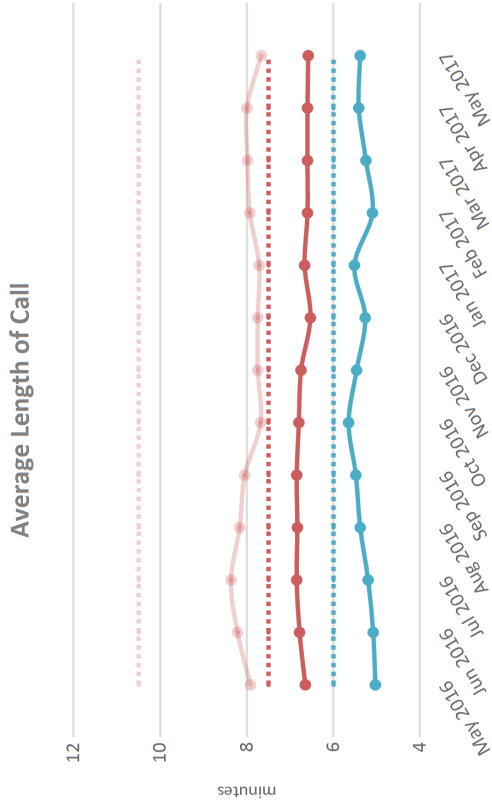
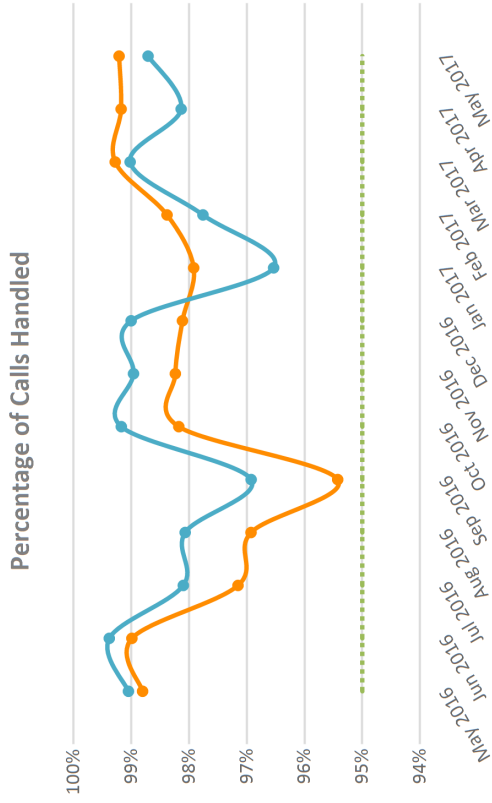




Governed Reporting System

Member Services

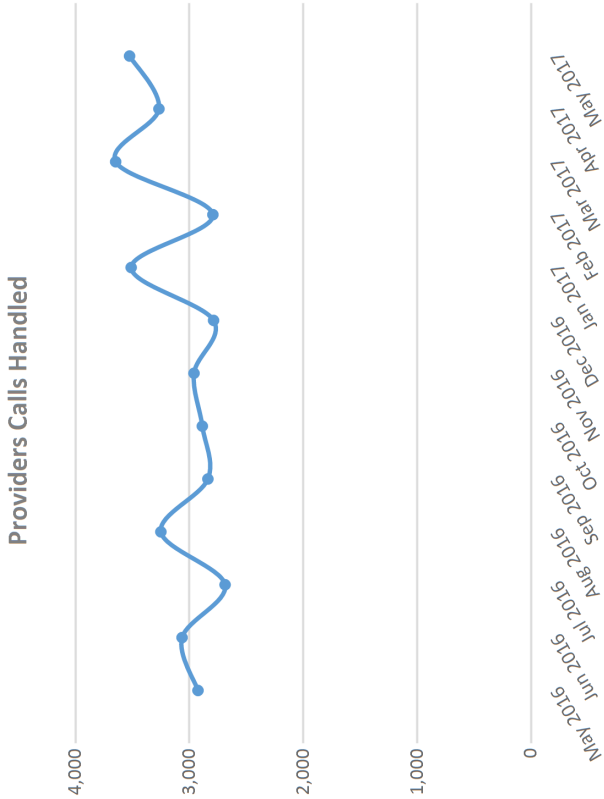
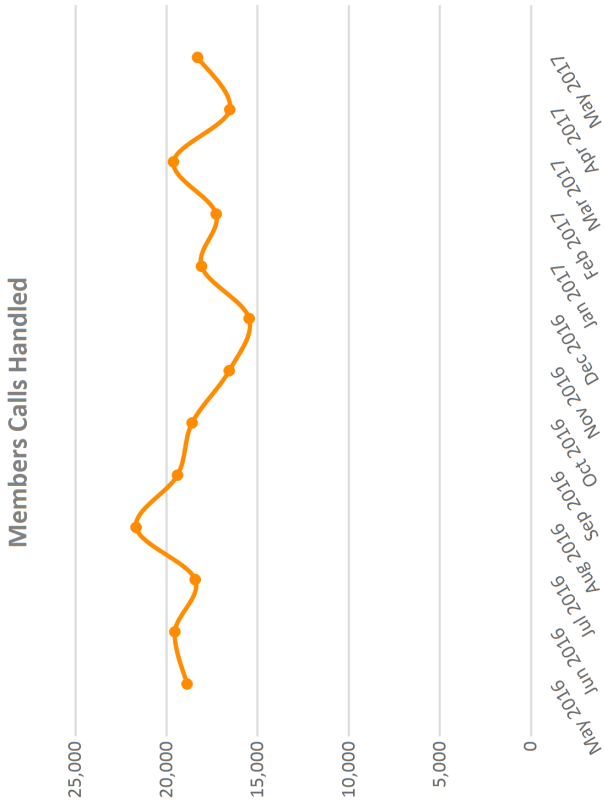
—●— Members - English  
—●— Members - Spanish  
—●— Providers  
- - - - - Target





Governed Reporting System

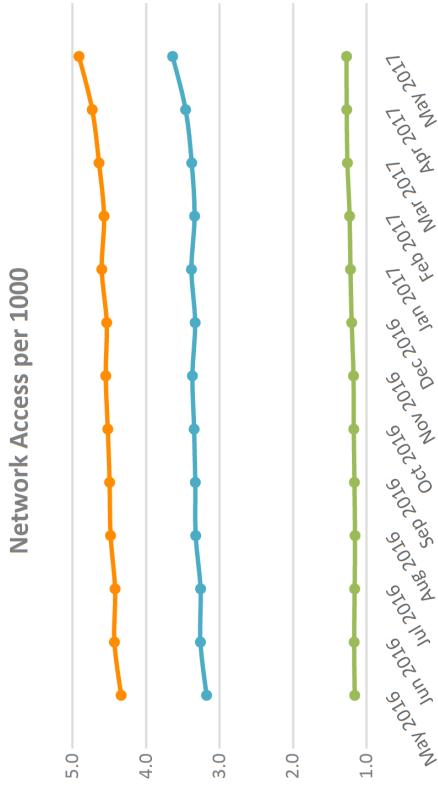
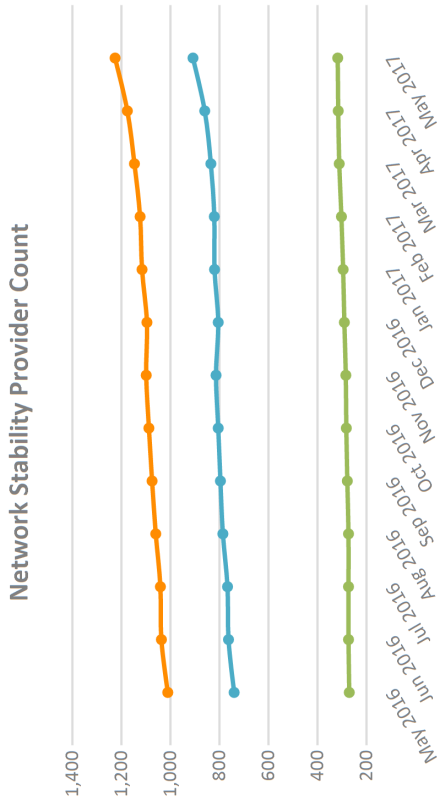
Member Services Calls Handled



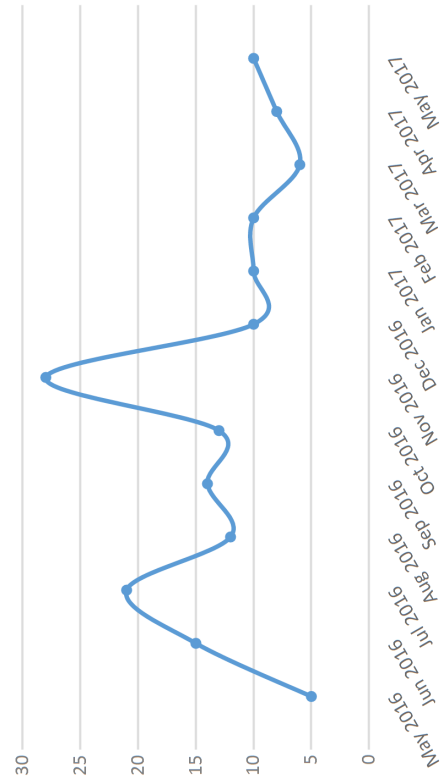


Governed Reporting System

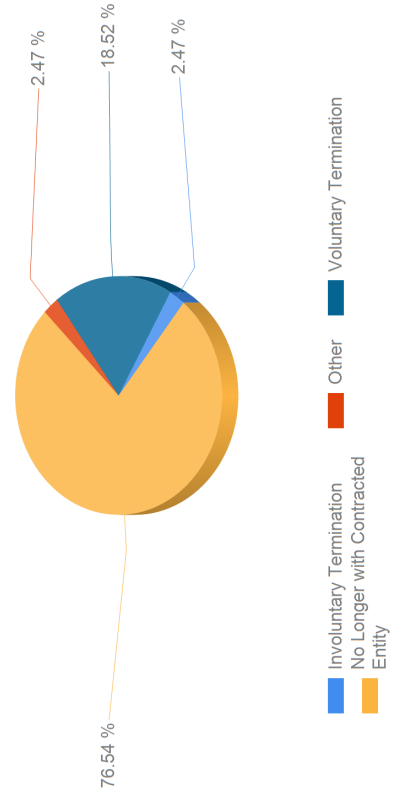
Provider Network and Terminations



Provider Terminations



Provider Terminations by Reason



**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
NEW VENDOR CONTRACTS  
BOD: June 8, 2017 (MAY 3rd PAC)**

Name	DBA	Specialty	Address	Comments	Contract Effective Date
Agia Pharmacy & Café, Inc	Agia Pharmacy & Café	Pharmacy	276 S. Mill Street Ste. A Tehachapi CA 93561		6/1/2017
Huisoon Kim Professional Acupuncture Corp.	Kim's Acupuncture Clinic	Acupuncture	1619 S. H Street Bakersfield CA 93304	Cred Provider: Huisoon Kim AC	6/1/2017
Medical Diagnostic Laboratories LLC	Medical Diagnostic Laboratories	Laboratory / Specialized Laboratory Testing	2439 Kuser Road Hamilton NJ 08690		6/1/2017

**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
NEW VENDOR CONTRACTS  
BOD: June 8, 2017 (May 31st PAC)**

Name	DBA	Specialty	Address	Comments	Contract Effective Date
Adventist Health Physicians Network	Adventist Health Physicians Network	PCP	9900 Stockdale Hwy Ste.200 Bakersfield CA 93311	This will retro back to 5/1/17. Purchased: PrimeCare Physicians Cred Providers: Arun Softa & Ambika Softa	5/1/2017
Erin Wells	Lily Lactation	Lactation Consultant	7329 Hooper Ave, Bakersfield CA 93308		7/1/2017
Ashmead Ali, MD	Ashmead Ali, MD	PCP	1415 W Rosamond Blvd. Ste 24, Rosamond CA 93560	Additional Location Amendment	7/1/2017
Alpha J Anders, M.D., Inc.	Comprehensive Pulmonary and Critical Care Associates	Pulmonary and Critical Care	2811 H Street, Bakersfield, CA 93301		7/1/2017
M Brandon Freeman MD PhD PC	M Brandon Freeman MD PhD PC	Plastic Surgery	2701 Chester Ave. Ste. 103 Bakersfield, CA 93301-2016	Name Change & Tax ID	6/1/2017
Sreedhar Kommineni MD PC	Sreedhar Kommineni MD PC	Anesthesiology	4500 Drive Ste 102 Bakersfield CA 93306	The provider is part of Bakersfield Specialty Surgery Center, second location under indiv TIN.	7/1/2017
Kinetica Physical Therapy	Kinetica Physical Therapy	Physical Therapy	5700 Woodmere Drive Suite 105 Bakersfield Ca 93313		7/1/2017
Bakersfield Heart Hospital	Bakersfield Heart Hospital	Acute Hospital	Hospital 3001 Sillect Avenue Bakersfield CA 93308 BHH Wound Care Center - 3012 Sillect Ave Ste B BHH Woman's Heart Center - 3001 Sillect Avenue BHH Brain & Spine Center - 3008 Sillect Ave BHH Cardiac Rehab - 3001 Sillect		5/15/2017
Truxtun Psychiatric Medical Group	Truxtun Psychiatric Medical Group	Psychiatry	6001 Truxtun Ave Ste 160 Bakersfield CA 93309	Cred Provider: Iyengar Malini	7/1/2017
Comfort Anesthesia Associates, Inc	Comfort Anesthesia Associates, Inc	Anesthesiology	3001 Sillect Avenue Bakersfield CA 93308	Exclusive to Bakersfield Heart Hospital	6/1/2017
West Side Family Health Care	West Side Family Health Care	PCP	100 E. North Street Taft CA 93268	Adding PCP Contract Cred Provider: Timothy Lee, MD already credentialed	6/1/2017
CBCC Pain Medicine & Surgery Center	CBCC Pain Medicine & Surgery Center	ASC Surgery Center	6501 Truxtun Avenue Bakersfield CA 93309		7/1/2017



**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
TERMED CONTRACTS  
BOD: JUNE 8, 2017 (MAY TERMS)**

Name	DBA	Specialty	Address	Comments	Effective Date
Sharma Medical Clinic Inc.- Delano		OB/GYN	323 S. Lexington Street Delano, CA	termining the TAX ID on 5/31/17 and joining the Bakersfield location Tax ID on 6/1/17 with same NPI and new PRV as an additional location	5/31/2017
Sharma Medical Group Inc. Wasco		OB/GYN	1217 7th St. Wasco, CA	termining the TAX ID on 5/31/17 and joining the Bakersfield location Tax ID on 6/1/17 with same NPI and new PRV as an additional location	5/31/2017
Care Medical, A California Corporation		DME, O2 Equipment and Supplies	9644 W Nicholas Avenue, Visalia, CA 93291		12/31/2016
Mojave Pharmacy	Mojave Pharmacy	Pharmacy	16912 Highway 14, Mojave CA 93501	Pharmacy Permit and License were both revoked efft 4/20/17	4/20/2017
Joel Cooper	JN Cooper Physical Therapy	Physical Therapy	142 E TULARE AVE, SHAFTER, CA 93263	Joel Cooper is retiring and terming contract w/ KFHC.	4/21/2017
Central Nephrology Medical Group		Nephrology	5030 OFFICE PARK DRIVE, BAKERSFIELD, CA 93309	Bought out by Centric Health 10/1/16	10/1/2016
PrimeCare Physicians	PrimeCare Physicians	PCP	9900 Stockdale Hwy Ste.200, Bakersfield CA 93311	Adventist Health Physicians Network bought them out.	5/1/2017

**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
TERMED CONTRACTS  
JUNE 8, 2017**

Name	DBA	Specialty	Address	Comments	Effective Date
Klupsteen, Khurna and Patel	Hospitalist	Neonatal		disolved the group contract and Patel and Khurana have current individual contracts	12/9/2017
Mohamadeli DO, Hassamali	HS Hospitalist	PM&R		Disolved his individual contract and his corp account remains contracted	1/1/2016



**To: Kern Health Systems Board of Directors**

**From: Bruce Wearda, R.Ph.**

**Date: June 8, 2017**

**Re: Pharmacy & Therapeutics (P&T) modifications**

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**Background**

The P&T Committee met to review the classes of drugs commonly prescribed by:

- Obstetrics and Gynecology
- Cardiology

The Committee reviewed current literature and received input from physicians representing each Specialty area to determine if KHS's formulary included the latest drug therapies and whether older listed medications were still relevant.

The goal of the review was to ensure the drug formulary includes a representation of medically necessary and appropriate drug classes, in alignment with national guidelines, in the manner and form prescribed by physicians for treatment of OBGYN and Cardiology patients.

In addition, the Committee sees to it that all available medications are efficacious, cost practical and safe.

For Cardiology, the review was more extensive since newer drugs were introduced to the market since the last review to place. The assessment focused on arterial thrombosis, congestive heart failure, and coronary artery disease.

In general, some modifications were made due to new FDA safety recommendations for acetaminophen with codeine and tramadol. Other drug utilization review actions were taken based on safety concerns and regulatory requirements.

**The Committee recommends the following changes to the KHS drug formulary.**

**1. Additions:**

- OTC prenatal vitamins with DHA
- Fludrocortisone (a drug to manage hypotension)
- Brilinta and Anagrelide (drugs to prevent thrombosis (clots), with contingent criteria, to ensure safe and appropriate use)
- Ezetimibe (an adjunct drug in the management of hypercholesterolemia)

**2. Modifications:**

- Remove step-therapy on: Ortho Tri-Cyclen Lo, Rosuvastatin, and, Buspirone. Nisoldipine (strengths will be updated) and changing age restrictions to Acetaminophen with Codeine and Tramadol (to align with new FDA warnings and indications)
- Follow FDA indicated parameters with professional organization evidence based criteria when approving use of Corlanor and Entresto (for managing heart failure) and the PCSK9 class, (for managing hypercholesterolemia). These medications will cost \$5400 per member per year compared to the standard therapies averaging less than \$200. The cholesterol inhibitors will be an additional \$14,000 for mildly managed patient vs. an average of \$75 per year.

**3. Deletions:**

- Diltiazem 12 hr,
- Felodipine,
- Betaxolol,
- Nadolol,
- Timolol,
- Simcor,
- Chlorthalidone 50mg,
- Hydrochlorothiazide 50 mg, 100 mg, and
- Irbesartan (and combination products),

Safer alternatives exist, new guidelines point away from these medications, and utilization is extremely low to non-existent.

**Requested Action**

Approve the P & T Committee recommendations to KHS's drug formulary in accordance with 1, 2, and 3 above.

## SUMMARY

### FINANCE COMMITTEE MEETING

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

Friday, April 7, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:02 A.M.

Members present: Deats, McGlew, Melendez (arrived at 8:04 a.m.), Rhoades

Members absent: Casas

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

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

COMMITTEE ACTION SHOWN IN CAPS

#### PUBLIC PRESENTATIONS

- 1) This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Also, the Committee may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

**NO ONE HEARD**

#### COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))

**NO ONE HEARD**

- CA-3) Minutes for KHS Finance Committee meeting on February 3, 2017 -  
APPROVED  
**Rhoades-McGlew: 3 Ayes; 2 Absent – Casas, Melendez**

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

- 4) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of Kern Health Systems for the year ending December 31, 2016 (Fiscal Impact: None) – NANCY BELTON, SHANNON WEBSTER, DANIELLS PHILLIPS VAUGHAN & BOCK, HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 5) Proposed Agreement with American Logistics Company, LLC, for the Administration of the Non-Emergency Medical Transportation Services, from April 17, 2017 through April 17, 2019 (Fiscal Impact: \$303,360 estimated annually; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 6) Report on Kern Health Systems financial statements for December 2016 and January 2017 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 7) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for December 2016 and January 2017 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**

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

