



**KERN HEALTH
SYSTEMS**

**REGULAR MEETING OF THE
BOARD OF DIRECTORS**

Thursday, August 10, 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, August 10, 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) –
- 3) CONFERENCE WITH LABOR NEGOTIATORS
Agency designated representatives: Chief Deputy County Counsel, Gurujodha S. Khalsa, and designated staff - Unrepresented Employee: Kern Health Systems Chief Executive Officer (Government Code Section 54957.6) –

9:00 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT: ALL ITEMS LISTED WITH A "CA" ARE CONSIDERED TO BE ROUTINE AND NON-CONTROVERSIAL BY KERN HEALTH SYSTEMS STAFF. THE "CA" REPRESENTS THE CONSENT AGENDA. CONSENT ITEMS WILL BE CONSIDERED FIRST AND MAY BE APPROVED BY ONE MOTION IF NO MEMBER OF THE BOARD OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE BOARD CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 4) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. **SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 5) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
- CA-6) Minutes for Kern Health Systems Board of Directors regular meeting on June 8, 2017 (Fiscal Impact: None) –
APPROVE

-
- 7) Report on KHS Nominating Committee to fill the vacant board seat of Medi-Cal Primary Care Representative – Outside Metro Bakersfield and recommend selected candidate to the Board of Supervisors for appointment to Kern Health Systems Board of Directors (Fiscal Impact: None) – APPROVE RECOMMENDED CANDIDATE; REFER TO KERN COUNTY BOARD OF SUPERVISORS FOR APPOINTMENT
- CA-8) Report on KHS investment portfolio for the second quarter ending June 30, 2017 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-9) Proposed renewal and binding of employee benefit plans for medical, vision, dental, life insurance, short-term and long-term disability, and long-term care effective September 1, 2017 (Fiscal Impact: \$5,146,470 Estimated; Budgeted) – APPROVE
- CA-10) Proposed renewal and binding of general liability insurance from October 1, 2017 through September 30, 2018 (Fiscal Impact: \$239,475 Estimated; Budgeted) - APPROVE
- 11) Proposed Retroactive Amendment No. 19 to Physician Services Agreement and Amendment No. 36 to Hospital and Other Facility Services Agreement with Kern Medical relating to services for Medi-Cal SPD enrollees pursuant to the Intergovernmental Agreement regarding the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) – RETROACTIVE APPROVAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-12) Proposed modification to the Kern Health Systems Tuition Assistance Program Policy (Fiscal Impact: \$2,000 Estimated; Budgeted) – APPROVE
- CA-13) Report on Kern Health Systems strategic plan for the second quarter ending June 30, 2017 (Fiscal Impact: None) – RECEIVE AND FILE
- 14) Report on Owner Controlled Insurance Program (Fiscal Impact: None) – RECEIVE AND FILE
- 15) Report on Request for Statement of Qualifications – Subcontractors (Fiscal Impact: None) – RECEIVE AND FILE
- 16) Report on proposed work station cubicles procurement (Fiscal Impact: None) – RECEIVE AND FILE

-
- 17) Report on Kern Health Systems financial statements for May 2017 and June 2017 (Fiscal Impact: None) –
RECEIVE AND FILE
 - CA-18) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for May 2017 and June 2017 (Fiscal Impact: None) –
RECEIVE AND FILE
 - 19) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
RECEIVE AND FILE
 - 20) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVE AND FILE
 - CA-21) 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-22) Proposed modifications to Kern Health Systems Drug Formulary (Fiscal Impact: None) –
APPROVE
 - CA-23) Miscellaneous Documents –
RECEIVE AND FILE
 - A) Minutes for KHS Finance Committee meeting on June 2, 2017

ADJOURN TO THURSDAY, OCTOBER 12, 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, June 8, 2017

8:00 A.M.

BOARD RECONVENED

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

Directors absent: Brar

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

Deats

CLOSED SESSION

- 1) Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) – SEE RESULTS BELOW
- 2) PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Chief Executive Officer (Government Code Section 54957) – SEE RESULTS BELOW

8:45 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 MAY 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; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON RICHARDSON, TOLENTINO, WILLIAMS-RICHMOND, HUDSON; DIRECTOR JUDD ABSTAINED FROM VOTING ON ANDRADE; KANURI, MANDVIWALA; DIRECTOR STEWART ABSTAINED FROM VOTING ON DE GUZMAN

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING JUNE 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; DIRECTOR DEATS ABSTAINED FROM VOTING ON ESHAGHPOUR; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON BRIONES, JETT, ODOT; DIRECTOR JUDD ABSTAINED FROM VOTING ON FROUSH; DIRECTOR STEWART ABSTAINED FROM VOTING ON BRIONES, JETT, LOO, ODOT

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING MAY 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 JUDD ABSTAINED FROM VOTING ON BOREN, EPPANAPALLY; DIRECTOR STEWART ABSTAINED FROM VOTING ON ACEVEDO

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING JUNE 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 HOFFMANN ABSTAINED FROM VOTING ON ARREAZA, GARCIA, GAREWAL, HOFFMANN HOSPICE OF THE VALLEY INC., JOHNSTON, KENDALL, KENI, KOCSIS, PAUL-GORDON, SANDEN, SOLER, TAYLOR; DIRECTOR JUDD ABSTAINED FROM VOTING ON GILLI, KERN MEDICAL SAGEBRUSH PHARMACY, NGUYEN; DIRECTOR MCGLEW ABSTAINED FROM VOTING ON GARCIA; DIRECTOR STEWART ABSTAINED FROM VOTING ON ARREAZA, GARCIA, GAREWAL, JOHNSTON, KENDALL, KENI, KOCSIS, PAUL-GORDON, SANDEN, SOLER, TAYLOR

Item No. 2 concerning PUBLIC EMPLOYEE PERFORMANCE EVALUATION – Title: Chief Executive Officer (Government Code Section 54957) - HEARD; NO REPORTABLE ACTION TAKEN

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!**
NO ONE HEARD

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))
NO ONE HEARD
- CA-5) Minutes for Kern Health Systems Board of Directors regular meeting on April 13, 2017 (Fiscal Impact: None) –
 APPROVED
McGlew-Deats: All Ayes; 1 Absent – Brar
- CA-6) Report on KHS investment portfolio for the first quarter ending March 31, 2017 (Fiscal Impact: None) –
 RECEIVED AND FILED
McGlew-Deats: All Ayes; 1 Absent - Brar

NOTE: DIRECTOR JUDD ANNOUNCED THAT, DUE TO HIS CONTRACTUAL RELATIONSHIP WITH THE COUNTY OF KERN AND HIS APPOINTMENT AS CHIEF EXECUTIVE OFFICER OF KERN MEDICAL, HE WOULD RECUSE HIMSELF FROM THE DISCUSSION AND VOTE ON ITEM 7 AND LEFT THE DAIS AT 8:51 A.M.

- 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) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Stewart-McGlew: 9 Ayes; 1 Abstention – Judd; 1 Absent – Brar

NOTE: DIRECTOR JUDD RETURNED TO THE DAIS AT 8:52 A.M. AFTER THE

DISCUSSION AND VOTE ON ITEM 7

NOTE: DIRECTOR MCGLEW ANNOUNCED THAT, DUE TO HIS EMPLOYMENT WITH KERN VALLEY HEALTHCARE DISTRICT, HE WOULD RECUSE HIMSELF FROM THE DISCUSSION AND VOTE ON ITEM 8 AND LEFT THE DAIS AT 8:52 A.M.

- 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) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-Melendez: 9 Ayes; 1 Abstention - McGlew; 1 Absent - Brar

NOTE: DIRECTOR MCGLEW RETURNED TO THE DAIS AT 8:53 A.M. AFTER THE DISCUSSION AND VOTE ON ITEM 8

NOTE: DIRECTOR DEATS ANNOUNCED THAT, DUE TO HIS RELATIONSHIP WITH TEHACHAPI VALLEY HEALTHCARE DISTRICT, HE WOULD RECUSE HIMSELF FROM THE DISCUSSION AND VOTE ON ITEM 9 AND LEFT THE DAIS AT 8:53 A.M.

- 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) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Stewart-Patrick: 9 Ayes; 1 Abstention – Deats; 1 Absent – Brar

NOTE: DIRECTOR DEATS RETURNED TO THE DAIS AT 8:54 A.M. AFTER THE DISCUSSION AND VOTE ON ITEM 9

- 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) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
McGlew-Deats: All Ayes; 1 Absent - Brar

- 11) Proposed modification to Agreement with S.C. Anderson to extend Phase One Project Completion Date (Fiscal Impact: None) – GREGORY BYNUM, GREGORY D. BYNUM AND ASSOCIATES, HEARD; RECEIVED AND FILED
McGlew-Deats: All Ayes; 1 Absent - Brar

-
- 12) Report on Kern Health Systems 2017 School Wellness Program (Fiscal Impact: None) –
 RECEIVED AND FILED
Patrick-Hinojosa – All Ayes; 1 Absent – Brar
- NOTE: DIRECTOR DEATS LEFT THE DAIS AT 9:36 A.M. PRIOR TO THE VOTE ON ITEM 13 AND DID NOT RETURN
- 13) Report on Kern Health Systems new grievance tracking and reporting system (Fiscal Impact: None) –
 RECEIVED AND FILED
Stewart-Casas: 9 Ayes; 2 Absent – Deats, Brar
- CA-14) Report on Department of Health Care Services 2016 Medical Audit Results (Fiscal Impact: None) –
 RECEIVED AND FILED
McGlew-Deats: All Ayes; 1 Absent – Brar
- NOTE: DIRECTOR JUDD LEFT THE DAIS AT 9:38 A.M. PRIOR TO THE VOTE ON ITEM 15 AND DID NOT RETURN
- 15) Report on Kern Health Systems financial statements for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –
 RECEIVED AND FILED
Casas-McGlew: 8 Ayes; 3 Absent – Deats, Brar, Judd
- 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) –
 RECEIVED AND FILED
McGlew-Deats: All Ayes; 1 Absent - Brar
- 17) Kern Health Systems Health Services report (Fiscal Impact: None) –
 RECEIVED AND FILED
Patrick- Hinojosa – 8 Ayes; 3 Absent – Deats, Brar, Judd
- NOTE: DIRECTOR HOFFMANN LEFT THE DAIS AT 10:15 A.M. PRIOR TO THE VOTE ON ITEM 18 AND DID NOT RETURN
- 18) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
 RECEIVED AND FILED
Stewart-McGlew: 7 Ayes; 4 Absent – Deats, Hoffmann, Brar, Judd
- CA-19) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –

APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
McGlew-Deats: All Ayes; 1 Absent - Brar

CA-20) Proposed modifications to Kern Health Systems Drug Formulary (Fiscal Impact: None) –
APPROVED
McGlew-Deats: All Ayes; 1 Absent - Brar

CA-21) Miscellaneous Documents –
RECEIVED AND FILED
McGlew-Deats: All Ayes; 1 Absent - Brar

A) Minutes for KHS Finance Committee meeting on April 7, 2017

ADJOURNED TO THURSDAY, AUGUST 10, 2017 AT 8:00 A.M.
McGlew

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



To: KHS Board of Directors

From: KHS Nominating Committee

Date: August 10, 2017

**Re: Nominating Committee meeting to identify Qualified Candidate(s) for the Seat of
“Med-Cal Primary Care Representative – Outside Metro Bakersfield”**

Background

Chairman Rhoades requested 3 Board members to volunteer to serve on the Nominating Committee to identify and evaluate potential interested candidates to fill the position of “Med-Cal Primary Care Representative – Outside Metro Bakersfield”. Board members’ Dr. Melendez, Dr. Hoffmann and Raji Brar volunteered to serve on the Committee.

KHS Staff reached out to community provider network members, Kern County’s Clerk of the Board of Supervisors and Kern County Medical Society to inform them of the open Board position and procedures for nominating interested qualified candidates. Candidates were asked to complete the enclosed questionnaire (Attachment A).

The KHS Nominating Committee convened on May 31st to evaluate each applicant for the open Board seat before making its recommendation to the Kern Health Systems Board of Directors.

Qualifications

To qualify to serve on the Kern Health Systems Board in the role of “Med-Cal Primary Care Representative – Outside Metro Bakersfield”, candidates must meet the following requirements:

1. All Candidates must be at least twenty-one (21) years of age and shall be residents of or employed within the County of Kern, State of California at the time of his or her appointment and shall be chosen for their willingness and ability to effectively carry out the purposes of KHS.
2. All Candidates for this Board seat shall provide health care services to KHS beneficiaries within KHS’ service area pursuant to a provider services agreement with KHS and the Candidate or the Candidate’s employer or agent.

3. No Candidate shall be an employee, officer or director of or own or control more than ten percent (10%) of the shares of stock in any other managed health care plan or health maintenance organization.
4. All Candidates must be a Kern Health Systems participating primary care physician defined as an Internist, Pediatrician, OB-GYN, Family Practice or General Practice practicing exclusively outside metropolitan Bakersfield and who serves as the point of contact for routine medical care for members assigned to them.

The Nominating Committee reviewed 11 applicants of which 3 met both the Board participation criteria as defined in the bylaws **and** the definition of “Med-Cal Primary Care Representative – Outside Metro Bakersfield” (Attachment B).

Procedure for Identifying and Recommending Candidate(s)

Each of the three finalists was interviewed by the Committee on June 20th. The finalists included:

- Chan Park M.D., Pediatrician, Shafter
- Timothy Lee M.D. Pediatrician, Taft
- Vijaykumar B. Patel, M.D. Internal Medicine, Delano

The Committee discussed with each candidate, their background, experience, interest and reasons for wanting to serve on Kern Health Systems Board of Directors. Following completion of the interview process, the Committee selected Vijaykumar Patel M.D as their nominee. Dr. Patel’s background summary is included under Attachment C..

Requested Action

The Nominating Committee recommends the Kern Health Systems Board of Directors submit to the Kern County Board of Supervisors, Vijaykumar Patel M.D. to fill the vacancy of Med-Cal Primary Care Representative – Outside Metro Bakersfield.



Attachment A

May 3, 2017

Dear Provider:

KHS is undertaking a search for a replacement of an unscheduled vacancy on our board of directors. The vacancy is for the At-Large Traditional Medi-Cal Primary Care Representative (Outside Metro Bakersfield).

Qualification for Board Seat

- All candidates must be at least twenty-one (21) years of age and shall be residents of or employed within the County of Kern, State of California at the time of his or her appointment and shall be chosen for their willingness and ability to effectively carry out the purposes of KHS.
- All candidates shall provide health care services to KHS beneficiaries within KHS' service area pursuant to a provider services agreement with KHS and the Director or the Director's employer or agent.
- No candidate shall be employee, officer or director of or own or control more than ten percent (10%) of the shares of stock in any other managed health care plan or health maintenance organization.

Term of Office

The Director shall hold office for a term of three (3) years and until the appointment and qualification of their successor. A Director may serve a maximum of three (3) consecutive terms and is eligible to serve an additional three (3) terms after three (3) years have elapsed since the Director's last service on the governing board.

Application

The application form is attached. The deadline for submittal is May 19th. Please submit application to:

Kern Health Systems
Attn: KHS Nominating Committee
9700 Stockdale Highway
Bakersfield, CA 93311

Questions regarding the attached material should be addressed to Sheilah Woods at 661-664-5010 or sheilah.woods@khs-net.com.

Sincerely,

KHS Nominating Committee

Attachment

9700 Stockdale Highway, Bakersfield, CA 93311-3617
(661) 664-5000 • Fax (661) 664-5151
www.kernhealthsystems.com

The Heart of Kern Family Health Care 



KERN HEALTH SYSTEMS

BOARD OF DIRECTORS APPLICATION / NOMINEE INFORMATION FORM

Contact Information

Name		
Street Address		
City / State / Zip		
Phone	Home	Cell
Business Name		
Business Address		
Business Phone		
E-Mail Address		

Educational Background

Employment Background

Civic Involvement

KHS Board of Directors Medi-Cal Primary Care Physician Questionnaire

1. Are you a member of Kern Health Systems' Provider Network? If so, for how many years?
2. This position requires serving in the role of "Medi-Cal Primary Care Representative – Outside Metro Bakersfield". List your practice location(s) outside of Bakersfield and the number of Kern Family Health Care members currently signed to your practice.
3. Why are you wanting to serve as representative on the Kern Health Systems Board of Directors?
4. What special skills or experiences can you offer to the Kern Health Systems Board of Directors?
5. What vision do you see Kern Health Systems playing in promoting health for our members? Our community?
6. What do you see as your role on the Board of Directors?
7. What do you see the Board's role as to our members?

Signature

Name (printed)	
Signature	
Date	

Our Policy

It is the policy of this organization to provide equal opportunities without regard to race, color, religion, national origin, gender, sexual preference, age, or disability.

Thank you for completing this application form and for your interest in serving on our board.

Applicant Summary Analysis					Comments
List of Candidates	Criteria for Board Seat Met				
	1 - Candidate must be at least twenty-one (21) years of age and shall be residents of or employed within the County of Kern, State of California at the time of his or her appointment and shall be chosen for their willingness and ability to effectively carry out the purposes of KHS.	2 - Candidates shall provide health care services to KHS beneficiaries within KHS' service area pursuant to a provider services agreement with KHS and the Director or the Director's employer or agent.	3 - No candidate shall be an employee, officer or director of or own or control more than ten percent (10%) of the shares of stock in any other managed health care plan or health maintenance organization.	4 - Candidate must be a traditional Medi-Cal primary care physician* whose office is located outside the corporate limits of the City of Bakersfield but within Kern County.	
1. Jason Hellwell, M.D. Advanced Women's Health Center 8501 Brimhall Rd., #300 Bakersfield, CA 93312	YES	YES	YES	NO	Bakersfield location only
2. Debbie Dennis-Johnson Debbie Dennis-Johnson, M.D., Inc. 8766 Sunset Avenue Fair Oaks, CA 95628	YES	YES	YES	NO	Treats members for Obstetrical Care only. Does not serve as a PCP.
3. Vinod Kumar, M.D. Vascular Health - The Heart Center 5020 Commerce Drive Bakersfield, CA 93309	YES	YES	YES	NO	Cardiologist
4. Rasha Kuran, M.D. Kasha Kuran, M.D. Inc. 3008 Sillect Avenue, Ste. 205 Bakersfield, CA 93308	YES	YES	YES	NO	Infectious Disease / Bakersfield location only
5. Timothy Lee, M.D. West Side Family Health Center 100 E. North Street Taft, CA 93268	YES	YES	YES	YES	Criteria met
6. Michel A. Michael, M.D. 2020 Truxtun Avenue Bakersfield, CA 93301	YES	YES	YES	NO	General Surgeon
7. Chan Park, M.D. Vanguard Medical Corporation 565 Kern Street Shafter, CA 93263	YES	YES	YES	YES	Criteria met
8. Ashok M. Parmar Central California Risk Management 8303 Brimhall Road Bldg. 1500 Bakersfield, CA 93312	YES	YES	YES	NO	Anesthesiologist
9. Vijaykumar B. Patel, M.D. Comprehensive Medical Group 1230 Jefferson Street Delano, CA 93311	YES	YES	YES	YES	Criteria met
10. Anuradha Rao, M.D. Clinica Sierra Vista 1430 Truxtun Ave., Ste. 400 Bakersfield, CA 93301	YES	YES	YES	NO	Not exclusively outside Bakersfield and SNP affiliated
11. Shakti Shrivastava, M.D. Central California Hospitalists 350 Woodlomes Avenue, Ste. 103-404 Delano, CA 93215	YES	YES	YES	NO	Hospitalist

*KHS defines a primary care physician to be: an Internist, Pediatrician, OB-GYN, Family Practice or General Practice physician who serves as the point of contact for routine medical care for members assigned to them.

Vijaykumar B. Patel, M.D.

Education

DOCTOR OF MEDICINE | 1995 | TEXAS TECH SCHOOL OF MEDICINE, LUBBOCK, TX

BACHELOR OF SCIENCE | 1990 | UNIVERSITY OF TEXAS AT ARLINGTON, ARLINGTON, TX

- Major: B.S. Biology; Minor: Chemistry

Training

RESIDENCY

Kern Medical Center, Bakersfield, CA: Department of Internal Medicine: 1996-1998

INTERNSHIP

Kern Medical Center, Bakersfield, CA: Department of Internal Medicine: 1995 - 1996

Skills & Abilities

LEADERSHIP

- **Chief /Vice Chief of Staff**, Delano Regional Medical Center: 2008-2016
- **Board of Directors**, Delano Regional Medical Center: 2010-2012 & 2014-2016
- **Chief/ Vice Chief:** Department of Internal Medicine Delano Regional Medical Center: 2004-2008
- **Chair of QPMC:** 2007-8
- **Director of Special Care Unit**, Delano Regional Medical Center: 2006-7, 2012-13, & Currently serving
Member of various committees and appointments at Delano Regional Medical Center from 2000 to current

Experience

PHYSICIAN | COMPREHENSIVE MEDICAL GROUP | 6/2000 - CURRENT

- Managing partner of a rural practice in Internal Medicine, Delano, California

PHYSICIAN | CLINICA SIERRA VISTA | 6/1998 – 6/2000

- Staff physician in Internal Medicine of a rural clinic in Lamont, California

License:

American Board of Internal Medicine: Board Certification 1990 to Current

California Department of Public Health, Radiology X ray Supervisor and Operator: Certification Current

BLS Certificate 1995- Current

References:

Brian Komoto: Owner, Komoto's Pharmacy: 661-706-8867

Bahram Ghaffari: CEO Delano Regional Medical Center: 661-319-9620

Dr. Radhey Bansal: Owner of Comprehensive Medical Group: 661-330-3726



To: KHS Board of Directors

From: Robert Landis, CFO

Date: August 10, 2017

Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

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

- Preservation of principal
- Liquidity
- Yield

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

Short-Term Portfolio (Under 1 year)

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

Long-Term Portfolio (1-5 years)

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

Requested Action

Receive and File.

**Kern Health Systems
Investment Portfolio
June 30, 2017**

Short Term Portfolio (under 1 year)

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

<u>Description</u>		<u>Dollar Amount</u>	<u>% of Portfolio</u>	<u>Maximum Allowed Per Policy</u>	<u>Approximate Current Yield</u>	<u>Liquidity</u>	<u>Principal Fluctuation</u>
Wells Fargo - Repurchase Agreement	(A)	\$ 6,600,000	2.20%	50%	0.08%	1 Day	None
Morgan Stanley Money Market	(B)	\$ 47,100,000	15.72%	20%	0.84%	1 Day	None
Local Agency Investment Fund (LAIF)	(C)	\$ 64,500,000	21.52%	50%	0.92%	2 Days	None
US T-Bills at Wells Fargo		(1) \$ 60,000,000	20.02%	100%	0.76%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)	\$ 38,300,000	12.78%		1.13%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total		\$ 216,500,000	72.24%		0.87%		

Long Term Port Folio (1 - 5 years)

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

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

<u>Yield Curve</u>	<u>Yield Curve</u>			
	<u>Treasuries</u>	<u>AA Corporate Bonds</u>	<u>Corporate Bonds</u>	<u>CD's</u>
1 year	1.17%	1.24%	1.30%	1.30%
2 year	1.38%	1.60%	1.70%	1.60%
3 year	1.58%	1.72%	1.90%	1.80%
5 year	1.93%	2.20%	2.38%	2.20%

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
 - (B) \$17 Billion money market fund managed by Morgan Stanley comprised of high -quality debt securities issued by the US Government.
 - (C) LAIF is part of a \$78 Billion Pooled Money Investment Account managed by the State Treasurer of CA. Majority of portfolio is comprised of Treasuries, CD's, Time Deposits and Commercial Paper.
 - (D) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
 - (E) High quality diversified portfolio comprising certificate of deposits, corporate bonds and notes, municipal securities and US Treasury Securities. Includes investments maturing in less than 1 year that will be re-invested for over 1 year at maturity.
 - (F) Comprises 6 certificates of deposit at \$250,000, which is the FDIC Insurance maximum, maturing in 2018
-
- (1) Funds are utilized to pay providers, meet operating expenses, distribute pass-through monies waiting for additional approvals and/or support and monies owed to the State For MCO Taxes and/or overpayments. Extra liquidity is maintained in the event the State is late with its monthly capitation payment and/or MCO Tax Reimbursement Payments.
 - (2) Funds will be primarily utilized to fund various Grant Programs and 2017 capital projects, which includes building a new office building.



UBS Client Review

as of June 30, 2017

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

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

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

Prepared for

Kern Health Systems
BOARD REVIEW

Accounts included in this review

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

What's inside

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Asset allocation review

as of June 30, 2017

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

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

■ Cash 1.96%
 ■ US Fixed Income 98.04%



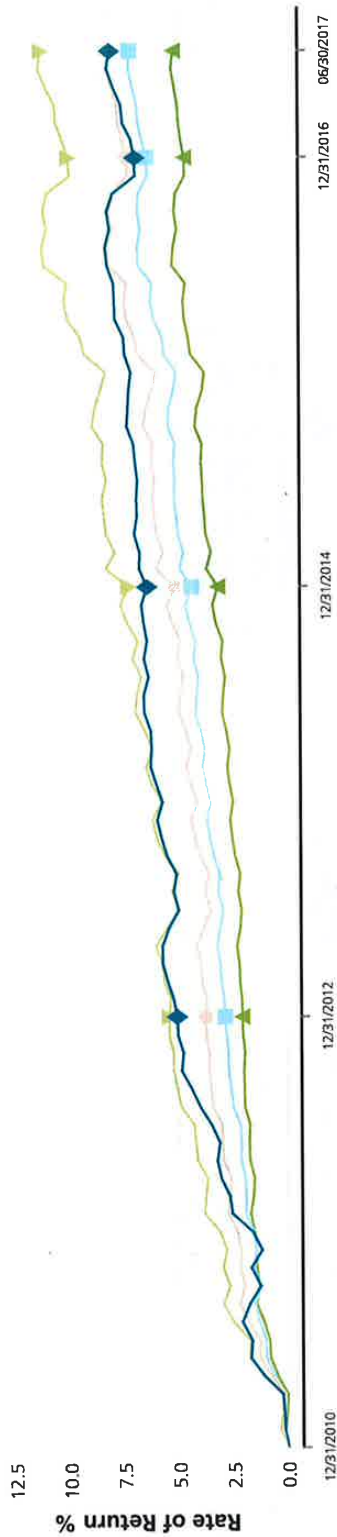
Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

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



Cumulative performance

as of June 30, 2017



	12/31/2010 to 12/31/2012	12/31/2012 to 12/31/2014	12/31/2014 to 12/31/2016	12/31/2016 to 06/30/2017	Annualized 12/31/2010 to 06/30/2017
◆ Net Time-weighted ROR	5.07	6.39	6.90	8.06	1.20
Benchmarks - Time-weighted returns					
● Benchmark 1	3.75	5.16	7.27	8.13	1.21
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	7.13	1.06
▼ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	11.24	1.65
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	5.10	0.77

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

Report created on: July 02, 2017



Bond summary

as of June 30, 2017

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

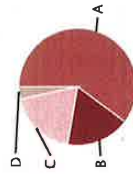
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 EB 02120 • BOND PORTFOLIO • Portfolio Management Program
 Risk profile: Conservative
 Return Objective: Current Income

Bond overview

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

Credit quality of bond holdings

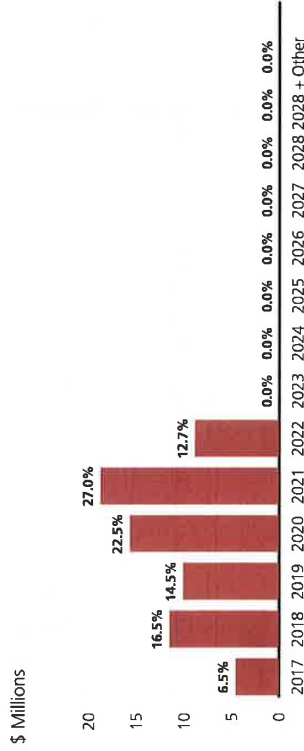
Effective credit rating	Issues	Value on 06/30/2017 (\$)	% of port.
A Aaa/AAA/AAA	16	41,904,380.60	60.29
B Aa/AA/AA	15	12,178,583.79	17.45
C A/A/A	15	13,199,978.61	18.92
D Baa/BBB/BBB	3	2,331,063.09	3.33
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	0	0.00	0.00
G Not rated	0	0.00	0.00
Total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



Investment type allocation

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

Bond maturity schedule



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



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

Bond holdings

as of June 30, 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	7	4,543,000	90,284.07	1.99%	1.19 %	1.19 %	0.35	4,518,166.77	29,382.64	4,568,929.15	6.57%
2018	13	11,285,000	338,345.00	2.96%	1.60 %	1.60 %	1.10	11,455,918.88	-11,442.83	11,534,560.33	16.53%
2019	7	9,979,000	203,607.50	2.02%	1.65 %	1.65 %	1.84	10,094,169.95	-21,268.10	10,117,410.68	14.55%
2020	7	15,629,000	339,277.50	2.17%	2.12 %	2.12 %	2.84	15,831,228.83	-193,507.12	15,695,996.29	22.59%
2021	11	18,920,000	346,478.00	1.85%	2.14 %	2.13 %	3.74	19,032,291.26	-334,796.45	18,802,104.46	27.01%
2022	4	8,839,000	204,602.50	2.32%	2.34 %	2.34 %	4.35	8,836,201.69	-9,132.75	8,895,005.18	12.75%
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				
Total	49	69,195,000	\$1,522,594.57	2.20%	1.94 %	1.94 %	2.68	\$69,767,977.38	\$-540,764.62	\$69,614,006.09	



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

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

Details of bond holdings

Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTM (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Total Bond Portfolio	69,195,000	2.25%	04/23/2020	NA	\$1,522,594.57 2.20%	1.94% 1.94%	\$69,767,977.38 \$-540,764.62	NA	\$69,227,212.76 \$386,793.33 \$69,614,006.09	100%
Maturing 2017										
COAST CMTY COLLEGE DIST TAX SR B BE/R 1.338 080117 D/D 052913 /CA CUSIP: 190335GN3 Initial Purchase Date: 03/28/2014 Original Maturity: 08/01/2017 MERCED CA UN HIGH SCH DI TAX B1-QU BE/R 5.379 080117 DTD 030311 /CA CUSIP: 587635EA7 Initial Purchase Date: 01/28/2015 Original Maturity: 08/01/2017 GENL ELEC CAP CORP 05.625% 091517 DTD092407 FC031508 MED TERM NTS CUSIP: 36962G3H5 Initial Purchase Date: 09/30/2013 Original Maturity: 09/15/2017 NEVADA ST TAX SR E O/D99.614 BE/R .900 100117 DTD 062414 /NV CUSIP: 641461H92 Initial Purchase Date: 07/16/2014 Original Maturity: 10/01/2017 ST OF CA VAR GEN OBLI BN BE/R 5.000 100117 DTD 101509 /CA CUSIP: 13063BAF9 Initial Purchase Date: 04/16/2013 Original Maturity: 10/01/2017	265,000	1.34%	08/01/2017		3,545.70 1.34%	0.83% 0.83%	265,028.89 85.06	100.043	265,113.95 1,467.53	0.38%
	295,000	5.38%	08/01/2017		15,868.05 5.36%	1.30% 1.30%	296,017.39 9.21	100.348	296,026.60 6,567.61	0.43%
	500,000	5.63%	09/15/2017		28,125.00 5.58%	1.66% 1.66%	503,935.73 154.27	100.818	504,090.00 8,203.13	0.73%
	425,000	0.90%	10/01/2017		3,825.00 0.90%	1.06% 1.06%	421,676.50 3,153.50	99.960	424,830.00 945.63	0.61%
	250,000	5.00%	10/01/2017		12,500.00 4.95%	0.78% 0.78%	252,587.62 69.88	101.063	252,657.50 3,090.28	0.36%

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 Risk profile: Conservative
 Return Objective: Current Income



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2017											
CHEVRON CORP B/E 01.104%	Aa2/NR/AA-	808,000	1.10%	12/05/2017	11/05/2017	8,920.32	1.24%	804,873.04	99.942	807,531.36	1.17%
120517 DTD 120512 FC060513	NR/NR/NR				100.00	1.10%	1.24%	2,658.32		619.47	
CALL@MVA+7.5BP											
CUSIP: 166764AA8											
Initial Purchase Date: 02/14/2014											
Original Maturity: 12/05/2017											
FNMA NTS 00.875 % DUE	Aaa/AAA/AAA+	2,000,000	0.88%	12/20/2017		17,500.00	1.16%	1,974,047.60	99.865	1,997,300.00	2.89%
122017 DTD 103012 FC	NR/NR/NR					0.88%	1.16%	23,252.40		486.11	
12202012											
CUSIP: 3135G0RTZ											
Initial Purchase Date: 06/18/2014											
Original Maturity: 12/20/2017											
Total 2017		4,543,000	1.99%	11/08/2017		\$90,284.07	1.19%	\$4,518,166.77		\$4,547,549.41	6.57%
						1.99%	1.19%	\$29,382.64		\$21,379.74	
Maturing 2018											
GOLDMAN SACHS GROUP INC	A3/A/BBB+	650,000	5.95%	01/18/2018		38,675.00	1.84%	664,400.62	102.235	664,527.50	0.96%
05.950% 011818 DTD011808	NR/NR/NR					5.82%	1.84%	126.88		17,403.75	
FC071808 NTS											
CUSIP: 38141GFG4											
Initial Purchase Date: 12/03/2015											
Original Maturity: 01/18/2018											
AT&T INC CALL @MVA+BP	Baa1/A-/BBB+	500,000	5.50%	02/01/2018		27,500.00	1.79%	509,730.32	102.149	510,745.00	0.74%
05.500% 020118 DTD020108	NR/NR/NR					5.38%	1.79%	1,014.68		11,381.94	
FC080108											
CUSIP: 00206RAJ1											
Initial Purchase Date: 07/09/2013											
Original Maturity: 02/01/2018											
ST OF CA VAR GEN OBLI BN TAX	Aa3/AA-/AA-	250,000	5.95%	03/01/2018		14,875.00	1.72%	257,272.45	102.799	256,997.50	0.37%
BE/R/ 5.950 030118 DTD 040110	NR/AA-/NR					5.79%	1.72%	-274.95		4,917.01	
/CA											
CUSIP: 13063BFF4											
Initial Purchase Date: 03/16/2015											
Original Maturity: 03/01/2018											
GENERAL ELEC CAP CORP	A1/AA-/AA-	1,000,000	1.63%	04/02/2018		16,250.00	1.42%	1,000,708.22	100.155	1,001,550.00	1.45%
01.625% 040218 DTD040213	NR/NR/NR					1.62%	1.42%	841.78		3,972.22	
FC100213 NTS B/E											
CUSIP: 36962G6W9											
Initial Purchase Date: 04/15/2013											
Original Maturity: 04/02/2018											



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 EB 02120 • BOND PORTFOLIO • Portfolio Management Program
 Risk profile: Conservative
 Return Objective: Current Income

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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018												
CONOCOPHILLIPS CO NTS 01.500% 051518 DTD051815 FC111515 CALL@MMW+10BP CUSIP: 20826FALO	Baa2/A-/A- NR/NR/NR	500,000	1.50%	05/15/2018		7,500.00 1.50%	1.63% 1.63%	0.86	493,725.00 5,725.00	99.890	499,450.00 937.50	0.72%
Initial Purchase Date: 12/16/2015 Original Maturity: 05/15/2018												
ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513	A1/AA-/A NR/NR/NR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.47% 1.47%	0.87	334,762.15 -107.20	99.897	334,654.95 565.31	0.48%
Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018												
E DU POINT DE NEMOURS 06.000% 071518 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 263534BT5	A3/A-/A NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.74%	1.66% 1.66%	0.99	468,588.33 1,481.67	104.460	470,070.00 12,375.00	0.68%
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	Aa2/NR/A+ NR/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.06%	1.52% 1.52%	1.06	302,147.70 -374.70	100.591	301,773.00 2,570.25	0.44%
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: 786056BE0	A2/NR/AA Baa1/NR/A-	500,000	5.60%	08/01/2018		28,000.00 5.39%	1.98% 1.98%	1.04	521,198.49 -1,853.49	103.869	519,345.00 11,588.89	0.75%
Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018												
INTERCONTINENTAL EXCHANGE 02.500% 101518 DTD100813 FC041514 CALL@MMW+20BP CUSIP: 45866FAB0	A2/NR/A NR/NR/NR	300,000	2.50%	10/15/2018		7,500.00 2.48%	1.78% 1.78%	1.26	302,442.60 310.50	100.918	302,753.10 1,562.50	0.44%
Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018												
FHLB NTS 01.050 % DUE 102618 DTD 072616 FC 10262016 CUSIP: 3130A8RP0	Aaa/NR/AA+ NR/NR/NR	5,000,000	1.05%	10/26/2018		52,500.00 1.05%	1.41% 1.41%	1.31	5,000,000.00 -23,200.00	99.536	4,976,800.00 9,333.33	7.19%
Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018												



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

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

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$/ Accr. interest (\$)	% of bond port.
Maturing 2018										
BAKER HUGHES INC NTS 07.500% 11/15/18 DTD102808 CALL@MAKE WHOLE +50BPS CUSIP: 057224AY3 Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018	750,000	7.50%	11/15/2018		56,250.00 6.97%	1.89% 1.89%	801,905.19 4,877.31	107.571	806,782.50 7,031.25	1.17%
MERRILL LYNCH GLOBAL NTS 06.875% 11/15/18 DTD112498 FC051599 CUSIP: 590188JN9 Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018	750,000	6.88%	11/15/2018		51,562.50 6.45%	2.03% 2.03%	799,037.81 -10.31	106.537	799,027.50 6,445.31	1.15%
Total 2018	11,285,000	3.06%	08/16/2018		\$338,345.00 2.96%	1.60% 1.60%	\$11,455,918.88 \$-11,442.83		\$11,444,476.05 \$90,084.28	16.53%
Maturing 2019										
FFCB BOND 01.030 % DUE 040519 DTD 070516 FC 10052016 CUSIP: 3133EGJW6 Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019	5,000,000	1.03%	04/05/2019		51,500.00 1.04%	1.44% 1.44%	4,996,250.00 -32,050.00	99.284	4,964,200.00 12,159.72	7.17%
CALIFORNIA ST TAX BE/R/ 2.250 050119 DTD 050114 /CA CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019	2,500,000	2.25%	05/01/2019		56,250.00 2.23%	1.81% 1.81%	2,512,760.92 7,014.08	100.791	2,519,775.00 9,218.75	3.64%
FNMA NTS 01.125 % DUE 072619 DTD 072616 FC 01262017 CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019	594,000	1.13%	07/26/2019	07/26/2017 100.00	6,682.50 1.14%	1.56% 1.56%	593,109.00 -4,395.60	99.110	588,713.40 2,858.63	0.85%
MORGAN STANLEY 05.625% 092319 DTD092309 FC032310 MVA+358P CUSIP: 61747YCJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019	750,000	5.63%	09/23/2019		42,187.50 5.24%	2.19% 2.19%	799,451.76 6,288.24	107.432	805,740.00 11,367.19	1.16%



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

	Effective rating/ Underlying rating (Mdy/Fich/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2019											
CALIFORNIA ST TAX BE/RV 6.200 100119 DTD 101509 /CA	Aa3/AA+/AA- NR/AA-NR	400,000	6.20%	10/01/2019		24,800.00 5.67%	1.90% 1.90%	436,600.33 1,135.67	109.434	437,736.00 6,131.11	0.63%
CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019											
FHLMC MED TERM NTS 00.0000% DUE 100119	Aaa/AAA/AA+ NR/NR/NR	485,000		10/01/2019			1.75% 1.75%	462,932.25 3,720.20	96.217	466,652.45 0.00	0.67%
CUSIP: 3128X2SW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019											
UNTD TECHNOLOGIES CORP 08.875% 111519 DTD 111389 FC051590 DEB	A3/A-/A- NR/NR/NR	250,000	8.88%	11/15/2019		22,187.50 7.65%	1.93% 1.93%	293,065.69 -2,980.69	116.034	290,085.00 2,773.44	0.42%
CUSIP: 913017ARO Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019											
Total 2019		9,979,000	2.21%	05/25/2019		\$203,607.50 2.02%	1.65% 1.65%	\$10,094,169.95 \$-21,268.10		\$10,072,901.85 \$44,508.83	14.55%

	Effective rating/ Underlying rating (Mdy/Fich/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2020											
ABBOTT LABS NTS B/E 02.0000% 031520 DTD 031015 FC091515 CALL@MW+10BP	Baa3/BBB/BBB NR/NR/NR	1,000,000	2.00%	03/15/2020		20,000.00 2.00%	2.09% 2.09%	999,370.00 -1,740.00	99.763	997,630.00 5,833.33	1.44%
CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020											
FNMA NTS 01.500 % DUE 032320 DTD 032316 FC 09232016	Aaa/AAA/AA+ NR/NR/NR	1,750,000	1.50%	03/23/2020	09/23/2017 100.00	26,250.00 1.51%	1.73% 1.73%	1,748,250.00 -8,750.00	99.400	1,739,500.00 7,072.92	2.51%
CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020											
NBCUNIVERSAL MEDIA LLC 05.150% 043020 DTD 043011 CALL@MW+25BP	A3/A-/A- NR/NR/NR	2,000,000	5.15%	04/30/2020		103,000.00 4.73%	1.91% 1.91%	2,200,148.83 -22,188.83	108.898	2,177,960.00 17,166.67	3.15%
CUSIP: 63946BADZ Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020											



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. qf (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2020											
QUALCOMM INC NTS B/E 02.250% 05/20/20 DTD052015 FC112015 CUSIP: 747525AD5 Initial Purchase Date: 02/22/2017 Original Maturity: 05/20/2020	A1/NR/A NR/NR/NR	2,879,000	2.25%	05/20/2020		64,777.50 2.23%	1.91% 1.91%	2,890,780.00 15,541.71	100.949	2,906,321.71 7,197.50	4.20%
FHLMC MED TERM NTS 01.500 % DUE 06/29/20 DTD 06/29/16 FC 12292016 CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	09/29/2017 100.00	52,500.00 1.54%	2.39% 2.39%	3,500,000.00 -89,915.00	97.431	3,410,085.00 145.83	4.93%
FNMA NTS 01.350 % DUE 082420 DTD 082416 FC 02242017 CUSIP: 3136G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.35%	08/24/2020	08/24/2017 100.00	47,250.00 1.39%	2.32% 2.32%	3,498,250.00 -100,415.00	97.081	3,397,835.00 16,537.50	4.91%
J P MORGAN CHASE & CO 02.550% 10/29/20 DTD102915 FC042916 NTS B/E CUSIP: 46625HXX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020	A3/A+/A- NR/NR/NR	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.53%	2.29% 2.28%	994,430.00 13,960.00	100.839	1,008,390.00 4,320.83	1.46%
Total 2020		15,629,000	2.21%	06/16/2020		\$339,277.50 2.17%	2.12% 2.12%	\$15,831,228.83 \$-193,507.12		\$15,637,721.71 \$58,274.58	22.59%
Maturing 2021											
E I DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MVA+15BP B/E CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021	A3/A/A- NR/NR/NR	400,000	3.63%	01/15/2021		14,500.00 3.46%	2.24% 2.24%	422,175.71 -3,459.71	104.679	418,716.00 6,645.83	0.60%
FFCB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017 CUSIP: 3133EGRN7 Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021	Aaa/AAA/AA+ NR/NR/NR	4,500,000	1.47%	02/17/2021		66,150.00 1.50%	2.04% 2.04%	4,496,625.00 -86,670.00	97.999	4,409,955.00 24,438.75	6.37%



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 Return Objective: Current Income

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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2021											
FHLMC MED TERM NTS 01.500 % DUE 03/30/21 DTD 09/30/16 FC 03/30/2017	Aaa/AAA/AA+ NR/NR/NR	3,525,000	1.50%	03/30/2021	06/30/2017 100.00	52,875.00 1.52%	3.61 1.89%	3,524,118.75 -53,474.25	98.458	3,470,644.50 13,218.75	5.01%
CUSIP: 3134GAEEO Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021											
EIDU PONT DE NEMOURS 04.250% 04/01/21 DTD 03/25/11 CALL@MW+15BP	A3/A+ NR/NR/NR	250,000	4.25%	04/01/2021		10,625.00 3.98%	3.44 2.32%	271,583.34 -4,375.84	106.883	267,207.50 2,626.74	0.39%
CUSIP: 263534CE7 Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021											
BURLINGTON NITHN SANITA FE 04.100% 06/01/21 DTD 05/19/11 CALL@MW +15BP CORP NTS	A3/NR/A NR/NR/NR	1,000,000	4.10%	06/01/2021	03/01/2021 100.00	41,000.00 3.87%	3.37 2.51%	1,061,589.53 -2,449.53	105.914	1,059,140.00 3,302.78	1.53%
CUSIP: 12189LAD3 Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021											
FNMA NTS 01.530 % DUE 07/28/21 DTD 07/28/16 FC 01/28/2017	Aaa/AAA/AA+ NR/NR/NR	3,750,000	1.53%	07/28/2021	07/28/2017 100.00	57,375.00 1.58%	3.89 2.36%	3,750,000.00 -120,412.50	96.789	3,629,587.50 24,225.00	5.24%
CUSIP: 3136G3S97 Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021											
FHLB NTS 01.550 % DUE 09/01/21 DTD 09/01/16 FC 03/01/2017	Aaa/NR/AA+ NR/NR/NR	500,000	1.55%	09/01/2021		7,750.00 1.58%	3.99 2.09%	499,375.00 -10,075.00	97.860	489,300.00 2,561.81	0.71%
CUSIP: 3130A9B19 Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021											
LOS ANG CAL TAX SR A BE/ 2.150 09/01/21 DTD 12/21/16 /CA	Aa2/NR/NR NR/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.14%	3.94 2.04%	994,250.00 9,970.00	100.422	1,004,220.00 11,287.50	1.45%
CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021											
FHLB BOND 01.520 % DUE 09/23/21 DTD 09/23/16 FC 03/23/2017	Aaa/NR/AA+ NR/NR/NR	2,290,000	1.52%	09/23/2021		34,808.00 1.56%	4.05 2.23%	2,289,150.00 -64,918.80	97.128	2,224,231.20 9,378.82	3.21%
CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021											



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2021											
FHLB BOND 01.600 % DUE 092721 DTD 092716 FC 03272017	Aaa/NR/AA+ NR/NR/NR	255,000	1.60%	09/27/2021		4,080.00 1.62%	1.96% 1.96%	255,000.00 -3,692.40	98.552	251,307.60 1,054.00	0.36%
CUSIP: 3130A9JZ5 Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021											
MISSISSIPPI ST TAX SR G BE/R/ 2.470 110121 DTD 120815 /MS	Aaa/AA/AA NR/AA/NR	1,450,000	2.47%	11/01/2021		35,815.00 2.43%	2.08% 2.08%	1,468,423.93 4,761.57	101.599	1,473,185.50 5,869.68	2.13%
CUSIP: 605581GN1 Initial Purchase Date: 02/22/2017 Original Maturity: 11/01/2021											
Total 2021		18,920,000	1.85%	06/07/2021		\$346,478.00 1.85%	2.14% 2.13%	\$19,032,291.26 \$-334,796.46		\$18,697,494.80 \$104,609.66	27.01%
Maturing 2022											
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 2.48%	2.30% 2.29%	2,005,388.03 12,331.97	100.886	2,017,720.00 19,583.33	2.91%
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		56,000.00 2.25%	2.36% 2.36%	2,496,875.00 -9,550.00	99.493	2,487,325.00 19,911.11	3.59%
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		74,100.00 2.29%	2.40% 2.40%	3,246,637.50 -13,570.00	99.479	3,233,067.50 24,494.17	4.67%
CUSIP: 3133EHAV5 Initial Purchase Date: 03/01/2017 Original Maturity: 03/01/2022											
PEPSICO INC NTS B/E 02.250% 050222 DTD050217 FC110217 CALL@MW+10BP	A1/AA+ NR/NR/NR	1,089,000	2.25%	05/02/2022	04/02/2022 100.00	24,502.50 2.25%	2.25% 2.25%	1,087,301.16 1,655.28	99.996	1,088,956.44 3,947.63	1.57%
CUSIP: 713448DT2 Initial Purchase Date: 05/16/2017 Original Maturity: 05/02/2022											
Total 2022		8,839,000	2.32%	03/02/2022		\$204,602.50 2.32%	2.34% 2.34%	\$8,836,201.69 \$-9,132.75		\$8,827,068.94 \$67,936.24	12.75%



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

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



Disclosures applicable to accounts at UBS Financial Services Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 of other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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Additional information about your performance

as of June 30, 2017

Benchmark composition

Consolidated

Benchmark_1

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

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

Kern Health Systems
Investment Activity for 2nd Quarter 2017

PURCHASES

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

MATURITIES / REDEMPTIONS

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

INTERNAL WORKSHEET



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

KERN HEALTH SYSTEMS
9700 STOCKDALE HWY
BAKERSFIELD, CA 93311



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

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

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.

060130 1016984 0016 2C027 UN#2610820-00013/62 74886-0010 30442 07/01/17 P



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

Combined Summary
Brokerage Account and Bank Safekeeping Account

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

KERN HEALTH SYSTEMS
 9700 STOCKDALE HWY

Account Number
 1AB84780

Total Account Value Summary - US Dollar (USD)

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	24,695,499.21	47,126,696.49	30%
Bonds	126,857,047.78	110,504,120.79	70%
Stocks	0.00	0.00	0%
Other***	2,999,163.99	0.00	0%
Total Account Value	\$ 154,551,710.98	\$ 157,630,817.28	100%
Value Change Since Last Statement Period		\$ 3,079,106.30	
Percent Increase Since Last Statement Period		2%	
Value Last Year-End		\$ 64,661,783.31	
Percent Increase Since Last Year-End		144%	

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

Total Income Summary USD

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

Total Money Market Mutual Funds Summary USD

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

06/30/17 1316584 0016 20023 UNWJ512920-00013762 74986-0010 35443 07/01/17 P

Summary



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

Brokerage Account Statement
Wells Fargo Securities, LLC

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

KERN HEALTH SYSTEMS
 9700 STOCKDALE HWY

Account Number
 1AB84780

Account Value Summary USD

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	24,695,499.21	0.00	0%
Bonds	126,857,047.78	0.00	0%
Stocks	0.00	0.00	0%
Other***	2,999,163.99	0.00	0%
Total Account Value	\$ 154,551,710.98	\$ 0.00	0%

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

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

Income Summary USD

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

Money Market Mutual Funds Summary USD

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

Brokerage

Important Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

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

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

KERN HEALTH SYSTEMS
Account Number: 1A884780

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
05/31/17	06/01/17	Purchase	912796LE7	UNITED STATES TREASURY BILL	30,000,000.00	99.9735560	(29,992,066.67)	0.00	(29,992,066.67)
06/02/17	06/02/17	Purchase	912796LE7	UNITED STATES TREASURY BILL	10,000,000.00	99.9768890	(9,997,688.89)	0.00	(9,997,688.89)
06/02/17	06/02/17	Purchase	912796LE7	UNITED STATES TREASURY BILL	50,000,000.00	99.9788890	(49,988,444.44)	0.00	(49,988,444.44)
06/05/17	06/06/17	Purchase	97682RTD3	WISCONSIN POWER & LIGHT	3,000,000.00	99.9854170	(2,999,562.50)	0.00	(2,999,562.50)
06/07/17	06/12/17	Purchase	713448CB2	PEPSICO INC	3,000,000.00	100.0246000	(3,000,738.00)	(12,395.83)	(3,013,133.83)
06/13/17	06/13/17	Purchase	97682RTL5	WISCONSIN POWER & LIGHT	3,000,000.00	99.9834720	(2,999,504.17)	0.00	(2,999,504.17)
06/15/17	06/15/17	Purchase	30229AUM9	EXXON MOBIL CORP DISCOUNTED	3,000,000.00	99.9070000	(2,997,210.00)	0.00	(2,997,210.00)
06/15/17	06/15/17	Purchase	912796LX8	UNITED STATES TREASURY BILL	30,000,000.00	99.9854170	(29,995,625.00)	0.00	(29,995,625.00)
06/15/17	06/15/17	Purchase	912796LK3	UNITED STATES TREASURY BILL	30,000,000.00	99.9362220	(29,980,866.67)	0.00	(29,980,866.67)
06/19/17	06/19/17	Purchase	63866AUH9	NATIONWIDE LIFE INS CO 4(2)	3,000,000.00	99.9245560	(2,997,736.67)	0.00	(2,997,736.67)
06/19/17	06/19/17	Purchase	93884EUD5	WASHINGTON GAS LIGHT CO	3,000,000.00	99.9360000	(2,998,080.00)	0.00	(2,998,080.00)
06/15/17	06/20/17	Purchase	69353RDL9	PNC BANK NA	3,000,000.00	100.0486440	(3,001,459.32)	(6,000.70)	(3,007,460.02)
06/20/17	06/20/17	Purchase	90328AUC5	USAA CAPITAL CORP DISCOUNTED	3,000,000.00	99.9450000	(2,998,350.00)	0.00	(2,998,350.00)
06/20/17	06/23/17	Purchase	48126EAA5	JPMORGAN CHASE & CO	5,000,000.00	100.1075110	(5,005,375.55)	(35,555.56)	(5,040,931.11)
06/26/17	06/26/17	Delivered	912796LF4	UNITED STATES TREASURY BILL	(30,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Delivered	912796LG2	UNITED STATES TREASURY BILL	(30,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Delivered	912796LK3	UNITED STATES TREASURY BILL	(30,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02006LSF1	ALLY BANK INTEREST BEARING	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02582JGW4	AMXCA 2014-4 A	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02587CDJ6	AMERICAN EXPRESS FSB INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02587DYK8	AMERICAN EXPRESS CENTURION BK	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02665WACS	AMERICAN HONDA FINANCE	(1,300,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	02665WBEO	AMERICAN HONDA FINANCE	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	05580ADH4	BMW BANK NORTH AMERICA	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	05581WJ13	BMO HARRIS BANK NA INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	06050TLY6	BANK OF AMERICA NA	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	13017HAD8	CALIFORNIA ST EARTHQUAKE AUTHI	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	13063CKL3	CALIFORNIA ST TXBL-VARIOUS	(1,310,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	140420TH3	CAPITAL ONE BANK USA INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	14912L6L0	CATERPILLAR FINANCIAL SE	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	161571HG2	CHAIT 2016-A6 A6	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	17275RAY8	CISCO SYSTEMS INC	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	191216BA7	COCA-COLA CO/THE	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	254672F86	DISCOVER BANK INTEREST BEARING	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	30229AUM9	EXXON MOBIL CORP DISCOUNTED	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	36962G6K5	GENERAL ELECTRIC CO	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	38141GFM1	GOLDMAN SACHS GROUP INC	(1,000,000.00)		0.00	0.00	0.00

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
06/26/17	06/26/17	Security Delivery	43814GAD2	HAROT 2014-2 A4	(1,350,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	44890RAD3	HART 2014-A A4	(1,030,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	48126EAA5	JPMORGAN CHASE & CO	(5,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	48126XAM7	JP MORGAN CHASE BANK INTEREST	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	63866AUH9	NATIONWIDE LIFE INS CO 4(2)	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	68353RDL9	PNC BANK NA	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	71344BCB2	PEPSICO INC	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	79545OZE8	SALLIE MAE BK/SALT LKE	(250,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	89233P6S0	TOYOTA MOTOR CREDIT CORP	(2,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	89236TCU7	TOYOTA MOTOR CREDIT CORP	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	90328AUC5	USAA CAPITAL CORP DISCOUNTED	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	93884EUD5	WASHINGTON GAS LIGHT CO	(3,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	94974BFG0	WELLS FARGO & COMPANY	(1,000,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	94988J5A1	WELLS FARGO BANK NA	(500,000.00)		0.00	0.00	0.00
06/26/17	06/26/17	Security Delivery	94988J5D5	WELLS FARGO BANK NA	(1,000,000.00)		0.00	0.00	0.00
Income / Payment Activity USD									
06/01/17	06/01/17	Matured	912796LA5	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00
06/02/17	06/02/17	Matured	94974BFX3	WELLS FARGO & COMPANY			3,000,000.00		3,000,000.00
06/02/17	06/02/17	Interest	94974BFX3	WELLS FARGO & COMPANY				10,457.33	10,457.33
06/05/17	06/05/17	Matured	0259M0DN6	AMERICAN EXPRESS CREDIT			2,000,000.00		2,000,000.00
06/05/17	06/05/17	Interest	0259M0DN6	AMERICAN EXPRESS CREDIT				6,926.11	6,926.11
06/05/17	06/05/17	Interest	02567DYK8	AMERICAN EXPRESS CENTURION BK				1,807.53	1,807.53
06/08/17	06/08/17	Matured	48306AT80	KAISER FOUNDATION HOSP			2,000,000.00		2,000,000.00
06/12/17	06/12/17	Interest Reversal	24422ESN0	JOHN DEERE CAPITAL CORP				(11,250.00)	(11,250.00)
06/12/17	06/12/17	Matured	24422ESN0	JOHN DEERE CAPITAL CORP			2,000,000.00		2,000,000.00
06/12/17	06/12/17	Interest	24422ESN0	JOHN DEERE CAPITAL CORP				11,250.00	11,250.00
06/12/17	06/12/17	Interest	24422ESN0	JOHN DEERE CAPITAL CORP				11,250.00	11,250.00
06/12/17	06/12/17	Interest	05580ADH4	BMW BANK NORTH AMERICA				1,745.21	1,745.21
06/12/17	06/12/17	Matured	93884ETC9	WASHINGTON GAS LIGHT CO			3,000,000.00		3,000,000.00
06/13/17	06/13/17	Matured	97682RTD3	WISCONSIN POWER & LIGHT			3,000,000.00		3,000,000.00
06/15/17	06/15/17	Paydown	44890RAD3	HART 2014-A A4			116,009.61		116,009.61
06/15/17	06/15/17	Interest	44890RAD3	HART 2014-A A4				971.47	971.47
06/15/17	06/15/17	Interest	17275RAY8	CISCO SYSTEMS INC				3,683.12	3,683.12
06/15/17	06/15/17	Interest	02582JGW4	AMXCA 2014-4 A				2,383.33	2,383.33
06/15/17	06/15/17	Interest	161571HG2	CHAIT 2016-A6 A6				916.67	916.67
06/15/17	06/15/17	Matured	912796LE7	UNITED STATES TREASURY BILL			90,000,000.00		90,000,000.00
06/16/17	06/16/17	Interest	14912L8L0	CATERPILLAR FINANCIAL SE				17,000.00	17,000.00

KERN HEALTH SYSTEMS
Account Number: 1A884780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Eff. Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
06/19/17	06/19/17	Matured	52730JBP0	LEVEL ONE BANK INTEREST			250,000.00		250,000.00
06/19/17	06/19/17	Interest	52730JBP0	LEVEL ONE BANK INTEREST				138.01	138.01
06/20/17	06/20/17	Interest	43814GAD2	HAROT 2014-2 A4				1,327.50	1,327.50
06/20/17	06/20/17	Matured	97682RTL5	WISCONSIN POWER & LIGHT			3,000,000.00		3,000,000.00
06/22/17	06/22/17	Matured	912796JX8	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
06/01/17	06/01/17	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
06/02/17	06/02/17	ACH/DDA Transaction	DESIGNATED DDA		60,000,000.00
06/13/17	06/13/17	Wires	WIRE TRANSFER TO:	12,000,000.00	
06/20/17	06/20/17	Wires	WIRE TRANSFER TO:	15,000,000.00	
06/26/17	06/26/17	Cash Wire Journal Entry	SAFEKEEPING ADJ	32,123,050.55	

Money Market Fund Activity

Morgan Stan TreasSvc 8314	Dividend earned this period	7 day* simple yield	30 day* simple yield
*As of June 30, 2017			
USD	9,595.42	0.820%	0.740%

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

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Money Market Fund Activity (Continued)

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



Wells Fargo Bank, N.A.
 90 South 7th Street
 5th Floor MAC N9305-05F
 Minneapolis, MN 55402
 JONATHAN CHUANG
 1-213-614-2206

Bank Safekeeping Statement
Wells Fargo Bank, N.A.

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

KERN HEALTH SYSTEMS Account Number
 9700 STOCKDALE HWY 1AB84780

Account Value Summary USD

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	0.00	47,126,696.49	30%
Bonds	0.00	110,504,120.79	70%
Stocks	0.00	0.00	0%
Total Account Value	\$ 0.00	\$ 157,630,817.28	100%

Value Change Since Last Statement Period \$ 157,630,817.28
Percent Increase Since Last Statement Period N/A
Value Last Year-End \$ N/A
Percent Increase Since Last Year-End N/A

Income Summary USD

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

Money Market Mutual Funds Summary USD

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

00195 151081A 0516 2007 UNW 2310208-0011762 24198 0010 95442 855 117 P

Safekeeping

Important Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

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

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

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Statement Ending:

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

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

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Safekeeping

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

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

*See important information regarding security pricing on Page 2.

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

Daily Account Activity

Your investment transactions during this statement period.

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

Statement Ending:

KERN HEALTH SYSTEMS
Account Number: 1A584780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
06/26/17	06/26/17	Security Receipt	02582JGW4	AMXCA 2014-4 A	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02587CDJ6	AMERICAN EXPRESS FSB INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02587DYK8	AMERICAN EXPRESS CENTURION BK	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02665WAC5	AMERICAN HONDA FINANCE	1,300,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	02665WBE0	AMERICAN HONDA FINANCE	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	05580ADH4	BMW BANK NORTH AMERICA	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	05581WJT3	BMO HARRIS BANK NA INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	06050TLY8	BANK OF AMERICA NA	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	13017HAD8	CALIFORNIA ST EARTHQUAKE AUTH	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	13063CKL3	CALIFORNIA ST TXBL-VARIOUS	1,310,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	140420TH3	CAPITAL ONE BANK USA INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	14912L6L0	CATERPILLAR FINANCIAL SE	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	161571HG2	CHAIT 2016-A6 A6	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	17275RAY8	CISCO SYSTEMS INC	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	191216BA7	COCA-COLA CO/TE	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	254672F86	DISCOVER BANK INTEREST BEARING	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	30229AUM9	EXXON MOBIL CORP DISCOUNTED	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	36982G6K5	GENERAL ELECTRIC CO	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	38141GFM1	GOLDMAN SACHS GROUP INC	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	43814GAD2	HART 2014-2 A4	1,350,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	44890HAD3	HART 2014-A A4	1,030,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	48126FAA5	JPMORGAN CHASE & CO	5,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	48126XAM7	JP MORGAN CHASE BANK INTEREST	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	63866AUH9	NATIONWIDE LIFE INS CO 4(2)	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	69359RDL9	PNC BANK NA	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	713446CB2	PEPSICO INC	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	795450ZE8	SALLIE MAE BK/SALT LKE	250,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	89233P6S0	TOYOTA MOTOR CREDIT CORP	2,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	89236TCU7	TOYOTA MOTOR CREDIT CORP	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	90328AUC5	USAA CAPITAL CORP DISCOUNTED	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	93884EUD5	WASHINGTON GAS LIGHT CO	3,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	94974BFG0	WELLS FARGO & COMPANY	1,000,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	94988J5A1	WELLS FARGO BANK NA	500,000.00		0.00	0.00	0.00
06/26/17	06/26/17	Security Receipt	94988J5D5	WELLS FARGO BANK NA	1,000,000.00		0.00	0.00	0.00
Income / Payment Activity USD									
06/29/17	06/29/17	Matured	912796LF4	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00

Safekeeping

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
06/26/17	06/26/17	Cash Wire Journal Entry	SAFEKEEPING ADJ		32,123,050.55
06/27/17	06/27/17	Wires	WIRE TRANSFER TO:	15,000,000.00	

Money Market Fund Activity

Morgan Stan TreasSvc 8314

*As of June 30, 2017

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

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



TO: KHS Board of Directors

FROM: Anita Martin, Director of Human Resources

DATE: August 10, 2017

SUBJECT: Employee Benefits Renewal 2017/2018

Background

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

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

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

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

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

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

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

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

Requested Action

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



To: KHS Board of Directors
From: Robert Landis, CFO
Date: August 10 2017
Re: Analysis of General Liability Insurance

Background

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

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

KHS utilizes Alliant Insurance Services as its insurance agent to access the insurance carrier market and perform the day to day servicing of the account. Alliant has provided early indications for the expiring Liability Insurance coverage.

Recommendation

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

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

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

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

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

No claims were filed last year.

Requested Action

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

**Kern Health Systems
Insurance Program Coverage Comparison**

Attachment 1

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

Attachment 2



2015-16 ANNUAL REPORT

Maximizing Protection. Minimizing Risk. www.sdrma.org

SDRMA BOARD PRESIDENT'S MESSAGE

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

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



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

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

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

Significant Highlights for Fiscal Year 2015-16

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

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

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

Board President David Aranda



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SDRMA ABOUT SDRMA

JOINT POWERS AUTHORITY

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



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

SDRMA MISSION

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

CAJPA ACCREDITATION WITH EXCELLENCE

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

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

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



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

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

ORGANIZATION OVERVIEW

SDRMA MEMBERS

SDRMA BOARD OF DIRECTORS

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

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



David Aranda



Jean Bracy



Ed Gray



Muril Clift



Sandy Seifert-Raffelson



Michael Scheafer



Robert Swan

CHIEF EXECUTIVE OFFICER

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

Gregory S. Hall, ARM

CONSULTANTS

General Counsel
Defense Counsel
Coverage Counsel
Reinsurance Brokers

CLAIMS MANAGEMENT LOSS PREVENTION

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

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

ADMINISTRATION

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

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

FINANCE

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

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

MEMBER SERVICES

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

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

CONTRACT SERVICES

Third Party Administrator – Workers' Compensation
Safety Consultants

CONTRACT SERVICES

Investment Managers

CONTRACT SERVICES

Auditors
Actuaries

CONTRACT SERVICES

IT Consultants



PROGRAM OVERVIEW

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

A TRUSTED COMMITMENT TO OUR MEMBERS

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



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

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

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

MEMBERPLUS SERVICES™

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

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

* Additional fees may apply



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



MEMBERSHIP PROFILE

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

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

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

NEW MEMBERS

PROPERTY/LIABILITY PROGRAM

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

WORKERS' COMPENSATION PROGRAM

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

PROPERTY/LIABILITY AND WORKERS' COMPENSATION

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

HEALTH BENEFITS PROGRAM

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



42 NEW MEMBERS

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



PROPERTY/LIABILITY PACKAGE PROGRAM

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

PROPERTY/LIABILITY PACKAGE PROGRAM COVERAGES:



SDRMA offers a straightforward uncomplicated program.

General Liability

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

Auto Liability

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

Auto Physical Damage

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

Public Officials and Employees Errors and Omissions

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

Elected Officials Personal Liability

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



Employment Practices Liability

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

Employment Benefits Liability

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

Employee and Public Officials Dishonesty

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

Property Coverage

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

Boiler and Machinery

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

Cyber

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

Ancillary Coverages

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



LIABILITY PROGRAM STRUCTURE

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

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



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

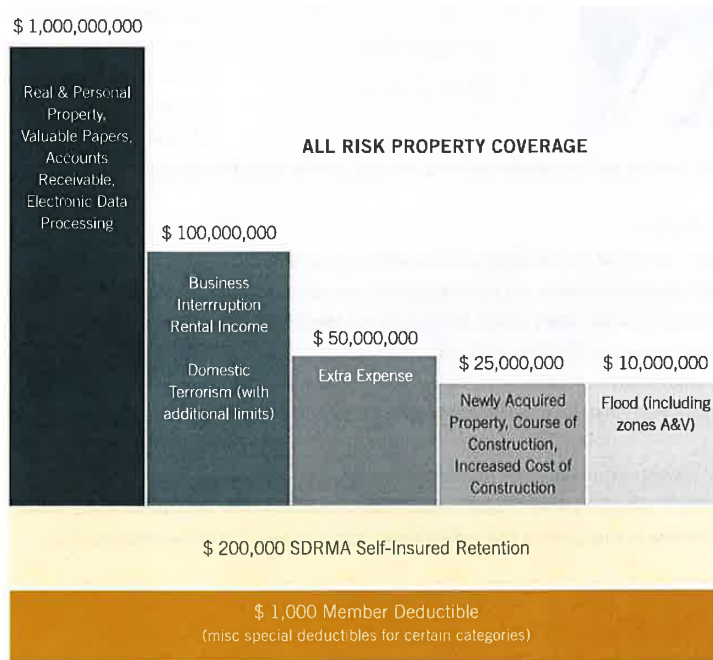
(2) Includes: Employment Practices Liability, Employee Benefits (Annual Aggregate)

PROPERTY PROGRAM STRUCTURE

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



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



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

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

SDRMA WORKERS' COMPENSATION PROGRAM

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



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

PROTECTING OUR MEMBERS

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

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

LOSS CONTROL

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

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

WORKERS' COMPENSATION PROGRAM STRUCTURE



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





CLAIMS MANAGEMENT AND ADMINISTRATION

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

POSITIVELY IMPACTING CLAIMS COST

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

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



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

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

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

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

CLAIMS ARE OUR PRODUCT

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



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

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

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

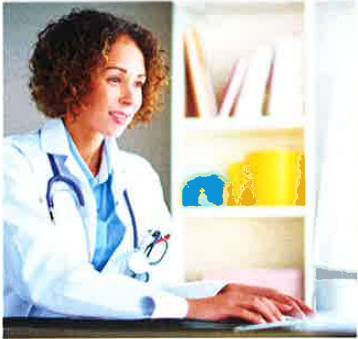
Workers' Compensation Claims Management Program: Under the direct supervision of SDRMA's Chief Risk Officer, we utilize the third-party administrator expertise of York Risk Services Group, Inc. for our workers' compensation claims management. Members have online access to claims and loss history information.

SDRMA HEALTH BENEFITS PROGRAM

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

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

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



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

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

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

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

CONFIDENCE LEVELS



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



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



FINANCIAL INFORMATION

STATEMENT OF NET POSITION – JUNE 30, 2016 AND 2015

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

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

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

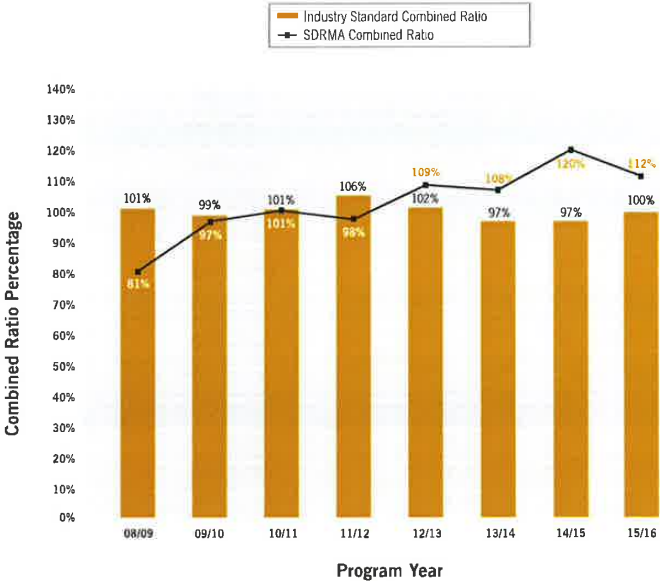


PROPERTY/LIABILITY COMBINED RATIOS

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

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

PROPERTY/LIABILITY PROGRAM COMBINED RATIO TREND ANALYSIS

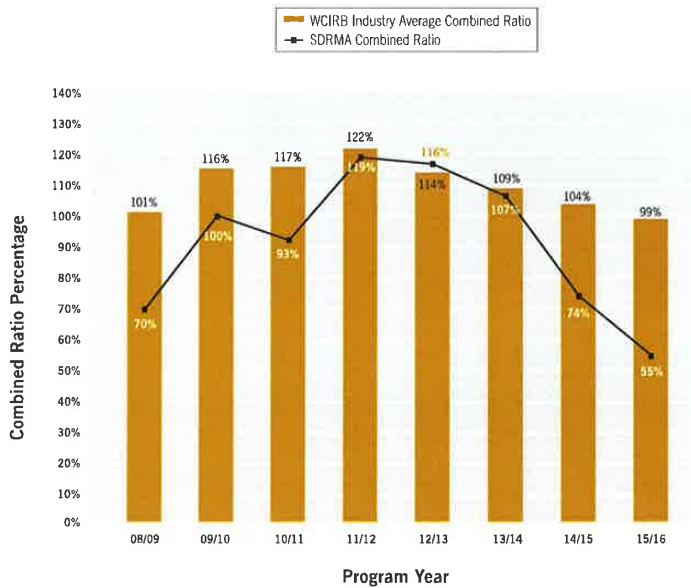


WORKERS' COMPENSATION COMBINED RATIOS

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



WORKERS' COMPENSATION PROGRAM COMBINED RATIO TREND ANALYSIS





Maximizing Protection. Minimizing Risk. www.sdrma.org

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

Attachment 3

RESOLUTION NO. _____

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

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

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

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

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

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

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

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

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

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

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

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

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

PASSED AND ADOPTED this ____ day of _____, 20__ by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Name

Title

Agency Secretary



To: KHS Board of Directors

From: Robert Landis, CFO

Date: August 10, 2017

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

Background

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

Agenda item 7 relates to retro-active amendments to our Kern Medical agreement which will require retro-active approval by the Board in order to facilitate the transfer of such funds.

Requested Action

Retro-active Approval.

22617 PA

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 19

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

RECITALS:

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

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

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

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

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

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

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

SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES

1. SPD Base Rate Increases to PROVIDER

A. Payment

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

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

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

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of \$2,677,048 for the period of July 1, 2015 through June 30, 2016, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B(1)) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN's monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

(1) **Medi-Cal Managed Care Seller's Tax**

(a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller's ("MMCS") tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT SPD MMCR Payments through June 30, 2016. If the PLAN receives any capitation rate increases described in paragraph (2) of subdivision (c) of Section 14182.15 of the Welfare and Institutions Code for which MMCS taxes apply based on the SPD MMCR Payments, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay PROVIDER the SPD Payments (net of Health Plan Retention) from the remaining amount of the capitation rate increases as specified in paragraph 1.A consistent with Section 14182.15.

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

C. Conditions for Receiving SPD Base Rate Increase Payments

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

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

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

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

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

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

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

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer with seven (7) calendar days after transferring Kern County Hospital Authority funds to the State DHCS for use as the nonfederal share of the SPD MMCR Payments.

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

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

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER

during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 11.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth Section J. PLAN agrees to transmit to the PROVIDER any underpayment of SPD Base Rate Increase Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

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

2. Term

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

22417 PA

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

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

RECITALS:

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

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

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

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

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

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

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

SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES

1. SPD Base Rate Increases to PROVIDER

A. Payment

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

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

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

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of \$1,938,552 for the period of July 1, 2015 through June 30, 2016, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B(1)) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN’s monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

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

(a) The PLAN shall be responsible for any Medi-Cal Managed Care Seller’s (“MMCS”) tax due pursuant to the Revenue and Taxation Code Section 6175 relating to any IGT SPD MMCR Payments through June 30, 2016. If the PLAN receives any capitation rate increases described in paragraph (2) of subdivision (c) of Section 14182.15 of the Welfare and Institutions Code for which MMCS taxes apply based on the SPD MMCR Payments, PLAN may retain an amount equal to the amount of such MMCS tax that PLAN is required to pay to the State Board of Equalization, and shall pay PROVIDER the SPD Payments (net of Health Plan Retention) from the remaining amount of the capitation rate increases as specified in paragraph 1.A consistent with Section 14182.15.

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

C. Conditions for Receiving SPD Base Rate Increase Payments

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

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

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

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

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

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E. Form and Timing of Payments

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

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

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

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

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

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

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

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Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER

during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth Section J. PLAN agrees to transmit to the PROVIDER any underpayment of SPD Base Rate Increase Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

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

2. Term

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



TO: KHS Board of Directors

FROM: Anita Martin, Director of Human Resources

DATE: August 10, 2017

SUBJECT: Modification to the Tuition Assistance Program Policy

Background

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

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

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

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

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

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

Requested Action

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



Tuition Assistance Program Policy

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

Administrative Guidelines

I. Requirements

A. Eligibility

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

B. Termination of Eligibility

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

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

C. Types of Assistance

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

D. Approved Schools

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

E. Courses Eligible for Reimbursement

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

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

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

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

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

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

II. Educational Benefit

A. Amount Reimbursed

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

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

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

B. Financial Assistance Outside of the Company

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

C. Payback Agreement

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

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

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

III. Procedures

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

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



Tuition Assistance Program Policy (Attachment A)

California Universities, Accredited Colleges, and Degrees

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

Accredited Colleges & Universities in California

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

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

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

Accredited Community Colleges in California

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

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

Universities:

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

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

Colleges:

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

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

Community Colleges:

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

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

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

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



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: August 10, 2017

Re: Update on KHS Strategic Plan

Background

At the close of each quarter Management updates the Board on KHS' Strategic Plan progress. Overall the Strategic Plan continues to proceed according to expectation. Included is a presentation with the latest status of the various strategic items. In the presentation, items highlighted in green indicate an item is on track, items in gray have been completed and items in white have not started.

Two changes of note:

1. The timelines for the Value Based Purchasing milestone have been adjusted based on current project progress. A vendor will conduct an analysis for KHS this year, and recommendations will be implemented in 2018.
2. Additionally, item 1.216 related to the Duals Demonstration has not started due to delays by the State. It was thought originally that the ongoing Duals Pilot Programs would be expanded to other Counties, but expansion of the pilot has yet to commence.

Requested Action

Receive and file.

Q2 2017 Strategic Plan Update

August 10, 2017



Background

- In February 2015 a Board and Executive strategy meeting was held to define the 2015-2017 KHS strategic plan. This was followed by an internal work effort with staff to further define key initiatives, action items, and projects directly supporting the newly defined company goals.
- With the second quarter of 2017 coming to an end, management has prepared a status update on the key initiatives currently in progress within the Strategic Plan.
- **Green** = On Track, **White** = Not Started, **Gray** = Completed, **Yellow** = Behind Schedule, **Red** = Incomplete/Canceled

Goal 1 – Delivery System Changes and Payment Reform

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
1	Delivery System Changes and Payment Reform				
1.1	Look to ways to compensate providers using value based purchasing and Performance Incentive arrangements focused on health outcomes. Ensure role for SNPs where SNP delivery model applies	7/1/2015	11/30/2017	35.00%	Emily Duran
1.11	Define clinical activities where Value Based Purchasing applies	7/1/2015	2/29/2016	100.00%	Emily Duran
1.12	Determine desired outcomes	2/1/2016	6/1/2016	100.00%	Emily Duran
1.13	Participate in ACAP	1/1/2015	12/31/2015	100.00%	Emily Duran
1.14	Develop provider specific proposals	8/1/2017	11/30/2017	20.00%	Emily Duran
1.15	Negotiate mutually acceptable terms and conditions for participation	9/15/2017	2/28/2018	0.00%	Emily Duran
1.16	Implement VBP contract(s)	10/1/2017	5/31/2018	0.00%	Emily Duran
1.17	Monitor to determine if targeted outcomes are achieved	9/1/2017	12/31/2018	0.00%	Emily Duran
1.2	Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies	4/1/2015	12/31/2017	75.00%	Jeremy McGuire
1.21	Determine the impact (depth, scope, and duration) of changes to benefits	7/1/2015	12/31/2017	90.00%	Jeremy McGuire
1.211	BHT/ABA Therapy Transition	1/1/2015	12/31/2015	100.00%	Jeremy McGuire
1.212	Health Homes	4/1/2015	3/31/2016	100.00%	Jeremy McGuire
1.213	1115 Waiver	1/1/2015	1/31/2016	100.00%	Jeremy McGuire
1.214	CCS Re-Design	1/1/2015	10/31/2016	100.00%	Jeremy McGuire
1.215	Palliative Care	4/1/2015	11/30/2016	100.00%	Jeremy McGuire
1.216	Duals Implementation	5/1/2017	1/1/2018	0.00%	Jeremy McGuire
1.217	Coverage for Undocumented Children	11/2/2015	4/1/2016	100.00%	Jeremy McGuire
1.218	CMS Managed Care Regulation	5/2/2016	12/30/2016	100.00%	Jeremy McGuire
1.219	NEMT	1/2/2017	6/2/2017	100.00%	Jeremy McGuire
1.22	Evaluate SNPs capability and capacity to provide required services under new programs	7/1/2015	12/31/2017	100.00%	
1.221	BHT/ABA Therapy	7/1/2015	10/30/2015	100.00%	Emily Duran
1.222	Health Homes	6/1/2015	7/1/2016	100.00%	Emily Duran
1.223	Coverage for Undocumented Children	1/18/2016	4/29/2016	100.00%	Emily Duran
1.224	1115 Waiver	2/22/2016	9/30/2016	100.00%	Emily Duran
1.23	Establish a project plan for instituting new benefits or programs	7/1/2015	12/31/2017	75.00%	Jeremy McGuire
1.231	BHT/ABA Therapy	7/1/2015	7/31/2016	100.00%	Jeremy McGuire
1.232	Health Homes Program	1/11/2016	12/29/2017	70.00%	Jeremy McGuire
1.233	NEMT	1/2/2017	8/31/2017	80.00%	Jeremy McGuire
1.24	Post implementation, audit each activity to ensure installation and performance meets	5/31/2016	12/31/2017	75.00%	Carl Breining



Goal 2 – Access to Primary and Specialty Care

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
2	Access to Primary and Specialty Care				
2.1	Ensure sufficient Network PCP and Specialty Care representation to meet adequacy	1/1/2015	12/31/2015	100.00%	Emily Duran
2.11	Conduct an annual evaluation of network adequacy for PCP and Specialist	10/1/2015	12/31/2015	100.00%	Emily Duran
2.12	Annually survey provider sites for service expansion plans or activities	8/1/2015	12/31/2015	100.00%	Emily Duran
2.13	Determine by geographical location network deficiencies	10/1/2015	12/31/2015	100.00%	Emily Duran
2.14	Annually develop a plan to address any deficiencies	10/1/2015	12/31/2015	100.00%	Emily Duran
2.15	Create a Provider Recruitment and Retention Program to locate more PCP and Specialist in Kern County based on identified and/or anticipated deficiencies.	3/1/2015	8/31/2015	100.00%	Emily Duran
2.16	Year 2 - Provider Recruitment and Retention Grant Program	8/1/2016	10/30/2016	100.00%	Emily Duran
2.2	Maintain quality service standards with the provider network	9/1/2015	12/31/2017	85.00%	Emily Duran
2.21	Establish provider relations outreach goals and objectives	10/1/2015	12/31/2017	95.00%	Emily Duran
2.22	Conduct routine meetings between KHS PR staff and their assigned provider groups	10/1/2015	12/31/2017	60.00%	Emily Duran
2.23	Continue to survey annually all providers	1/1/2016	12/31/2016	100.00%	Emily Duran
2.24	Conduct "town hall" type" meetings with providers in different locations	4/1/2016	12/31/2016	100.00%	Emily Duran
2.25	Convey KHS expectations and provide feedback on Provider and Staff performance relative to established access, quality and service expectations	2/1/2017	12/31/2017	50.00%	Emily Duran
2.26	Evaluate SNP's interest and capacity to perform credentialing and re-credentialing	3/1/2016	12/31/2016	100.00%	Emily Duran
2.27	Leverage technology and automation to improve service	3/1/2016	12/31/2016	100.00%	Emily Duran
2.3	Develop a network configuration strategy designed to achieve optimum health care system performance around "Right Care, Right Time, and Right Setting"	7/1/2015	12/31/2015	100.00%	Chandra Gowda
2.31	Delineate health care needs of member population using care gradient analysis with evidence based medicine as the standard	7/1/2015	12/31/2015	100.00%	Chandra Gowda
2.32	Adjust for changing demographic and/or medical complexity	7/1/2015	12/31/2015	100.00%	Chandra Gowda
2.33	Develop delivery system model to address needs at all levels using existing provider network where possible	7/1/2015	3/31/2016	100.00%	Chandra Gowda
2.34	Evaluate SNP's interest and capacity to participate in any newly identified programs or care delivery models	7/1/2015	12/31/2016	100.00%	Deborah Murr
2.35	Establish provider compensation arrangements to support structure and performance goals, monitor expected outcomes	7/1/2015	12/31/2017	100.00%	Chandra Gowda
2.36	Determine internal and external (Provider) operational needs to support concept	7/1/2015	9/30/2016	100.00%	Deborah Murr
2.37	Determine internal and external capital requirements where necessary to support concept	7/1/2015	12/31/2016	100.00%	Deborah Murr
2.38	Implementation	1/1/2016	7/1/2017	100.00%	



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

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
3	Continue to be the health plan of choice for the low income population of Kern County				
3.1	Develop member focused approach to ensure members' expectations are met along the member intervention continuum from enrollment through treatment. For their assigned membership, explore ways for SNPs to perform responsibilities under the Member Outreach P	4/30/2015	3/31/2017	100.00%	Louie Iturriria
3.11	Develop performance standards, data tracking system and reporting structure for each functional area along the member intervention continuum (enrollment through treatment) to determine KHS's effectiveness in meeting member's needs	1/4/2016	8/30/2017	80.00%	Alan Avery
3.12	Conduct Member focus groups to determine ways to engage members more in maintaining optimum health through prevention, early intervention or adherence to prescribed treatment modalities	4/30/2015	6/10/2016	100.00%	Louie Iturriria
3.13	Develop a member outreach program with a goal to increase unitization of preventive services e.g. prenatal care, immunizations, well child visits, annual checkups, screening tests, etc. and adherence to prescribed treatment modalities	6/1/2015	6/30/2017	100.00%	Louie Iturriria
3.14	In collaboration with providers, explore ways to report health metrics to members to begin tracking what works and health outcomes	4/1/2016	3/31/2017	100.00%	Alan Avery
3.15	leverage technology to enhance communication and improve service (administrative and clinical) to members	6/1/2015	12/31/2016	100.00%	Alan Avery
3.16	Survey membership to gauge satisfaction with KHS and Caregivers	4/1/2016	9/15/2016	100.00%	Louie Iturriria
3.2	Convey a public image of a health plan that is caring, innovative, and focused on providing high quality, personal care unique to the circumstances and needs of each membership	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.21	Continue promoting KHS using current image and messaging campaign in all public exposure initiatives including Advertising, Public Relations, Community Events and Sponsorships	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.22	Identify programs, activities and events aligned with our mission and goals 1. Sponsor programs, activities, events directed at our member demographic 2. Ensure community grant programs (when available) address needs of our member demographic	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.23	Annually, survey outside sources (SNPs, KCDHS, community based enrollment organizations and State Enrollment Intermediary - who influence member choice) as to their perception of KHS's reputation and image with the public or targeted demographic	7/1/2016	12/16/2016	100.00%	Louie Iturriria



Goal 4 – Plan Sustainability and Diversification

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
4	Plan Sustainability and Diversification				
4.1	Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies	1/1/2017	12/31/2017	60.00%	Robert Landis
4.12	Annually develop an operating budget enabling KHS to achieve its annual goals	6/1/2017	12/14/2017	10.00%	Robin Plumb
4.121	Develop Utilization and Unit Cost Assumptions for Medical Expenses	8/1/2017	10/13/2017	10.00%	Robin Plumb
4.122	Determine Significant Budget Assumptions	8/1/2017	10/13/2017	10.00%	Robert Landis
4.123	Determine 2018 Projects	7/17/2017	8/18/2017	10.00%	Robert Landis
4.124	Develop Enrollment Assumptions by COA	6/1/2017	6/16/2017	100.00%	Robert Landis
4.13	Annually develop capital budget to support new programs, member growth and benefits expansion	9/1/2017	10/13/2017	0.00%	Veronica Barker
4.14	Administrative Expense Budget	8/1/2017	10/13/2017	10.00%	Veronica Barker
4.141	Determine FTE Requirements and administrative costs by department	8/1/2017	10/13/2017	10.00%	Veronica Barker
4.15	Retain sufficient reserves to protect KHS from unexpected events to include but not limited to: unforeseen underwriting risks (adverse selection), actuarially unsound rates, un-financed or under financed required benefits, payment delays, future growth re	1/1/2017	12/31/2017	60.00%	Robert Landis
4.16	Continue an on-going dialogue with DHCS and DMHC in order to convey concerns over reimbursement for any current or proposed, programs, benefits, aid categories or services KHS is required to provide by the State or Federal governments	1/1/2017	12/31/2017	60.00%	Robert Landis
4.2	Relocate KHS offices to a geographic area convenient to members and able to house all functions in one location	1/1/2015	6/1/2019	65.00%	Emily Duran
4.21	Select consultant to assist with identifying qualified locations	6/1/2015	9/30/2015	100.00%	Emily Duran
4.22	Present to the KHS Board all locations suitable for housing KHS current and future growth within the desired location.	5/1/2015	12/31/2015	100.00%	Emily Duran
4.23	Review Construction Proposals	7/1/2015	12/31/2015	100.00%	Emily Duran
4.24	Pre Construction and Construction Phase	9/1/2015	12/31/2016	100.00%	Emily Duran
4.241	Select General Contractor	1/1/2017	3/31/2017	100.00%	Emily Duran
4.242	Select Architect	10/1/2016	12/31/2016	100.00%	Emily Duran
4.25	Construction Project Plan	11/1/2015	1/31/2016	100.00%	Emily Duran
4.26	Construct Building	12/1/2017	5/31/2019	0.00%	Emily Duran
4.27	Create KHS relocation plan	5/1/2016	12/31/2016	100.00%	Emily Duran



Goal 4 – Plan Sustainability and Diversification

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
4	Plan Sustainability and Diversification				
4.3	Consider all opportunities suitable to the mission and business model	1/1/2016	12/31/2017	90.00%	Jeremy McGuire
4.31	Explore alternative product lines consistent with the business model	1/1/2016	9/30/2016	100.00%	Jeremy McGuire
4.32	Present recommendation(s) to the Board of Directors	10/3/2016	10/13/2016	100.00%	Jeremy McGuire
4.33	Follow up on items identified by the Alternate Product Line analysis	11/1/2016	12/31/2017	65.00%	Jeremy McGuire
4.4	Undertake succession planning to ensure leadership continuity	7/1/2015	4/14/2016	100.00%	Anita Martin
4.41	Determine need for consulting services	7/1/2015	7/31/2015	100.00%	Anita Martin
4.42	Defining critical positions in your company	7/1/2015	9/30/2015	100.00%	Anita Martin
4.43	Identifying competency, skills and success factors of leadership	8/3/2015	9/30/2015	100.00%	Anita Martin
4.44	Finding and assessing potential successors/Update annually.	1/2/2017	3/13/2017	100.00%	Anita Martin
4.45	Plan for developing internal talent and monitoring their progress	1/2/2017	3/13/2017	100.00%	Anita Martin
4.46	Incorporating means for adjusting Plan for organizational / environmental changes	1/2/2017	3/13/2017	100.00%	Anita Martin
4.47	Present Plan to Board of Directors for review and approval	3/13/2017	4/13/2017	100.00%	Anita Martin
4.5	Develop Employee Retention Plan	6/1/2015	4/14/2016	100.00%	Anita Martin
4.51	Identify factors which influence retention	7/1/2015	7/31/2015	100.00%	Anita Martin
4.52	Evaluate internal opportunities for advancement and growth within KHS	8/3/2015	3/31/2016	100.00%	Anita Martin
4.53	Evaluate culture to develop a positive, constructive work environment using employee surveys and exit interviews	8/17/2015	3/31/2016	100.00%	Anita Martin
4.54	Analyze turn-over	1/23/2017	2/20/2017	100.00%	Anita Martin
4.55	Conduct Compensation Study to determine whether KHS's compensation and benefits are competitive with industry and local markets for similar positions	8/3/2015	3/24/2016	100.00%	Anita Martin
4.56	Present findings to Compensation Committee	2/20/2017	3/31/2017	100.00%	Anita Martin
4.57	Present to Board of Directors	2/20/2017	4/13/2017	100.00%	Anita Martin



**KERN HEALTH
SYSTEMS**

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

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



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

Task ID	Task Name	Start Date	Due Date	% Complete	Assigned To
5	Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale				
5.3	Increase data communication between the provider, member, and health plan to promote health information exchange and /or impact access, quality, or costs	1/1/2015	12/31/2017	65.00%	Richard Pruitt
5.31	Identify opportunities/products in the market (e.g. Health Information Exchange, Data Sharing, CORE Transactions, etc.)	1/1/2015	12/31/2017	75.00%	Richard Pruitt
5.311	Kern County Mental Health Data Exchange	7/1/2015	6/30/2016	100.00%	Deborah Murr
5.312	Provider Portal	7/1/2015	6/30/2016	100.00%	Emily Duran
5.313	Member Portal	7/1/2015	12/31/2016	100.00%	Louie Iturriria
5.314	CAHQ CORE Transactions	1/1/2015	12/31/2015	100.00%	Richard Pruitt
5.315	Member Data Dashboard	1/1/2017	3/31/2017	100.00%	Louie Iturriria
5.316	Provider Data Dashboard (P4P, Scorecard, etc)	1/1/2017	12/31/2017	75.00%	Deborah Murr
5.317	Participation in a Global Health Information Exchange	10/1/2017	12/31/2017	0.00%	Richard Pruitt
5.32	Analyze and evaluate opportunities/products for effectiveness and compatibility with the health plan and community	1/1/2015	6/30/2017	75.00%	Richard Pruitt
5.321	Provider/Member Portal Analysis	1/1/2016	5/31/2016	100.00%	Emily/Louie
5.322	Medical Management Platform Analytics	5/1/2016	7/31/2016	100.00%	Deborah Murr
5.323	Member Rewards Analytics	3/1/2016	1/27/2017	100.00%	Louie Iturriria
5.33	Complete cost analysis for Return on Investment/Cost Benefit	1/1/2015	12/31/2017	50.00%	Richard Pruitt
5.34	Presentation to Board of Directors	1/1/2015	12/31/2017	75.00%	Richard Pruitt
5.341	Provider/Member Portal Board Presentation	2/1/2016	5/12/2016	100.00%	Emily/Louie
5.342	Medical Management Software Board Presentation	9/1/2016	10/31/2016	100.00%	Deborah Murr
5.343	Member Rewards Board Presentation	7/1/2016	1/27/2017	100.00%	Louie Iturriria
5.35	Create plan for implementation	1/1/2015	9/30/2017	75.00%	Richard Pruitt
5.351	Provider Portal Implementation	6/1/2016	9/1/2017	60.00%	Emily Duran
5.352	Member Portal Implementation	6/1/2016	1/27/2017	100.00%	Louie Iturriria
5.353	Medical Management Platform Implementation	1/1/2017	12/31/2017	65.00%	Deborah Murr
5.354	Member Rewards Implementation	10/3/2016	6/30/2017	100.00%	Louie Iturriria
5.4	Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR)	1/1/2015	12/31/2017	50.00%	Doug Hayward
5.41	Perform Business Processing Improvement Training for Leadership	1/1/2015	6/30/2016	100.00%	Richard Pruitt
5.42	Identify and analyze efficiencies and improvement opportunities	1/1/2015	6/30/2015	100.00%	Execs
5.43	Align these initiatives with annual departmental goals and objectives	1/1/2015	6/30/2015	100.00%	Execs
5.44	Perform cost analysis of efficiencies or improvement opportunity	1/1/2015	6/30/2015	100.00%	Execs
5.45	Establish projects into annual project and budget planning	1/1/2015	10/1/2015	100.00%	Execs
5.46	Create and execute project plans	1/1/2016	12/31/2016	75.00%	Jeremy McGuire
5.47	Continuously monitor and control for operational effectiveness	1/1/2015	12/31/2017	75.00%	Execs



**KERN HEALTH
SYSTEMS**

Next Steps

- Staff continues to work on remaining Strategic Plan items. Updates to the KHS Board of Directors will continue.
- Management is scheduling a Strategic Planning Meeting in September 2017 to discuss the next 3-year Strategic Plan.



To: KHS Board of Directors

From: Emily Duran, Director of Provider Relations

Date: August 10, 2017

Re: Owner Controlled Insurance Program

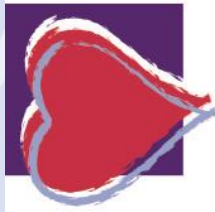
Background

Kern Health Systems has explored insurance options for the new building construction project and has met with our insurance broker and legal counsel to ascertain the most cost effective program that ensure minimum risk and exposure. The Owner Controlled Insurance Program through the California State Association of Counties – Excess Insurance Authority (CSAC-EIA) provides a very cost effective program that allows KHS to take advantage of pooled limits with superior coverage. This program also ensures all parties maintain the level of insurance coverage necessary, without term gaps.

A presentation will be provided to the Board of Directors.

Requested Action

Approve KHS CEO to execute procurement agreement with CSAC-EIA and Alliant in an amount not to exceed \$540,000 plus corresponding taxes and fees.



KERN HEALTH SYSTEMS

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

BOARD OF DIRECTORS AUGUST 10, 2017

Owner Controlled Insurance Program

- Owner Controlled Insurance Program (OCIP), also known as “wrap-ups” are widely used on public and private sector construction projects and capital improvement programs.
- Through an OCIP, the owner of a construction project provides general liability insurance and workers compensation for all involved parties from the owner/developer to the general contractor and all subcontractors and sub-tier subcontractors for the project’s duration.

Owner Controlled Insurance Program Cont.

- OCIPs can be utilized on a single project with a construction value of \$100MM+ or on multiple projects as small as \$5MM+ that are combined into a “Rolling” OCIP Program.
- They offer cost savings, better coverage, more control, and higher limits of insurance than a traditional insurance program.



1-800-391-2000

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OCIP Coverage

- Excess Liability
 - \$100MM Limits
 - Follow Form Excess Liability
- General Liability
 - \$2MM Combined Single Limit
 - \$8MM General Aggregate
 - \$4MM Products/Completed Ops Agg
 - \$2MM Personal/Advertising Injury
- Contractor's Pollution Liability
 - \$10MM single/\$20MM aggregate
- Contractor's
 - \$1MM Workers' Compensation
 - Statutory
- Employer's Liability
 - \$1MM
- Term: 10 years



Additional Coverages

- **Builder's Risk**
 - PEPIP
 - Allianz COC Program
- **Project Professional**
 - Owner's Protective Professional Indemnity (OPPI)
- **Contractors Pollution Liability**
 - Pollution Legal Liability



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Benefits of OCIP

- Enables members to receive the benefits of an OCIP with projects that otherwise wouldn't qualify because of size
- Lower cost with upfront savings
- Pre-negotiated, highly competitive rates
- Better coverage
- Control
- Larger contractor pool
- Small business participation
- Streamlined Process / Administrative Ease

Roles & Responsibilities

Task	Alliant	CSAC – EIA	KHS	Contractor
Project Identification	X		X	
OCIP Sales	X			
OCIP Education	X			
Premium Payment/ Invoicing	X	X	X	
Contract Documents	X		X	
Program Administration	X			X
Loss Control	X			X
Claims Advocacy	X			

Recommendation to Board of Directors

Approve KHS CEO to execute OCIP agreement with CSAC-EIA and Alliant in an amount not to exceed \$540,000 plus corresponding taxes and fees.



1-800-391-2000
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Questions

For additional questions, please contact:

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



1-800-391-2000

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To: KHS Board of Directors
From: Emily Duran, Director of Provider Relations
Date: August 10, 2017
Re: Construction: Request for Statement of Qualification for Subcontracts

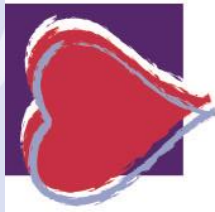
Background

Kern Health Systems published a Request for Statement of Qualifications for Subcontractors interested in our construction project. This prequalification phase is required for subcontractors to participate in the formal bid process. There were several components that were taken into consideration such as our project basic requirements, organizational history, compliance with civil and criminal laws, history of business and organizational performance, overall bonding and insurance capacity.

A presentation will be provided to the Board of Directors.

Requested Action

Recommend the Board of Directors approve the attached list of subcontractors to proceed with the Formal Bid Process – Notice Invitation to Bid.



KERN HEALTH SYSTEMS

CONSTRUCTION: REQUEST FOR STATEMENT OF QUALIFICATIONS

BOARD OF DIRECTORS
AUGUST 10, 2017

Current Project Status

- Convened a Relocation Committee meeting in July with updates on construction design, budget, insurance and procurement
- KHS is at 65% Construction Design
- Incorporated value based engineering items with General Contractor, Developer and Architect
- Conducted a Prequalification Process for Sub Contractors



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Sub-Contracting

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



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Prequalification Process

- KHS published a Request for Qualifications and Prequalification Procedures for Bidding
- Subcontractors interested in bidding were required to submit for review and approval
- Proposal included disclosure and attestation for:
 - Essential Requirements for Qualification
 - Organizational history & Compliance with civil and criminal laws
 - History of Business and Organizational Performance
 - Project completion, bonding and insurance

Prequalification Process

- KHS published announcement in KHS website, Bakersfield Californian and The Kern County Builders Exchange Job Announcement Board
 - KHS received 173 requests
- 108 Statements of Qualifications were submitted

Recommendation to Board of Directors

- Recommend the Board of Directors approve the attached list of subcontractors to proceed with the Formal Bid Process – Notice Invitation to Bid.



1-800-391-2000
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Questions

For additional questions, please contact:

**Emily Duran,
Director of Provider Relations
(661) 664-5035**

**Kern Health Systems Construction Project 2017
Prequalified Subcontractors**

AC Paving
Burtch Construction
Diversified Construction Solutions, Inc.
Kern Asphalt Paving & Sealing Co., Inc.
Acoustical Ceiling
Elijay Acoustics, Inc.
Preferred Ceilings, Inc.
Sound Control Co.
Western Building Materials Co.
Ceramic Tile
Premier Tile & Marble
Visalia Ceramic Tile, Inc.
Concrete
Bravo Concrete
Santa Clarita Concrete
Terry Bedford Concrete Construction
Tumblin Company
Doors, Frames, Hardware
Design Hardware
Kern Glass & Aluminum Company
McKernan Inc.
Retrolock
Tarlton and Son Inc.
Whitehead Construction
Earthwork/ Utilities
ARB, Inc./Primoris Electric, Inc.
Gilliam & Sons Inc.
Ground Breakers
Pay Dirt Construction, Inc.
Sierra Construction and Excavation Inc.
Electrical
A-C Electric Company
Cable Links Construction
CSI Electrical Contractors, Inc.
RexMoore
Smith Electrical, Mechanical, Plumbing
Elevator
Thyssen Krupp Elevator
Fencing
Alcorn Fence Company
Fence Corp

Rudnick Fence
San Joaquin Fence
Fire Sprinklers
Control Fire Protection, Inc.
Cosco Fire Protection
Jerico Fire Protection
JPI Development Group, Inc.
RHL Fire Protection
Sprinkler Service Sales (Simplex Grinnell)
Superior Fire
Flooring
Empire Floor Covering Inc.
Hoover Co.
Pro Installations Inc.
HVAC
ACCO Engineered Systems, Inc.
American Incorporated
Circulating Air, Inc.
J.R. Barto Heating
Journey Air Conditioning Co
Key Air Conditioning Contractors, Inc.
Mesa Energy Systems
New England Sheet Metal & Mechanical co.
Patton
Sheldon Mechanical Corporation
Westco Service Company
Landscape & Irrigation
American Hydrotech, Inc.
American Landscape
Elite Landscape Construction, Inc.
Kern Sprinkler
Landscape Development Inc.
Nish-ko, Inc.
Masonry
Dorfmeier Masonry, Inc.
Metal studs, Drywall & Plaster
Caston Inc.
Coffey Building Group
Nevell Group, Inc.
Platinum Construction
Premier Drywall
Rutherford Co, Inc.
Tarlton and Son Inc.
Painting
Elite Painting & Wallcovering, Inc.

Prime Painting
RO's Precise Painting & Powder Coating, Inc.
Tarlton and Son Inc.
Wm. B. Saleh Co.
Plumbing
HPS Mechanical, Inc.
J. Noble Binns
Mesa Energy Systems
Smith Electrical, Mechanical, Plumbing
Taft Plumbing Co., Inc.
Westco Service Company
Roofing
Absolute Urethane
Anning-Johnson Company
Best Contracting Services, Inc.
Fresno Roofing Company, Inc.
Garcia Roofing, Inc.
Graham Prewett, Inc.
Midstate Sheetmetal, Inc.
Nations Roof
Sheet Metal
Four C's Construction
Giroux Glass
Graham Prewett, Inc.
Midstate Sheetmetal, Inc.
United Contractors
Solar
A-C Electric Company
Structural Steel
Anvil Steel
Diversified Metalworks
Gayle Manufacturing Company
Golden State Steel
KCB Towers, Inc.
Mechanical Industries, Inc.
Muhlhauser Steel, Inc.
Store front & curtain wall / Sheet metal & metal panels
Giroux Glass
Huntington Glazing, Inc.
Kern Glass & Aluminum Company



To: KHS Board of Directors

From: Emily Duran, Director of Provider Relations

Date: August 10, 2017

Re: Workstation Procurement

Background

In preparation for KHS' new building requirements and floorplan finalization, KHS performed an extensive evaluation on options for new and used workstations. Staff consulted with interior space designers, movers, and technical and electrical professionals to evaluate the current condition of our workstations, refurbished options and new cubicles.

KHS published a request for proposal for workstations and requested two options 1) new workstations with a buy back option and 2) new workstations. With those bids, we compared the price and labor of moving old workstations, as well as purchasing new and moving those currently at our Truxtun location. The comparison is included in the attached and will be presented in detail to the Board of Directors.

Requested Action

Request Board of Directors to approve a contract with Stinson's for an amount not to exceed \$558,550.00



Workstations

**Board of Directors
August 10, 2017**

Background

In preparation for KHS' new building requirements and floorplan finalization, our interior team with assistance from our architect and interior design consultant, performed an extensive evaluation on workstations.

Evaluation Process

- KHS currently employs 350 FTEs that require a modular workstation
- Requirement of electrical and data specifications to finalize design and placement of departments
- Evaluation of buy vs current inventory was conducted
- Requirement for additional cubicles based on current stock
- Evaluated down time and moving cost
- Evaluated buy back option
- Evaluated added value for keeping cubicles in current owned facility
- Evaluated overall condition of current cubicles

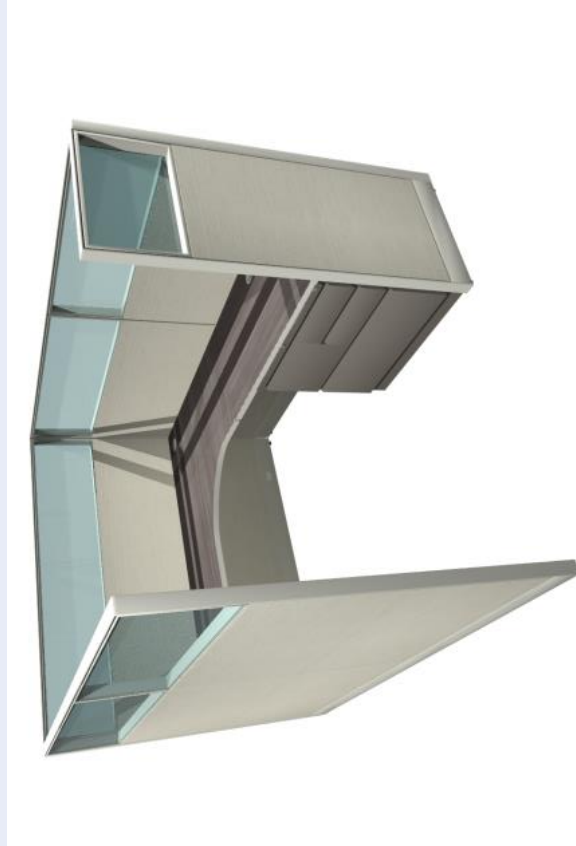


Buy vs. Move

Option #1 - Current Inventory			Option #2 - Refurbished			Option #3 - New and Used		
Description	Qty	Total	Description	Qty	Total	Description	Qty	Total
Stockdale cubicles	220	\$0	Stockdale cubicles			Truxtun cubicles	80	\$0
Moving cost		\$350,000	Cubicle Redesign Costs		\$25,000	Moving cost		\$60,000
Cubicle Redesign Costs		\$20,000	Operational Costs		\$64,000	Cubicle Redesign Costs		\$5,000
Operational Costs		\$22,000				Operational Costs		\$4,000
Truxtun cubicles	80	\$0	Truxtun cubicles	80	\$0	Additional Panels	80	\$32,000
Moving cost		\$60,000	Moving cost		\$60,000	New Line Staff Cubicles	250	\$550,000
Cubicle Redesign Costs		\$5,000	Cubicle Redesign Costs		\$5,000	New Supervisor cubicles	20	\$72,000
Operational Costs		\$4,000	Operational Costs		\$4,000	Staff Downtime Operational Costs		\$80,000
New Line Staff Cubicles	30	\$66,000	Refurbished Line Staff Cubicles	250	\$500,000	Ind. Buy Back Estimate		(\$80,000)
New Supervisor Cubicles	20	\$72,000	New Sup. cubicles	20	\$75,000			
Staff Downtime Operational Costs		\$200,000	Staff Downtime Operational Costs		\$80,000			
GRAND TOTAL		\$799,000	GRAND TOTAL		\$813,000	GRAND TOTAL		\$723,000
Notes: * Current inventory is short 50 cubicles * Will require re-configuration of original plan. * Current cubicles are 7X8, new are 6X8. * Cubicles parts need to be manufactured * Moving will require two data centers * Supervisor cubicles will have to be purchased * Different electrical/data specifications for 3 different cubicle vendors * Staff will be displaced for 1 week * Little flexibility for project delays			Notes: * Received one proposal * depending on inventory will need to redesign * Operations cost is very conservative * IT will need to run all lines for data, power, etc. * No time flexibility for project delays			Notes: * will need to redesign truxtun cubicles and add more panels to accommodate the 6x8 standard cubicle size		

Workstation Designs

Standard Cubicle



Supervisor Cubicle



Evaluation of Proposals

COMPANY	PROPOSAL/ QUALITY		PRICE	REFERECES		BUY BACK OPTION	Total
	45%	30%		10%	15%		
Sierra School	4	3	4	4	0	3.10	
Weight Score	1.80	0.90	0.40	0.00			
Trendway Choice	4	4	4	0	3.40		
Weight Score	1.80	1.20	0.40	0.00			
Trendway Capture	3	3	4	0	2.65		
Weight Score	1.35	0.90	0.40	0.00			
TI Steelcase	4	2	4	1	2.95		
Weight Score	1.80	0.60	0.40	0.15			
TI HON	3	2	4	1	2.50		
Weight Score	1.35	0.60	0.40	0.15			
TI Friant	4	4	4	1	3.55		
Weight Score	1.80	1.20	0.40	0.15			
TI Refurbished	3	2	4	1	2.50		
Weight Score	1.35	0.60	0.40	0.15			
Campbell Keller	4	3	4	0	3.10		
Weight Score	1.80	0.90	0.40	0.00			
Core Business	4	3	5	5	3.95		
Weight Score	1.80	0.90	0.50	0.75			
Stinson's HON	3	5	4	3	3.70		
Weight Score	1.35	1.50	0.40	0.45			
Stinson's Compatico	5	4	4	3	4.30		
Weight Score	2.25	1.20	0.40	0.45			

Evaluation of Proposals

Workstation Proposals		
Vendor	option #1 with buyback	option #2 New & Used
Stinson's (Compatico)	\$ 595,270	\$ 558,550
Tangram Interiors Friant	\$ 771,064	\$ 774,564
Core Business	\$ 841,987	\$ 881,987

Recommendation to Board of Directors

Request Board of Directors to approve a contract with Stinson's for an amount Not to Exceed \$558,550.00



To: KHS Board of Directors

From: Robert Landis, CFO

Date: August 10, 2017

Re: May 2017 Financial Results

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

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

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

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

**Kern Health Systems
Financial Packet
May 2017**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 14
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF MAY 31, 2017			
ASSETS	MAY 2017	APRIL 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 112,844,767	\$ 161,023,783	\$ (48,179,016)
Short-Term Investments	178,522,850	178,339,888	182,962
Pass-through Monies Held for Future Payment	2,150,390	3,219,608	(1,069,218)
Premiums Receivable - Net	17,732,550	-	17,732,550
Interest Receivable	338,203	159,621	178,582
Other Receivables	437,727	816,873	(379,146)
Prepaid Expenses & Other Current Assets	871,236	1,088,713	(217,477)
Total Current Assets	\$ 312,897,723	\$ 344,648,486	\$ (31,750,763)
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEP:			
Land	4,851,562	4,851,562	-
Furniture and Equipment	7,171,083	7,269,053	(97,970)
Automobile - Net	20,540	20,932	(392)
Building and Building Improvements - Net	6,852,954	6,880,809	(27,855)
Capital Projects in Process	5,388,192	4,739,454	648,738
Total Capital Assets	\$ 24,284,331	\$ 23,761,810	\$ 522,521
DEFERRED OUTFLOWS OF RESOURCES	\$ 4,540,339	\$ 4,540,339	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 342,022,393	\$ 373,250,635	\$ (31,228,242)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 52,539	\$ 52,239	300
Accrued Salaries and Employee Benefits	2,359,809	2,067,880	291,929
Accrued Other Operating Expenses	1,473,434	1,658,241	(184,807)
Accrued Taxes and Licenses	13,896,267	6,697,675	7,198,592
Other Medical Liabilities - Nonoperating Passthrough	2,150,390	3,219,608	(1,069,218)
DHCS Payable - Net	-	43,930,542	(43,930,542)
Claims Payable (Reported)	18,608,722	15,090,237	3,518,485
IBNR - Inpatient Claims	33,325,957	32,989,117	336,840
IBNR - Physician Claims	11,414,815	11,218,873	195,942
IBNR - Accrued Other Medical	20,498,416	19,324,925	1,173,491
Risk Pool and Withholds Payable	3,377,546	3,995,039	(617,493)
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	37,705,994	37,768,010	(62,016)
Total Current Liabilities	\$ 146,790,563	\$ 179,939,060	\$ (33,148,497)
NONCURRENT LIABILITIES:			
Net Pension Liability	4,713,346	4,724,514	(11,168)
TOTAL NONCURRENT LIABILITIES	\$ 4,713,346	\$ 4,724,514	\$ (11,168)
DEFERRED INFLOWS OF RESOURCES	\$ 1,840,334	\$ 1,840,334	\$ -
NET POSITION:			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	17,462,577	15,531,154	1,931,423
Total Net Position	\$ 188,678,150	\$ 186,746,727	\$ 1,931,423
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 342,022,393	\$ 373,250,635	\$ (31,228,242)

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

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

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH MAY 31, 2017														
	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	13 MONTH TOTAL
ENROLLMENT														
M e m b e r s - M C A L	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,382	3,042,103
R E V E N U E S														
Title XIX - Medicaid - Family and Other	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	21,057,784	275,391,592
Title XIX - Medicaid - Extension Members	32,681,126	20,013,241	20,106,340	20,307,212	20,219,075	19,620,974	20,146,360	20,105,649	20,905,352	21,131,189	22,045,879	21,650,071	21,843,761	270,776,229
Title XIX - Medicaid - SFD Members	9,500,904	8,974,279	10,385,333	10,279,833	10,007,635	10,231,800	10,209,218	9,940,753	9,966,872	9,618,941	9,939,770	10,055,780	9,972,611	129,083,729
Premium - MCO Tax	2,201,211	2,176,933	1,155,272	2,082	21,814,834	7,184,130	7,195,399	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	7,504,758	87,989,997
Interest/Dividends	155,221	144,418	156,158	150,143	186,999	236,189	223,035	194,711	181,883	176,794	245,909	264,732	376,466	2,692,658
Reinsurance Recoveries	-	136,469	30,454	35,587	205,689	205,689	(210,568)	-	-	-	-	-	-	197,233
COB/Subrogation Collections	1,867,649	2,788,967	1,886,161	9,063,870	2,787,116	3,407,813	2,069,154	2,839,103	4,060,955	3,306,877	4,696,164	2,789,187	3,514,662	45,047,678
Rate/Income Adjustments	(709,861)	182,133	(14,918)	1,795,534	13,093	(333,319)	(541)	2,736,951	-	2,016,975	413,545	93,756	(3,949)	6,189,399
Other Income (Expense)	(1,527)	(101,654)	66,531	(67,508)	(407,903)	215	41	(1,262,113)	37,570	121	46,740	(1,110)	9	(1,690,588)
TOTAL REVENUES	55,895,422	56,006,782	53,738,700	63,075,046	75,990,414	62,271,090	61,922,211	64,838,821	63,670,425	63,704,954	66,799,408	64,178,550	64,266,102	815,647,925
E X P E N S E S														
Medical Costs:														
Physician Services	10,067,372	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	11,369,024	12,342,816	12,684,849	13,156,118	13,305,167	13,797,185	158,284,159
Other Professional Services	2,041,275	2,438,637	2,115,049	2,389,356	2,329,736	1,836,321	2,425,983	2,850,615	2,642,041	2,246,962	2,496,217	2,479,295	2,584,649	30,876,136
Emergency Room	4,004,335	3,936,263	4,823,966	4,534,245	4,327,181	4,374,358	4,182,880	4,106,435	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	55,483,689
Inpatient	13,224,036	12,777,639	16,712,009	13,075,786	10,660,875	11,423,068	11,783,439	12,926,841	13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	175,927,440
Reinsurance Expense	179,842	180,699	182,458	183,031	185,643	187,188	187,380	103,176	103,384	103,384	103,399	105,736	107,515	1,993,099
Outpatient Hospital	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	5,765,474	5,787,957	68,077,400
Other Medical	2,889,123	3,577,133	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	1,515,058	2,097,824	2,007,500	2,214,713	2,373,420	2,730,233	24,848,990
Pharmacy	8,154,315	7,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	8,098,176	8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	105,880,827
Pay for Performance Quality Incentive	545,291	550,605	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	7,269,178
Expansion Risk Corridor Expense	1,469,399	1,329,868	(215,621)	-	1,059,120	853,019	137,358	413,346	-	-	-	-	-	5,046,489
IBNR, Incentive, Paid Claims Adjustment	(2,887,073)	(3,748,854)	0	3,244,295	128,791	162,526	(444,334)	1,045,552	(141,866)	111,013	(585,473)	(232,581)	(744,814)	(4,092,818)
Total Medical Costs	44,523,262	43,689,499	46,395,182	53,911,861	44,887,656	45,836,855	44,672,896	49,466,635	49,389,881	50,406,468	52,511,453	51,049,856	52,353,094	629,594,598
GROSS MARGIN	11,372,160	12,317,283	7,363,518	9,163,185	31,102,758	16,434,235	16,519,315	15,371,186	13,780,544	13,298,486	14,287,955	13,128,694	11,913,008	186,053,327
Administrative:														
Compensation	1,493,127	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,307	1,748,853	1,667,274	1,550,593	1,806,555	1,650,173	1,904,742	21,110,664
Purchased Services	231,179	532,780	256,055	354,956	343,359	478,654	607,200	470,957	268,436	450,657	436,052	442,046	344,437	5,216,778
Supplies	81,297	84,932	61,144	1,284	70,613	62,414	42,864	53,867	66,872	36,371	86,972	99,813	89,505	837,902
Other Administrative Expenses	304,432	391,548	333,267	338,202	368,192	663,609	265,740	423,090	359,822	363,606	484,727	365,239	432,721	5,094,195
Administrative Expense Adjustment	-	-	-	-	(190,729)	-	(1,960,549)	-	-	-	-	-	-	(2,512,778)
Total Administrative Expenses	2,110,035	2,467,926	2,048,649	2,198,158	2,181,198	2,826,999	2,633,111	736,218	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	30,108,261
TOTAL EXPENSES	46,633,297	46,157,425	48,443,831	56,110,019	47,068,854	48,663,254	47,306,007	50,202,853	52,252,285	52,807,695	55,325,713	53,607,127	55,124,499	659,702,859
OPERATING INCOME (LOSS) BEFORE TAX	9,263,125	9,849,357	5,314,869	6,965,027	28,921,560	13,607,836	13,886,204	14,635,968	11,418,140	10,897,259	11,473,695	10,571,423	9,141,603	155,945,066
MCO TAX														
Operating Income (Loss) Net of Tax	2,301,211	2,176,933	1,155,272	2,082	21,814,834	7,184,130	7,195,399	10,065,534	7,491,128	6,911,096	7,199,396	7,304,569	7,198,592	86,584,331
OPERATING INCOME (LOSS) NET OF TAX	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	4,274,299	3,566,854	1,943,011	69,360,535
TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-	(220,405)	-	-	-	-	(23,174)	-	(11,588)	(243,579)
NET INCREASE (DECREASE) IN NET POSITION	7,060,914	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,467,400	4,570,434	3,927,012	3,986,163	4,251,125	3,566,854	1,931,423	69,116,956
MEDICAL LOSS RATIO	82.9%	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	80.3%	88.8%	89.5%	88.5%	90.1%	92.2%	86.5%
ADMINISTRATIVE EXPENSE RATIO	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.1%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH MAY 31, 2017	ENROLLMENT													
	MAY 2016	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	13 MONTH TOTAL
Members - MCAL	225,873	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	3,042,103
REVENUES														
Title XIX - Medicaid - Family and Other	126.97	129.88	129.88	132.03	130.94	130.83	128.46	122.95	126.64	119.60	129.31	128.39	124.01	127.91
Title XIX - Medicaid - Expansion Members	425.86	417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	375.46	376.19	379.38
Title XIX - Medicaid - SPD Members	703.09	698.55	760.11	759.39	743.07	758.87	759.67	736.02	736.98	717.78	734.16	740.65	743.39	746.17
Premium - MCO Tax	9.75	9.54	0.51	0.10	93.15	30.73	30.73	42.93	31.88	31.21	31.09	31.13	31.10	28.91
Interest/Dividends	0.69	0.63	0.68	0.65	0.81	1.01	0.95	0.83	0.77	0.74	1.02	1.10	1.56	0.89
Reinsurance Recoveries	0.00	0.60	0.00	0.16	0.13	0.88	0.00	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00
COB/Subrogation Collections	8.27	12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	14.81
Rate/Income Adjustments	(31.14)	0.89	(0.07)	7.82	0.06	(1.42)	(0.80)	11.67	0.00	8.50	1.72	0.39	(0.02)	2.03
Other Income (Expense)	(0.01)	(0.45)	0.29	(0.29)	(1.76)	0.00	0.00	(5.38)	0.16	0.00	0.19	(0.00)	0.00	(0.50)
TOTAL REVENUES	247.46	245.57	234.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	268.12
EXPENSES														
Medical Costs:														
Physician Services	44.57	42.85	59.13	53.66	55.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	52.02
Other Professional Services	9.04	10.69	9.24	10.41	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	10.15
Emergency Room	17.73	17.26	17.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.64	16.34	18.24
Inpatient	58.55	56.02	73.05	56.96	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	57.83
Reinsurance Expense	0.80	0.79	0.80	0.80	0.79	0.79	0.80	0.80	0.80	0.44	0.43	0.44	0.45	0.66
Outpatient Hospital	21.41	21.86	11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	22.38
Other Medical	12.79	15.68	(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	8.17
Pharmacy	36.10	34.58	31.87	37.95	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	36.70	34.81
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.39
Expansion Risk Corridor Expense	6.51	5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	1.66
IBNR, Incentive, Paid Claims Adjustment	(12.78)	(16.44)	0.00	14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(1.35)
Total Medical Costs	197.12	191.56	202.79	234.35	193.44	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	206.96
GROSS MARGIN	50.35	54.01	32.18	39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	61.16
Administrative:														
Compensation	6.61	6.40	6.11	6.55	6.85	6.53	7.33	7.46	7.10	6.53	7.52	6.84	7.89	6.94
Purchased Services	1.02	2.34	1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.71
Supplies	0.36	0.37	0.27	0.01	0.30	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.28
Other Administrative Expenses	1.35	1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.79	1.67
Administrative Expense Adjustment	0.00	0.00	0.00	0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	(6.71)
Total Administrative Expenses	9.34	10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.71	10.60	11.49	9.90
TOTAL EXPENSES	206.46	202.38	211.74	244.42	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	216.86
OPERATING INCOME (LOSS) BEFORE TAX	41.01	43.19	23.23	30.34	124.63	58.16	59.29	62.42	48.60	45.92	47.75	43.83	37.89	51.26
MCO TAX	9.75	9.54	0.51	0.10	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	28.46
OPERATING INCOME (LOSS) NET OF TAX	31.26	33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	22.80
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	0.00	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.05)	(1.04)
NET INCREASE (DECREASE) IN NET POSITION	31.26	33.64	22.73	30.24	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	21.76
MEDICAL LOSS RATIO	82.9%	81.2%	86.5%	85.5%	83.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	86.5%
ADMINISTRATIVE EXPENSE RATIO	3.9%	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.1%

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED MAY 31, 2017			
R E V E N U E S			
Title XIX - Medicaid - Family & Other			
19,179,297	19,074,810	95,242,349	94,687,187
1,595,110	2,073,391	9,433,762	10,366,955
97,940	218,039	391,760	1,082,133
90,561	64,862	350,480	321,912
94,876	91,905	473,329	456,375
21,057,784	21,523,008	105,891,680	106,914,563
Total Title XIX - Medicaid - Family & Other			
Title XIX - Medicaid - Expansion Members			
20,893,866	19,531,407	102,526,472	96,950,655
289,779	409,979	1,811,118	2,049,896
624,367	614,295	3,063,808	3,049,257
35,749	33,180	174,854	164,700
21,843,761	20,588,861	107,576,252	102,214,508
Total Title XIX - Medicaid - Expansion Members			
Title XIX - Medicaid - SPD Members			
9,526,143	9,757,004	47,615,300	48,428,922
293,820	517,962	1,346,675	2,570,907
152,648	153,748	591,999	763,130
9,972,611	10,428,714	49,553,974	51,762,959
Total Title XIX - Medicaid - SPD Members			

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

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH MAY 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	YEAR TO DATE 2017
PHYSICIAN SERVICES						
Primary Care Physician Services	3,406,859	3,070,267	2,668,777	2,931,046	2,648,254	14,725,203
Referral Specialty Services	8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	44,857,024
Urgent Care & After Hours Advise	835,481	651,650	1,642,609	1,085,290	1,443,578	5,658,608
Hospital Admitting Team	8,988	8,712	9,300	9,000	9,300	45,300
TOTAL PHYSICIAN SERVICES	12,342,816	12,684,849	13,156,118	13,305,167	13,797,185	65,286,135
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	234,491	234,963	238,174	240,308	241,148	1,189,084
310 - Health Services - Utilization Management - UM Allocation *	659,425	596,974	655,378	585,083	693,556	3,190,416
311 - Health Services - Quality Improvement - UM Allocation *	101,672	94,856	112,498	102,951	110,754	522,731
312 - Health Services - Education - UM Allocation *	55,993	51,352	57,865	54,139	62,598	281,947
313 - Health Services - Pharmacy - UM Allocation *	86,242	76,174	87,191	81,001	90,904	421,512
314 - Health Homes - UM Allocation *	19,018	28,633	40,290	48,254	40,895	177,090
616 - Disease Management - UM Allocation *	36,728	38,265	51,455	54,901	61,123	242,472
Behavior Health Treatment	300,000	131,003	334,111	249,875	178,748	1,193,737
Mental Health Services	220,889	119,474	38,619	87,739	271,977	738,698
Other Professional Services	927,583	875,268	880,636	975,044	832,946	4,491,477
TOTAL OTHER PROFESSIONAL SERVICES	2,642,041	2,246,962	2,496,217	2,479,295	2,584,649	12,449,164
EMERGENCY ROOM	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	21,194,026
INPATIENT HOSPITAL	13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	73,343,747
REINSURANCE EXPENSE PREMIUM	103,176	103,384	103,399	105,736	107,515	523,210
OUTPATIENT HOSPITAL SERVICES	5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	28,961,398
OTHER MEDICAL						
Ambulance	321,788	349,619	341,345	346,373	336,918	1,696,043
Home Health Services & CBAS	370,547	381,556	383,407	279,863	360,563	1,775,936
Utilization and Quality Review Expenses	67,616	115,998	142,141	133,334	155,745	614,834
Long Term/SNF/Hospice	1,022,042	820,073	961,497	1,172,612	1,443,187	5,419,411
Enhanced Medical Benefits	-	-	-	-	-	-
Non-Medical Transportation	315,831	340,260	386,323	441,238	433,820	1,917,472
TOTAL OTHER MEDICAL	2,097,824	2,007,506	2,214,713	2,373,420	2,730,233	11,423,696
PHARMACY SERVICES						
RX - Drugs & OTC	7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	35,858,256
RX - HEP-C	561,061	672,985	971,345	944,297	787,421	3,937,109
Rx - DME	476,382	443,564	669,108	534,081	545,988	2,669,123
RX - Pharmacy Rebates	(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(651,768)
TOTAL PHARMACY SERVICES	8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	41,812,720
PAY FOR PERFORMANCE QUALITY INCENTIVE	552,163	589,709	564,724	566,768	567,013	2,810,377
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(141,866)	111,013	(585,473)	(232,581)	(744,814)	(1,593,721)
Total Medical Costs	49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	256,210,752

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

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

KERN HEALTH SYSTEMS MEDICAL		JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	YEAR TO DATE 2017
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED MAY 31, 2017							
110 - Executive		279,907	177,920	209,756	191,067	192,888	1,051,538
210 - Accounting		110,185	137,255	124,511	103,181	126,637	601,769
220 - Management Information Systems (MIS)		408,164	408,429	469,937	432,868	512,776	2,232,174
225 - Infrastructure		3,723	152,258	173,666	83,611	126,901	540,159
230 - Claims		409,956	432,879	463,333	510,387	472,762	2,289,317
240 - Project Management		63,772	68,960	70,610	54,103	58,554	315,999
310 - Health Services - Utilization Management		159	2,491	(435)	280	1,637	4,132
311 - Health Services - Quality Improvement		500	15	-	-	488	1,003
312 - Health Services - Education		-	(66)	438	271	1,282	1,925.00
313- Pharmacy		85,960	79,829	90,520	80,420	88,218	424,947
314 - Health Homes		-	608	6,000	1,166	35	7,809
616 - Disease Management		33	-	-	-	-	33
320 - Provider Relations		136,674	143,067	186,675	164,456	206,559	837,431
330 - Member Services		364,293	349,583	382,981	378,129	415,875	1,890,861
340 - Corporate Services		263,501	243,425	320,028	291,136	281,586	1,399,676
360 - Audit & Investigative Services		73,998	40,824	45,501	36,418	49,395	246,136
410 - Advertising Media		19,017	3,800	46,065	25,789	56,200	150,871
420 - Sales/Marketing/Public Relations		47,664	55,567	49,579	44,462	48,882	246,154
510 - Human Resources		94,898	104,383	175,095	159,527	130,730	664,633
Total Department Expenses		2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	12,906,567

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF MAY 31, 2017			
ASSETS	MAY 2017	APRIL 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,422,347	\$ 1,422,347	-
Interest Receivable	1,760	880	880
Prepaid Expenses & Other Current Assets	833	1,666	(833)
TOTAL CURRENT ASSETS	\$ 1,424,940	\$ 1,424,893	\$ 47
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 353,849	\$ 353,849	\$ -
NET POSITION:			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	1,051	1,004	47
Total Net Position	\$ 1,071,091	\$ 1,071,044	\$ 47
TOTAL LIABILITIES AND NET POSITION	\$ 1,424,940	\$ 1,424,893	\$ 47

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

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

	2017 MEMBER MONTHS											
	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
MEDICAL												
ADULT AND FAMILY												
PA - FAMILY	36,123	36,255	36,565	35,376	34,185							
MIN - FAMILY	0	0	0	0	0							
REFUGEE - FAMILY	1	1	0	2	2							
FOSTER CARE	493	498	508	536	594							
POVERTY-133/200%	2	2	2	2	0							
POVERTY-100%	0	0	0	0	0							
MI - CHILD	104,391	105,746	107,285	108,562	109,014							
CHILD-ACA	-127	430	405	415	422							
FAMILY - UNDER 19	20,203	20,297	19,877	19,865	20,312							
SUB-TOTAL ADULT & FAMILY	161,086	163,229	164,642	164,778	164,529	0	0	0	0	0	0	0

MEDICAL EXPANSION

LHP Transition Pre-ACA	26	69	58	65	65							
ACA Expansion Adult-Citizen	54,856	55,872	56,493	57,020	57,401							
ACA Expansion CAL Fresh Adult	9	1	4	5	5							
LHP Transition Pre-ACA	514	500	532	573	594							
SUB-TOTAL MANDATORY	55,405	56,442	57,087	57,663	58,065	0	0	0	0	0	0	0

SDP MEMBERS

SSI-AGED	158	185	191	194	174							
MIN - AGED	1,338	1,359	1,388	1,357	1,322							
SSI - BLIND & DIS-ABLED	11,702	11,623	11,614	11,701	11,631							
MIN - BLIND & DIS-ABLED	326	393	346	325	288							
SUB-TOTAL MANDATORY SPD	13,524	13,560	13,539	13,577	13,415	0	0	0	0	0	0	0
TOTAL MANDATORY	230,015	233,231	235,268	236,018	236,009	0	0	0	0	0	0	0

OTHER MEMBERS

BCCTP-TOBACCO SETTLEMENT	29	30	27	28	26							
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DUALS

PA - FAMILY DUALS	31	17	15	21	15							
PART D SSI-AGED	615	628	625	673	666							
PART D MN - AGED	1,127	1,116	1,134	1,173	1,229							
PART D SSI - BLIND & DIS-ABLED	2,067	2,011	2,081	2,085	2,128							
PART D MN - BLIND & DIS-ABLED	762	780	740	751	735							
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	2							
PART D MI - ADULT	0	0	0	0	0							
PART D MI - CHILD	316	360	417	427	472							
SUB-TOTAL DUALS	4,919	4,913	5,013	5,132	5,247	0	0	0	0	0	0	0

TOTAL OTHERS

	4,948	4,943	5,040	5,160	5,273	0	0	0	0	0	0	0
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TOTAL KAISER

	7,103	7,365	7,466	7,619	7,714							
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TOTAL MEDICAL MEMBERS

	242,066	245,539	247,774	248,797	248,996	0	0	0	0	0	0	0
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To: KHS Board of Directors

From: Robert Landis, CFO

Date: August 10, 2017

Re: June 2017 Financial Results

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

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

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

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

**Kern Health Systems
Financial Packet
June 2017**

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

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

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

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

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JUNE 30, 2017														
	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	13 MONTH TOTAL
ENROLLMENT														
Members - MCAL	238,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	241,716	3,057,946
REVENUES														
Title XIX - Medicaid - Family and Other	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	21,057,784	21,560,930	276,751,823
Title XIX - Medicaid - Expansion Members	20,013,241	20,106,340	20,307,212	20,219,075	19,620,974	20,146,360	20,105,649	20,905,352	21,131,189	22,045,879	21,650,071	21,843,761	21,316,549	269,411,652
Title XIX - Medicaid - SPD Members	8,974,279	10,385,333	10,279,833	10,007,635	10,231,800	10,209,218	9,940,753	9,966,872	9,618,941	9,939,770	10,055,780	9,972,611	10,383,303	129,966,128
Premium - MCO Tax	2,176,933	115,627	23,082	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	7,504,757	7,517,243	93,276,243
Interest/Dividends	144,418	156,158	150,143	186,999	236,189	223,035	194,711	181,883	176,794	245,909	264,732	376,466	265,238	2,802,675
Reinsurance Recoveries	136,469	-	35,587	30,454	205,689	-	(210,968)	-	-	-	-	-	-	197,231
COR/Subrogation Collections	182,967	1,886,161	9,063,870	2,787,117	3,407,813	2,069,154	2,839,103	4,060,955	3,306,877	4,696,164	2,789,147	3,514,662	3,698,257	46,878,286
Rated/Income Adjustments	182,133	(14,918)	1,795,534	13,003	(333,319)	(541)	2,736,951	-	-	2,016,975	93,756	(3,949)	(340,730)	6,558,530
Other Income (Expense)	(101,654)	66,531	(67,508)	(407,903)	215	41	(1,262,113)	37,570	121	46,740	(1,110)	9	(88,814)	(1,777,875)
TOTAL REVENUES	56,006,782	53,758,700	65,075,046	75,990,414	62,271,090	61,192,211	64,838,821	63,670,425	63,704,954	66,799,408	64,178,550	64,266,102	64,312,190	824,064,693
EXPENSES														
Medical Costs:														
Physician Services	9,773,684	13,528,740	12,319,200	12,407,247	11,839,584	11,693,173	11,369,024	12,342,816	12,684,849	13,156,118	13,305,167	13,797,185	15,174,897	163,391,684
Other Professional Services	2,438,637	2,115,049	2,389,356	2,329,736	1,836,321	2,425,983	2,850,615	2,642,041	2,246,962	2,496,217	2,479,295	2,584,649	3,292,399	32,127,256
Emergency Room	3,936,263	4,823,966	4,534,245	4,377,181	4,374,358	4,182,880	4,106,435	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	56,244,106
Inpatient	12,777,639	16,712,009	13,075,786	10,660,875	11,423,068	11,783,339	12,926,841	13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	14,193,273	176,896,677
Reinsurance Expense	180,699	182,488	183,031	183,648	187,188	187,380	103,176	103,384	103,399	105,736	107,515	106,164	106,164	1,919,421
Outpatient Hospital	4,986,698	2,738,213	6,364,762	3,990,250	5,114,588	4,698,313	6,388,140	5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	6,293,878	69,535,940
Other Medical	3,577,133	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	1,515,058	2,097,824	2,007,506	2,214,713	2,373,420	2,730,233	2,620,808	24,580,675
Pharmacy	8,887,127	7,291,244	8,712,624	8,096,666	7,680,935	8,147,020	8,098,176	8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	9,035,094	106,761,606
Pay for Performance Quality Incentive	550,605	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	568,032	7,291,919
Expansion Risk Corridor Expense	1,329,868	(215,621)	-	1,059,120	853,019	137,358	413,346	-	-	-	-	-	-	3,577,090
IBNR, Incentive, Paid Claims Adjustment	(3,748,854)	0	3,344,295	128,791	162,526	(444,334)	1,045,552	(141,866)	111,011	(585,473)	(232,581)	(744,814)	(2,727,790)	(3,933,535)
Total Medical Costs	43,689,499	46,395,182	53,911,861	44,887,656	45,836,855	44,672,896	49,466,635	49,889,881	50,406,468	52,511,453	51,049,856	52,353,094	53,321,503	638,392,839
GROSS MARGIN	12,317,283	7,363,518	9,163,185	31,102,758	16,434,235	16,519,315	15,372,186	13,780,544	13,298,486	14,287,955	13,128,694	11,913,008	10,990,687	185,671,854
Administrative:														
Compensation	1,458,666	1,398,183	1,503,706	1,589,763	1,621,722	1,717,307	1,748,853	1,667,274	1,550,593	1,806,555	1,650,173	1,904,742	1,869,066	21,486,603
Purchased Services	532,780	256,055	354,966	343,359	478,654	607,200	470,957	268,436	450,657	436,052	442,046	344,437	364,323	5,349,922
Supplies	84,932	61,144	1,284	70,613	62,414	42,864	53,867	66,872	36,371	86,976	99,813	89,505	30,984	787,889
Other Administrative Expenses	391,548	333,267	338,202	368,192	663,609	265,740	423,090	359,822	363,606	484,727	365,239	432,721	492,918	5,282,681
Administrative Expense Adjustment	-	-	-	(190,729)	-	-	(1,960,549)	-	-	-	-	-	-	(2,151,278)
Total Administrative Expenses	2,467,926	2,048,649	2,198,158	2,181,198	2,826,399	2,633,111	756,218	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	30,755,517
TOTAL EXPENSES	46,157,425	48,443,831	56,110,019	47,068,854	48,663,254	47,306,007	50,202,853	52,252,285	52,807,695	55,325,713	53,607,127	55,124,499	56,078,794	669,148,256
OPERATING INCOME (LOSS) BEFORE TAX	9,849,357	5,314,869	6,965,027	28,921,560	13,607,836	13,886,204	14,635,968	11,418,140	10,897,259	11,473,695	10,571,423	9,141,603	8,233,396	154,916,337
MCO Tax	2,176,933	115,627	23,082	21,614,834	7,184,130	7,198,399	10,065,534	7,491,128	6,911,096	7,199,396	7,204,569	7,198,592	7,197,359	91,880,679
OPERATING INCOME (LOSS) NET OF TAX	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,407,400	4,570,434	3,927,012	3,986,163	4,251,125	3,366,854	1,931,423	1,036,037	63,080,491
TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-	(220,405)	-	-	-	(23,174)	-	(11,588)	-	(255,167)
NET INCREASE (DECREASE) IN NET POSITION	7,672,424	5,199,242	6,941,945	7,306,726	6,423,706	6,407,400	4,570,434	3,927,012	3,986,163	4,251,125	3,366,854	1,931,423	1,036,037	63,080,491
MEDICAL LOSS RATIO	81.2%	86.5%	85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	91.2%	91.9%	87.4%
ADMINISTRATIVE EXPENSE RATIO	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.2%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 12 MONTHS THROUGH JUNE 30, 2017														
	JUNE 2016	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	13 MONTH TOTAL
MEMBER														
M e m b e r s - M C A L	228,073	228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	241,716	3,057,946
R E V E N U E S														
Title XIX - Medicaid - Family and Other	129.88	129.86	132.03	130.94	130.83	122.46	122.95	126.64	119.60	129.31	128.39	124.01	126.74	128.26
Title XIX - Medicaid - Expansion Members	417.14	379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	375.46	376.19	369.16	374.56
Title XIX - Medicaid - SPD Members	698.55	760.11	759.39	743.07	758.87	759.67	736.02	717.78	736.98	740.65	743.39	749.37	739.25	739.25
Premium - MCO Tax	9.54	0.51	0.10	93.15	30.70	30.73	42.93	31.88	31.21	31.09	31.13	31.10	31.10	30.50
Interest/Dividends	0.63	0.68	0.65	0.81	1.01	0.95	0.83	0.77	0.74	1.02	1.10	1.56	1.10	0.92
Reinsurance Recoveries	0.60	0.00	0.16	0.13	0.88	0.00	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COB/Subrogation Collections	12.10	8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	15.33
Rate/Income Adjustments	0.80	(0.07)	7.82	0.06	(1.32)	(0.00)	11.67	0.00	8.50	1.72	0.39	(0.02)	(1.41)	2.13
Other Income (Expense)	(0.45)	0.29	(0.29)	(1.76)	0.00	(5.36)	0.00	0.19	0.00	0.19	(0.00)	0.00	(0.37)	(0.58)
TOTAL REVENUES	245.57	234.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	269.48
E X P E N S E S														
Medical Costs:														
Physician Services	42.85	59.13	55.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	53.43
Other Professional Services	10.69	9.24	10.41	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	10.51
Emergency Room	17.26	21.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.64	16.34	19.71	18.39
Inpatient	56.02	73.05	56.96	45.94	48.82	50.31	55.13	59.59	62.41	63.59	60.22	61.03	58.72	57.85
Reinsurance Expense	0.79	0.80	0.70	0.79	0.80	0.80	0.80	0.44	0.44	0.43	0.44	0.45	0.44	0.63
Outpatient/Hospital	21.86	11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	22.74
Other Medical	15.68	(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.04
Pharmacy	34.58	31.87	37.95	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	36.70	37.38	34.91
Pay for Performance Quality Incentive	2.41	2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.38
Expansion Risk Corridor Expense	5.83	(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	1.17
IBNR, Incentive, Paid Claims Adjustment	(16.44)	0.00	14.13	0.56	(1.90)	4.46	(0.60)	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(1.29)
Total Medical Costs	191.56	202.79	234.85	193.44	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	208.77
GROSS MARGIN	54.01	32.18	39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	60.72
Administrative:														
Compensation	6.40	6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.84	7.89	7.73	7.03
Purchased Services	2.34	1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.75
Supplies	0.37	0.27	0.01	0.30	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.13	0.26
Other Administrative Expenses	1.72	1.46	1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.53	1.79	2.04	1.73
Administrative Expense Adjustment	0.00	0.00	0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	(0.70)
Total Administrative Expenses	10.82	8.95	9.58	9.40	12.08	11.24	3.14	10.05	10.12	11.71	10.60	11.49	11.41	10.06
TOTAL EXPENSES	202.38	211.74	244.42	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	233.00	218.82
OPERATING INCOME (LOSS) BEFORE TAX	43.19	23.23	30.34	124.63	58.16	59.29	62.42	48.60	45.92	47.75	43.83	37.89	34.06	50.66
MCO TAX	9.54	0.51	0.10	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	29.78	29.95
OPERATING INCOME (LOSS) NET OF TAX	33.64	22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	20.71
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	0.00	(0.10)	0.00	(0.05)	0.00	(1.04)
NET INCREASE (DECREASE) IN NET POSITION	33.64	22.73	30.24	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	4.29	19.67
MEDICAL LOSS RATIO	81.2%	86.5%	85.5%	85.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	87.4%
ADMINISTRATIVE EXPENSE RATIO	4.6%	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.2%

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

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JUNE 30, 2017			
PHYSICIAN SERVICES			
2,973,942	3,362,565	17,699,145	19,990,731
11,276,157	8,031,161	56,133,181	47,747,644
915,798	649,647	6,574,406	3,862,172
9,000	9,108	54,300	54,146
15,174,897	12,052,481	80,461,032	71,654,693
OTHER PROFESSIONAL SERVICES			
241,282	245,637	1,430,366	1,460,324
694,688	790,155	3,885,104	4,699,598
103,238	120,541	625,969	718,479
67,046	79,850	348,993	461,352
86,061	91,173	507,573	543,410
40,488	44,427	217,578	233,978
61,327	68,256	303,799	407,129
735,000	219,412	1,928,737	1,304,456
89,362	89,646	828,060	532,973
1,173,903	912,938	5,665,380	5,427,977
3,292,395	2,662,034	15,741,559	15,789,426
4,764,752	4,696,405	25,958,778	27,920,882
14,193,273	13,497,435	87,537,020	80,246,916
106,164	105,105	629,374	624,855
6,293,878	5,610,830	35,255,276	33,358,130
OTHER MEDICAL			
309,509	330,703	2,005,552	1,966,053
515,541	362,731	2,291,477	2,156,569
141,184	315,888	756,018	1,885,329
1,061,036	990,234	6,480,447	5,887,438
162,074	238,875	162,074	1,420,125
431,464	284,526	2,348,936	1,691,590
2,620,808	2,522,957	14,044,504	15,007,103
PHARMACY SERVICES			
6,993,768	7,525,309	42,852,024	44,740,957
1,429,338	1,355,214	5,366,447	8,057,510
677,988	489,568	3,347,111	2,910,678
(66,000)	(66,546)	(717,768)	(395,642)
9,035,094	9,303,545	50,847,814	55,313,503
568,032	561,356	3,378,409	3,337,294
(2,727,790)	-	(4,321,511)	-
53,321,503	51,012,149	309,532,255	303,252,803
Total Medical Costs			

* Medical costs per DMHC regulations

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

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

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

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

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

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

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

2017 MEMBER MONTHS

	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
MEDICAL												
ADULT AND FAMILY												
PA - FAMILY	36,123	36,255	36,565	35,376	34,185	34,130						
MN - FAMILY	0	0	0	0	0	0						
REFUGEE - FAMILY	1	1	0	2	2	4						
FOSTER CARE	493	498	508	536	594	608						
POVERTY-1332/200%	2	2	2	2	0	1						
POVERTY-100%	0	0	0	0	0	0						
MI - CHILD	104,391	105,746	107,285	108,562	109,014	109,096						
CHILD-ACA	-127	430	405	415	422	426						
FAMILY - UNDER 19	20,203	20,297	19,877	19,885	20,312	20,627						
SUB-TOTAL ADULT & FAMILY	161,086	163,229	164,642	164,778	164,529	164,892	0	0	0	0	0	0

2017 MEMBER MONTHS

PA - FAMILY	212,634
MN - FAMILY	0
REFUGEE - FAMILY	10
FOSTER CARE	3,237
POVERTY-1332/200%	9
POVERTY-100%	0
MI - CHILD	644,094
CHILD-ACA	1,971
FAMILY - UNDER 19	121,201
SUB-TOTAL ADULT & FAMILY	983,156

MEDICAL EXPANSION	343
LHP Transition Pre-ACA	338,738
ACA Expansion Adult-Citizen	31
ACA Expansion CAL Fresh Adult	3,293
LHP Transition Pre-ACA	
SUB-TOTAL MANDATORY	342,405

LHP Transition Pre-ACA	26	69	58	65	65	65	60					
ACA Expansion Adult-Citizen	54,856	55,872	56,493	57,020	57,401	57,096						
ACA Expansion CAL Fresh Adult	9	1	4	5	5	7						
LHP Transition Pre-ACA	514	500	532	573	594	580						
SUB-TOTAL MANDATORY	55,405	56,442	57,087	57,663	58,065	57,743	0	0	0	0	0	0

SDP MEMBERS	1,064
SSI-AGED	8,207
MN - AGED	70,205
SSI - BLIND & DIS-ABLED	1,995
MN - BLIND & DIS-ABLED	81,471
SUB-TOTAL MANDATORY SPD	1,407,032

SSI-AGED	158	185	191	194	174	162						
MN - AGED	1,338	1,359	1,388	1,357	1,322	1,443						
SSI - BLIND & DIS-ABLED	11,702	11,623	11,614	11,701	11,631	11,934						
MN - BLIND & DIS-ABLED	326	393	346	325	288	317						
SUB-TOTAL MANDATORY SPD	13,524	13,560	13,539	13,577	13,415	13,866	0	0	0	0	0	0
TOTAL MANDATORY	230,015	233,231	235,268	236,018	236,009	236,491	0	0	0	0	0	0

OTHER MEMBERS	170
BCCTP-TOBACCO SETTLEMENT	

BCCTP-TOBACCO SETTLEMENT	29	30	27	28	26	30						
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DUALS	136
PA - FAMILY DUALS	3,884
PART D SSI-AGED	6,973
PART D MN - AGED	12,474
PART D SSI - BLIND & DIS-ABLED	4,540
PART D MN - BLIND & DIS-ABLED	9
PART D BCCTP-TOBACCO SETTLEMENT	0
PART D MI - ADULT	2,403
PART D MI - CHILD	30,419
SUB-TOTAL DUALS	30,589

PA - FAMILY DUALS	31	17	15	21	15	37						
PART D SSI-AGED	615	628	625	673	666	677						
PART D MN - AGED	1,127	1,116	1,134	1,173	1,229	1,194						
PART D SSI - BLIND & DIS-ABLED	2,067	2,011	2,081	2,085	2,128	2,102						
PART D MN - BLIND & DIS-ABLED	762	780	740	751	735	772						
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	2	2						
PART D MI - ADULT	0	0	0	0	0	0						
PART D MI - CHILD	316	360	417	427	472	411						
SUB-TOTAL DUALS	4,919	4,913	5,013	5,132	5,247	5,195	0	0	0	0	0	0
TOTAL OTHERS	4,948	4,943	5,040	5,160	5,273	5,225	0	0	0	0	0	0

TOTAL KAISER	45,012
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TOTAL KAISER	7,103	7,365	7,466	7,619	7,714	7,745						
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TOTAL MEDI-CAL MEMBERS	1,482,633
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TOTAL MEDI-CAL MEMBERS	242,066	245,539	247,774	248,797	248,996	249,461						
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KERN•HEALTH SYSTEMS

May AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4699	ZeOMEGA, INC. *****	450,000.00	450,000.00	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1045	KAISER FOUNDATION HEALTH	344,529.50	1,713,904.73	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4654	DELAWIE	147,330.39	394,405.12	APR. ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T4237	FLUIDEDGE CONSULTING	87,995.29	399,146.65	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T2726	ARGUS HEALTH SYSTEMS, INC.	80,418.75	489,340.40	APR. PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4350	COMPUTER ENTERPRISE INC.	63,781.20	232,511.80	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	55,821.89	198,296.73	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T3460	THE GUARDIAN LIFE INSURANCE CO.	47,301.52	233,582.36	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4695	EDIFECS, INC.	46,080.00	935,414.72	PERPETUAL LICENSES FOR EDI MANAGEMENT	CAPITAL PROJECT IN PROCESS
T4740	HEALTHCARE SCOUTS, INC*****	39,429.73	39,429.73	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4582	HEALTHX, INC	35,000.00	119,200.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4308	TRUXTUN PLACE PARTNERS	28,243.97	138,399.44	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES

KERN • HEALTH SYSTEMS

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

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

KERN·HEALTH SYSTEMS

May AP Vendor Report
Amount over \$10,000.00

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

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	1,713,904.73	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1408	DELL MARKETING L.P.	956,892.60	HARDWARE- 15- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, 12- 23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4695	EDIFECs, INC.	935,414.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	594,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDT'L COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T2726	ARGUS HEALTH SYSTEMS, INC.	489,340.40	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4699	ZeOMEGA, INC. ****	450,000.00	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4237	FLUIDEDGE CONSULTING	399,146.65	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4654	DELAWIE	394,405.12	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T1071	CLINICA SIERRA VISTA	321,481.40	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2167	PG&E	272,555.39	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3460	THE GUARDIAN LIFE INSURANCE CO.	233,582.36	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	232,511.80	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	198,296.73	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	159,401.14	TEMPORARY HELP	VARIOUS
T2704	MCG HEALTH LLC	141,105.21	2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5	HE-UM
T4308	TRUXTUN PLACE PARTNERS	138,399.44	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T2597	FUSION STORM INC.	138,284.63	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE
T4582	HEALTHX, INC	119,200.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4193	TECHNOSOCIALWORK.COM	116,174.31	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2961	SOLUTION BENCH, LLC	105,995.00	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T1597	BAKERSFIELD MEMORIAL HOSP	100,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR.	HE-DISEASE MANAGEMENT
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4165	SHI INTERNATIONAL CO.	84,083.28	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROGRESS.



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

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2413	TREK IMAGING INC	53,111.93	PROMOTIONS GIVEAWAYS	VARIOUS
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	47,000.00	2016 AUDIT FEES	ADMINISTRATION
T4405	SMARTERP SOLUTIONS, INC.	44,873.60	2017 CONSULTING FEES	CAPITAL PROJECTS IN PROCESS
T4653	FORMS ON FIRE, INC.	44,865.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T4637	BURKE, WILLIAMS & SORENSEN, LLP	44,650.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4478	AMERICAN FIDELITY ASSURANCE CO.	42,777.67	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4740	HEALTHCARE SCOUTS, INC*****	39,429.73	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4694	KELLY SERVICES, INC. *****	37,592.39	TEMP HELP 1- QI DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,500.00	SPONSORSHIP	MARKETING
T3084	KERN COUNTY-COUNTY COUNSEL	36,134.00	LEGAL FEES	ADMINISTRATION
T4396	KAISER FOUNDATION HEALTH-DMHO	35,840.13	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T4688	VANGUARD MEDICAL CORPORATION	33,891.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2969	AMERICAN BUSINES MACHINES INC	32,948.10	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	32,569.00	2017 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T2755	VELOCITY PARTNERS, LLC	29,376.00	CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT	MIS INFRASTRUCTURE
T4059	KERN VALLEY HEALTH CARE DISTRICT	29,214.39	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4433	MICOR-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4563	SPH ANALYTICS	28,102.95	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4603	ECFIRST.COM	26,554.79	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T1183	MILLIMAN USA	25,024.50	CY2015 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT
T4386	STACY POEHLMAN	23,303.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T2562	CACTUS SOFTWARE LLC	23,010.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4737	TEKSYSTEMS, INC.	22,800.00	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	22,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T4503	VISION SERVICE PLAN	22,007.99	EMPLOYEE BENEFITS-VISION	VARIOUS



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

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	14,284.55	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	13,917.50	INTERPRETATION SERVICES	MEMBER SERVICES
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	13,500.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T2234	HASMUKH AMIN MD	13,007.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	12,704.20	EDI CLAIM PROCESSING	CLAIMS
T3990	SPARKLETT'S INC.	12,643.83	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4685	NATIONAL GIFT CARD CORP	12,572.02	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4747	SYED ALAM, M.D. INC.*****	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2941	KERN PRINT SERVICES INC.	12,434.53	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2469	DST HEALTH SOLUTIONS, INC.*****	11,414.12	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T4742	SIERRA WEST CONSULTING GROUP, INC.*****	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T4268	TRENDWAY CORPORATION*****	10,398.60	3RD FLOOR ADD ON WALLS-HE & CLAIMS	CORPORATE SERVICES
T4297	PREGMATIC WORKS SOFTWARE	10,203.75	BiXPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE	CAPITAL PROJECT IN PROCESS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	10,116.21	DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC.*****	10,111.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4748	HANY AZIZ, M.D. INC.*****	10,027.86	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1347	ADVANCED DATA STORAGE*****	10,021.71	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		<u>11,516,954.97</u>		
	TOTAL VENDORS OVER \$10,000	11,516,954.67		
	TOTAL VENDORS UNDER \$10,000	578,986.22		
	TOTAL VENDOR EXPENSES-May	<u>12,095,940.89</u>		

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

KERN·HEALTH SYSTEMS

JUNE AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4699	ZeOMEGA, INC.****	593,665.88	1,043,685.88	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1045	KAISER FOUNDATION HEALTH	349,612.54	2,063,517.27	EMPLOYEE HEALTH BENEFITS	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC****	235,632.92	235,632.92	2017/2018 WORKERS COMPENSATION PREMIUM	ADMIN
T1071	CLINICA SIERRA VISTA****	122,663.61	444,145.01	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2726	ARGUS HEALTH SYSTEMS, INC.	88,172.60	577,513.00	MAY PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4237	FLUIDEDGE CONSULTING	88,138.80	487,285.45	APRIL/MAY CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4695	EDIFECs, INC.	67,660.00	1,003,094.72	PERPETUAL LICENSES FOR EDI MANAGEMENT	CAPITAL PROJECT IN PROCESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	50,829.26	210,230.40	TEMPORARY HELP - 1 MIS, 1 HR, 3 CLAIMS, 1 UM, 1 PR, 1 MS.	VARIOUS
T3460	THE GUARDIAN LIFE INSURANCE CO.	47,549.81	281,132.17	JUNE VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	33,592.16	171,991.60	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T4478	AMERICAN FIDELITY ASSURANCE CO. ****	26,394.48	69,172.15	MAY & JUN. EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T2837	TOYS/BABIES R US****	24,928.87	27,151.13	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION

KERN•HEALTH SYSTEMS

JUNE AP Vendor Report
Amount over \$10,000.00

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

KERN·HEALTH SYSTEMS

JUNE AP Vendor Report
Amount over \$10,000.00

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

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	2,063,517.27	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4699	ZeOMEGA, INC.	1,043,685.88	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4695	EDIFECs, INC.	1,003,094.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T1408	DELL MARKETING L.P.	958,085.47	HARDWARE- 15- LATTITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, 12-23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	594,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T2726	ARGUS HEALTH SYSTEMS, INC.	577,513.00	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T4237	FLUIDEDGE CONSULTING	487,285.45	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T1071	CLINICA SIERRA VISTA	444,145.01	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4654	DELAWE	394,405.12	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T3460	THE GUARDIAN LIFE INSURANCE CO.	281,132.17	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2167	PG&E	277,581.39	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2686	ALLIANT INSURANCE SERVICES INC*****	235,632.92	2017/2018 WORKERS COMPENSATION PREMIUM	ADMIN
T4350	COMPUTER ENTERPRISE INC.	234,695.80	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2707	ACT 1 PERSONNEL SERVICES, INC.	210,230.40	TEMPORARY HELP	VARIOUS
T4696	ZNALYTICS, LLC	198,296.73	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4308	TRUXTUN PLACE PARTNERS	171,991.60	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T2704	MCG HEALTH LLC	141,105.21	2017 MILLIMAN MAINTENANCE-LICENSE FEE-BEHAVIORAL HEALTH CARE -YEAR 3 OF 5	HE-UM
T2597	FUSION STORM INC.	138,284.63	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE
T4193	TECHNOSOCIALWORK.COM	137,809.50	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4582	HEALTHX, INC	120,700.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T2961	SOLUTION BENCH, LLC	105,995.00	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T1597	BAKERSFIELD MEMORIAL HOSP	100,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR.	HE-DISEASE MANAGEMENT
T1189	APPLE ONE INC.	99,045.12	TEMPORARY HELP	VARIOUS
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4546	LEVEL 3 COMMUNIATIONS, LLC	97,966.94	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE

KERN•HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3011	OFFICE ALLY, INC.	96,890.75	EDI CLAIM PROCESSING	CLAIMS
T4467	MEDISOFTRX, LLC.	87,300.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4165	SHI INTERNATIONAL CO.	85,208.60	VMWARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4168	RELAYHEALTH	79,461.05	EDI CLAIM PROCESSING	CLAIMS
T4460	PAYSPAN, INC	79,181.46	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4664	TURNORTHE. LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CM/DM
TT4452	WELLS FARGO 3500 2469	70,283.26	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T2584	UNITED STATES POSTAL SVC.-HASLER	70,000.00	POSTAGE-METERED	VARIOUS
T4478	AMERICAN FIDELITY ASSURANCE CO.	69,172.15	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T1861	CEREDIAN BENEFITS SERVICES	69,015.12	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T2933	SIERRA PRINTERS, INC.	68,173.58	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	68,047.22	EDI CLAIM PROCESSING	CLAIMS
T2918	STINSONS	59,084.60	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T4686	CENTRIC HEALTH	57,936.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS

KERN HEALTH SYSTEMS

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

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2969	AMERICAN BUSINES MACHINES INC	34,299.40	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	32,569.00	2017 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4059	KERN VALLEY HEALTH CARE DISTRICT	29,474.45	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2755	VELOCITY PARTNERS, LLC	29,376.00	CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT	MIS INFRASTRUCTURE
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4563	SPH ANALYTICS	28,477.95	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4386	STACY POEHLMAN	27,979.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T2837	TOYS/BABIES R US*****	27,151.13	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	27,101.52	DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4603	ECFIRST.COM	26,554.79	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T4561	SRI & SHARMA, LLC	26,250.00	PARKING SPACE RENTAL	CORPORATE SERVICES

KERN HEALTH SYSTEMS

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

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2941	KERN PRINT SERVICES INC.	17,118.25	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T4778	CLINICA LA VICTORIA A MEDICAL CORP*****	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1180	LANGUAGE LINE SERVICES INC.	16,287.96	INTERPRETATION SERVICES	MEMBER SERVICES
T4768	HEALTHCARE SUPPORT STAFFING, INC*****	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T4733	UNITED STAFFING ASSOCIATES*****	15,855.19	TEMP HELP - 1 HOME HEALTH, 1 PM, 1 AIS	VARIOUS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	15,750.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4587	MCINTOSH & ASSOCIATE	15,670.85	FEBRUARY/MARCH PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4183	LAMAR ADVERTISING OF BAKERSFIELD	15,000.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T4294	J. SERVICES JANITORIAL *****	14,755.00	MAITENANCE-JANITORIAL SERVICES	CORPORATE SERVICES
T3449	CDW GOVERNMENT*****	14,308.63	HARDWARE- 10 CISCO PHONES, 7 APPLE IPAD/TABLES, 3 CANON MICROSOFT ERGONOMIC, PROJECTOR, 2 CANON SCANNERS, 1 DELL LATITUDE E5440	MIS INFRASTRUCTURE
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	14,284.55	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T3990	SPARKLETTS INC.	13,151.93	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T2234	HASMIJKH AMIN MD	13,007.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	12,704.20	EDI CLAIM PROCESSING	CLAIMS
T4747	SYED ALAM, M.D. INC.	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4384	PINNACLE PRIMARY CARE, INC.*****	12,400.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T3010	CORE BUSINESS INTERIORS*****	12,344.48	FURNITURE—(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION	CORPORATE SERVICES
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO*****	11,639.12	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2469	DST HEALTH SOLUTIONS, INC.	11,414.12	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T4742	SIERRA WEST CONSULTING GROUP, INC.	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T3378	CARRIER CORPORATION*****	10,736.19	BUILDING MAINTENANCE	CORPORATE SERVICES

KERN·HEALTH SYSTEMS

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

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

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
Velocity Partners	\$48,672.00	Yes	IT	Richard Pruitt	(2) Two remote technical resources to support ZOmega	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	\$45,560.00	Yes	MK	Louie Ibarria	Marketing and Corporate Image Consulting	1/1/2017	12/31/2017
Poppynock Designs	\$36,000.00	Yes	MK	Louie Ibarria	Graphic design services	1/1/2017	12/31/2017
SKHsoft	\$62,510.79	Yes	HR	Avita Martin	Online training for employees	1/31/2017	1/30/2019
February							
Solution Bench	\$52,250.00	Yes	IT	Richard Pruitt	40 Concurrent licenses, 1 server test and 10 concurrent licenses	2/24/2017	2/23/2018
Solution Bench	\$32,100.00	Yes	IT	Richard Pruitt	30 Scanfamily licenses	2/24/2017	2/23/2018
March							
LifeStains, Inc.	\$45,000.00	Yes	HE	Isabel Silva	ASL interpretation services	3/2/2017	3/1/2018
SPH Analytics	\$43,010.00	No	PR	Emily Duran	2017 Member Survey and 2016 Provider Satisfaction Survey	3/2/2017	3/27/2018
May							
J Services	\$61,000.00	Yes	CS	Alonso Hurtado	Janitorial services for Stockdale and Truxton	5/8/2017	12/31/2017
DPV&B	\$49,000.00	Yes	ACCT	Robin Phumb	Financial auditing services	5/4/2017	5/3/2018
Sierra Printers	\$30,960.85	Yes	PR	Emily Duran	Provider directories	5/4/2017	5/3/2018
Language Line Services	\$56,000.00	Yes	MS	Nate Scott	Translation services	5/29/2017	5/28/2018
June							
Solution Bench	\$30,008.00	Yes	IT	Richard Pruitt	10 Test licenses and 1 UAT server with 10 licenses	6/15/2017	6/14/2018



To: KHS Board of Directors
From: Martha Tasinga, M.D., Chief Medical Officer
Date: August 10, 2017
Re: Health Services Trend Report

Medical Cost and Utilization Trend Analyses: (Attachment A)

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

The total combined number of visits for all physician categories shows a steady but slightly upward trend. A preliminary investigation shows Urgent Care and referrals (Specialist) to be a contributing factor. A further analysis is underway to identify why this is occurring and what measures should be taken (if necessary) to reverse this trend. It appears to be more dramatic with SPDs than any other aid category.

With regard to the Plan wide medical conditions being treated, 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 were at or below budget for April 2017. The cost per script was below budget at the plan level for all aid categories with the exception of Family. Separate discussion and analysis of Pharmacy actual spend vs budgeted per Board's previous request to follow.

Inpatient Services

Even though admits have increased, the cost has remained stable due to both a decline in length of stay and bed day costs. KHS hospital compensation arrangements using DRGs and Per Diems



have had a positive impact on lowering length of stay and (when appropriate) moving patients to lower cost hospital beds such as Observation and Administrative beds.

Delivery of newborns and Sepsis continue to be the main reasons for admissions.

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

The number of outpatient visits has increased but the cost per enrollee remains 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 and type II diabetes w/o complications are the most common reasons for the SPD and Expansion aid groups.

Emergency Room (ER)

The number of ER events PMPM increased slightly at the plan level but remain below budget as does the cost per enrollee. Urinary tract infections was the largest reason for ER visits for the plan as a whole, while respiratory infections and abdominal pain lead the Family and Expansion categories respectively.

Hospital Utilization Reports (Attachment B Attachment C Attachment D)

Inpatient Admissions

Total inpatient admissions June 2017 increased slightly when compared to the prior month and June 2016. San Joaquin Community accounted for the majority of the increase for both comparisons. While their numbers are down, Bakersfield Memorial Hospital continues to provide the largest segment of inpatient services. San Joaquin Community accounts for the second highest number of admissions.



Obstetrics Services

During the month of May 2017, vaginal births accounted for 80% of the births and cesarean section 20%. The percent of cesarean births decreased when compared to the prior month and when compared to May 2016 (23% and 28% respectively).

ER Visits

The number of ER visits has remained relatively stable during the last few months. The type and composition of the ER events by facility are within expected ranges.

Report on Final HEDIS Performance Rates for 2017 (measurement year 2016)

The Final HEDIS Audit Report for 2017 performance (measurement year 2016) includes two key components:

- HEDIS Measures and Rate Report indicating how KHS (KFHC) performed in all selected measurements to targeted values set by HEDIS (Attachment E)
- Final Audit Statement verifying KHS complied with all measurement standards and completed all requirements under the Healthcare Data and Information Set (HEDIS). (Attachment F).

2017 HEDIS Rate Report

Measurements are separated into two groups: Hybrid Measures and Administrative Measures. Hybrid measures include (besides claim encounters) a statistically valid selection of patient medical records to validate occurrences. Administrative measures are taken from claims data only showing encounters pertaining to each measurement. Attachment E shows for the Hybrid measures, KHS met or exceeded the minimum performance level (MPL) established by DHCS for measurements selected in 2016 (indicated in Green). In 10 of the measurements KHS exceeded its own previous year's performance. In three measures KHS was below its previous



year's performance. For the one measure shaded in gray DHCS did not hold the managed care plans (MCPs) accountable to meet the MPL performance level in 2016.

For Administrative Measures, DHCS held managed care plan (MCPs) accountable to four measures. In all but one, KHS met or exceeded the MPL. Measurement LBP (lower back pain) showed KHS providers overusing "imaging" when compared with HEDIS standards. (This finding was due in part to the way the incidence was recorded. Several other MCPs were similarly found to have higher incidences of imaging for this reason as well. Steps are underway to ensure data accurately reflects incidences where imaging is used for diagnosing lower back pain). Again, measures shaded in gray, indicate DHCS is not holding MCPs accountable for achieving the MPLs for these measures for last year.

Final Audit Statement

Each year HSAG audits all MCPs to ensure accuracy and procedural standards are met for collecting, recording and timely filing of data used to evaluate health plan performance under HEDIS. The Final Audit Statement expresses HSAG's opinion on KHS (KFHCs) performance with respect to following HEDIS Technical Specifications.

HSAG opined that:

KHS submitted measures were prepared in accordance with the HEDIS Technical Specifications and present fairly, in all material respects, the organization's performance with respect to these specifications.

Measurements for reporting year 2017 are included under Attachment F



Governed Reporting System

Attachment A

Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

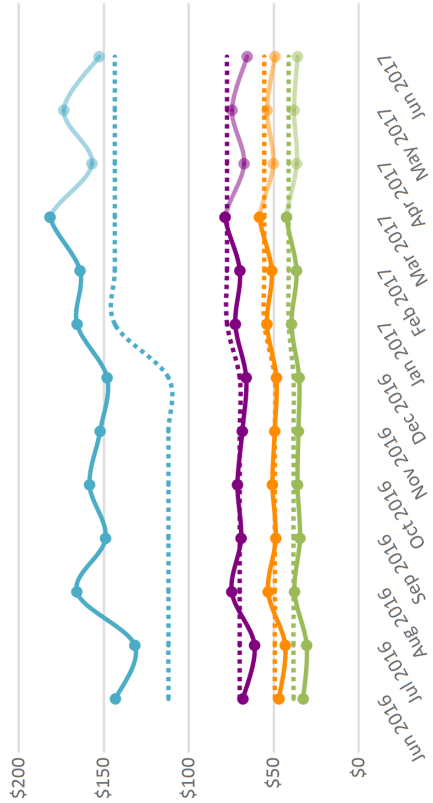
Physician Services



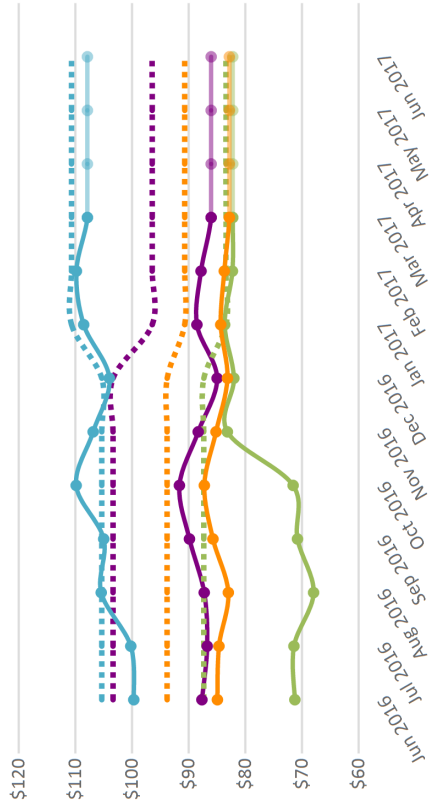
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

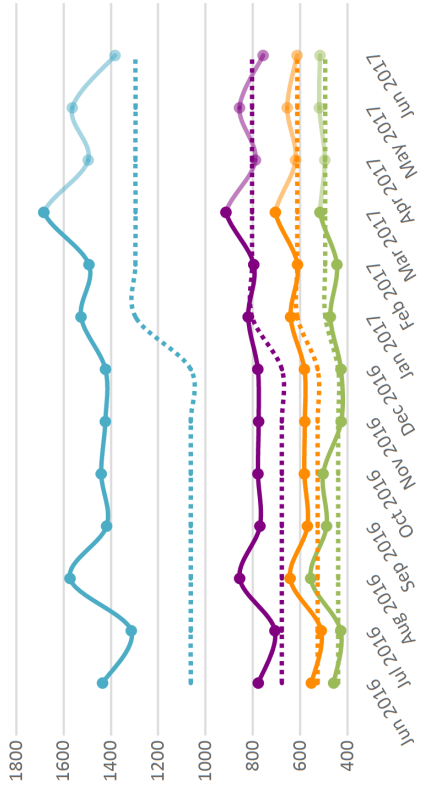
Professional Services Incurred by Aid Group PMPM



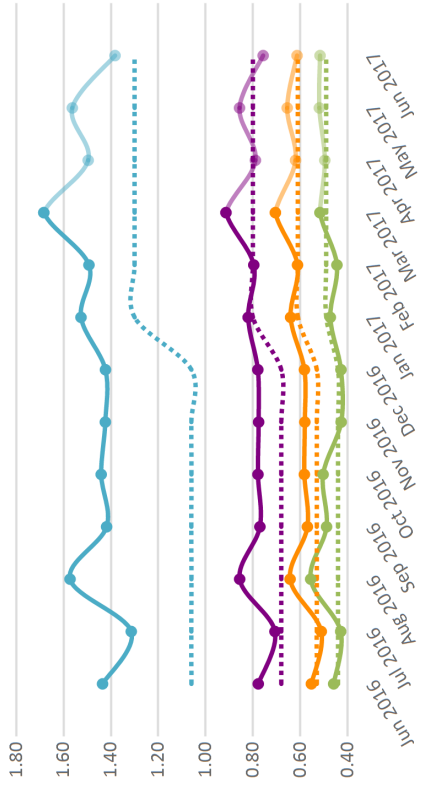
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





Governed Reporting System

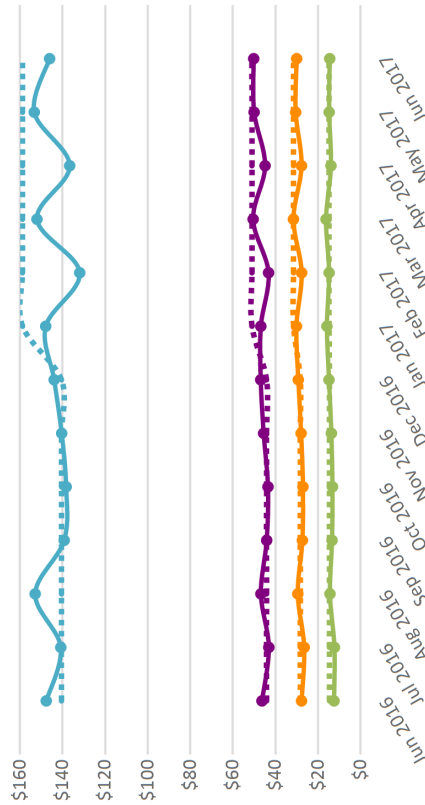


Pharmacy

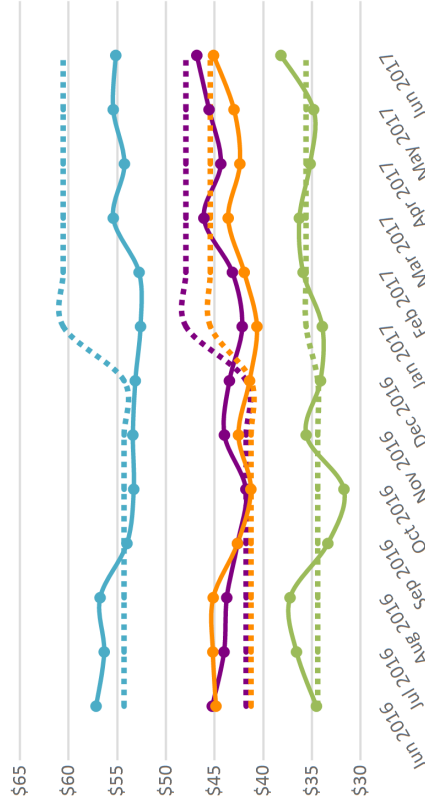
(Includes: Claims paid by PBM)

- 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

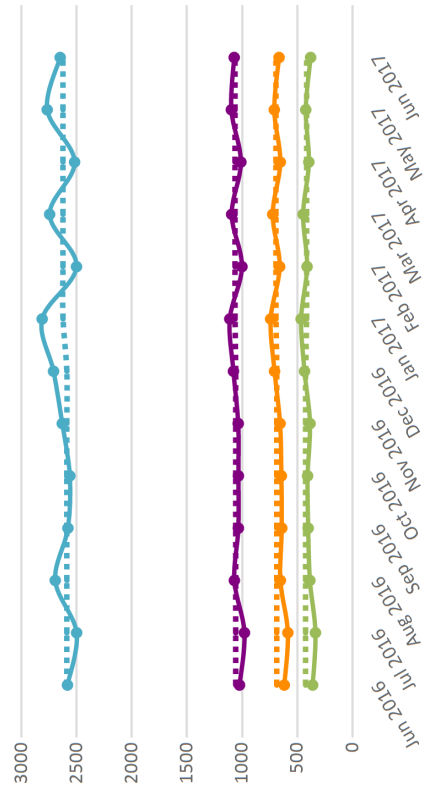
Pharmacy Services Incurred by Aid Group PMPM



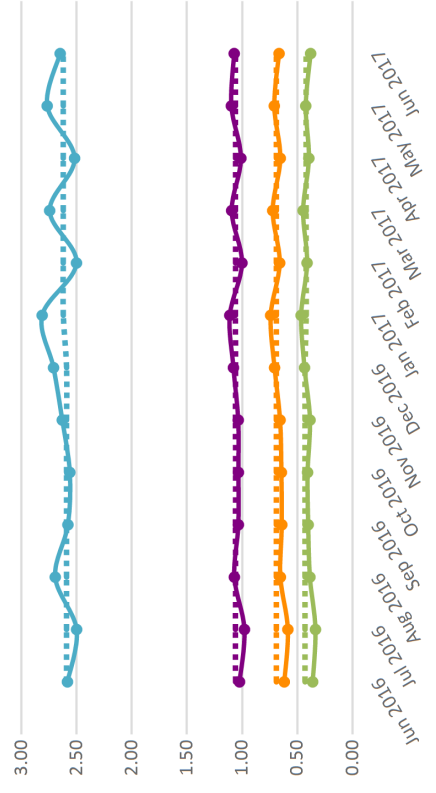
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





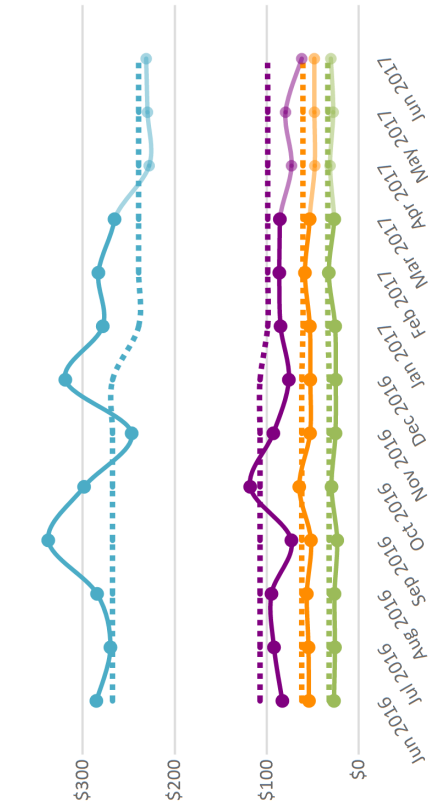
Governed Reporting System

Inpatient

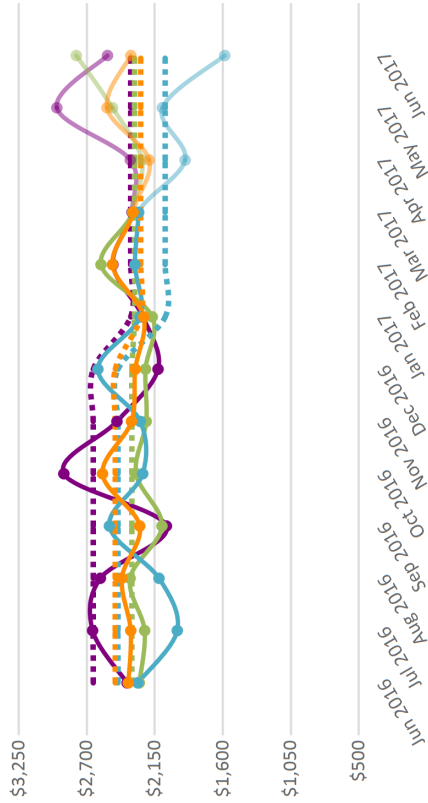
(Includes: Inpatient Hospital Claims)

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

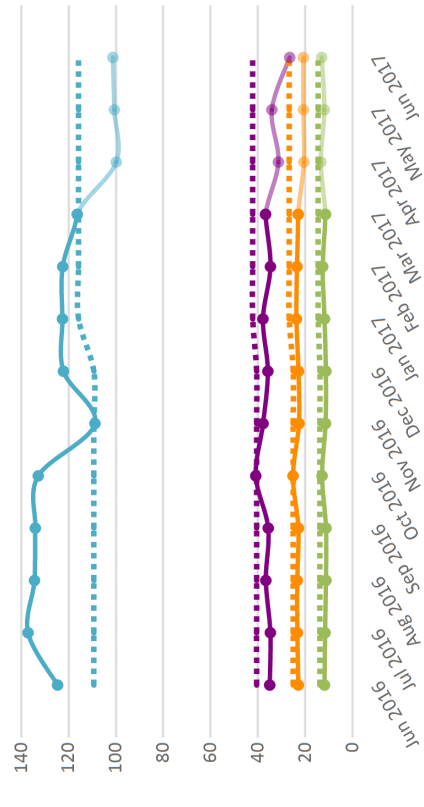
Inpatient Services Incurred by Aid Group PMPM



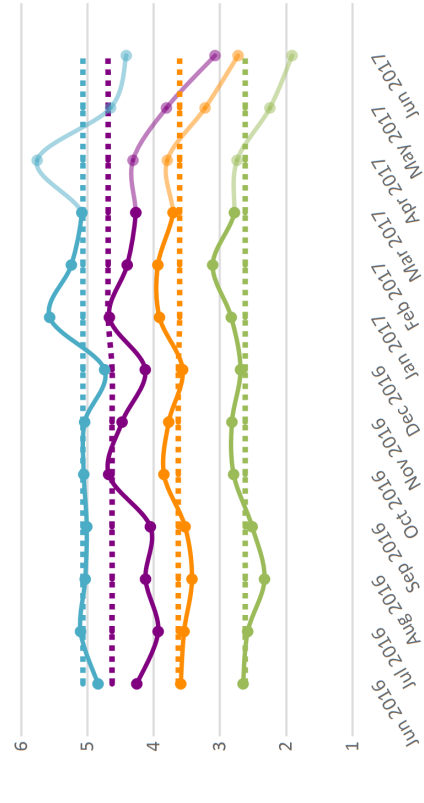
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





Governed Reporting System

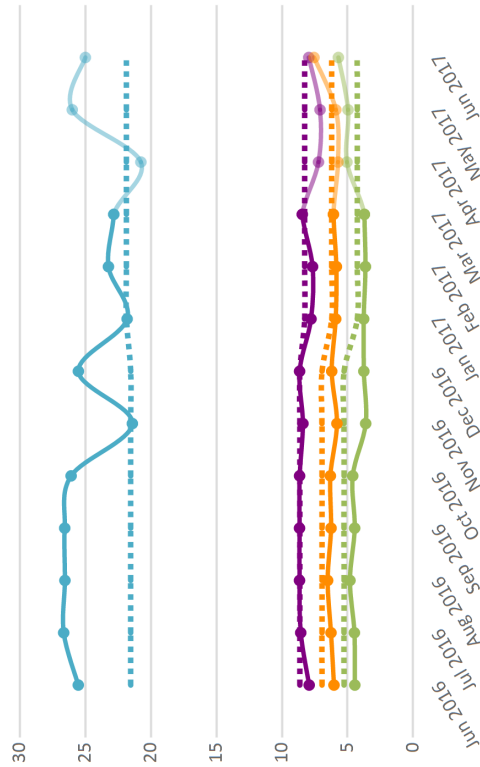


Inpatient

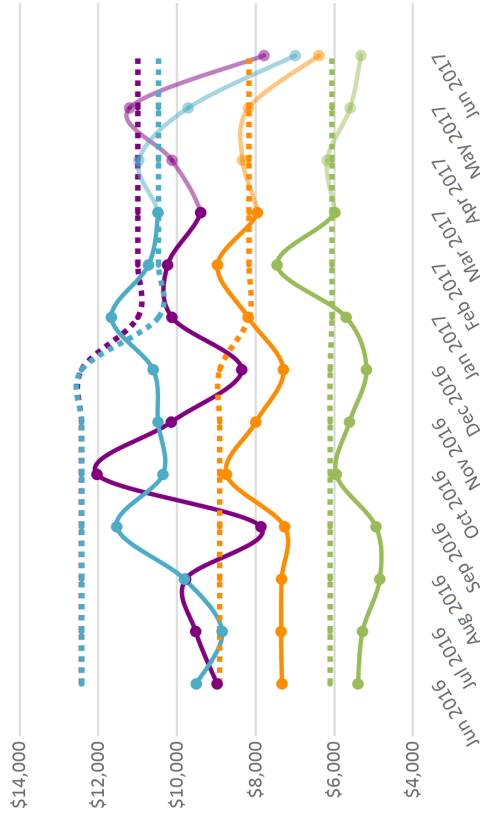
(Includes: Inpatient Hospital Claims)

- MCAL Expansion - Actual
- MCAL 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

Incurred Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

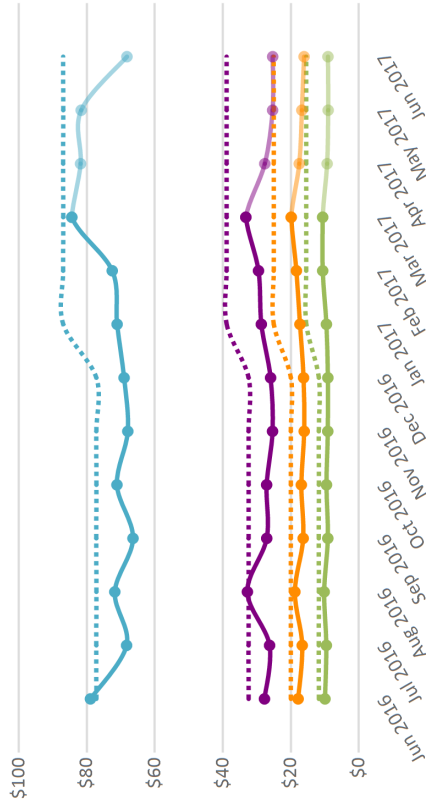
Outpatient Hospital



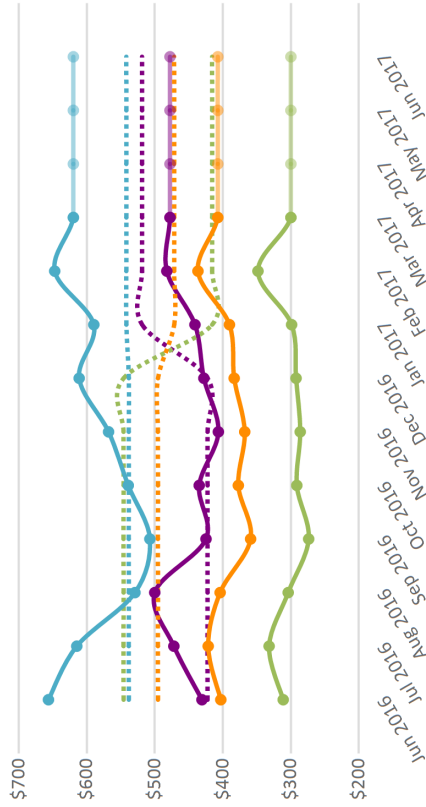
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

- MCAL Expansion - Actual
- MCAL Expansion - Budget
- MCAL Expansion - Forecast
- MCAL SPD - Actual
- MCAL SPD - Budget
- MCAL SPD - Forecast
- Total Combined - Actual
- Total Combined - Budget
- Total Combined - Forecast

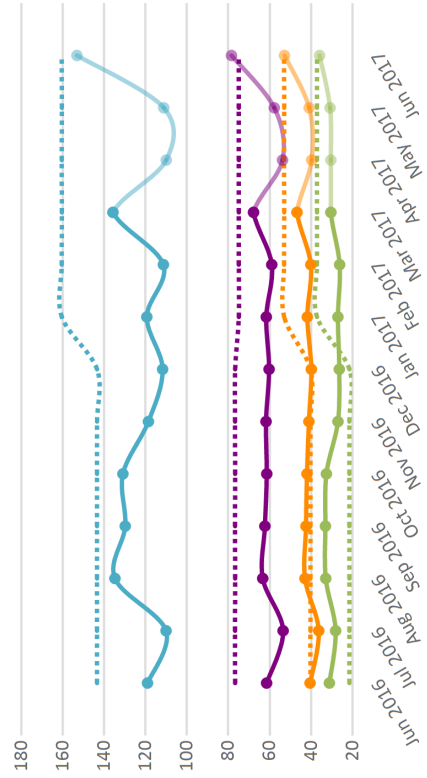
Outpatient Services Incurred by Aid Group PMPM



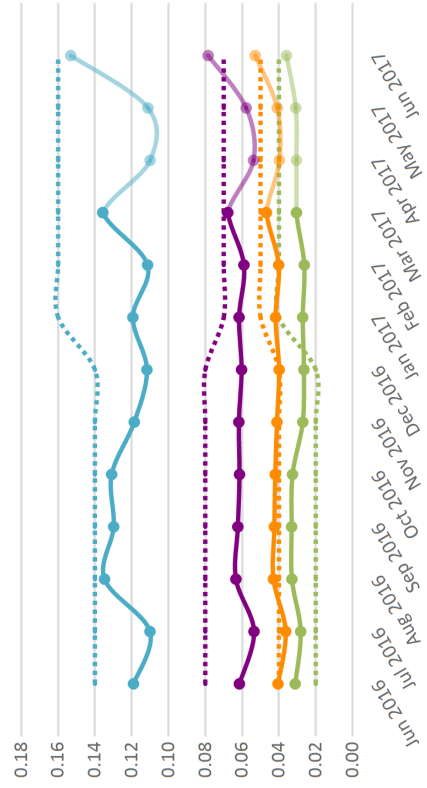
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





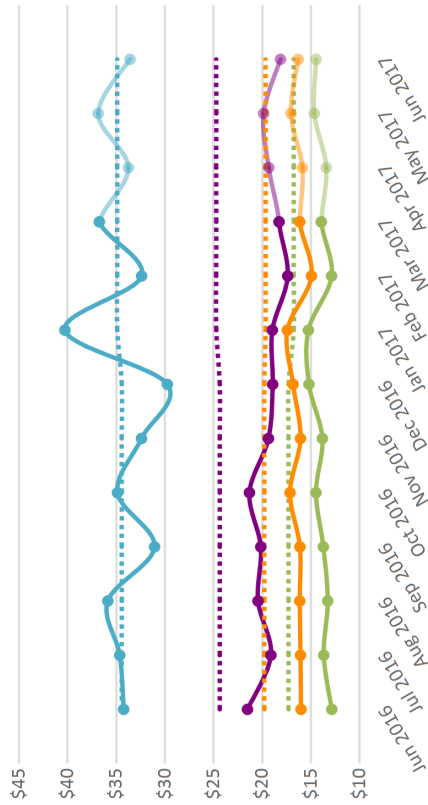
Governed Reporting System



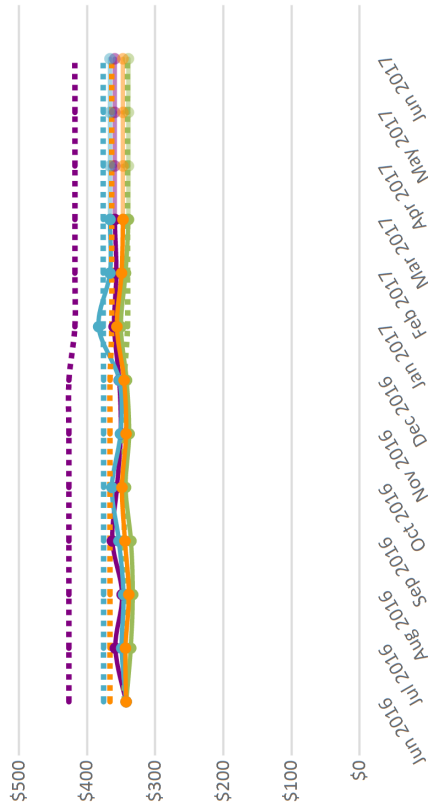
Emergency Room

- 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

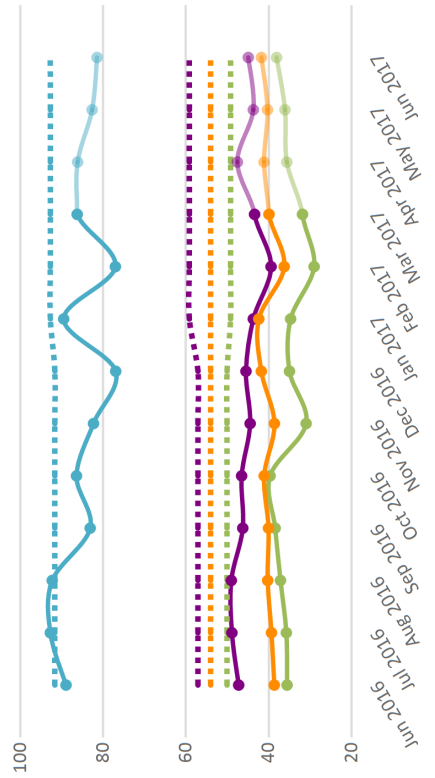
ER Services Incurred by Aid Group PMPM



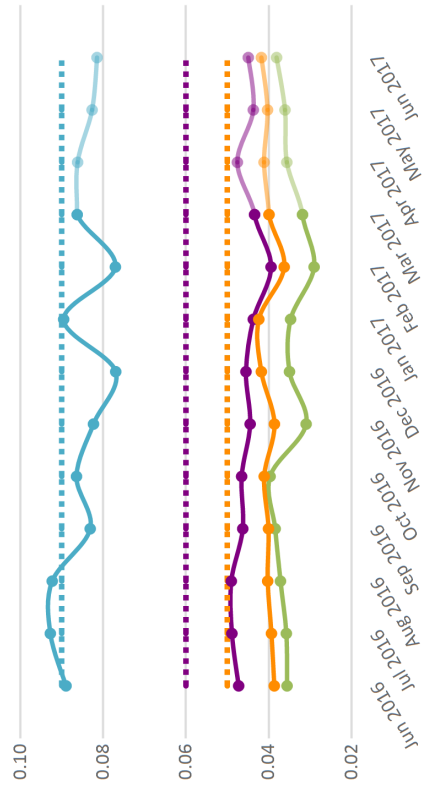
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



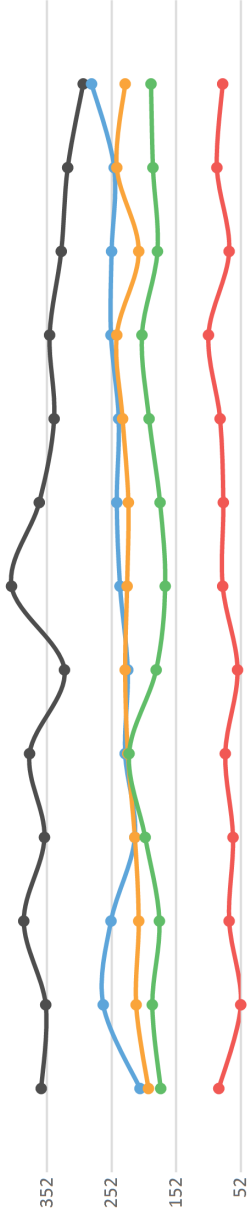
ER Visits per Member per Month by Aid Group



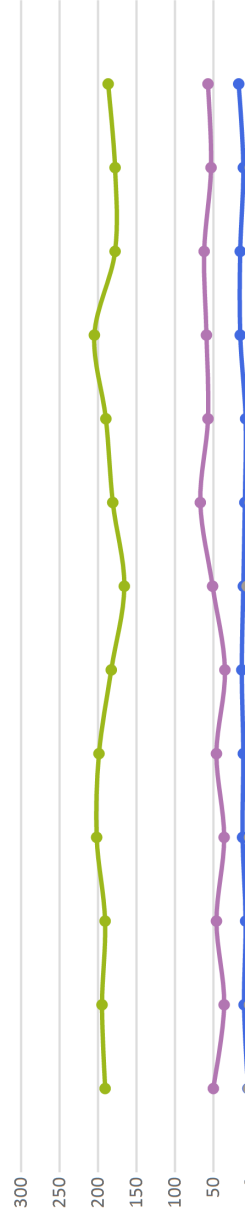


Governed Reporting System

Inpatient Admits by Hospital



	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
BAKERSFIELD MEMORIAL	361	354	388	356	379	325	407	364	341	348	330	320	296
SAN JOAQUIN COMMUNITY	208	265	253	216	231	227	239	244	241	253	252	248	283
KERN MEDICAL	195	214	210	216	227	231	228	226	235	244	210	244	231
MERCY HOSPITAL	176	189	178	200	225	183	169	177	194	205	181	188	191
GOOD SAMARITAN HOSPITAL	86	52	70	64	76	57	80	79	84	102	70	89	80

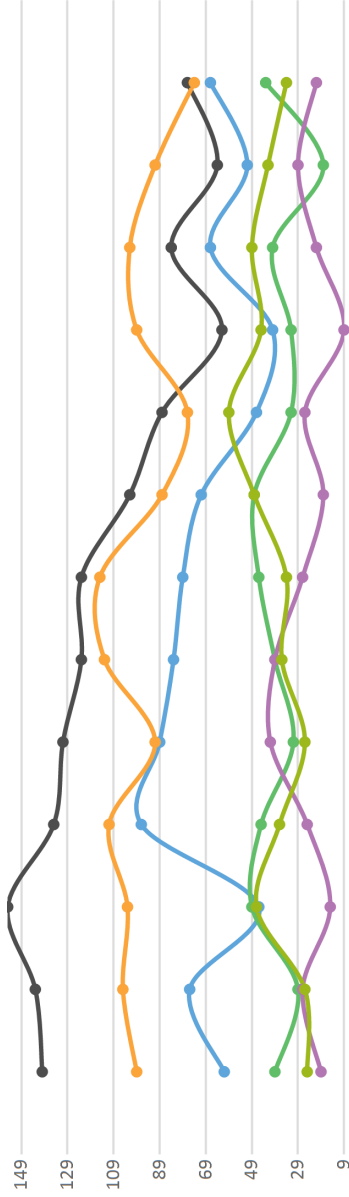


	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
OUT OF AREA	191	195	191	202	199	183	166	181	190	205	178	178	187
DELANO REGIONAL HOSPITAL	50	36	46	36	46	35	51	67	57	59	62	53	57
BAKERSFIELD HEART HOSP	24	22	20	19	12	17	12	17	17	14	10	13	43
KERN VLY HLTHCRE HOSP	5	10	8	12	11	13	11	9	8	15	15	11	17
ADVENTIST HEALTH MEDICAL CENTER	4	3	1	3	0	0	6	2	1	1	0	2	1

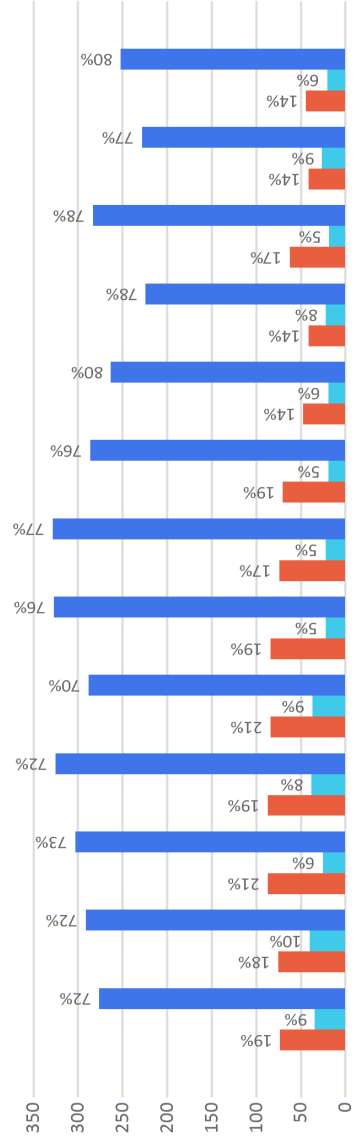


Governed Reporting System

Obstetrics Metrics



	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
BAKERSFIELD MEMORIAL	140	143	155	135	131	123	123	102	88	62	84	64	77
KERN MEDICAL	99	105	103	111	91	113	115	88	77	99	102	91	74
SAN JOAQUIN COMMUNITY	61	76	46	97	89	83	79	71	47	40	67	51	67
MERCY HOSPITAL	39	29	49	45	31	39	46	48	32	32	40	18	43
DELANO REGIONAL HOSPITAL	19	27	15	25	41	39	27	18	26	9	21	29	21
OTHER	25	26	47	37	26	36	34	48	59	45	49	42	34

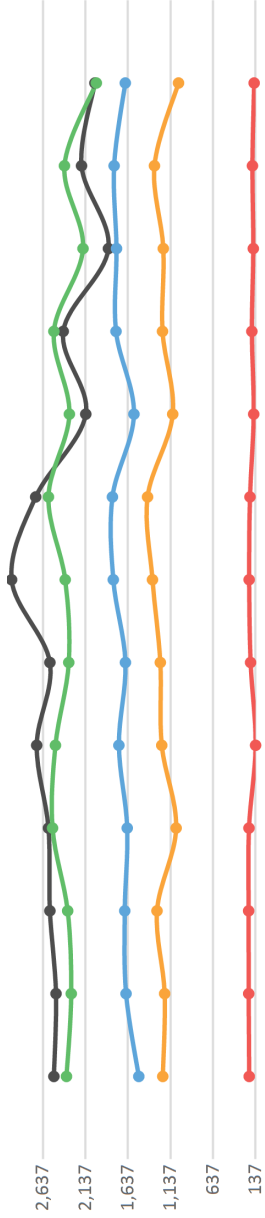


	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
VAGINAL DELIVERY	276	291	303	325	288	327	328	286	263	224	283	228	252
C-SECTION DELIVERY	73	75	87	87	84	84	74	70	47	41	62	41	44
PREVIOUS C-SECTION DELIVERY	34	40	25	38	37	22	22	19	19	22	18	26	20

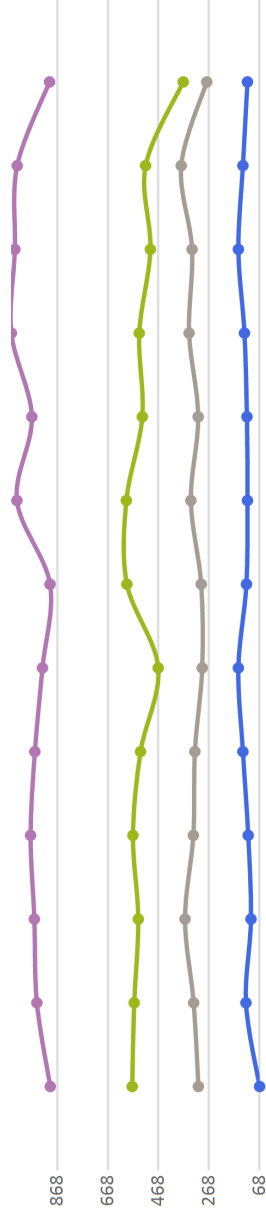


Governed Reporting System

Emergency Visits by Hospital



	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
BAKERSFIELD MEMORIAL	2,508	2,483	2,555	2,572	2,710	2,555	3,005	2,722	2,133	2,398	1,867	2,183	2,026
MERCY HOSPITAL	2,360	2,304	2,346	2,524	2,490	2,333	2,375	2,572	2,326	2,508	2,166	2,384	2,009
SAN JOAQUIN COMMUNITY	1,510	1,660	1,675	1,646	1,744	1,667	1,810	1,820	1,567	1,778	1,772	1,800	1,669
KERN MEDICAL	1,228	1,206	1,296	1,071	1,240	1,257	1,349	1,407	1,111	1,231	1,222	1,326	1,043
BAKERSFIELD HEART HOSP	212	218	219	215	137	196	213	203	159	181	164	174	154



	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
DELANO REGIONAL HOSPITAL	896	949	959	974	957	927	897	1,028	969	1,050	1,036	1,027	899
OUT OF AREA	572	564	548	569	539	469	593	595	532	544	500	519	370
ADVENTIST HEALTH MEDICAL CENTER	310	329	363	330	324	295	299	340	311	347	335	378	277
KERN VLY HLTHCRE HOSP	68	122	102	113	134	152	120	116	118	128	152	134	116

2017 HEDIS Rate Report
Final Rates

Hybrid Measures

Measure	Final 2017 Rate	2017 MPL	2017 HPL	2016 KHS Rate	Final 2017 Vs. 2017 MPL	Final 2017 Vs. 2017 HPL	Final 2017 Vs. 2016 KHS Rate
CCS	58.39	48.18	69.95	52.07	10.21	-11.56	6.32
CIS-3	64.96	64.30	79.81	66.91	0.66	-14.85	-1.95
CDC-E	48.19	44.53	68.11	49.82	3.66	-19.92	-1.63
CDC-HT	84.49	82.98	92.88	84.31	1.51	-8.39	0.18
CDC-H9 *	39.60	52.31	29.23	47.99	12.71	-10.37	8.39
CDC-H8	51.09	39.80	58.39	40.88	11.29	-7.30	10.21
CDC-N	88.87	88.32	93.56	90.51	0.55	-4.69	-1.64
CDC-BP	63.87	52.26	75.73	61.86	11.61	-11.86	2.01
CBP	57.91	46.87	70.69	50.85	11.04	-12.78	7.06
IMA-2	21.65	N/A	N/A	N/A	N/A	N/A	N/A
PPC-Pre	75.43	74.21	91.00	79.08	1.22	-15.57	-3.65
PPC-Pst	63.50	55.47	73.61	56.45	8.03	-10.11	7.05
WCC-N	67.40	51.84	79.52	66.67	15.56	-12.12	0.73
WCC-PA	61.56	45.09	71.58	57.91	16.47	-10.02	3.65
W-34	69.83	64.72	82.97	67.15	5.11	-13.14	2.68

* A lower rate indicates better performance therefore the number of required numerator's must decrease by the number shown.
Note: For measures shaded in gray, DHCS is not holding MCPs accountable to meet the MPLs for HEDIS 2017 (measurement year 2016).

Administrative Measures

Measure	Final 2017 Rate	2017 MPL	2017 HPL	2016 KHS Rate	Final 2017 Vs. 2017 MPL	Final 2017 Vs. 2017 HPL	Final 2017 Vs. 2016 KHS Rate
AAB**	29.47	22.12	38.91	21.22	7.35	-9.44	8.25
AMR	48.38	54.55	70.00	N/A	-6.17	-21.62	N/A
BCS	50.48	52.24	71.52	N/A	-1.76	-21.04	N/A
CAP-1224	89.65	93.14	97.85	92.64	-3.49	-8.20	-2.99
CAP-256	80.61	84.83	93.34	82.43	-4.22	-12.73	-1.82
CAP-711	81.49	87.91	96.10	82.70	-6.42	-14.61	-1.21
CAP-1219	80.21	85.84	94.69	81.16	-5.63	-14.48	-0.95
CDF	9.29	N/A	N/A	N/A	N/A	N/A	N/A
LBP**	66.25	69.88	81.42	76.04	-3.63	-15.17	-9.79
MPM-ACE	88.40	85.63	92.13	89.26	2.77	-3.73	-0.86
MPM-Diu	87.61	85.18	92.28	88.72	2.43	-4.67	-1.11

** Rate for these measures derived by an inverse calculation. The number of required numerator's must decrease by the number shown.
Note: For measures shaded in gray, DHCS is not holding MCPs accountable to meet the MPLs for HEDIS 2017 (measurement year 2016).



Final Audit Statement

Final Audit Statement

We have examined Kern Family Health Care's (KFHC's) submitted measures for conformity with the Healthcare Effectiveness Data and Information Set (HEDIS) Technical Specifications. This audit followed the NCQA HEDIS Compliance Audit standards and policies and procedures. Audit planning and testing was constructed to measure conformance to the HEDIS Technical Specifications for all measures presented at the time of our audit.

This report is KFHC management's responsibility. Our responsibility is to express an opinion on the report based on our examination. Our examination included procedures to obtain reasonable assurance that the submission presents fairly, in all material respects, the organization's performance with respect to the HEDIS Technical Specifications. Our examination was made according to HEDIS Compliance Audit standards and policies and procedures, and accordingly included procedures we considered necessary to obtain a reasonable basis for rendering our opinion. Our opinion does not constitute a warranty or any other form of assurance as to the nature or quality of the health services provided by or arranged by the organization.

In our opinion, KFHC's submitted measures were prepared according to the HEDIS Technical Specifications and present fairly, in all material respects, the organization's performance with respect to these specifications.

We understand that if the signatures we submit below are electronic, they have the same legal effect, validity and enforceability as original signatures submitted on paper.

[Signature] July 13, 2017 (Date) Galina Pfloutsakaya, PhD, MBA, CHCA (NCQA Certified HEDIS Compliance Auditor)

M. M. Badani July 13, 2017 (Date) Mariyah Badani, JD, MBA, CHCA (Responsible Officer)

Organization ID: 1569 Submission ID(s): 4334



Measures for Reporting Year 2017

HSAG validated the following EAS performance measures required by the California Department of Health Care Services (DHCS) for HEDIS 2017 reporting of the Medi-Cal managed care product line. DHCS required KFHC to report hybrid for measures that allowed the hybrid methodology and allowed sample size reduction according to NCQA’s guidelines and based on the auditor’s approval. In addition, DHCS required KFHC to report a separate rate for its Seniors and Persons with Disabilities (SPD) population for a selected group of measures as indicated in the table below.

Performance Measures		Methodology	SPD Stratification*
1	All-Cause Readmissions (ACR)—State-defined measure	Admin	Yes
2	Ambulatory Care: Total (AMBA)	Admin	Yes
3	Annual Monitoring for Patients on Persistent Medications (MPM)—Excluding Digoxin	Admin	Yes
4	Asthma Medication Ratio (AMR)	Admin	No
5	Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis (AAB)	Admin	No
6	Breast Cancer Screening (BCS)	Admin	No
7	Cervical Cancer Screening (CCS)	Hybrid	No
8	Childhood Immunization Status (CIS)—Combo 3	Hybrid	No
9	Children and Adolescents’ Access to Primary Care Practitioners (CAP)	Admin	Yes
10	Comprehensive Diabetes Care (CDC)—Excluding HbA1c <7.0%	Hybrid	No
11	Controlling High Blood Pressure (CBP)	Hybrid	No
12	Immunizations for Adolescents (IMA)	Hybrid	No
13	Prenatal and Postpartum Care (PPC)	Hybrid	No
14	Screening for Clinical Depression and Follow-up Plan (CDF)—State-defined measure	Admin**	No
15	Use of Imaging Studies for Low Back Pain (LBP)	Admin	No
16	Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents (WCC)—Excluding BMI Percentile	Hybrid	No
17	Well-Child Visits in the Third, Fourth, Fifth, and Sixth Years of Life (W34)	Hybrid	No

*Stratification for selected measures was required by DHCS to identify the SPD population. MCPs reported the rates for the SPD population separately via an Excel reporting template.

** Admin reporting was required for HEDIS 2017; hybrid reporting will be required for HEDIS 2018.

**KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
For August 10th, 2017
BOARD OF DIRECTORS MEETING**

REGULATORY AND COMPLIANCE ACTIVITIES

Regulatory and Compliance Monthly Activities Report

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

Regulatory Compliance Audit Program (quarterly review)

All Plan Letters (APLs) are the means by which MMCD conveys information or interpretation of changes in policy or procedure at the Federal or State levels, and provides instruction to health plans on how to implement these changes. Policy Letters (PLs) provide instruction to health plans about changes in Federal or State law and Regulation that affect the way in which health plans operate, or deliver services to Medi-Cal beneficiaries. Both APLs/PLs supplement the original guidance as set forth by the contract between KHS and the DHCS. To confirm KHS compliance with all such DHCS guidance, the Compliance Department has instituted a two prong approach. Retrospective reviews (audits) are done to validate compliance with older APLs/PLs and prospective reviews are done to see that new APLs/PLs are instituted according to instruction. Compliance offers oversight and coordination for stakeholders (KHS staff) to see that deadlines and requirements are met.

The list of APLs/PLs for 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.

PROGRAM DEVELOPMENT SUMMARY UPDATE

CMS Managed Care Regulation

DHCS and KHS have been working in preparation for the July 2017 contract-year requirements. CMS is currently reviewing the 2017 Plan Contract Amendment submitted by DHCS. In

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In addition to contract language, DHCS has shared multiple All-Plan Letters outlining requirements to be compliant with the final rule. There is also State legislation being monitored that codifies some of the rule's provisions.

Palliative Care

DHCS intends to implement the Palliative Care program in Medi-Cal by January 2018. There is a draft All-Plan-Letter that has been circulated for plan review. KHS staff will be initiating the implementation effort shortly. DHCS will provide additional guidance to KHS as the program implementation progresses.

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. Data sharing has begun to occur which will allow Kern Medical to identify their target population.

Health Home Program

Since awarding Health Home Program grants to CSV and OMNI, discussions have moved to operational preparations. Progress is being made and the CSV/OMNI clinics are on track for launch in early Fall. Grant funding discussions with Dignity are ongoing. Additionally, regular meetings with Kern Medical are occurring to improve operational processes and data sharing.

Non-Emergency Medical Transportation Benefit Program

On July 1st KHS implemented the new State DHCS mandated Non-Emergency Medical Transportation ("NEMT") benefit using a contracted vendor called American Logistics Corporation (ALC). ALC uses our existing transportation network, plus Lyft for non- medical transportation (transportation to and from appointments where special vehicles aren't required).

KHS contacted all members who recently (within the past 12 months) used the non- Emergency Medical Transportation benefit. In August, KHS will begin a communication campaign to inform all remaining members of the changes to their transportation benefit. This will be done through mailings, newsletters and social media. Additionally, the KHS Interactive Voice Response (IVR) system was updated to include "scheduling transportation" as a selection when

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members call. Also, the member portal was updated to include transportation benefit information as well.

ALC July Transportation Utilization Compared to KHS Utilization

Operational Statistics	ALC- July 2017 Experience	KHS- Pre 7/1 Experience
Transportation Calls	2,883*	727 (monthly average)
One Way Rides Scheduled	2,233	2,600 (monthly average)
NMT/Lyft	393	0
NEMT/Van Providers	1,840	2,600 (monthly average)

* initial high call volume to ALC was mostly due to NEMT vehicle drivers asking questions during the implementation phase. This is expected to normalize in a few weeks.

LEGISLATIVE SUMMARY UPDATE

Proposed California 2017 Legislation Update

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

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Affordable Care Act Repeal and Replacement Update

Federal legislation to repeal and replace the Affordable Care Act (ACA) was voted on in the Senate on 7/27. After several iterations and amendments, the bill ultimately failed to advance. At this time the Senate has moved on to other business and will be going out on recess beginning in early August. There is still political pressure to not give up on repealing and replacing the ACA. Conversations amongst lawmakers will likely continue, but it is unclear if new bill language will be released. Voluntary measures to curb Medicaid participation are underway in several republican states using waiver powers under the ACA which are likely to be supported by the Administration. Indiana, Arkansas, Kentucky, Arizona and Wisconsin are seeking the Administration's permission to require adult enrollees to work, submit to drug testing and/or demand recipients pay monthly premiums.

California is not likely to seek permission to change the way the ACA is working here since it doesn't support rolling back coverage or modifying eligibility. The ACA was established partly to expand insurance coverage to the uninsured population and partly to lower medical cost overtime from savings coming from early and sustainable access to medical care. Attachment D shows how this has worked for KHS members enrolled through the ACA.

KHS staff will continue to monitor the situation in Washington and work with the appropriate individuals as things progress.

KHS AUGUST ENROLLMENT

Medi-Cal Enrollment

As of AUGUST 1, 2017, Medi-Cal enrollment is 168,666, which represents a decrease of 0.4% from JULY enrollment.

Seniors and Persons with Disabilities (SPDs)

As of AUGUST 1, 2017, SPD enrollment is 12,854, which represents an increase of 0.2% from JULY enrollment.

Expanded Eligible Enrollment

As of AUGUST 1, 2017, Expansion enrollment is 57,159 which represent a decrease of 0.7% from JULY enrollment.

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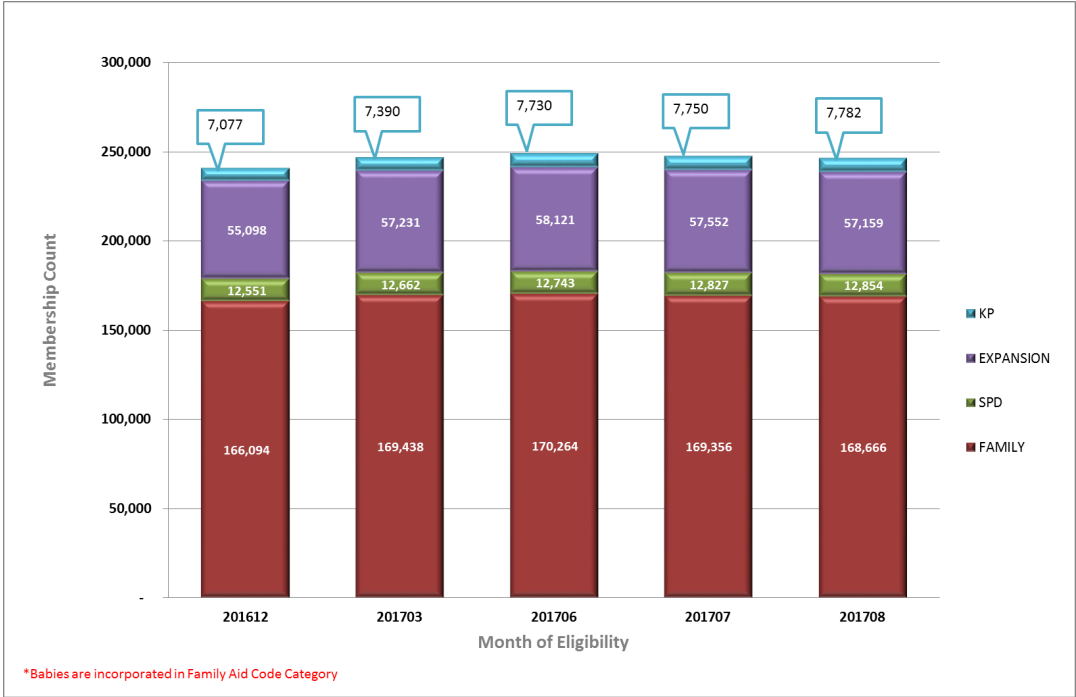
Kaiser Permanente (KP)

As of AUGUST 1, 2017, Kaiser enrollment is 7,782, which represents an increase of 0.4% from JULY enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of AUGUST 1, 2017, total Medi-Cal enrollment is 246,461 which represent a decrease of 0.4% from JULY enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Monthly/Member Months Total
201612	165,703	12,551	55,098	7,077	391	240,820
201703	169,051	12,662	57,231	7,390	387	246,721
201706	169,867	12,743	58,121	7,730	397	248,858
201707	168,925	12,827	57,552	7,750	431	247,485
201708	168,250	12,854	57,159	7,782	416	246,461



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Eligibility Re-determination backlog

KHS is experiencing an increase in dis-enrollments due to members not completing their part in their annual redetermination process. This was confirmed by staff at the Kern County Department of Human Services (DHS). According to DHS, the county has been focused on getting caught up on Medi-Cal renewals since May. They created a Medi-Cal renewals only unit in May which is making great strides in working the 2017 Medi-Cal renewal backlog (all 2016 renewals were worked). This is affecting both managed care and fee for service enrollees in the county. DHS stated this month that they have caught up on the renewal backlog dramatically. As of mid-July, DHS said there were 9,000 renewals to be processed. This work unit will be focused on processing renewals again in August before DHS reassigns these employees back to their call center in September. We should see one more month of higher than average dis-enrollments (September 2017) before dis-enrollments due to redetermination stabilize and return in October.

DHS said that most members are discontinued during the redetermination process because they are missing income verification. Members are given 90 days to reenroll. If they qualify within those 90 days, they are retro enrolled back to their disenrollment date. If they qualify after 90 days of disenrollment, they have to reapply for Medi-Cal and they are not retro enrolled. DHS stated that many dis-enrolled members reenroll but it's difficult to ascertain when they will do so. Many members don't pay attention to communications they receive from DHS regarding their Medi-Cal eligibility and they don't realize they lost Medi-Cal coverage until they need to receive medical services.

According to our analysis, dis-enrollments are impacting our "Family" and "Expansion" categories. This is not the first time we have seen a higher than average number of dis-enrollments due to redetermination. Historically, there are several months a year that the county focuses on processing the redetermination backlog. In the past, there were more new enrollees and reenrolls to offset this higher than average increase in dis-enrollments preventing an aggregate enrollment decrease month over month. KHS will continue to monitor this situation and work closely with the Kern County Department of Human Services.

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KHS ADMINISTRATIVE INITIATIVES

Provider Relations Update

Provider Contracting:

Provider contract agreements and amendments highlighted for June and July are as follows:

- Autism Response Team
- Gevorgyan Medical Center
- Jum Min, OB/GYN
- Synergy Pharmacy Solutions

Credentialing Activities

- 52 New Initial Credentialed providers; 74 Re-Credentialed providers

Grant Program: 2016-17 KHS Provider Recruitment and Retention Grants

- Details of the R&R grant are located via the link below:

http://khsshprntprd01/sites/KHS/ProviderRelations/_layouts/15/xlviewer.aspx?id=/sites/KHS/ProviderRelations/Rep%20List/Provider%20Recruit%20and%20Retention%20Grant%20Summary%202016-2018%20draft.xlsx&Source=http%3A%2F%2Fkhsshprntprd01%2Fsites%2FKHS%2FProviderRelations%2Fdefault%2Easpx

Marketing/Public Relations Update

Sponsorships: KHS will share sponsorship in the following events in August and September:

- KHS donated \$2,000 to the Valley Fever America Foundation to sponsor the 2017 Walk for Valley Fever on August 19th at the Kern County Museum.
- KHS donated \$200 to the Hina Patel Foundation for the 9th Annual Sickle Cell Run/Walk on September 16th at Riverwalk Park.

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Community Events: In August and September, KHS will participate in:

- 8/1 2017 Back to School Program @ Mojave High School
- 8/1 National Night Out @ KC Sheriff's Office in Oildale
- 8/3 Ready-Set Back 2 School Health & Wellness Fair hosted by the Kern County Child Support Services Department @ Kern County Fairgrounds
- 8/5 Back to School Connection @ Taft First Assembly of God
- 8/6 The Cesar Chavez Community Celebration @ Kern County Fairgrounds
- 8/11 Back to School Fun Day @ The Blessing Corner Ministries in Bakersfield
- 8/17 Homeless Consumer & Service Provider Day @ St. Vincent de Paul in Bakersfield
- 8/18 Annual World Breast Feeding Week Resource Fair @ Valley Plaza Mall in Bakersfield
- 8/20 Central Valley Farmworker Foundation "Día de la Familia" @ Cecil Park in Delano
- 8/30 Bakersfield College Student Involvement Festival @ Bakersfield College main campus
- 9/21 Homeless Consumer & Service Provider Day @ Bakersfield Homeless Center
- 9/23 Health & Community Resource Fair @ Bakersfield High School

KHS OFFICES RELOCATION PROJECT UPDATE

The activities undertaken since the last report include:

- Completion of 65% of the Architectural Design phase.
- The RFP for cubicles was published June 2, 2017. Bids were received and evaluated. Site visits to view the proposed product were performed. Recommendation will go to BOD in August

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- Prequalification for Sub Contractors was issued and request for Qualifications were received.
- Final list of Sub Contractors will go to August BOD for approval.
 - 170 requests for application were received and 107 packets were received.
- Cost discussions with the Developer and Architect continue.
- Value based engineering ideas were discussed and approved.
- Relocation Committee met on July 24.
- Facilitated several meeting to discuss Owner Controlled Insurance Program and final recommendation will go to BOD in August.
- Met with outside vendor to discuss security and monitoring ideas for new building.

Dashboard Presentation

- The 2nd Qtr. 2017 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment E.
- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment F.
- The 2nd Qtr. 2017 Staffing Reports indicating actual positions vs. budgeted positions and turnover by Department is located under Attachment G.

Member & Employee Newsletters

Attached is the most recent Employee Newsletter (Attachment H).



KERN HEALTH SYSTEMS

Attachment A

Board of Directors Meeting

August 10, 2017

STATE

Department of Health Care Services (DHCS)

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

The DHCS issued three (3) APLs during the months of June through July to provide guidance for Managed Care Plans (MCP).

All Plan Letters (APL)

APL 17-011 - This APL serves to inform all Medi-Cal MCPs of the updated dataset for threshold languages and language concentration standards and clarifies the threshold and concentration standards specified in Welfare and Institutions Code. This updated dataset identifies the threshold languages that, at a minimum, MCPs must use to provide translated materials to their members.

This APL also provides guidance on the implementation of non-discrimination and language assistance requirements contained in Section 1557 of the Affordable Care Act (ACA), which requires MCPs to post notices of non-discrimination and taglines which inform individuals with Limited English Proficiency (LEP) about the availability of language assistance services. Section 1557 requires MCPs to post taglines in English and at least the top 15 non-English languages spoken in California; however, the DHCS is requiring MCPs to post taglines in English and at least the top 16 non-English languages.

APL 17-012 - The purpose of this APL is to clarify Medi-Cal MCP care coordination requirements for full benefit dual-eligible beneficiaries (Duals) who either opt-out of or are ineligible for the Duals Demonstration Project (herein referred to as Cal MediConnect), partial benefit Duals, and Medi-Cal only Seniors and Persons with Disabilities (SPDs) in Coordinated Care Initiative (CCI) counties. This APL does not apply to individuals enrolled in Cal MediConnect or members with a Share-of-Cost.

APL 17-01 - This APL provides clarification of certain requirements related to the risk stratification process, which may include utilization of Health Information Form (HIF)/Member Evaluation Tool (MET) data (when it exists), and Health Risk Assessments (HRA) for Medi-Cal Seniors and Persons with Disabilities (SPDs). This policy applies to all newly enrolled SPDs in all Medi-Cal MCPs. This APL supersedes Policy Letter 14-005.

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.

Certification of Data

One of the Final Rule All Plan Letters recently promulgated by the DHCS addressed the requirement that documentation and data be certified by management including executive management. In addressing the DHCS All Plan letter 17-005 - Certification of Document and Data Submissions, the Compliance Department has operationalized KHS policy *14.57-I Certification of Document and Data Submission*. This DHCS approved policy, requires Department Directors to “... attest to the accuracy of data, information, and reports submitted to DHCS by completing on a monthly basis the internal Data Completion Certification Form”. Delegated entities are also required to provide supporting documentation to DHCS contracted entities. As a delegated entity, Kaiser Permanente provided KHS with a copy of its signed attestation as well.

As part of the process to operationalize policy 14.57-I, the Compliance worked with each Department to create a company-wide inventory of reports, data submissions, and the documentation that identifies the method by which each Department verifies and validates the information in their submissions to DHCS. Over the next six-weeks, Compliance will work with the Directors to strengthen their data validation processes.

DHCS Medical Audit –2017

The DHCS will be conducting their annual Medical Audit for the review period of August 1, 2016 through July 31, 2017. DHCS auditors will be on-site from August 15, 2017 through August 18, 2017. The audit will cover six categories: Utilization Management, Case Management, Access and Availability, Member Rights, Quality System and Delegation, and Administration and Organization Capacity.

All pre-audit deliverables have already been sent to the DHCS Auditors by the Compliance Department.

Reporting to government agencies

July

Report Name/Item	Status
AB 85	On time
Arbitration (DMHC)	On time
BHT	On time
CBAS - Quarterly	On time
Grievance - Quarterly	On time
Provider Directory – FR Deliverable #8	On time
Provider Network - Quarterly	On time
QI/UM Committee 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-I and 7.16-I 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		
APL 17-003(PDF)	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 approved by DHCS. Compliance to meet with Claims to complete strategy documentation. Policy to be executed after supportive documentation has been completed.		
APL 17-004(PDF)	SUBCONTRACTUAL RELATIONSHIPS AND DELEGATION	Health Services Provider Relations	Oversight of Delegated Entities	5/3/2017	Policy 2.45-I approved by DHCS. Compliance meeting with Stakeholders to complete strategy documentation and review contractual language. Policy in the process of being executed.		
APL 17-005(PDF)	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-I approved by DHCS. Compliance working with Stakeholders to operationalize the process and create strategy documents.		

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
APL 17-006(PDF)	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-I approved by DHCS. Compliance is working with Stakeholders to map processes and update attachments (letters) for DHCS approval. Policy to be executed after supporting documentation has been completed and approved.	
APL 17-007(PDF)	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-I policy updated and approved by Stakeholders. Stakeholders updating process maps. Policy to be executed after process maps have been updated.	
APL 17-008(PDF)	REQUIREMENT TO PARTICIPATE IN THE MEDI-CAL DRUG UTILIZATION REVIEW PROGRAM	Health Services Pharmacy	Provision of pharmaceutical services	5/10/2017	Policy 13.04-I approved by the DHCS. Stakeholders updating process maps. Policy to be executed after process maps have been updated.	
APL 17-009(PDF)	REPORTING REQUIREMENTS RELATED TO PROVIDER PREVENTABLE CONDITIONS	Health Services Claims	Reporting of Provider Preventative Conditions	5/23/2017	Policy 3.69-I approved by DHCS. Stakeholders updating process maps. Policy to be executed after process maps have been updated. Policy 60.01-I Sent to Director of Claims for revision to align with Policy 3.69-I. Policy to be executed after process maps have been updated.	

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
APL17-010(PDF)	NON-EMERGENCY MEDICAL AND NON-MEDICAL TRANSPORTATION SERVICES	Member Services Provider Relations Health Services	Non-Emergency medical and Non-Medical Transportation Services	6/29/2017	P&P 14.57-1 approved by DHCS. Compliance to review final APL and strategy maps with Stakeholders. P&P will be executed receipt of process maps.	
APL17-011(PDF)	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	Member Services Provider Relations Health Services	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	8/4/2017	Stakeholders will meet on 8/4/17 to review the APL against current KHS policies and discuss operationalizing any new components of the APL.	
APL17-012(PDF)	Care Coordination Requirements for Managed Long - Term Services and Supports	APL does not apply to KHS current Business operations.	None	N/A	N/A	
APL17-013(PDF)	Requirements for Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities	Member Services Provider Relations Health Services	Requirements for Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities	8/25/2017	Stakeholders will meet on 8/25/17 to review the APL against current KHS policies and discuss operationalizing any new components of the APL.	
KEY						
Compliance - YES						
Compliance - NO						
Outcome Pending						
N/A - informational document						

MMCD 2016 ALL PLAN LETTERS		Attachment B									
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		
APL16-001 (PDF)	Medi-Cal Provider And Subcontract Suspensions, Terminations, and Decertifications	Provider Relations Member Services	Provider Terminations Provider Suspensions Member Notices	6/26/2017	8/14/2017	Medi-Cal Provider and Subcontract Suspensions, Terminations, and Decertifications		In Process: Policy matrix complete. Strategy documents have been submitted. Summary Drafted.			
APL16-002 (PDF)	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		
APL16-003 (PDF)	Family Planning Services Policy For Contraceptive Supplies	Health Services Claims Compliance	Claims Pharmacy	3/30/2017	8/14/2017	Family Planning Services Policy for Contraceptive Supplies		Compliance requirement met. Pending implementation of revisions to 3.21-P.			
APL16-004 (PDF)	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.			
APL16-005 (PDF)	Requirements For Use of Non-Monetary Member Incentives For Incentive Programs, Focus Groups, and Member Surveys	Health Services Member Services Marketing Compliance	Non-Monetary Member Incentive Process	5/15/2017	7/26/2017	Requirements for Use of Non-Monetary Member Incentives for Incentive Programs, Focus Groups, and Member Surveys		Compliance requirement met.			
APL16-006 (PDF)	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		
APL16-007 (PDF)	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	8/31/2017	Designated Public Hospitals: Billing for Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care		In Process: Drafting Summary; Awaiting Claims and UMI input.			
APL16-008 (PDF)	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	8/31/2017	Diagnoses Related Groups: Billing for Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care		In Process: Drafting Summary; Awaiting Claims and UMI input.			
APL16-009 (PDF)	Adult Immunizations As A Pharmacy Benefit	Pharmacy	Pharmacy Benefit Manager Formulary	5/16/2017	7/31/2017	Adult Immunizations as a Pharmacy Benefit		Compliance requirement met.			
APL16-010 (PDF)	Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement	Pharmacy	Formulary Regulatory Reporting	5/17/2017	7/31/2017	Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement		Compliance requirement met.			
APL16-011 (PDF)	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. recommendations received.	N/A		
APL16-012 (PDF)	Provider Credentialing and Recredentialing	Provider Relations Member Services	Relics Process Provider Credentialing Application Process	5/26/2017	7/27/2017	Provider Credentialing and Recredentialing		Compliance requirement met.			

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
APL_16-013.pdf	Ensuring Access To Medi-Cal Services for Transgender Beneficiaries	Health Services Quality Improvement Pharmacy	Utilization Review Claims Processing	5/26/2017	7/31/2017	Ensuring Access to Medi-Cal Services for Transgender Beneficiaries		Compliance requirement met.	
APL_16-014.pdf	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.	5/30/2017	8/11/2017	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.		In Process: Pending Strategy Document from IR and RX). Pending validation of mechanisms in place to identify tobacco users and track utilization data of tobacco cessation interventions.	
APL_16-015.pdf	Acupuncture Services	Claims Information Technology Provider Relations	Claims Adjudication Member Coverage	5/31/2017	8/14/2017	Claims Adjudication/Member Coverage for Services.		Compliance requirement not met: Pending minor revision to 3.25-P to reference the correct P&P.	
APL_16-016.pdf	Rate Changes for Emergency and Post Stabilization Services Provided By Out of Network "Border" Hospitals Under the Diagnosis Related Group Payment Methodology	Health Services Claims Information Technology Provider Relations	Claims Adjudication OON Provider Payments	6/6/2017	6/21/2017	Claims Adjudication and OON provider payments		Compliance requirement met: Strategy Document Attached to Final Summary.	
APL_16-017.pdf	Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services	Health Services Claims Provider Relations Information Technology	Coverage of Alternative Birthing Centers	5/31/2017	8/14/2017	Coverage of Alternative Birthing Centers		Compliance requirement not met: Pending minor Policy revisions.	
APL_16-018.pdf	Quality And Performance Improvement Requirements	Quality Improvement Health Services Provider Relations Information Technology	Quality Measures For HEDIS	5/31/2017	8/14/2017	Quality Measures For HEDIS		Compliance requirement not met: Pending minor Policy revisions. Pending implementation of Policy.	
APL_16-019.pdf	Managed Care Provider Data Reporting	Provider Relations Information Technology	Provider Data Submission	6/15/2017	8/31/2017	Provider Data Submission		Compliance requirement not met: Policy being developed. Approval implementation is expected before 8/31/17.	
		Key	Compliance - YES						
			Compliance - NO						
			Outcome Pending						
			N/A-Informational document						

ATTACHMENT C

Legislative Summary – August 2017

The State Legislature is currently on summer recess until August 21st. The deadline to pass bills from their current committee was July 21st. Once the legislature reconvenes they have two weeks to move the remaining bills through fiscal committee, and then another two weeks to get a floor vote. The matrix below outlines the bills currently being monitored by staff.

The California State Budget was signed by the Governor prior to the July deadline. Changes to Medi-Cal managed care were minor, but the approved budget restores some of the optional benefits that were lost during the most recent recession. The budget also allocates some of the recent Tobacco Tax funds to increasing provider rates. KHS will play a role in passing through these enhanced rates to providers, but details are still pending. Staff will now work with DHCS on the implementation of these items.

Below are the bills being tracked for this session:

Title	Description	Status
AB 180 (Wood)	Allows for the delay in implementation for the Whole Child Model pilot programs. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB180	7/11/2017 - Read second time. Ordered to third reading
AB 205 (Wood)	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. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB205	LHPC/CAHP oppose unless amended 7/13/2017 - From committee: Do pass and re-refer to Com. on APPR.
AB 254 (Thurmond)	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. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB254	7/12/2017 - From committee: Do pass and re-refer to Com. on APPR
AB 315 (Wood)	Would require PBM to be registered with 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. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB315	CAHP Oppose 7/11/2017 - Read second time and amended. Re-referred to Com. on APPR
AB 340 (Arambula)	Would require, consistent with federal law, that screening services under the EPSDT	LHPC Oppose/CAHP

	<p>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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB340</p>	<p>Oppose Unless Amended</p> <p>6/29/2017 - From committee: Do pass and re-refer to Com. on APPR.</p>
AB 391 (Chiu)	<p>Would require DHCS to seek an amendment to its medicaid state plan to include qualified asthma preventive service providers as providers of asthma preventive services for individuals with poorly controlled asthma, under the Medi-Cal program.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB391</p>	<p>7/12/2017 - Read second time and amended. Re-referred to Com. on APPR</p>
AB 401 (Aguiar-Curry)	<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 require 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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB401</p>	<p>7/11/2017 - From committee: Do pass and re-refer to Com. on APPR</p>
AB 447 (Gray)	<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. The bill would also authorize the department to require the manufacturer of a continuous glucose monitor to enter into a rebate agreement with the department.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB447</p>	<p>7/10/2017 - Read second time and amended. Re-referred to APPR</p>
AB 659 (Thomas)	<p>Medi-Cal Reimbursement Rates spot bill.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB659</p>	<p>7/11/2017 - In committee: Set, first hearing. Hearing canceled at the request of author</p>

AB 1074 (Maienschein)	<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>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB1074</p>	<p>7/12/2017 - From committee: Do pass and re-refer to Com. on APPR.</p>
AB 1316 (Quirk)	<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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1316</p>	<p>7/6/2017 - From committee: Do pass and re-refer to Com. on APPR</p>
AB 1534 (Nazarian)	<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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1534</p>	<p>6/26/2017 - Read second time and amended. Re-referred to Com. on APPR.</p>
SB 17 (Hernandez)	<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>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB17</p>	<p>CAHP Support</p> <p>7/20/2017 - Read second time and amended. Re-referred to Com. on APPR.</p>
SB 152 (Hernandez)	<p>This bill would delay the implementation of the Whole Child Model pilots.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB152</p>	<p>07/17/17 - Ordered to inactive file</p>

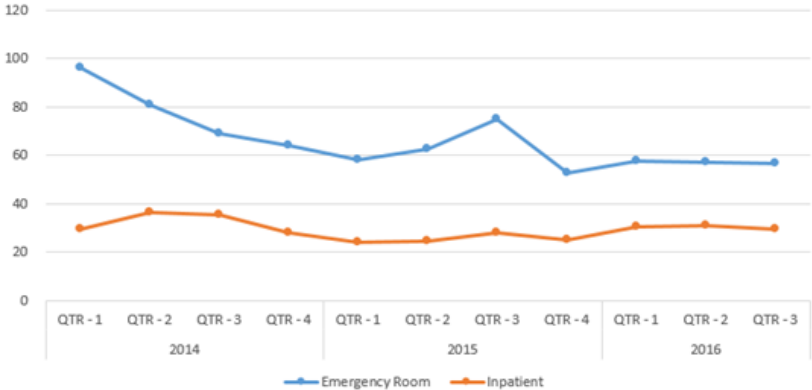
<p>SB 171 (Hernandez)</p>	<p>Mega-Reg bill that addresses timely access, network adequacy, and establish a medical loss ratio (MLR) for Medi-Cal plans at 85% as required in the mega-reg. Also makes changes to how public hospitals are funded through Medi-Cal managed care payments.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB171</p>	<p>CAHP/LHPC Oppose unless amended</p> <p>7/11/2017 - From committee: Do pass and re-refer to Com. on APPR</p>
<p>SB 199 (Hernandez)</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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB199</p>	<p>7/19/2017 - July 19 set for first hearing. Placed on APPR. suspense file</p>
<p>SB 223 (Atkins)</p>	<p>This bill would require written notice to be made available, by a health care service plan or health insurer that offers essential health benefits, as defined, and with an enrollment of 50,000 or more covered lives, 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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB223</p>	<p>CAHP Oppose Unless Amended / LHPC neutral</p> <p>6/28/2017 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p>SB 456 (Pan)</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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB456</p>	<p>7/19/2017 - July 19 set for first hearing. Placed on APPR. suspense file.</p>

<p>SB 608 (Hernandez)</p>	<p>Hospital QAF changes due to Mega-Reg</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB608</p>	<p>07/19/17 July 19 set for first hearing. Placed on APPR. suspense file.</p>
<p>SB 743 (Hernandez)</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>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB743</p>	<p>7/19/2017 - July 19 set for first hearing. Placed on APPR. suspense file.</p>



Attachment D

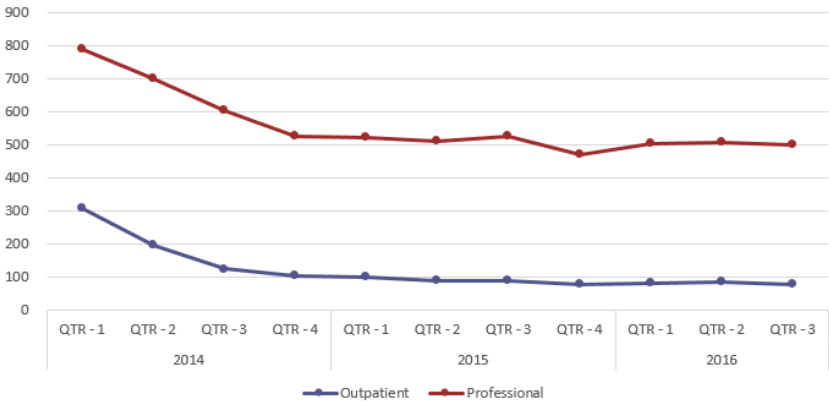
Utilization per 1000



- Data set includes Medi-Cal Expansion Members originally enrolled between January 2014 and December 2015, who are still currently enrolled.

- Figures represented are services utilized per 1000 members.

Utilization per 1000

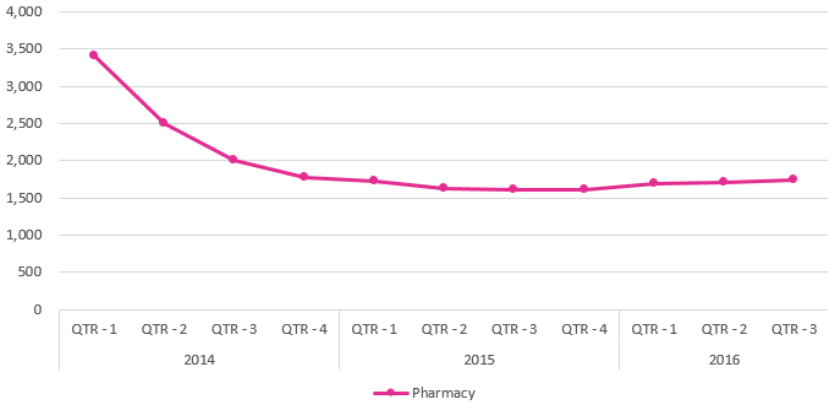


- Medi-Cal Expansion members entered Kern Family Health Care at a high rate of utilization of services.

- Over time, through clinically appropriate management of care, utilization of services decline and begin to normalize

- Medications similarly come in at a high utilization rate and are then reduced and normalized.

Utilization per 1000



**Kern Health Systems
2017 Project Summary – Q2**



Open Projects

Project Title	Start Date	End Date	Percent Complete	Comments
274 Provider Data Improvement	1/2016	12/2017	85%	Project added to schedule to comply with new state requirement – due date extended to accommodate vendor implementation timeline
Alchemy System Replacement	1/2017	12/2017	30%	
Alternative Payment Methodology	2/2017	12/2017	55%	
Department Dashboards	2/2017	12/2017	50%	
EDI Edifecs Implementation	1/2017	12/2017	50%	
Health Homes Implementation	10/2016	12/2017	70%	
Medical Management Platform Implementation	12/2016	12/2017	50%	
Outsource Non-Emergency Medical Transportation	10/2016	8/2017	80%	Project added to schedule to improve our service to members and to prepare for changes in transportation regulations
Portal Enhancements	9/2017	12/2017	---	
Provider/Member Portal Implementation	4/2016	9/2017	90%	Project extended to coordinate with Medical Management Platform Implementation
QI Site Review Automation	3/2016	10/2017	85%	Limited resources assigned

Completed Projects

Project Title	Start Date	End Date	Realized Benefit	Comments
Configuration Team Work Items	12/2015	3/2017	TBD 2017 Q3	
Contracts Management Software	9/2016	3/2017	TBD 2017 Q3	
Interactive Voice Response Upgrade (Call Center)	5/2016	1/2017	TBD 2017 Q3	
Measuring Member Satisfaction	1/2016	11/2016	TBD 2017 Q3	
Member Services WFM Implementation	02/2015	11/2016	TBD 2017 Q3	
Pharmacy WF Integration	10/2015	7/2016	TBD 2017 Q3	
QNXT Related Enhancements	12/2015	3/2017	TBD 2017 Q3	
QNXT Upgrade	10/2016	3/2017	TBD 2017 Q3	
Member Rewards Implementation	5/2017	10/2017	Project merged with Health Homes Project	

Kern Health Systems Attachment F

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

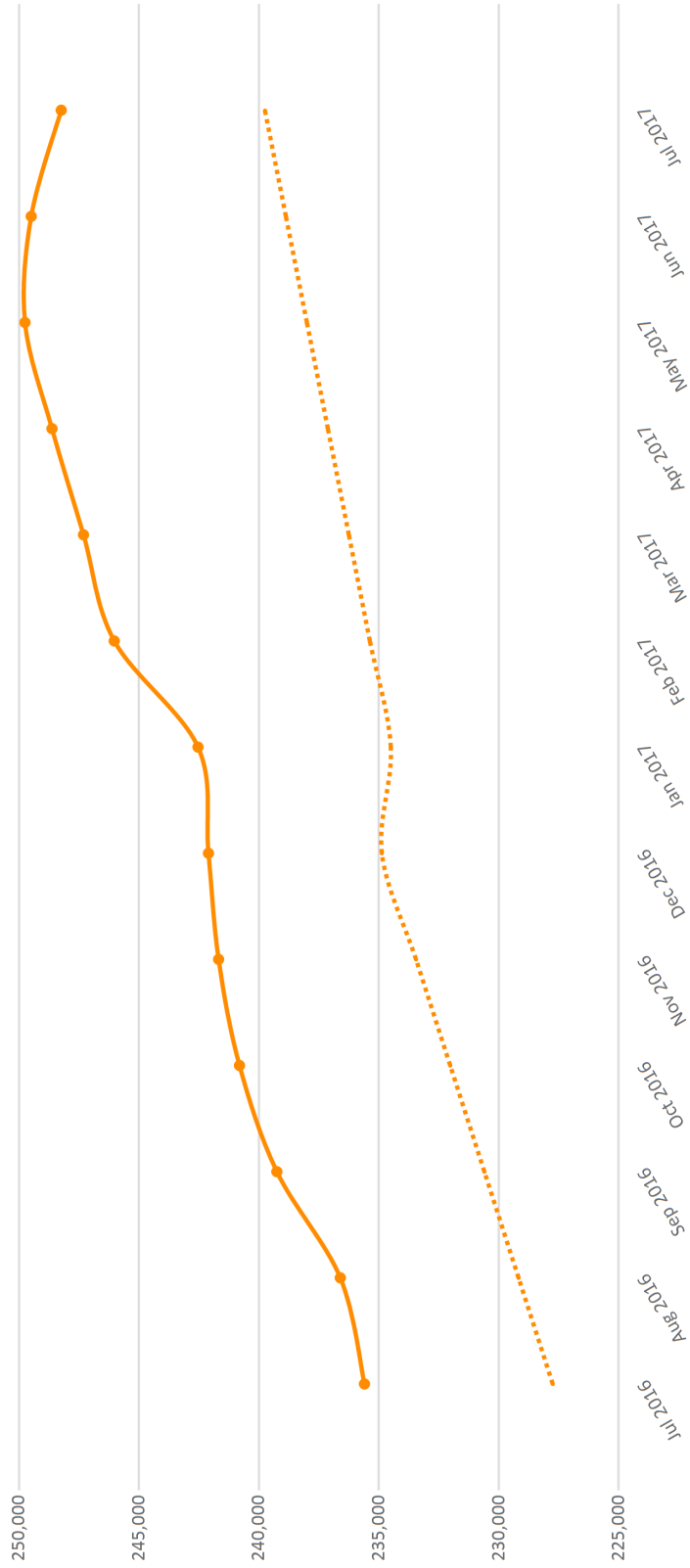


Governed Reporting System

Membership

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

Total MCAL Membership





Governed Reporting System

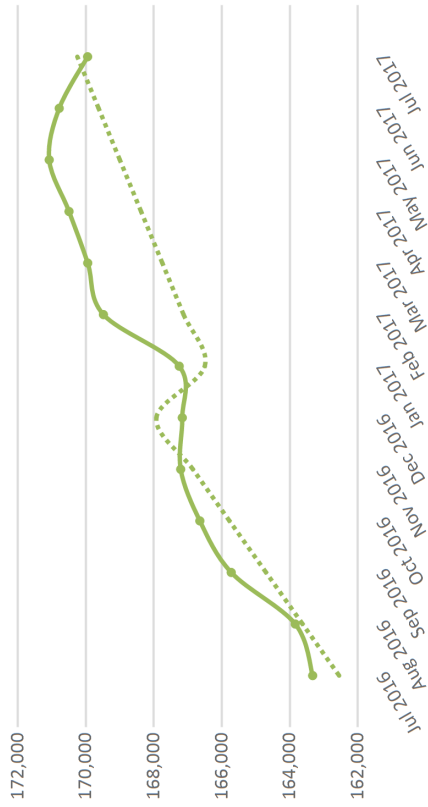
Membership

—●— MCAL SPD - Actual
- - - - - MCAL SPD - Budget
—●— Total Combined - Actual
- - - - - Total Combined - Budget

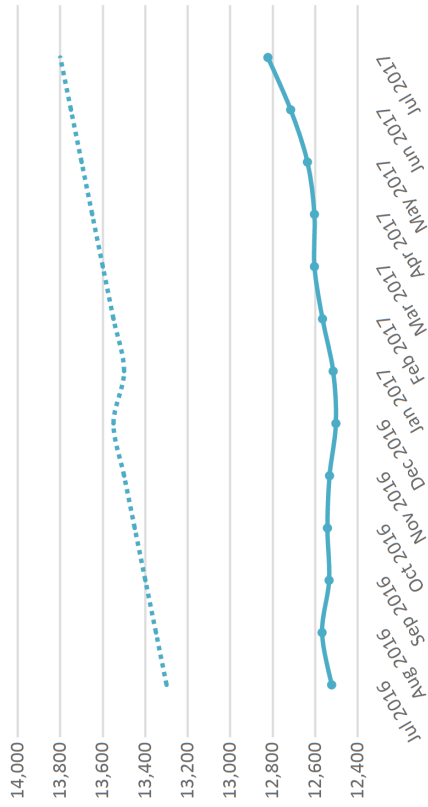
—●— MCAL Family\Other - Actual
- - - - - MCAL Family\Other - Budget

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

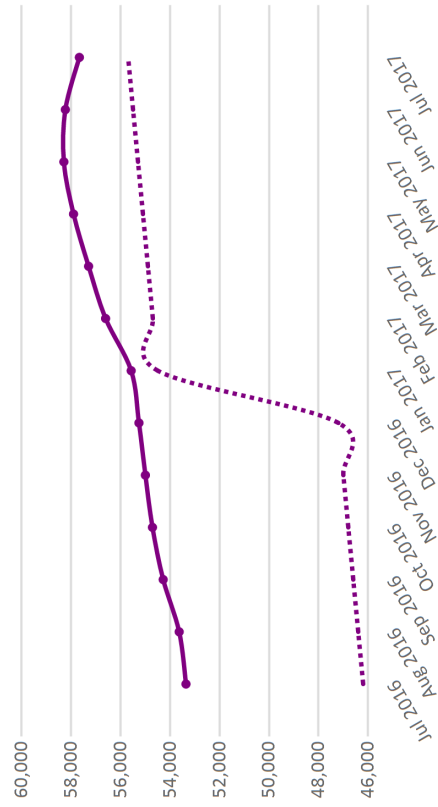
MCAL Family/Other Membership



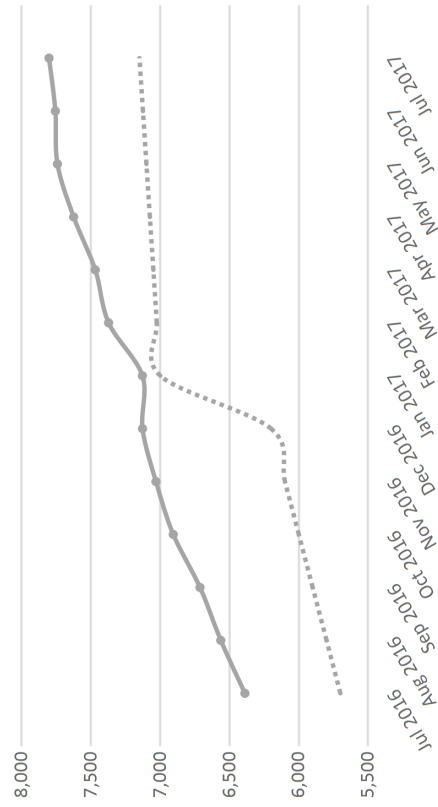
MCAL SPD Membership



MCAL Expansion Membership



KP Membership

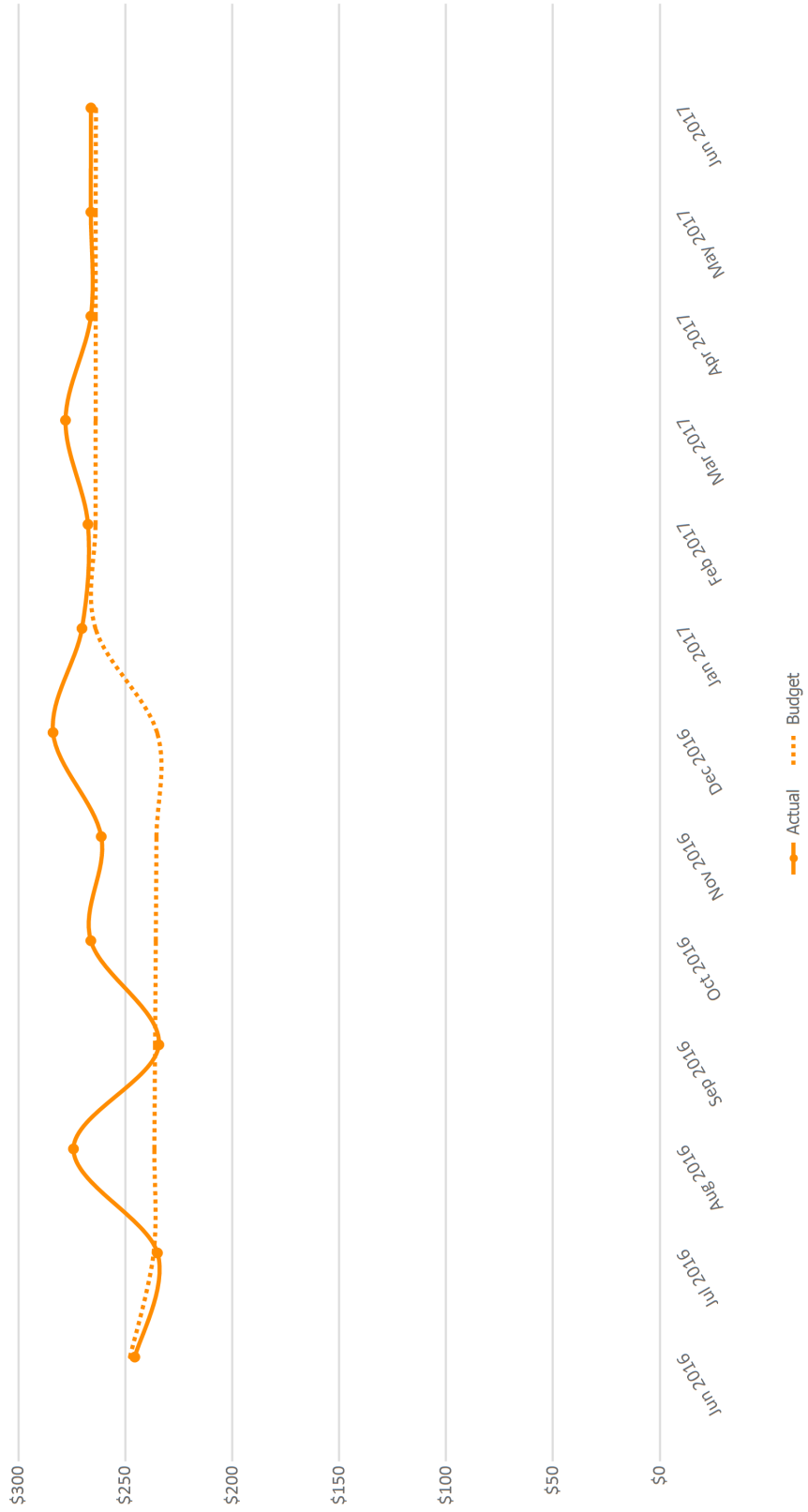




Governed Reporting System

Revenue

Medi-Cal Revenue PMPM





Governed Reporting System

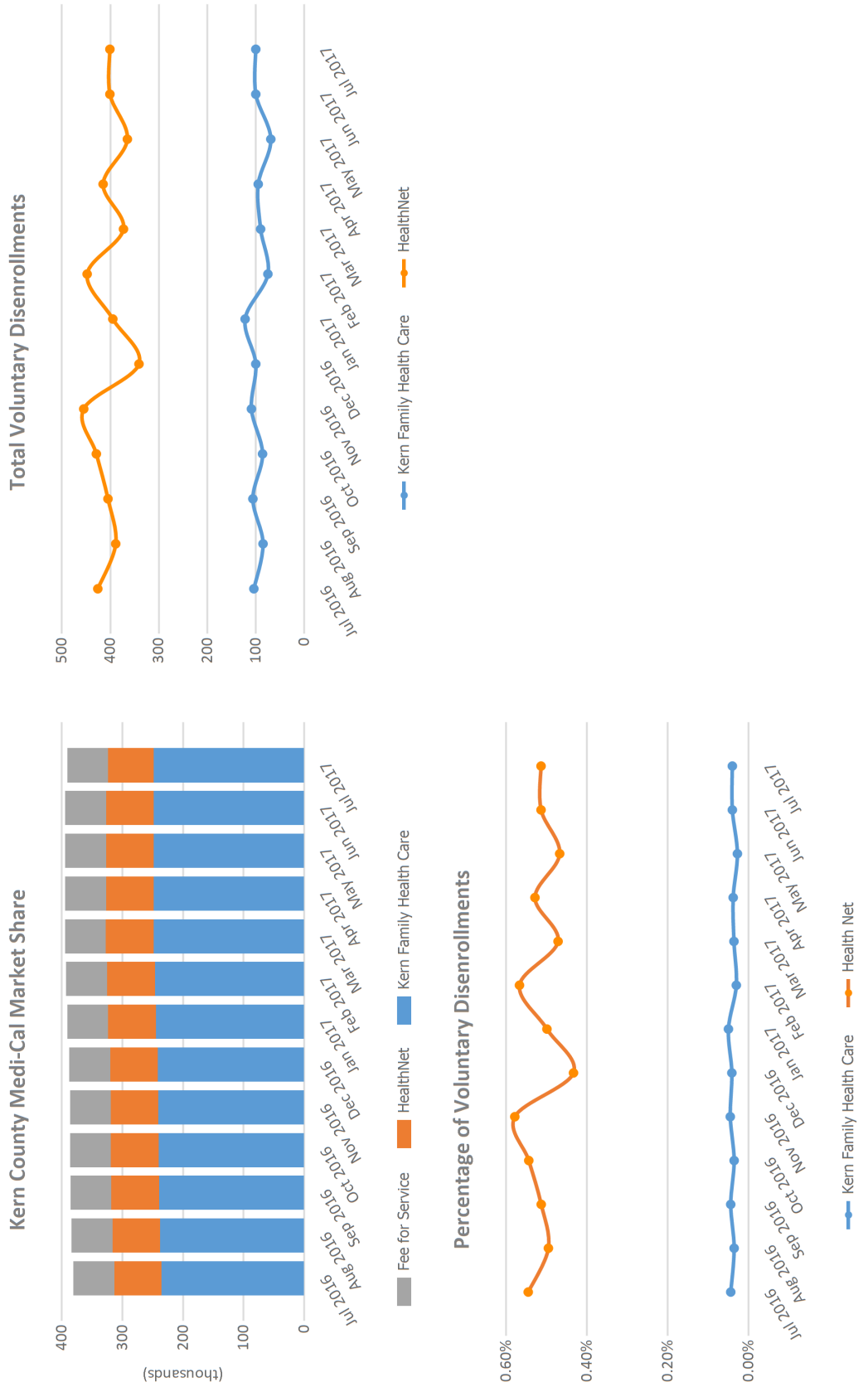
Kern Health Systems

Performance Reports
Operations Metrics



Governed Reporting System

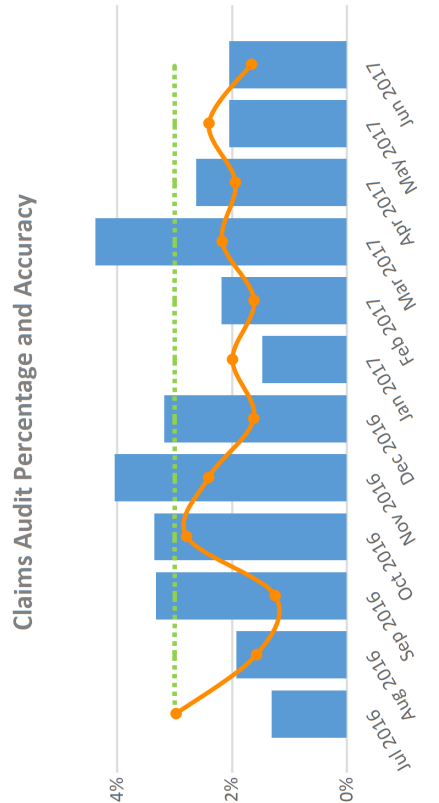
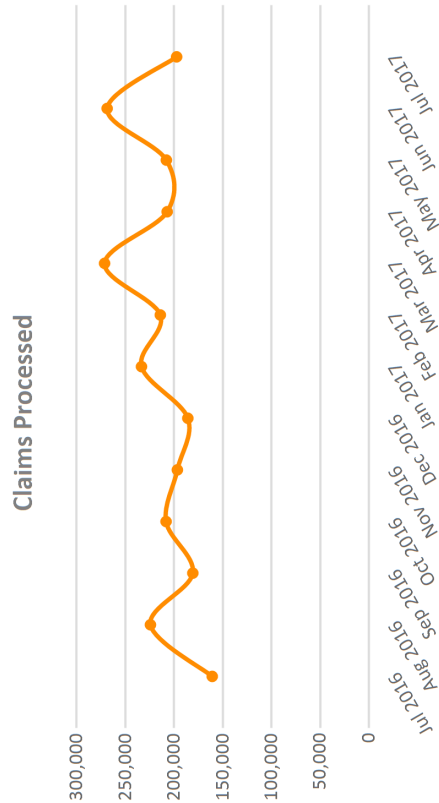
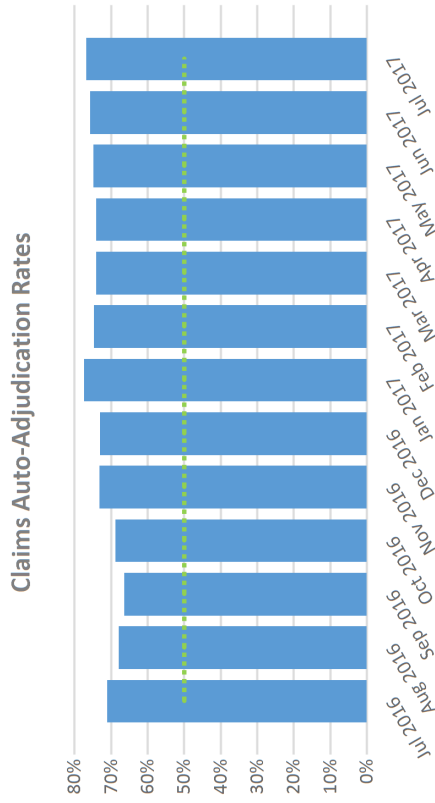
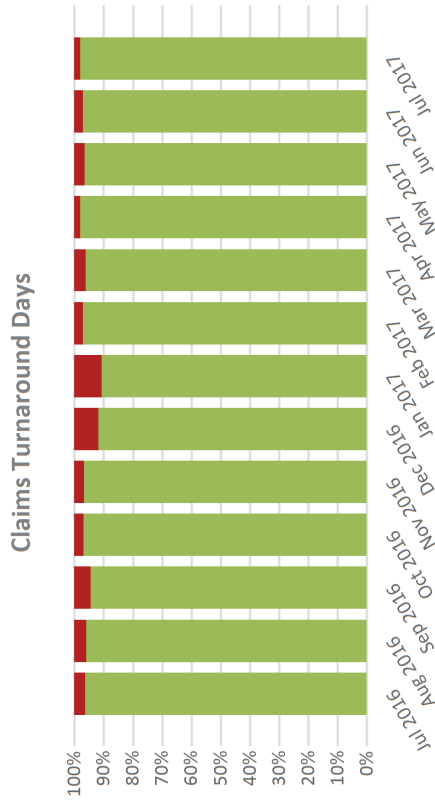
Enrollment - Market Share





Governed Reporting System

Claims Efficiency and Quality

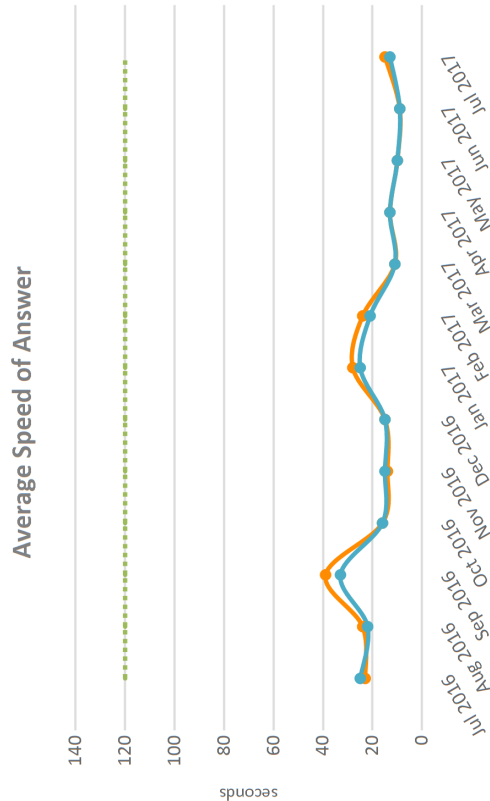
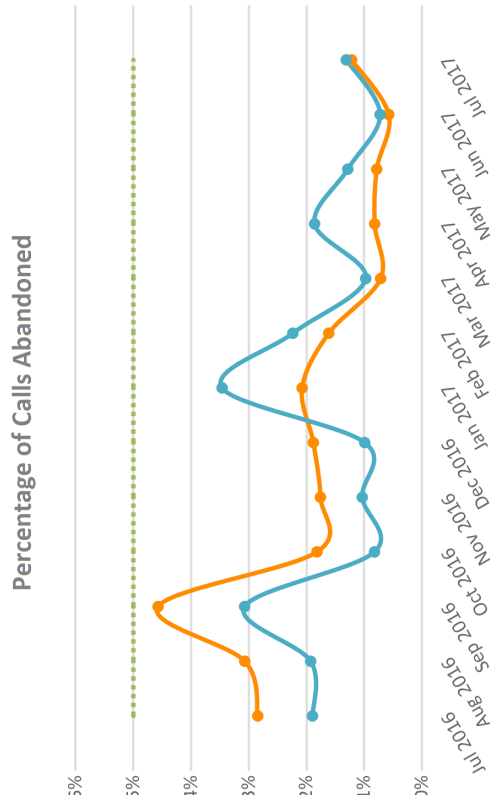
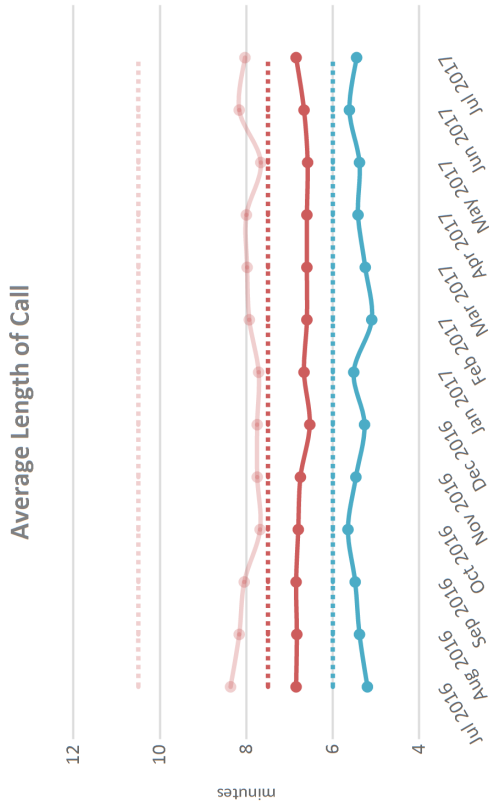
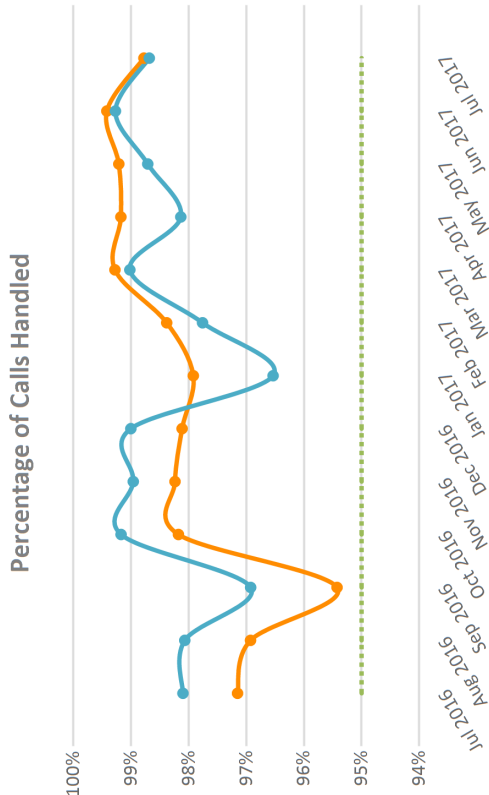




Governed Reporting System

Member Services

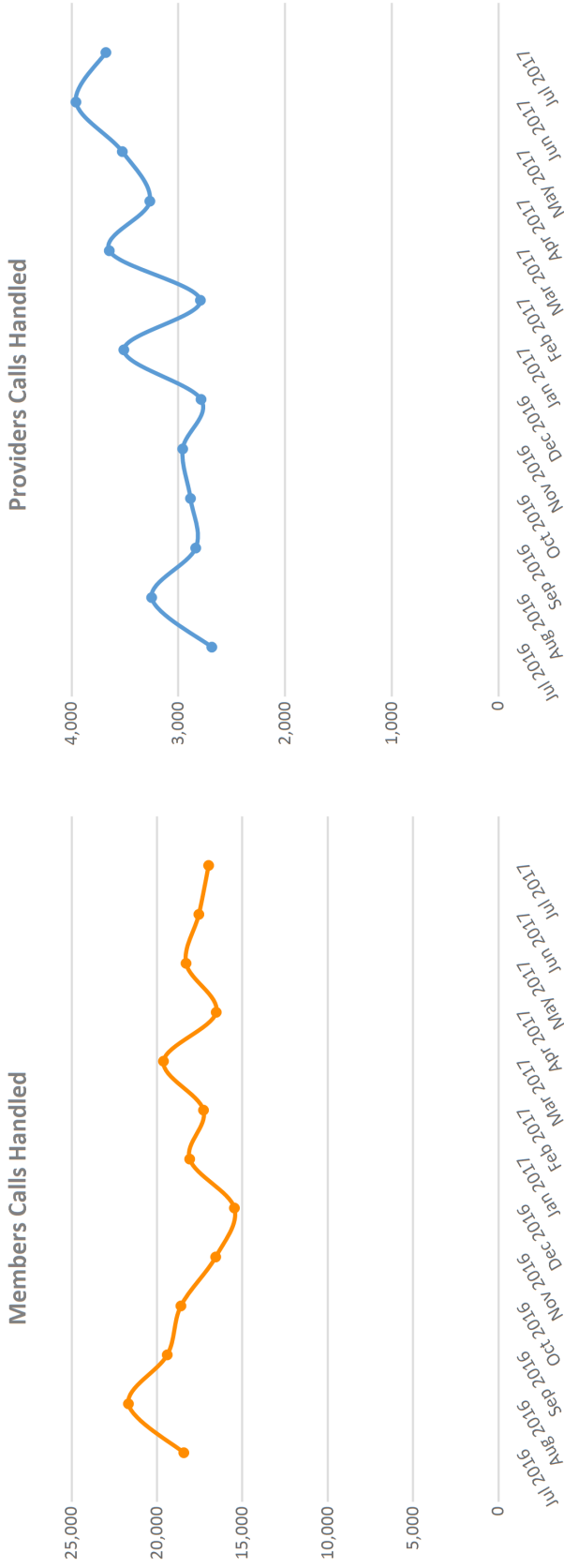
—●— Members - English
 —●— Providers
 - - - Target
 - - - Members - Spanish





Governed Reporting System

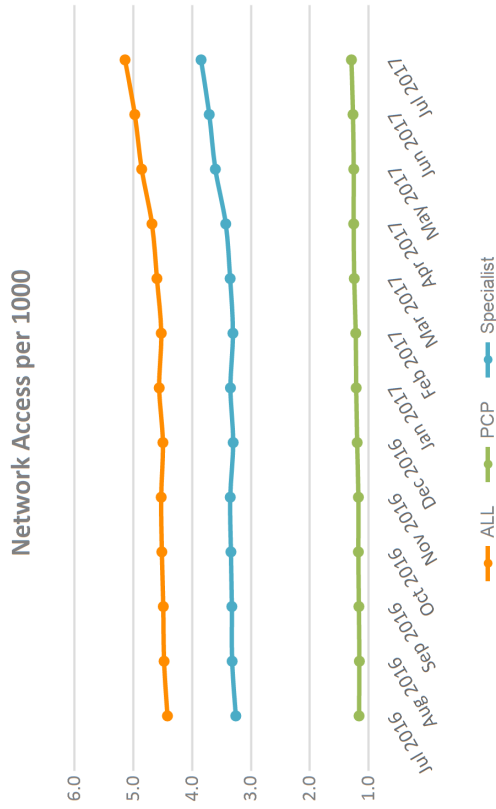
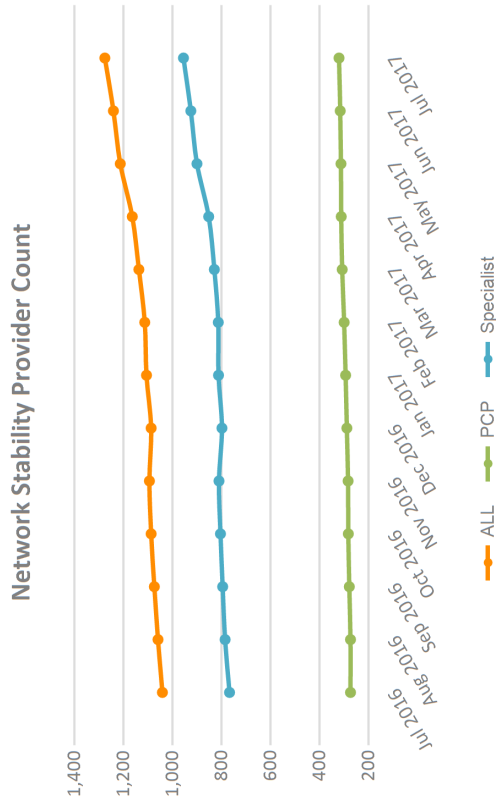
Member Services Calls Handled



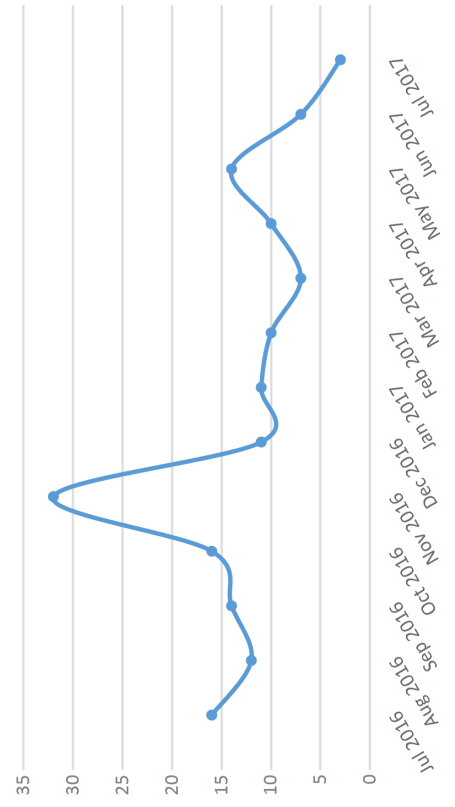


Governed Reporting System

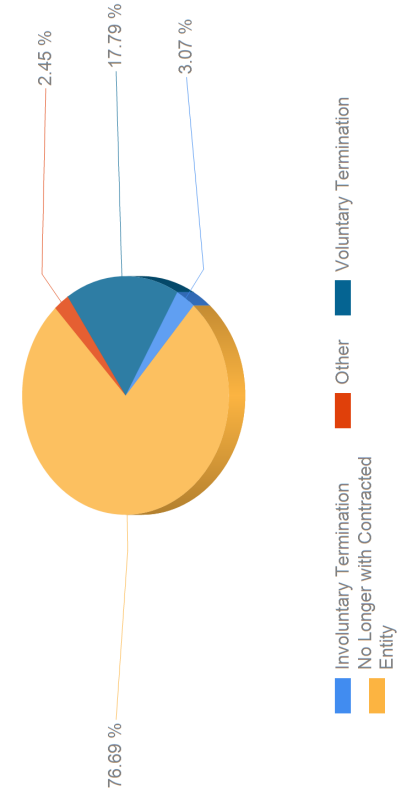
Provider Network and Terminations




Provider Terminations



Provider Terminations by Reason



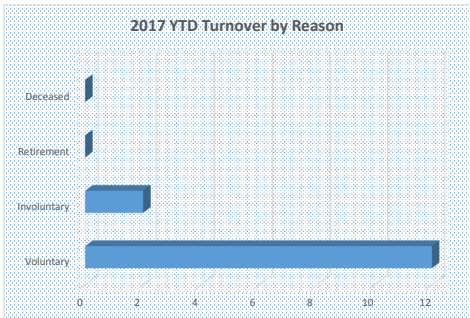
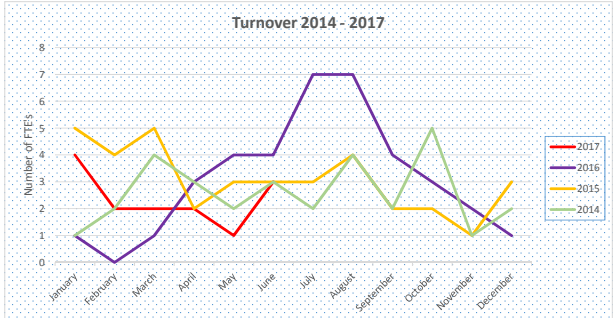
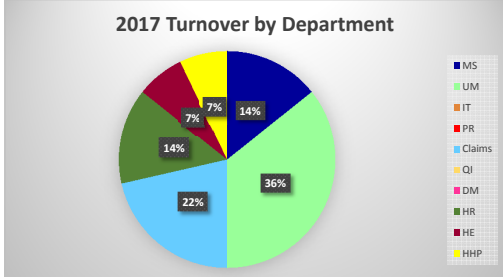
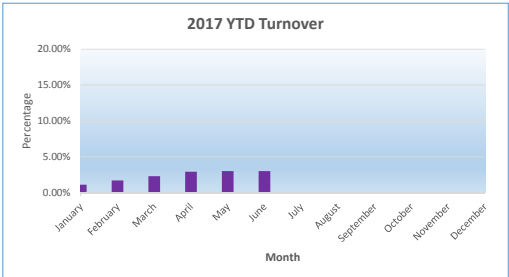
 KERN HEALTH SYSTEMS MANAGED CARE STAFFING RATIOS - JUNE 30, 2017 2nd Quarter		KERN HEALTH SYSTEMS	
SEGMENTED CATEGORY:		<i>MediCal</i> Actual Membership 247,000 Not for Profit	June 30, 2017 Budgeted Membership 245,925
ENROLLMENT TYPE			
MEMBERSHIP SIZE			
CORPORATE STATUS			
FULL TIME EMPLOYEE COUNT (FTE)		371	382
RATIO		1 FTE/Members	
EXECUTIVE		<i>Actual</i>	<i>Budgeted</i>
Executive Dept. Total FTE		4	4
Executive Dept. RATIO FTEs/MEMBERS		61,750	61,481
ACCOUNTING			
Accounting Dept. Total FTE		13	14
Accounting Dept. RATIO FTEs/Members		19,000	17,566
IT			
MIS Dept. Total FTE		43	43
MIS Dept. RATIO FTEs/MEMBERS		5,744	5,719
CLAIMS			
Claims Dept. Total FTE		56	59
Claims Dept. RATIO FTEs/MEMBERS		4,411	4,168
PROJECT MANAGEMENT			
Project Management Dept. Total FTE		7	7
Project Management Dept. RATIO FTEs/MEMBERS		35,286	35,132
UTILIZATION MANAGEMENT			
UM Mgmt. Dept. Total FTE		83	84
UM Dept. RATIO FTEs/MEMBERS		2,976	2,928
HEALTH HOMES			
Health Homes Dept. Total FTE		5	6
Health Homes Dept. RATIO FTEs/MEMBERS		49,400	40,988
QI			
QI Dept. Total FTE		13	14
QI Dept. RATIO FTEs/MEMBERS		19,000	17,566
HEALTH ED			
Health Ed Dept. Total FTE		9	10
Health Ed. RATIO FTEs/MEMBERS		27,444	24,593
PHARMACY			
Pharmacy Dept. Total FTE		10	10
Pharmacy Dept. RATIO FTEs/MEMBERS		24,700	24,593
DISEASE MANAGEMENT			
Disease Management Dept. Total FTE		9	9
Disease Management Dept. RATIO FTEs/MEMBERS		27,444	27,325
PROVIDER RELATIONS			
Provider Relations Dept. Total FTE		20	21
Provider Relations Dept. RATIO FTEs/MEMBERS		12,350	11,711
MEMBER SERVICES			
Member Services Dept. Total FTE		74	74
Member Services Dept. RATIO FTEs/MEMBERS		3,338	3,323
CORPORATE SERVICES			
Corporate Services Dept. Total FTE		7	7
Corporate Services Dept. RATIO FTEs/MEMBERS		35,286	35,132
COMPLIANCE			
Compliance Dept. Total FTE		5	6
Compliance Dept. RATIO FTEs/MEMBERS		49,400	40,988
MARKETING			
Marketing Dept. Total FTE		5	5
Marketing Dept. RATIO FTEs/MEMBERS		49,400	49,185
HR			
HR Dept. Total FTE		8	9
HR Dept. RATIO FTEs/MEMBERS		30,875	27,325
ORGANIZATIONAL VIEW			
Org. View Total FTE		371	382
Org. View RATIO FTEs/MEMBERS		666	644

©Kern Health Systems Human Resources

Attachment G



2017 YTD - 2nd Quarter Turnover Statistics
June 30, 2017



©Kern Health Systems Human Resources

TH TOP HEALTH[®]

The Health Promotion and Wellness Newsletter

6.2017

Attachment H

Fill Up With Volumetrics

By Cara Rosenbloom, RD

If you've ever been on a weight-loss diet, you may have had these chief complaints: You always feel hungry, the diet is restrictive and the portions are too small. Enter **Volumetrics**. It's a weight-loss plan that allows you to enjoy a full plate of food, to ensure you feel satisfied after every meal.

You fill up on foods that are high in water, but low in calories, such as vegetables, soup broth and lean-protein foods. And there's still room for all other foods, too.

Volumetrics has 4 food categories:

Category 1: Unlimited foods, including non-starchy vegetables, fruit and broth-based soups.

Category 2: Reasonable portions of whole grains, lean-protein foods, beans and low-fat dairy.

Category 3: Small portions of breads, desserts, cheese and high-fat meats.

Category 4: Sparingly served fried foods, cookies and fats.



Some foods contain more calories than others – a cup of French fries (category 4) has 160 calories, while a cup of watermelon (category 1) has 46 calories. Filling your plate with **large volumes of low-calorie foods** allows you to eat fewer calories in the same amount of food.

Give it a try: Get started with recipes for high-volume meals.

QuikQuiz™: CPR Refresher

Do you know the American Heart Association's guidelines for cardiopulmonary resuscitation (CPR)? Test your knowledge:

True False

- 1. CPR guidelines are designed to provide emergency rescue for people in cardiac arrest.
- 2. If you're a bystander untrained in CPR and suspect someone may be in cardiac arrest, you should first call 911 using the nearest phone.
- 3. You or another bystander can perform Hands-Only CPR (without breaths). Answers on back. >>

Health Care Needs: Choosing Wisely?



Health care insurance helps cover the cost of our primary provider services and medications.

Do you think you need an MRI for your knee or back pain? Do you need that antibiotic for a skin infection? Tests and procedures are costly, and sometimes they're unnecessary or harmful. So how do we know which medical tests or treatments are truly appropriate?

To help us, the American Board of Internal Medicine Foundation launched the **Choosing Wisely** national campaign in 2012. **Choosing Wisely** teaches patients and providers to recognize that **health does not always improve with more care**.

The program has identified many tests and procedures that have low value to many patients. They include:

- Pap smears for women before age 21, or for those who have had a hysterectomy for a non-cancer disease.
- Annual EKGs or any other cardiac screening for low-risk patients without symptoms.
- Bone density screening for osteoporosis in women before age 65 or men before age 70 with no risk factors.
- Antibiotics for acute mild-to-moderate sinusitis, unless symptoms last 7 or more days or worsen after initial improvement.
- Imaging for low-back pain within the first 6 weeks of pain, unless red flags are present.
- Breast MRI for breast cancer screening in average-risk women.
- Routine blood work, other than to test CEA level during surveillance for colorectal cancer.



Discussing the health care services listed above with your provider will help you save your health and health care dollars.

Learn more at choosingwisely.org.

Brought to you by Personal Best[®]

Summer Fruit Bonanza

By Cara Rosenbloom, RD



Fresh, juicy fruits are the tastes of summer. Savor the best of the season by pairing fruit with your meals and snacks.

Pop some grapes and berries in the freezer – when blended, they're a makeshift ice cream. Grill pineapple and peaches on the barbecue, add berries to green salads and make fun fruit kabobs for the kids. Buy from farmers markets to see how wonderful fresh fruit tastes straight from the field.

Great taste isn't the only benefit of summer's bounty of berries and other delights. For example, studies show that eating fruit helps keep cholesterol and blood pressure in check – key to heart health. What's more, people who eat more fruits (and vegetables) are likely to have a lower risk of some other chronic diseases, such as type 2 diabetes and stroke.



How should you eat fruit? Whole fruit is best. Avoid juice. Fresh and frozen fruit are equally nutritious. Most Americans don't eat enough fruit, so load up! For your health, get at least 2 cups of fruits every day – add them to every meal and snack on them, too. They're low in fat, calories and sodium.

Fruit is fairly high in natural sugar – and nutritional value. For example, in a cup of apples, you'll get 10 grams of sugar, but also fiber, vitamin C and antioxidants. In a cup of cola, you get 23 grams of added sugar and nothing else. So the next time you crave a regular soft drink or a candy bar, grab some strawberries or peaches instead.

{ “Live *life* to the *fullest*, and focus on the *positive*.” — Matt Cameron }

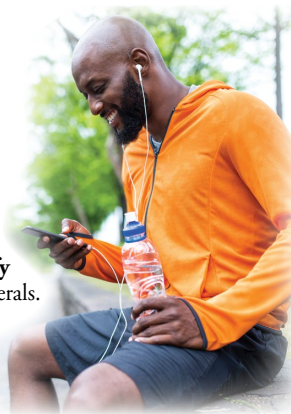
June is Men's Health Month.



GUYS: HOW'S YOUR HEALTH?

These steps can help you live long and well.

- ① **Sound sleep** can help you feel your best and do your job well. It's also critical to building your body's defenses against infection, illness and heart disease.
- ② **For men**, having 15 or more alcoholic drinks per week is heavy drinking, which can cause poor sleep, poor work, chronic health problems and premature aging.
- ③ **Don't ignore** signs of depression. Ongoing worry, sadness and negative feelings can lead to insomnia and alcohol abuse.
- ④ **Spending time** with family and friends can be as good for you as maintaining a healthy weight or being tobacco-free.
- ⑤ **Guard your heart.** Keep your weight and blood pressure in check, and get at least 150 minutes of moderate-intensity exercise, such as brisk walking, each week. Get your health care provider's approval first if you're unaccustomed to exercise.
- ⑥ **Slather on sunscreen.** Use a minimum 30 SPF outdoors to help prevent skin cancer and facial wrinkles.
- ⑦ **Strength training** keeps your muscles strong. It also helps manage or prevent many chronic health conditions, including arthritis and back pain. Get your provider's okay first if you have a chronic ailment.
- ⑧ **Add daily doses of fruits, vegetables and leafy greens.** They're packed with vitamins and minerals.
- ⑨ **Get routine medical and dental exams.** Maintain a strong relationship with your providers.



QuikQuiz™: CPR Refresher

>> Continued from front.

1. **True** – Sudden cardiac arrest occurs when the heart suddenly stops (arrests), usually due to an electrical malfunction in the heart. CPR is also useful for heart attack or drowning when breathing or heartbeat has stopped. Usually the first signs of cardiac arrest are fainting and a lack of pulse. **Note:** Just before fainting, some people may have a racing heartbeat or feel dizzy. Other signs within an hour before cardiac arrest: chest pain, shortness of breath, nausea and vomiting.
2. **True** – Place the phone on speaker so the emergency dispatcher can help.
3. **True** – To perform Hands-Only CPR, push hard and fast in the center of the chest to the rate of 100 to 120 compressions per minute.

Surviving cardiac arrest depends on immediate CPR and other actions starting with bystanders. Watch the Hands-Only CPR instructional video at heart.org/handonlycpr.



Smart Moves toolkit is at www.personalbest.com/extras/17V6tools.

6.2017

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**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
AUGUST 10, 2017**

Name	DBA	Specialty	Address	Comments	Contract Effective Date
Adventist Health Medical Center / Tehachapi Hospital	Adventist Health Medical Center / Tehachapi Hospital	Hospital	115 West E Street Tehachapi CA		*Resubmitting with corrected effective date 11/1/2017 04/01/2017
ACE Eyecare, inc.	ACE Eyecare, Inc.	Ophthalmology & Optometry	1721 Westwind Dr. Ste. B Bakersfield CA 93309	New TIN & Name change from Advanced Center for Eyecare. Providers already	9/1/2017
Autism Response Team	Autism Response Team	ABA	4500 California Ave Bakersfield CA 93309		9/1/2017
Clinica Del Pueblo Lamont/ Dr. Leopoldo Puga	Clinica Del Pueblo Lamont	IM/ PCP	10200 Main Street Ste A, Lamont CA 93241	New owner; new name & TIN but same staff. Providers already cred. No need for Site review per Stephanie in QL.	9/1/2017
Gohar Gevorgyan, MD	Gevorgyan Medical Center	Family Practice	2601 16th St. Bakersfield CA 93301	Additional Location / private practice	9/1/2017
Jum Min, MD	Jum Min, MD	OB/GYN	4050 San Dimas #A Bakersfield, CA 93301		8/1/2017
Synergy Pharmacy Solutions, Inc.	Synergy Pharmacy Solutions, INC	Pharmacy	2110 Truxtun Ave Ste 400 Bakersfield CA 93301	New TIN & Name change from Komoto Custom Care Pharmacy (Terming 7/31/17)	7/1/2017
Arnold Lim, DO	Arnold Lim, DO Inc.	Orthopedic Surgery	300 Old River Road, Ste. 200, Bakersfield, CA 93311	Received contract July 26th. Provider was already credentialed and will start this contract 9/13/17 at Mercy Ortho	9/13/2017
St Therese Medical Group	St Therese Medical Group	Internal Medicine	901 Olive Drive Suite B	Provider Already Credentialed - Oriente Esposo MD	9/1/2017

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
AUGUST 10, 2017**

Name	DBA	Specialty	Comments	Effective Date
Tehachapi Valley Healthcare District	Tehachapi Hospital	Hospital	Purchased by Adventist Health	10/31/2016
Pacific Medical, Inc.	Pacific Medical, inc.	DME	Closed Bks Office	6/20/2017
Advanced Center for Eyecare	Advanced Center for Eyecare	Ophthalmology	Name change to ACE	8/1/2017
Komoto Custom Care Pharmacy	Komoto Custom Care Pharmacy	Pharm	Name and tax Id changed	7/31/2017
Byron Mui, MD	Byron Mui, MD	Internal Medicine & Infectious Disease	Retiring	8/31/2017

8/3/2017



To: KHS Board of Directors

From: Bruce Wearda, R.Ph., Director of Pharmacy

Date: August 10, 2017

Re: Pharmacy & Therapeutics (P&T) Committee Recommendations

Background:

The P&T Committee met to review the classes of drugs commonly prescribed by:

- Otolaryngology
- Endocrinology
- Ophthalmology
- Mental Health

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 Otolaryngology, Endocrinology, Ophthalmology and Mental Health patients.

In addition, the Committee sees to it that all available medications are efficacious, cost practical and safe.

Some modifications were made due to new products and standard of care coming to the market. Other drug utilization review (DUR) actions were taken based on safety concerns and regulatory requirements.

Requested Action:

Accept the following recommendation of the P&T committee.

Add:

- Victoza and Trulicity—both in the GLP-1 class to be utilized in the same fashion as our current GLP-1 drug Bydureon. Follows step-therapy based on AACE guidelines. Available to endocrinologists at any time following SGLT-2 therapy.
- Tresiba—a long acting insulin available to endocrinologists. To be considered after failure/intolerance of insulin glargine.

- Besivance—a quinolone ophthalmologic product having better antibiotic coverage and less expensive than our current Vigamox. Allow as step therapy or first line for ophthalmology.
- Combigan—a combination product of two drugs for glaucoma, already on the Formulary.

Modify:

- Basaglar—designate as our preferred long acting insulin.
- Tobradex (solution, oint)—move to second line/step-therapy.
- Restatis—require prior authorization.
- Duloxetine and venlafaxine--remove the step edits and specialists restrictions.
- Oxcarbazepine—remove the specialty restriction.

Remove:

- Neomycin otic solution preparations—less toxic alternatives particularly for open ear infections.
- Onglyza and Januvia—safety concerns. Will allow grandfathering.
- Invokana—safety concerns. Will work on transitioning current members to one of the two other drugs in that class due to the severity of the adverse effects.
- Dexamethasone ophthalmic drops.
- Proparacaine ophthalmic drops.
- Vigamox—replace this with Besivance.
- Sulfacetamide/prednisolone ophthalmic drops.
- Phenylephrine ophthalmic drops.

Financial Impact:

Changes to the formulary having a material financial impact are outlined in the table below. The distribution assumptions presented here are considered conservative for purposes of showing savings to the health plan. All other formulary changes included above but not listed below will either be cost neutral or represent a cost savings to KHS without a material impact to KHS drug costs.

2017*				2018			
Medication	# Rx	\$/Rx	Annual \$ Amount	Medication	# Rx	\$/Rx	Annual \$ impact
Basaglar	333	\$336.60	\$ 112,087.80	Basaglar	10950	\$336.60	\$3,685,770.00
Lantus	19965	\$396.05	\$7,907,138.25	Lantus	9050	\$396.05	\$3,584,252.50
Tresiba		\$471.59	\$ -	Tresiba	333	\$471.59	\$ 157,039.47
Bydureon	1404	\$667.73	\$ 937,492.92	Bydureon	950	\$667.73	\$ 634,343.50
Victoza		\$857.08	\$ -	Victoza	250	\$857.08	\$ 214,270.00
Trulicity		\$718.25	\$ -	Trulicity	250	\$718.25	\$ 179,562.50
\$8,956,718.97				\$8,455,237.97			

SUMMARY

FINANCE COMMITTEE MEETING

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

Friday, June 2, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: Deats, McGlew, Melendez

Members absent: Casas, Rhoades

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

-
- CA-3) Minutes for KHS Finance Committee meeting on April 7, 2017 -
APPROVED
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 4) Report on KHS investment portfolio for the first quarter ending March 31, 2017 (Fiscal Impact: None) – GARY SAMPSON, UBS FINANCIAL, HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 5) Proposed Retroactive Amendment No. 18 to Physician Services Agreement and Amendment No. 35 to Hospital and Other Facility Services Agreement with Kern Medical for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 6) Proposed Retroactive Amendment to Hospital and Other Facility Services Agreement with Kern Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between Kern Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Deats-Melendez: 2 Ayes; 1 Abstention – McGlew; 2 Absent – Casas, Rhoades
- 7) Proposed Retroactive Amendment to Hospital and Other Facility Services Agreement with Tehachapi Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Agreement regarding the transfer of public funds between Tehachapi Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-McGlew: 2 Ayes; 1 Abstention – Deats; 2 Absent – Casas, Rhoades
- 8) Proposed renewal and binding of insurance coverages for crime, property, general liability, malpractice-professional liability, workers' compensation, fiduciary liability, excess cyber insurance, managed care errors and omissions, earthquake insurance and flood insurance from July 1, 2017 through June 30, 2018 (Fiscal Impact: \$314,000 Estimated; Budgeted) – CHRIS TOBIN, ALLIANT INSURANCE SERVICES, HEARD; APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 9) Report on Kern Health Systems financial statements for February 2017, March 2017 and April 2017 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades

Summary
Finance Committee Meeting
Kern Health Systems

Page 3
6/2/2017

- 10) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for February 2017, March 2017 and April 2017 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades

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

