



**KERN HEALTH  
SYSTEMS**

**REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**Thursday, October 12, 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, October 12, 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, Patel, 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)) –

8:15 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

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 3) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
- CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on August 10, 2017 (Fiscal Impact: None) –  
APPROVE
- CA-5) Proposed Agreement with DST Health Solutions, LLC, to renew the licensing for the Predictive Modeling Tool, from October 12, 2017 through October 12, 2020, in an amount not to exceed \$0.49 PMPY (Fiscal Impact: \$116,800 estimated annually; Budgeted) –  
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

- CA-6) Proposed Agreement with L5 Healthcare Solutions, Inc, for the licensing of the Claims Auditing Tool, from December 1, 2017 through December 1, 2020 (Fiscal Impact: \$219,045; Budgeted) –  
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 7) Report on Kern Health Systems Network Adequacy (Fiscal Impact: None) –  
RECEIVE AND FILE
- CA-8) Report on Kern Health Systems strategic plan for the third quarter ending September 30, 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE
- 9) Proposed Amendment No. 7 to Agreement with Douglas A. Hayward, for services as Chief Executive Officer, to incorporate performance goals for fiscal year 2017-2018 and approve change in benefits (Fiscal Impact: None) –  
APPROVE; AUTHORIZE CHAIRMAN TO SIGN
- 10) Proposed construction request for statement of qualifications for low-voltage contractors (Fiscal Impact: None) -  
APPROVE
- 11) Proposed Authorizing the Chief Executive Officer to Execute the Steel Bid Contract Awarded to the Lowest Bidder and Novate the Agreement to S C Anderson, General Contractor (Fiscal Impact: Not to exceed \$3,320,000) -  
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-12) Report on Kern Health Systems 2017 Legislative Summary (Fiscal Impact: None) –  
RECEIVE AND FILE
- 13) Report on Kern Health Systems financial statements for July 2017 and August 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE
- CA-14) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for July 2017 and August 2017 (Fiscal Impact: None) –  
RECEIVE AND FILE
- CA-15) Proposed revised Kern Health Systems Varicose Vein Treatment Criteria (Fiscal Impact: None) –  
APPROVE
- 16) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –  
RECEIVE AND FILE

- 17) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –  
RECEIVE AND FILE
  
- CA-18) 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-19) Miscellaneous Documents –  
RECEIVE AND FILE
  - A) Minutes for KHS Finance Committee meeting on August 4, 2017

ADJOURN TO THURSDAY, DECEMBER 14, 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, August 10, 2017

8:00 A.M.

#### BOARD RECONVENED

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

Directors absent: Hoffmann

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

**SUMMARY** – Board of Directors  
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- 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) – SEE RESULTS BELOW

NOTE: DIRECTOR JUDD ARRIVED AT 8:10 A.M., AND WAS NOT PRESENT FOR INITIAL CREDENTIALING

NOTE: DIRECTOR BRAR ARRIVED AT 8:50 A.M., DURING CLOSED SESSION

NOTE: DIRECTOR MELENDEZ LEFT THE DAIS AT 8:59 A.M., AFTER CLOSED SESSION AND DID NOT RETURN

9:00 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 AUGUST 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 STEWART ABSTAINED FROM VOTING ON ALLEYNE, HASHEMI, PRICE, BEAIRD

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING AUGUST 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 AIYLAM, BURKE, RATNAYAKE, WEINSTEIN; DIRECTOR MCGLEW ABSTAINED FROM VOTING ON BUXTON, FINSTAD; DIRECTOR STEWART ABSTAINED FROM VOTING ON IKE, PERRY

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

Item No 3 concerning 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) – HEARD; NO REPORTABLE ACTION TAKEN

PUBLIC PRESENTATIONS



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- 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!**  
**NO ONE HEARD**

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))  
**NO ONE HEARD**
- CA-6) Minutes for Kern Health Systems Board of Directors regular meeting on June 8, 2017 (Fiscal Impact: None) –  
APPROVED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- 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) –  
APPROVED RECOMMENDED CANDIDATE; REFER TO KERN COUNTY BOARD OF SUPERVISORS FOR APPOINTMENT  
**Hinojosa-McGlew: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- CA-8) Report on KHS investment portfolio for the second quarter ending June 30, 2017 (Fiscal Impact: None) –  
RECEIVED AND FILED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- 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) –  
APPROVED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- CA-10) Proposed renewal and binding of general liability insurance from October 1, 2017 through September 30, 2018 (Fiscal Impact: \$239,475 Estimated; Budgeted) -  
APPROVED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**

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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 11 AND LEFT THE DAIS AT 9:16 A.M.

- 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) –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Casas-McGlew: 8 Ayes; 1 Abstention – Judd; 2 Absent – Hoffmann, Melendez**

NOTE: DIRECTOR JUDD RETURNED TO THE DAIS AT 9:17 A.M. AFTER THE DISCUSSION AND VOTE ON ITEM 11

- CA-12) Proposed modification to the Kern Health Systems Tuition Assistance Program Policy (Fiscal Impact: \$2,000 Estimated; Budgeted) –  
APPROVED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**

- CA-13) Report on Kern Health Systems strategic plan for the second quarter ending June 30, 2017 (Fiscal Impact: None) –  
RECEIVED AND FILED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**

- 14) Report on Owner Controlled Insurance Program (Fiscal Impact: None) –  
APPROVED  
**Patrick-McGlew: 9 Ayes; 2 Absent – Hoffmann, Melendez**

NOTE - DIRECTOR CASAS LEFT THE DAIS AT 9:32 A.M., DURING THE DISCUSSION OF ITEM 15 AND DID NOT RETURN

- 15) Report on Request for Statement of Qualifications – Subcontractors (Fiscal Impact: None) –  
APPROVED  
**Stewart-McGlew: 5 Ayes; 2 Recusal – Brar, Judd; 1 Abstention - Patrick; 3 Absent - Hoffmann, Casas, Melendez**

- 16) Report on proposed work station cubicles procurement (Fiscal Impact: None) –  
GREGORY BYNUM, GREGORY D. BYNUM AND ASSOCIATES, HEARD;  
APPROVED  
**Patrick-Deats: 8 Ayes; 3 Absent - Hoffmann, Casas, Melendez**

- 17) Report on Kern Health Systems financial statements for May 2017 and June 2017 (Fiscal Impact: None) –  
RECEIVED AND FILED

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**McGlew-Stewart: 8 Ayes; 3 Absent - Hoffmann, Casas, Melendez**

- 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) – RECEIVED AND FILED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- 19) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVED AND FILED  
**Stewart-Deats: 8 Ayes; 3 Absent - Hoffmann, Casas, Melendez**
- 20) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED  
**Deats-Patrick: 8 Ayes; 3 Absent - Hoffmann, Casas, Melendez**
- CA-21) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- CA-22) Proposed modifications to Kern Health Systems Drug Formulary (Fiscal Impact: None) – APPROVED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- CA-23) Miscellaneous Documents – RECEIVED AND FILED  
**Judd-Patrick: 9 Ayes; 2 Absent – Hoffmann, Melendez**
- A) Minutes for KHS Finance Committee meeting on June 2, 2017

ADJOURNED TO THURSDAY, OCTOBER 12, 2017 AT 8:00 A.M.

**McGlew**

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



**Proposed Administrative Contract over \$100,000, October 12, 2017**

1. Operational Expenditure with DST Health solutions for John Hopkins ACG Predictive Modeler software and technical support for a three year period.

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Deborah Murr, Administrative Director of Health Services

c. Background

Based on the prior FluidEdge recommendations to and in support of reducing the cost of its healthcare expenses through termination of the McKesson SPD medical management contract, KHS is looking to continue the use of a Predictive Modeling tool. The tool presents an innovative and accurate way to identify individual high-risk patients and estimate resource use for an entire population based on clinically relevant classifications. The tool provides predictive analytics on future hospitalization, resource utilization, and identifies patients who will experience an unexpected use of pharmacy. Additionally, the predictive modeling tool leverages the data stores of claims and pharmacy data that KHS has built for active case management; therefore reducing the amount of time and costs associated with the current manual process for population creation and management.

d. Discussion

DST will provide the renowned John Hopkins predictive modeler software to stratify members according to their level of risk from clinical and financial perspective. The cost of this contract will provide KHS with a three (3) year license for the software with technical support.

e. Fiscal Impact

Not to exceed \$0.49 PMPY. Estimated cost per year \$116,800.00.

f. Risk Assessment

KHS has a regulatory requirement to provide risk stratification on its SPD population per the State of California. This tool will allow KSH to stratify the entire population for health and financial risks.

g. Attachments

An Agreement at a Glance form and the bid matrix is attached.

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

This Contract is pending approval by KHS legal counsel.



# KERN HEALTH SYSTEMS

- Contract
- Purchase

## AGREEMENT AT A GLANCE

Department Name: UM                      Department Head: Deborah Murr  
 Contract Vendor: DST- John Hopkins Adjusted Clinical Group (ACG) System  
 Vendor contact Name & e-mail: Sherry Graff, SAGraff@dsthealthsolutions.com  
 What services will this vendor provide to KHS? DST will provide KHS with the John Hopkins ACG predictive modeler software and technical support for a three year period.

### Description of Contract

Type of Agreement: <u>Software</u>	Background: <u>The mission of Kern Health Systems (KHS) is to create an integrated managed health care delivery system in a cost effective manner. KHS is constantly faced with the economic challenge of providing established benefits while managing the increasing utilization trends and staying within budget guidelines as determined by the State's capitation rates. KHS has utilized a predictive modeling tool since 2014 to conduct risk stratification on the entire membership in an effort to allow early identification and predictive analytics for future utilization, implementation of programs for targeted interventions, and ultimately cost reductions for managing the complex members.</u>
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<input checked="" type="checkbox"/> Establish a new agreement  <input type="checkbox"/> Amendment  <input type="checkbox"/> Continuation of an Existing Contract  <input type="checkbox"/> Replacement  <input type="checkbox"/> Addendum	Amendment No. _____  Date Agreement Began _____  Brief Explanation <u>As pressures increase on health plans and providers, there is a need to improve clinical quality, operational and financial performance which creates a demand and role for the predictive analytics within a healthcare organization. In support of reducing the cost of its healthcare expenses, and to continue to provide the best quality of care for its members, KHS is requesting to continue the use of a Predictive Modeling tool. The tool is used for dynamic data analytics and assessment of the health plans members/populations that currently have or in the future may have significant health risks or adverse outcomes. The tool will classify, with several dimensions, the KHS members/populations according to their current and future probabilities of incurring a given outcome or behavior through proven medical/scientific calculations, and provide the results and associated data analytics for dynamic use within KHS. The predictive modeling tool will leverage the data stores that KHS has created and allow for integration into its JIVA software (currently under implementation through Q4 2017) that KHS has built for active case management; thus reducing the amount of time and costs associated with the current manual process of population identification, interventions, and management.</u>
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<input type="checkbox"/> Retroactive Agreement Retroactive Date _____	Reason for delay in approval: _____
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Form updated 11/28/16

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

Brief vendor selection justification: RFP vendor exploration was completed with (7) submissions-Milliman, DST (ACG John Hopkins), MediSoftRx, Verscend, Conduent, Rapid Insight, and Optum. Through selection criteria such as functionality, additional platform requirements, and cost, selection for preliminary demonstrations reduced the list to 3 vendors-MediSoftRx, DST John Hopkins (ACG) and Verscend. KHS recommends continuing current vendor relationship with ACG for the next 3 years related to proven efficiency and accuracy of predictive analytics under previous ACG contract with functional and cost differences evident in RFP review.

Sole source – no competitive process can be performed.

Brief reason for sole source: \_\_\_\_\_

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

**Fiscal Impact**

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

Budgeted Cost Center 310 GL# \_\_\_\_\_

Will this require additional funds?  NO  YES

Maximum cost of this agreement not to exceed: \$0.49 PMPY per three years

Notes: Estimated \$116,800 per year.

**Contract Terms and Conditions**

Effective date: 10/12/17 Termination date: 10/9/20

Explain extension provisions, termination conditions and required notice: \_\_\_\_\_

**Approvals**

Contract Owner:

Deborah L...  
Department Head

9/26/17  
Date

Purchasing:

[Signature]  
Director of Procurement

8/15/17  
Date

Reviewed as to Budget:

[Signature]  
Chief Financial Officer or Controller

9/26/17  
Date

Recommended by the Executive Committee:

[Signature]  
Committee Chairman

9/26/17  
Date



**Compliance Review:**

  
\_\_\_\_\_  
Chief Compliance Officer

9-28-17  
\_\_\_\_\_  
Date

**Legal Review:**

\_\_\_\_\_  
Legal Counsel

\_\_\_\_\_  
Date

**Chief Executive Officer Approval:**

  
\_\_\_\_\_  
Chief Executive Officer

9/29/17  
\_\_\_\_\_  
Date

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

\_\_\_\_\_  
KHS Board Chairman

\_\_\_\_\_  
Date

**KHS Bid Matrix & Decision Detail**

**Predictive Modeling Tool**

<b>Vendor Name</b>	John Hopkins ACG	<b>Vendor Name</b>	MediSoftRx	<b>Vendor Name</b>	Conduent
<b>Price</b>	0.49 PMPY (\$116,800) x 3 years	<b>Price</b>	\$172,800 annual x 3 years	<b>Price</b>	\$399,126 annual x3 years
<b>Total Purchase Price</b>	\$350,400	<b>Total Purchase Price</b>	\$518,400	<b>Total Purchase Price</b>	\$1,249,106
<b>Additional Comments</b>	Current vendor- organization wide risk stratification to guide operational decisions to foster positive impact to population health management	<b>Additional Comments</b>	Independent vendor with minimal technical support; met minimal RFP functional requirements	<b>Additional Comments</b>	Required additional purchase of Midas Care Management System and other platform components with integrated Predictive modeling tool thereby increasing price and maintenance
<b>Ranking</b>	<b>1</b>	<b>Ranking</b>	<b>2</b>	<b>Ranking</b>	<b>3</b>



**To: KHS Board of Directors**

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

**Date: October 12, 2017**

**Re: Claims Audit Tool**

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**Background**

KHS currently auto adjudicates over 168,000 claims per month and currently can only audit a small portion of those claims. When a processor learns a new type of claim, they are unable to target audits on the newly learned claim types to be able to provide real-time feedback to ensure proper interpretation of guidelines and training documents. If a specific provider has had quality issues with claims for any reason, we currently cannot target those claims for audit to readily determine the root cause.

The current in-house audit tool is not robust enough to handle the services we need. It does not allow for specified Auto Adjudication auditing and thus will require a reduction of Auto Adjudicated claims. Less claims audited means more errors will be missed. Currently 1/3 of overpayment recoupments are due to preventable errors. There might be a need to hire additional staff when Auto adjudication is reduced or rework continues to grow. Additionally, provider dissatisfaction increases due to rework needs.

The claims audit tool and the benefits of contracting with the proposed vendor are included in the attached power-point presentation.

**Requested Action**

Approve; Authorize Chief Executive Officer to Sign

# Kern Health Systems

## Claims Audit Tool

# Background

- Auto Adjudication has increased to over 75% and staffed with only 1 auditor for Auto Adjudication.
- A new audit tool is needed to increase auditing efficiency, thus reducing errors, and reducing the need for additional audit staff.
- Need to target auditing new claim types upon training.
- Budgeted expense in 2017.
- Estimated savings identified is \$175,000 per year.
- Goal is to attain savings with no increase in audit staff, while improving Provider Satisfaction with less rework.

# Current/New System

Current System	New System
Randomly Selects a predefined number of claims per processor pre-payment. Limited variations.	Randomly Selects claims per processor pre-payment with varying percentages.
Tracks Coding Accuracy and Volume of Critical errors only. No Financial accuracy.	Tracks Coding, Incident and Payment Accuracy
N/A	Targeted audit selections by processor – examples: Type of claim, Provider, Dollar amount
Pre-payment audit capability only.	Pre-payment and Post-payment audit capability allowing for Potential Fraud Audits.
N/A	Standard and Custom Reporting for Volume Auditing of Auto Adjudication claims.

# Claims Audit Tool Selection Grid

Service	L5	DST
Reporting Capabilities	Audit Summaries, Error Types, Financial and Procedural results, Audit productivity all current standard reports. Can add as needed.	Audit summaries, Error Types, Financial and Procedural results, Audit productivity are all reports with customization needed.
Audit Selection Process	Multiple Filter Criteria selections available	N/A – KHS needs to complete audit selection outside of program.
Potential Compliance/FWA Audits	Yes	Yes
Medi-Cal Experience	Current Medi-Cal clients: Molina, LA Care *Both on QNXT Platform	N/A
Database/Multiple Environments	Sequel – Client Server Multiple environments no additional cost	Oracle – Hosted Multiple environments available for additional cost.
Cost	Year 1 - \$167,500 Year 2 - \$25,510 Year 3 - \$26,035 Total - \$219,045	Year 1 - \$186,805 Year 2 - \$78,300 Year 3 - \$81,600 Total - \$346,705

## Risk Assessment Of Not Selecting Claims Audit Tool Vendor

- Decrease in Auto Adjudication
- Increase of Audit Staff
- Provider Dissatisfaction due to rework
- Continue to incur unnecessary overpayments



# Savings Breakdown

- If no tool, additional Auditor Cost Per year - \$55,000
- 15% savings of preventable errors - \$120,000 per year
- Yearly estimated ROI is over \$175,000
- 3-Year savings estimate – over \$525,000

## Recommendation: Contract with L5 as Claim Audit Tool Vendor

- Based on Medi-Cal experience, cost and coverage of needs
- Cost \$219,045 for 3 years
- Savings \$525,000 for 3 years

# Summary

- L5 has the capabilities that are needed to realize the benefits discussed
- Experience with other Health Plans
- Budgeted item for 2017
- Expected reduction in overpayments over 3 years \$525,000

## **Proposed Administrative Contract over \$100,000, October 12, 2017**

### 1. Operational Agreement with L5 Health.

#### a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

#### b. Contact

Robin Dow-Morales; Director of Claims.

#### c. Background

The current in-house audit tool is not robust enough to handle the services we need. We currently auto adjudicate over 168,000 claims per month, and we can only audit a small portion of those claims. When a processor learns a new type of claim, we are unable to target audits on the newly learned claim types to be able to provide real-time feedback to ensure proper interpretation of guidelines and training documents. If a specific provider has had quality issues with claims for any reason, we currently cannot target those claims for audit to readily determine root cause.

#### d. Discussion

In order to maintain and/or increase Auto Adjudication without unnecessary rework requiring additions to staff, a Claim Audit Tool with the following capabilities is required: 1. Ability to provide a random sampling on a processor basis with varying percentage of selections as well as criteria. 2. Ability to capture the results of the audits in a standardized format to allow for automated reporting and automated trending with predefined rules. 3. Ability to capture and correctly report on Coding Accuracy, Financial Accuracy, and Total Claim Accuracy. 4.

Ability to provide audit reports for volumes of claims in various formats to be able to audit large volumes of claims within minutes to identify anomalies. 5. Ability to Audit pre or post payment as needed. 6. Flexibility to run audits based on examiner, provider, vendor, code, fee table, adjustment code, edit rule, dx codes, total paid. 7. Routing capabilities from Auditor to processor and/or supervisor and back to allow for the rebuttal process if necessary. 8. Ability to audit the auditor. 9. Ability to identify root cause of error and categorize to determine course of correction needed. 10. Ability to target audit High Dollar Claims. 11. Ability to export reports for query needs. Selected vendor has established the program with Medi-Cal plans and most recently, a large LHPC in Los Angeles. We are able to utilize predetermined audit programs that will not require extensive hours of Claims Management to plan and create in minute detail.

e. Fiscal Impact

Not to exceed \$219,045 per three years.

f. Risk Assessment

Current audit tool does not allow for specified Auto Adjudication auditing and will require reduction of Auto Adjudicated claims. Less claims audited means more errors will be missed. Currently 1/3 of overpayment recoupments are due to preventable errors. Potential need to add to staff when Auto adjudication is reduced or rework continues to grow. Provider dissatisfaction due to rework needs.

g. Attachments

An Agreement at a Glance form and bid matrix is attached.

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

This contract is pending Legal Counsel approval.



# KERN HEALTH SYSTEMS

- Contract
- Purchase

## AGREEMENT AT A GLANCE

Department Name: Claims                      Department Head: Robin Dow-Morales  
 Contract Vendor: L5 Health  
 Vendor contact Name & e-mail: Chuck Nefkens, cnefkens@l5health.com  
 What services will this vendor provide to KHS? Claims Audit Tool

### Description of Contract

Type of Agreement: Software

Background: Current in-house audit tool is not robust enough to handle the services we need. Currently we auto adjudicate over 168,000 claims per month and can only audit a small portion of those claims. When a processor learns a new type of claim, we are unable to target audits on the newly learned claim types to be able to provide real-time feedback to ensure proper interpretation of guidelines and training documents. If a specific provider has had quality issues with claims for any reason, we currently cannot target those claims for audit to readily determine root cause.

- Establish a new agreement                      Previous Agreement No. \_\_\_\_\_ or Amendment No. \_\_\_\_\_
- Amendment    Date Agreement Began \_\_\_\_\_
- Continuation of an Existing Contract                      Brief Explanation Selected vendor has established the program with Medi-Cal plans and most recently, a large LHPC in Los Angeles, we are able to utilize predetermined audit programs that will not require extensive hours of Claims Management to plan and create in minute detail.
- Replacement
- Addendum
- Retroactive Agreement                                      Reason for delay in approval: \_\_\_\_\_  
     Retroactive Date \_\_\_\_\_

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

Brief vendor selection justification: Vendor was selected based on the scope of the software capability, ease of usage and user capabilities. Other areas that were evaluated include pre-defined MEdi-cal templates based on other LHPC plans, ability to create customized templates and reporting capabilities.

- Sole source – no competitive process can be performed.

Brief reason for sole source: \_\_\_\_\_

- Conflict of Interest Form is required for this Contract

- HIPAA Business Associate Agreement is required for this Contract

**Fiscal Impact**

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

Budgeted Cost Center 230 GL# \_\_\_\_\_

Will this require additional funds?  NO  YES

Maximum cost of this agreement not to exceed: \$219,045.00 per three years

Notes: Price includes customization, support and maintenance, and travel fees.

**Contract Terms and Conditions**

Effective date: 12/01/2017 Termination date: 11/30/2020

Explain extension provisions, termination conditions and required notice: \_\_\_\_\_

**Approvals**


**Contract Owner:**



Department Head

9/28/17  
Date


**Purchasing:**



Director of Procurement

9/28/17  
Date


**Reviewed as to Budget:**



Chief Financial Officer or Controller

9/28/17  
Date

**Recommended by the Executive Committee:**



Committee Chairman

9/28/17  
Date

**Compliance Review:**



Chief Compliance Officer

9-28-17  
Date

**Legal Review:**

\_\_\_\_\_  
Legal Counsel

\_\_\_\_\_  
Date

**Chief Executive Officer Approval:**



Chief Executive Officer

9/29/17  
Date

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

\_\_\_\_\_  
KHS Board Chairman



**KHS Bid Matrix & Decision Detail**

**Description of Item: Claims Audit Tool**

**Bid Matrix**

<b>Vendor Name</b>	L5 Health	<b>Vendor Name</b>	DST
<b>Contact</b>	Charles Nefkens	<b>Contact</b>	Frank Zitella
<b>Date of Quote</b>	05/31/2017	<b>Date of Quote</b>	05/30/2017
<b>Price</b>	\$219,045.00 per three years	<b>Price</b>	\$336,805.00 per three years
<b>Shipping</b>	n/a	<b>Shipping</b>	n/a
<b>Total Purchase Price</b>	\$219,045.00 per three years	<b>Total Purchase Price</b>	\$336,805.00 per three years
<b>Additional Comments</b>	Implementation is slightly higher, but annual fees significantly lower. Need to determine Web or client server	<b>Additional Comments</b>	Lower implementation cost but significantly higher annual fees.

**Decision Detail**

**Vendor Awarded:** L5 Health

**Discussion Attendees:** Alan Avery, Robin Dow-Morales, Trannie Ryan





**To: KHS Board of Directors**

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

**Date: October 12, 2017**

**Re: Provider Capacity Study**

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**Background**

On an annual basis, Kern Health Systems undergoes an extensive review of the provider network capacity to ensure the appropriate levels of clinicians are contracted. The Department of Managed Health Care has made several changes in PCP to member ratios and provider adequacy methodology.

This year, KHS has increased its oversight of its network adequacy and has made adjustments to prior year methodology. The enclosed presentation will provide further details to the Board of Directors on such changes and the strategies taken to ensure a strong provider network.

Emily Duran, Director of Provider Relations will give the presentation.

**Requested Action**

Receive and File.



# Provider Capacity Study

October 12, 2017

# BACKGROUND/SCOPE OF STUDY

On an annual basis, Kern Health Systems (KHS) evaluates network capacity to ensure members have access to a quality group of providers and specialist that can meet the need in a timely manner.

The following reports and regulations were taken into consideration:

- ▶ Analysis of provider to member ratio per DHCS/DMHC contract.
- ▶ Access report to PCP by time and distance.
- ▶ Access report to PCP by zip code.
- ▶ Medical Service Study Area Capacity report.
- ▶ Specialty Provider ratio analysis.

Change in methodology from prior years:

- ▶ Removed adjustment for SPD visits
- ▶ Standardized Capacity ratios and definitions per DMHC/DHCS
- ▶ Provider FTE to membership calculation (DMHC approved)
- ▶ DMHC finalized Alternative Access Standards for time/distance based on zip code, no longer utilizing a Rural vs. Metro Standard.

# KHS ENROLLMENT

KHS Enrollment	Totals
June 2017	248,461
Total Projected Enrollment 2017	251,400

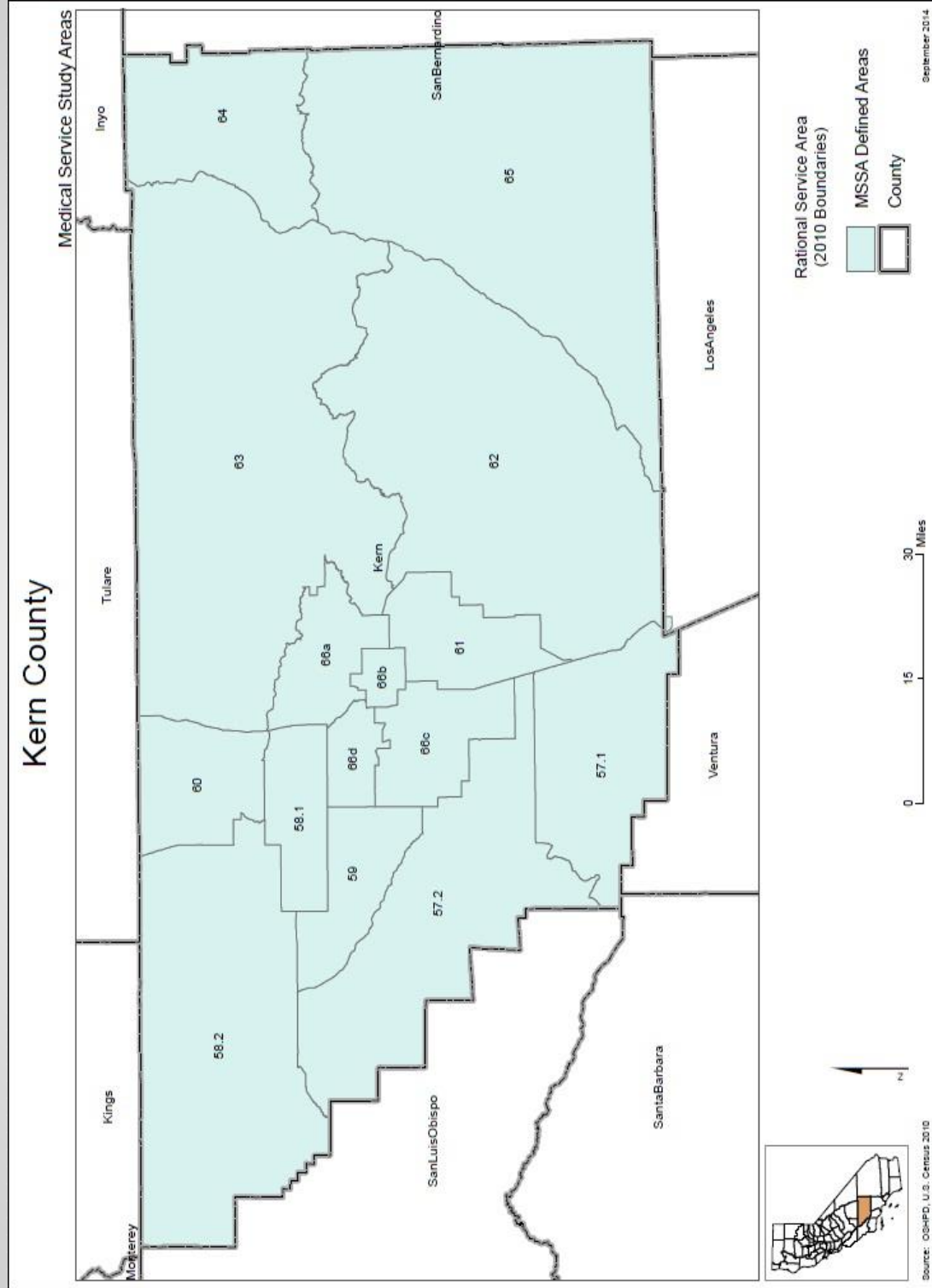


# PROVIDER TO ENROLLEE RATIOS

Provider Type	Ratio Requirement
Primary Care Physician	1:2,000
Physician Requirement	1:1,200

Provider Type	2017 Ratio
Primary Care Physician	1:1,259
Physician Requirement	1:603

# MSSA MAP

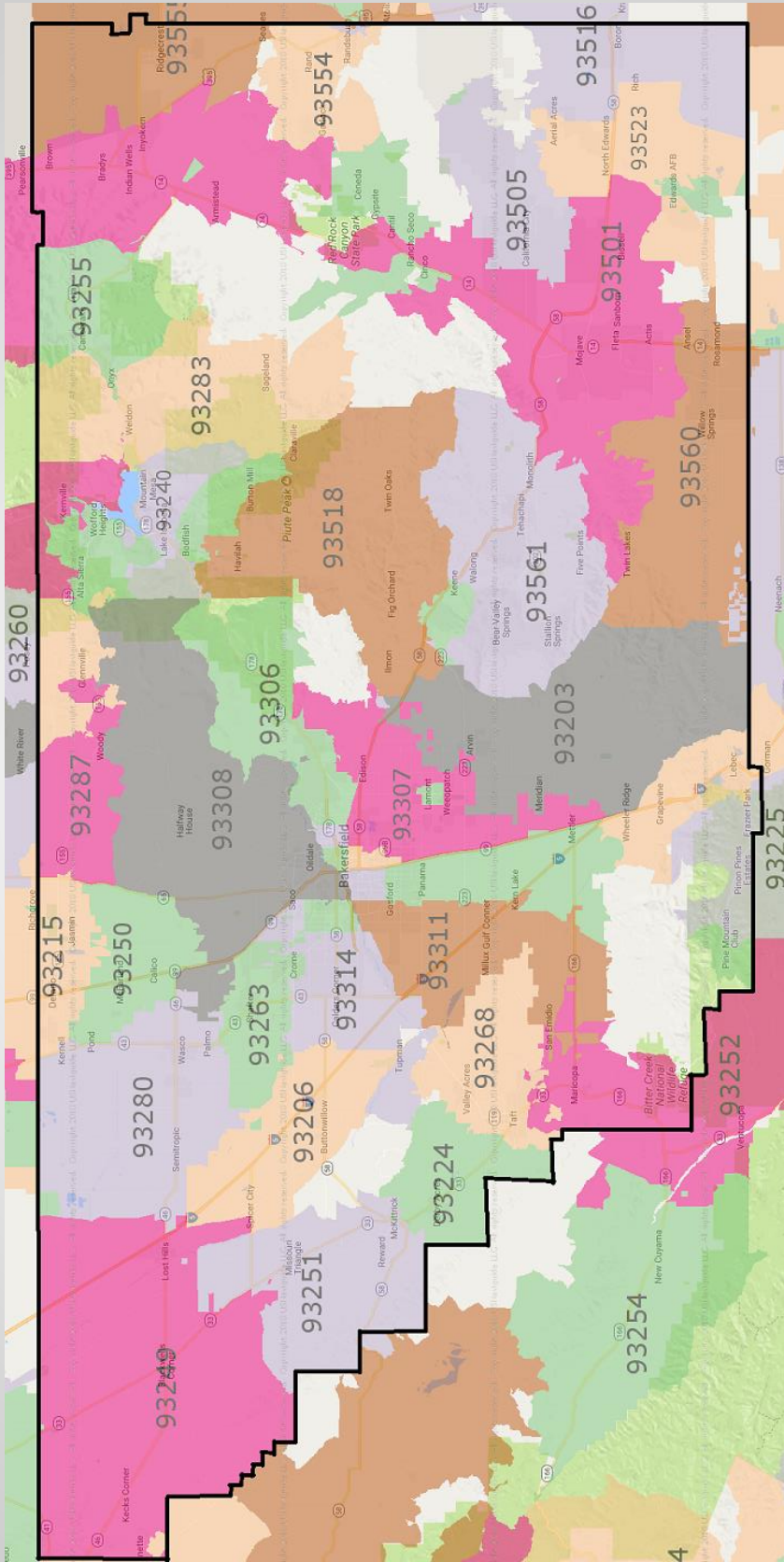




# CURRENT PCP CAPACITY PER MSSA

MSSA	Number of Primary Care Physicians	Number of Primary Care Mid-level Providers	Total FTE Primary Care Provider	Total Number of KHS Members that can be served	Membership per MSSA (June 2017)	Percent of total KHS members per MSSA	Number of FTE Primary Care Providers Needed
Fort Tejon, Frazier Park, Lebec, Pine Mountain (MSSA 57.1)	2.20	0.50	1.84	3,675	942	0.38%	0
Taft, Blackwell's Corner, Fellows, Ford City, Maricopa, McKittrick, Tupman (MSSA 57.2)	3.03	3.17	3.46	6,923	6,089	2.45%	0
Shafter (MSSA 58.1)	6.67	9.07	8.40	16,801	7,918	3.18%	0
Lost Hills, Wasco (MSSA 58.2)	3.25	8.07	5.46	10,924	10,028	4.03%	0
Buttontwillow (MSSA 59)	0.33	1.53	0.82	1,649	739	0.30%	0
Delano, McFarland (MSSA 60)	29.03	16.67	28.02	56,050	25,337	10.19%	0
Arvin, Lamont, Weedpatch (MSSA 61)	12.83	9.01	13.00	25,992	17,191	6.91%	0
Tehachapi, Bear Valley, Keene, Stallion Springs (MSSA 62)	4.78	5.67	5.71	11,422	4,535	1.82%	0
Glennville, Bodfish, Lake Isabella, Onyx, Weldon, Wofford Hts., Alta Sierra, Kernville (MSSA 63)	3.33	5.67	4.62	9,249	3,145	1.26%	0
Inyokern, Ridgecrest (MSSA 64)	6.00	4.50	6.19	12,374	211	0.08%	0
California City, Boron, Desert Lake, Johannesburg, Mojave, North Edwards, Rosamond (MSSA 65)	1.90	3.50	2.74	5,474	6,582	2.65%	.55
Metropolitan Bakersfield (MSSA 66a, 66b, 66c, 66d)	117.63	79.59	118.07	236,132	165,909	66.73%	0
<b>Total</b>	<b>191</b>	<b>147</b>	<b>198.33</b>	<b>396,664</b>	<b>248,626</b>	<b>100.00%</b>	<b>0</b>

# KERN COUNTY ZIP CODES



## SPECIALIST TO ENROLLEE RATIO

- Currently, there are no numerically defined ratio requirements for specialty providers.
- KHS is required to maintain a ratio of specialists to “reasonably assure” services are accessible to enrollees on an appropriate basis.
- As a part of Annual Provider Network Reporting, the DMHC reviews the Plan’s ratio of enrollee to providers, for certain specialty types, and compares against other health plans to determine appropriate access.

# DMHC SPECIALIST RATIO FINDINGS

Specialty	2014	2015	2016	June 2017 Ratios
Allergy/Immunology	<b>Insufficient Ratio</b> - 1:93,518	No Ratio Findings	Pending DMHC Review	1:82,820
Cardiology	No Ratio Findings	<b>Insufficient Ratio</b> - 1:7,991	Pending DMHC Review	1:6,901
Dermatology	<b>Insufficient Ratio</b> - 1:62,345	No Ratio Findings	Pending DMHC Review	1:7,764
Counseling Mental Health Professionals	No Ratio Findings	<b>Insufficient Ratio</b> - 1:9,728	Pending DMHC Review	1:8,567
Endocrinology	<b>Insufficient Ratio</b> - 1:187,037	<b>Insufficient Ratio</b> - 1:44,750	Pending DMHC Review	1:20,705
OB/GYN	No Ratio Findings	No Ratio Findings	Pending DMHC Review	1:4,141
Ophthalmology	No Ratio Findings	No Ratio Findings	Pending DMHC Review	1:9,938
Orthopedic Surgery	<b>Insufficient Ratio</b> - 1:37,407	<b>Insufficient Ratio</b> - 1:37,292	Pending DMHC Review	1:14,615
Psychiatry	No Ratio Findings	No Ratio Findings	Pending DMHC Review	1:8,567
Pulmonary Diseases	No Ratio Findings	<b>Insufficient Ratio</b> - 1:44,843	Pending DMHC Review	1:11,294
Rheumatology	<b>Insufficient Ratio</b> - 1:37,407	No Ratio Findings	Pending DMHC Review	1:27,606
Urology	<b>Insufficient Ratio</b> - 1:20,781	No Ratio Findings	Pending DMHC Review	1:31,057

# SPECIALIST COUNTS

Specialty	2015	2016	2017
Cardiology	31	32	36
Dermatology	7	30	32
Endocrinology	4	9	12
Gastroenterology	16	16	15
General Surgery	31	34	36
Hematology/Oncology	15	15	18
Neurology	13	23	19
Obstetrics & Gynecology	62	57	60
Ophthalmology	21	30	25
Orthopedic Surgery	7	14	17
Otolaryngology (ENT)	8	9	10
Podiatry	11	13	18
Psychiatry	31	23	29
Pulmonary Diseases	19	20	23
Urology	9*	5	8

# PLANNING FOR INCREASED DEMAND

- ▶ Provider Recruitment and Retention Program - Extended
  - ▶ Safety Net Providers
    - ▶ November 1, 2016 – October 31, 2018
  - ▶ Non-Safety Net Providers
    - ▶ December 1, 2016 – November 30, 2017
- ▶ Diagnosis Specific Clinics
  - ▶ Transition of Care Clinic
  - ▶ Respite Care Clinic
  - ▶ Health South - Inpatient Program for Pulmonary Rehab
  - ▶ Expanded Diabetic clinics (Three)
- ▶ Continued Network Expansion
- ▶ Telehealth Expansion
- ▶ Expanded Urgent Care Facility Contracts (9 contracted Urgent Cares)
- ▶ Funding Three Health Homes (up to 8)
- ▶ Exploring Value Based Purchasing & Alternative Payment Methodology

# QUESTIONS

For additional information, please contact:

**Emily Duran**  
**Director of Provider Relations**  
**661-664-5000**







**To: KHS Board of Directors**

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

**Date: October 12, 2017**

**Re: Update on KHS Strategic Plan**

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**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.

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.

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.

# Q3 2017 Strategic Plan Update

October 12, 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 third 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	45.00%	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	1/1/2018	4/15/2018	0.00%	Emily Duran
1.15	Negotiate mutually acceptable terms and conditions for participation	3/1/2018	5/1/2018	0.00%	Emily Duran
1.16	Implement VBP contract(s)	7/2/2018	1/31/2019	0.00%	Emily Duran
1.17	Monitor to determine if targeted outcomes are achieved	8/1/2018	7/31/2019	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	80.00%	Jeremy McGuire
1.21	Determine the impact of changes to KHS	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	TBD	TBD	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%	Emily Duran
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 coverage expansion	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	12/29/2017	80.00%	Jeremy McGuire
1.24	Post implementation audit to ensure installation and performance meets expectations	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 impacting KHS	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 Specialists	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	100.00%	Emily Duran
2.21	Establish provider relations outreach goals and objectives to gauge service satisfaction	10/1/2015	12/31/2017	100.00%	Emily Duran
2.22	Conduct routine meetings between KHS PR staff and their assigned provider groups	10/1/2015	12/31/2017	100.00%	Emily Duran
2.23	Continue to survey annually all providers to determine the quality and attentiveness	1/1/2016	12/31/2016	100.00%	Emily Duran
2.24	Conduct "town hall" type meetings with providers at different locations in the county	4/1/2016	12/31/2016	100.00%	Emily Duran
2.25	Convey KHS expectations and provide feedback on Provider and Staff performance	2/1/2017	12/31/2017	100.00%	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 (administrative and clinical)	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	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	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	7/1/2015	12/31/2016	100.00%	Deborah Murr
2.35	Establish provider compensation arrangements to support structure and goals	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	7/31/2017	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.	4/30/2015	3/31/2017	100.00%	Louie Iturriria
3.11	Develop performance standards, data tracking system and reporting structures	1/4/2016	8/30/2017	100.00%	Alan Avery
3.12	Conduct Member focus groups to determine ways to engage members more	4/30/2015	6/10/2016	100.00%	Louie Iturriria
3.13	Develop a member outreach program to increase unitization of preventive services	6/1/2015	6/30/2017	100.00%	Louie Iturriria
3.14	In collaboration with providers, explore ways to report health metrics to members	4/1/2016	3/31/2017	100.00%	Alan Avery
3.15	leverage technology to enhance communication and improve service 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	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.22	Identify programs, activities and events aligned with our mission and goals	1/1/2016	12/30/2016	100.00%	Louie Iturriria
3.23	Annually, survey outside sources as to their perception of KHS's reputation and image	7/1/2016	12/16/2016	100.00%	Louie Iturriria



**KERN HEALTH  
SYSTEMS**

# 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	1/1/2017	12/31/2017	75.00%	Robert Landis
4.12	Annually develop an operating budget enabling KHS to achieve its annual goals	6/1/2017	12/14/2017	75.00%	Robin Plumb
4.121	Develop Utilization and Unit Cost Assumptions for Medical Expenses	8/1/2017	10/13/2017	75.00%	Robin Plumb
4.122	Determine Significant Budget Assumptions	8/1/2017	10/13/2017	75.00%	Robert Landis
4.123	Determine 2018 Projects	7/17/2017	8/18/2017	100.00%	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	9/1/2017	10/13/2017	75.00%	Veronica Barker
4.14	Administrative Expense Budget	8/1/2017	10/13/2017	75.00%	Veronica Barker
4.141	Determine FTE Requirements and administrative costs by department	8/1/2017	10/13/2017	75.00%	Veronica Barker
4.15	Retain sufficient reserves to protect KHS from unexpected events	1/1/2017	12/31/2017	75.00%	Robert Landis
4.16	Continue an on-going dialogue with DHCS and DMHC to convey concerns over reimbursement	1/1/2017	12/31/2017	75.00%	Robert Landis
4.2	Relocate KHS offices to a geographic area convenient to members that meets KHS staffing needs	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 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	100.00%	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	100.00%	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/modifying 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%	Doug Hayward
4.53	Evaluate culture 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 assess KHS competitiveness	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 Scrums 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	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	9/1/2017	12/31/2017	0.00%	Richard Pruitt
5.32	Analyze and evaluate opportunities/products for effectiveness and compatibility	1/1/2015	6/30/2017	80.00%	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	80.00%	Richard Pruitt
5.34	Presentations 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	11/1/2017	90.00%	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	75.00%	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	85.00%	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	1/1/2017	12/31/2017	75.00%	Jeremy McGuire
5.47	Continuously monitor and control for operational effectiveness	1/1/2015	12/31/2017	75.00%	Execs



## 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 November 2017 to discuss the next 3-year Strategic Plan.





**To: KHS Board of Directors**

**From: Larry Rhoades, Chairman**

**Date: October 12, 2017**

**Re: Amendment to the Chief Executive Officer's Employment Agreement**

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**Background**

Enclosed is the 2017 amendment (Amendment 7) to the Chief Executive Officer's Employment Agreement. The Amendment includes:

- The Board approved 2017/2018 Performance Goals to be used to assist the Board with the CEO's next annual employment performance review scheduled for July 16<sup>th</sup>, 2018 attached as Attachment C to Amendment 7.
- A Supplemental Retirement Benefit entitled the CAP EX Plan. In lieu of adjusting the Executive's salary to the median income level for Executive Pay Grade III and providing annual merit increases over the 2017, 2018 and 2019 pay periods, the Executive shall receive a CAP EX Plan supplemental retirement plan benefit consisting of an annuity and death benefit (Plan). The CAP EX plan requires a one-time purchase of life insurance policies from Penn Mutual Life Insurance Company and Minnesota Life Insurance Company which will fund the annuity for the CEO upon retirement and provide death benefits to KHS and to the CEO's estate upon the death of the CEO or his spouse whichever occurs last (death occurrence). There is no fiscal impact since the purchase price of the plan is repaid from the death benefit payments of the policy upon the death occurrence as defined above.

**Requested Action**

Approval of amendment to Chief Executive Officer Employment agreement providing approved performance goals for 2017/2018 and supplemental retirement benefit plan and authorization for Chairman Rhoades to sign all applicable documents necessary to implement the terms and conditions required under the amendment on behalf of Kern Health Systems.

**AMENDMENT NO.7  
TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
CONTRACT EMPLOYEE  
(Kern Health Systems – Douglas A. Hayward)**

This Amendment No. 7 to the Agreement for Professional Services (“Amendment”) is made and entered into this 12th day of October, 2017, between Kern Health Systems, a county health authority (“KHS”), and Douglas A. Hayward (“Executive”).

**RECITALS**

(a) KHS and Executive have heretofore entered into an Agreement for Professional Services (dated December 1, 2011) (“Agreement”), whereby Executive is employed by KHS to serve as Chief Executive Officer; and

(b) The Board and Executive have developed 2017/2018 performance goals and agree to incorporate them into the Agreement by way of this Amendment, as required by section 17 of the Agreement; and

(c) The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

(d) The Agreement is amended effective October 12, 2017

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree to amend the Agreement as follows:

1. Exhibit “C- to Amendment 7,” 2017-2018 Performance Goals, attached hereto and incorporated herein by this reference, shall be made part of the Agreement.

2. Section 1 Term is hereby deleted in its entirety and superseded by the following:

3. “Term. The term of this Agreement shall commence January 16, 2012 (the Commencement Date) and shall end January 15, 2020 unless earlier terminated pursuant to other provisions of this Agreement herein stated.”

Section 4.1 Retirement is amended by adding section 4.1.3 CAP EX Plan supplemental retirement plan which states:

“4.1.3 CAP EX Plan (CAP EX Plan) supplemental retirement plan:

- a. In lieu of adjusting the Executive’s salary to the median income level for Executive Pay Grade III and providing annual merit increases over the 2017, 2018 and 2019 pay periods, the Executive shall receive a CAP EX Plan supplemental retirement plan benefit consisting of an annuity and death benefit (Plan). KHS will fund the CAPEX Plan as required under Part 2 of the CAP-EX Agreement.

- b. Effective upon execution of this amendment, the Executive shall only receive a cost of living adjustment (COLA) over the 2017, 2018 and 2019 pay periods.
  - c. In order to receive the Plan benefits, the Executive must remain employed with KHS through January 15th, 2020 (agreement termination date).
  - d. Executive shall remain eligible for the Plan benefits (annuity and death benefit) unless he is terminated pursuant to section 27.4 Termination (for cause) and in such case will forfeit all rights and benefits under the CAP EX Plan.
  - e. The Executive shall be considered fully vested in the event of his permanent disability, death, or involuntary termination, other than termination for cause (as defined under this employment agreement).
  - f. Upon retirement Executive shall receive from the Plan a projected annual estimated annuity payment of \$34, 935 per year for a projected sixteen (16) years.
  - g. Executive's estate shall be entitled to any remaining death benefit after applying all amounts owed to KHS following the death of Executive or Executive's spouse whichever occurs last.
4. All capitalized terms used in the Agreement and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.
5. This Amendment shall be governed by and construed in accordance with the laws of the state of California.
6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
7. Except as provided herein, all other terms, conditions, and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have entered into this Amendment No. 7 as of the day and year first written above.

KERN HEALTH SYSTEMS

EXECUTIVE

By \_\_\_\_\_  
Larry Rhoades, Chairman  
Board of Directors

By \_\_\_\_\_  
Douglas A. Hayward

APPROVED AS TO FORM:

By \_\_\_\_\_  
Gurujodha S. Khalsa, Chief Deputy  
Counsel for Kern Health Systems

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**EXHIBIT “C-to  
Amendment 7  
2017-2018 Performance Goals  
Douglas A. Hayward  
Chief Executive Officer  
Kern Health Systems**

**Re: CEO Performance Goals for 2017-2018**

**Goal 1 – Kern Health Systems 2018 to 2021 Three Year Strategic Plan**

In 2015 Pacific Health Consulting Group assisted Kern Health Systems in developing a 3-year Strategic Plan. Over the past 3 years, Kern Health Systems has implemented the strategies and tasks around five major goals:

- Delivery System and Payment Reform
- Primary Care and Specialty Care Access
- Premier Health Plan of Choice for MCAL in Kern County
- Health Plan Sustainability and Diversification
- Technology Optimization to Improve Constituency Service

With Pacific Health Consulting Group’s assistance, Kern Health Systems will again undertake a new Strategic Planning session in September 2017. The Strategic Plan serves as a management tool to ensure KHS remains committed to its mission, working toward achieving desired goals, addressing new challenges and identifying new opportunities.

The overarching themes of this session should revolve around the changing healthcare environment and its impact to Kern Health Systems. The Board of Directors along with Senior Management will need to evaluate:

- Mission and Vision Statement
- External Environment and Competitive Market Conditions
- Internal review (strengths, weakness)
- Opportunities and Choices ( including challenges to success)

From this evaluation, the Board will develop Goals and Strategies to position KHS for future success.

**Deliverables**

- *Board adopt a new three year strategic plan for the period 2018 -2021 by the end of 4<sup>th</sup> Quarter, 2017*

### **Goal 2 Expansion of KHS's Alternative Reimbursement Arrangements (Phase II)**

The Center for Medicare and Medicaid Services (CMS) seeks to transition compensation away from fee for service payment arrangements to quality based payment delivery models. Historically, KHS introduced alternative payment arrangements to augment fee for service. Four alternative payment models have been used with varying degree of success including: P4P, Supplemental Payment, Population Management Payment and Episodic Care Payment. In 2017/18, KHS will develop a new compensation strategy around different delivery models. Each strategy will include a desired or valued outcome as justification for its use.

#### **Deliverables:**

- *Select a third party to undertake a study of KHS's utilization and financial performance by provider type to identify opportunities for value based purchasing or other alternative reimbursement programs by end of 4<sup>th</sup> Quarter, 2017.*
- *Custom design payment strategies unique to specific care delivery systems (health homes, hospitals (Prime), etc.) or specific treatment modalities (episodic care, joint replacement, etc.) by the end of 1<sup>st</sup> Quarter, 2018.*
- *Where applicable, custom design payment strategies that will improve health outcomes by the end of 1<sup>st</sup> Quarter, 2018.*
- *Design data tracking and reporting to determine achievement of the desired outcome and / or ROI by the end of the 2<sup>nd</sup> Quarter, 2018.*
- *Initiate provider contract revisions to change or enhance compensation arrangements as agreed to following negotiations by end of 2<sup>nd</sup> Quarter, 2018.*

### **Goal 3 – Expansion of KHS's Health Home Program to 3 New Sites (Phase II)**

Based on the definition of qualified medical conditions as stipulated in DHCS's Health Home Program's guidelines, Kern Health Systems identified over 10,000 members who may benefit from receiving their medical services through a patient centered medical home. Given this need, Kern Health Systems will establish three new health homes in 2018 in addition to the five health homes that will be operating by the end of 2017. Funding for the additional health homes was approved by the Board at the end of 2016. Grants were given to 3 Grantees. New Grants will be available for the phase 2 expansion. It is expected given the number of eligible members assigned to Omni Health and CSV, each will receive funding for a second location. The third site will be determined following receiving proposals from other qualified providers or hospitals.

**Deliverable:**

- *Update the Health Homes Grant Program material describing the Programs goals and expectations, grantee qualifications, application guidelines and submission process by 3<sup>rd</sup> Quarter, 2017*
- *Request proposal submissions from Omni and CSV (assuming interested) by the end of 4<sup>th</sup> Quarter, 2017.*
- *For the remaining open grant slot, require grant submissions from qualified applicants by the end of 4<sup>th</sup> Quarter, 2017.*
- *Evaluate all proposals, budgets and qualifications for final consideration by 1<sup>st</sup> Quarter, 2018.*
- *Select successful candidates and award grants by 1<sup>st</sup> Quarter, 2018.*

**Goal 4 – Develop a Palliative Care Program consistent with DHCS requirements**

Senate Bill 1004 requires DHCS to “establish standards and provide technical assistance for Medi-Cal managed care plans to ensure delivery of palliative care services.” This effort is consistent with the Department’s ongoing efforts to develop and promote best practices to improve the care experience.

Palliative care is an approach that improves the quality of life of patients [adults and children] and their families who are facing problems associated with life-threatening illness. It prevents and relieves suffering through early identification, correct assessment and treatment of pain and other problems.

Since DHCS has not released their policy statement and guidelines governing services to be included under palliative care, the Program structure and provider engagement criteria is yet to be determined. However, typically, palliative care services support people with a life-threatening illness through:

- direct care for people requiring palliative care specialist interventions
- shared care arrangements with other healthcare providers as needed
- consultation and advice to other services and healthcare teams providing end-of-life care
- education and training on palliative care and end of life issues
- disseminating information about caring for the dying and their families

**Deliverables:**

- *Following receiving final DHCS guidelines, KHS will develop a Palliative Care program in collaboration with local providers and other community support services consistent with requirements mandated under SB 1004. Although no deadline has been given for receiving DHCS guidelines, KHS assumes the following schedule for planning purposes:*
  - *Final guidelines received by the 3<sup>rd</sup> Quarter, 2017.*
  - *Program development will be completed by the end of 4th Quarter of 2017*
  - *Program implementation will occur beginning 1<sup>st</sup> Quarter, 2018.*

**Goal 5 – ZeOMega Medical Management System**

In 2016, KHS purchased the new medical management operating system from ZeOmega called JIVA. The new system would serve several purposes:

- Streamline information exchanged between the health plan and provider network
- Improve internal operating efficiency using a single integrated data repository for information shared in and among several departments
- Support new forms of reimbursement arrangements required by DHCS and CMS.
- Enhance data collection and reporting capability necessary for programs like:
  - Health Homes
  - NCQA
  - HEDIS
  - Transitional Care
  - Member incentives

As for Medical Management, the new system enables KHS to incorporate a number of medical service utilization management (UM), disease treatment management (DM) and individual clinical case management (CM) workflows and evaluation tools into a single system:

Work flows

- Patient Assessments promoting care coordination and holistic member management
- Patient Care Plans
- Organize Work and Patient Care queues
- Bi-directional data flow with Core claims system QNXT
- Ease of integration with other KHS Systems such as Provider and Member Portals, Pharmacy Benefit Manager (Argus), Lab data consumption, Credentialing, Document management repositories, etc.

Analytics and Reporting

- Risk Stratification & Predictive Modeling
- Evidence Based Medical Criteria for Medical Appropriateness Reviews through interactive Care
- Web QI application and point of service authorization component for real-time provider notification of service approvals
- Medical Appeals Tracking and Reporting
- Gaps in Care Analysis
- Support alternative reimbursement arrangements

With its many capabilities and components, it will take up to 12 months before full implementation is accomplished.

***Deliverables:***

***Key components of the system along with its expected launch date include:***

- ***Phase 1 Components and Tasks (completion of the following major components or tasks are expected by 4<sup>th</sup> Quarter, 2017).***

***1. JIVA UM Inpatient/Outpatient – (Workflows, Letters, Rules, Code Configuration)***

***2. Integration with other operating system platforms –***

- *(Mfiles (electronic file storage),*
- *HealthX Provider Portals,*
- *MCG Careweb*
- *RightFax,*
- *Scanfinity,*
- *Edifecs(278)*

3. Data Reporting/Analytics Set up

4. Training –

- *Provider Staff*
- *End- User Employee*

- *Phase 2 Components and Tasks (completion of the following major components or tasks are expected by 2<sup>nd</sup> Quarter, 2018).*

1. CM/DM/HE/Appeals

*Implementation of this JIVA component will facilitate:*

- *Care plans, Medication reconciliation, Care coordination, Correspondence, Lippincott Advisor*
- *Complex Case Management and Disease Management programs*
- *Case management protocols and education via MCG guidelines*
- *Provider and Member incentive programs*
- *Educational materials*
- *Member outreach*
- *Retrospective review of prior authorization*
- *Enhanced tracking capability*
- *Reduced administrative burden*

2. MCG Point of Service (POS)

*Implementation of this JIVA component will facilitate:*

- *Automation of the prior authorization process at the physician request level using a customized “rules” engine to match KHS criteria with the clinical information. Responses will be generated “real time”.*

3. Supporting QNXT to Jiva CM/DM interfaces

- *Eligibility, Provider assignments, Language line and Call tracking*

### **Goal 6 – Managed Care Final Rule Implementation Requirements**

Last year, the Center for Medicare and Medicaid Services (CMS) enacted the Managed Care Final Rule. It is the first major overhaul of the Medicaid managed care regulations since 2002. The Final Rule sets forth advancements in delivery system reform by aiming to improve the quality of care, strengthen beneficiary protections, improve accountability and transparency, and align Medicaid with other health coverage programs.

Implementation of new provisions is phased primarily over three years, starting with the July 1, 2017 contract rating year. DHCS issued guidance to its health plans on the new Final Rule requirements cited below that are in addition to, or different from, current Medi-Cal requirements. The Department of Health Care Services (DHCS) oversees implementation of these changes with health plans. In general, DHCS will communicate to health plans this process through a variety of documents and procedures including: All Plan Letters, Contract Amendments, Plan Deliverables, Workgroups and DHCS developed material. Several areas of health plan operations will be impacted by these changes over the next 12 months.

#### ***Deliverables:***

##### ***Areas requiring changes to be enacted by 3<sup>rd</sup> Quarter, 2017 include:***

- ***Credentialing***
- ***Provider preventable conditions***
- ***Beneficiary Information Requirements***
- ***Grievance and Appeals***
- ***Access and Cultural Considerations***
- ***Care Coordination***
- ***Quality Assessment and Performance Improvement***
- ***Prescription Drug Utilization Review***
- ***Health Plan Compliance***

##### ***Areas requiring changes to be enacted by 3<sup>rd</sup> Quarter, 2018 include:***

- ***Monitoring and Reporting***
- ***Provider Network Adequacy and Service Availability***
- ***Provider Screening and enrollment with Medi-Cal***

**Goal 7 – Relocation of Kern Health Systems Offices**

In 2017/18 continued progress is expected on KHS's new office building. Major tasks include:

- Complete the Architectural Design and Documentation
- Complete the Technology Requirements and Layout Design
- Develop the subcontractor RFQ to identify qualified entities for each trade
- Develop the interior furnishing RFP and select the vendor
- Conduct the bidding, selection and contracting process for subcontractors
- Prepare the construction site for development
- Initiate construction

***Deliverables:***

- ***Complete the Architectural Design and Development by 3rd Quarter 2017***
- ***Complete the Technology Requirements and Layout Design by 3<sup>rd</sup> Quarter 2017.***
- ***Develop the subcontractor RFQ to identify qualified entities for each trade by 3<sup>rd</sup> Quarter 2017***
- ***Develop the interior furnishing RFP and select the vendor by 4th Quarter 2017***
- ***Conduct the bidding, selection and contracting process for subcontractors beginning 3<sup>rd</sup> Quarter 2017 through 1<sup>st</sup> Quarter 2018***
- ***Prepare the site to commence construction by 4th Quarter 2017***
- ***Initiate construction by 1<sup>st</sup> Quarter 2018***



### **Goal 8 – Whole Person Care Pilot Program**

In 2017, KHS will serve as the health plan for the Kern Medical Whole Person Care five (5) year pilot program. The vision behind Whole Person Care is to consider and address other factors that impact a person's health besides their physical condition. These factors include social condition, economic status, emotional state and self- abusive behavior. To treat patients affected by one or more of these factors requires a new approach. Health care systems are developing new approaches to assess social determinants of health, connect clinical and community services and implement non-traditional partnerships such as health and housing to improve outcomes.

Through collaboration, hospitals, county health systems, community clinics, physician groups and health plans are developing care delivery models to address all determinates impacting an individual's health status. Examples of this approach are evident in the State's three most recent initiatives: Coordinated Care Initiative, Health Home Program and of course, Whole Person Care.

The Whole Person Care Pilot Project will benefit this population with its emphasis on:

- ensuring access to the appropriate provider based on need and circumstance
- ensuring availability of same-day and/or open-access scheduling removing timely access as a barrier to care
- maintaining continuity, coordination, and cohesive integration of care across multiple settings using a team approach
- addressing the social and cultural based challenges of our diverse patient population

#### ***Deliverables***

- ***Finalize agreement outlining Kern Health Systems role and responsibility as health plan collaborator for KM's WPC program by 3<sup>rd</sup> Quarter 2017***
- ***Determine impact to Kern Health Systems operations by 4<sup>th</sup> Quarter 2017***
- ***In conjunction with Kern Medical, create a development plan and implementation strategy outlining the tasks and timelines around Kern Health Systems role in the WPC project by 4<sup>th</sup> Quarter 2017***
- ***Post preparation for Kern Health System's role and responsibility in Kern Medical's WPC project, initiate operations in accordance with the agreed upon timeline (TBD)***

**Goal 9 – School Based Wellness Program**

The KHS Wellness Committee was tasked by the Board of Directors to implement a wellness project to address obesity and chronic disease in the community. In the School year 2016/17, a pilot program focused on walking for better health was implemented in two selected schools in Kern County. To determine if the program was effective at achieving its intended purpose, the Body Mass Index (BMI) was determined pre and post completion of the program for each student participating. Both schools showed measurable improvement.

The KHS Wellness Committee recommended expanding the program to additional schools throughout the county during the 2017-18 school year through a school grant application process. A Train-the-Trainer stipend program was also recommended to allow college students and parent advocates to assist the awarded schools with coordination and implementation of the program strategies. The Board approved the recommendation to extend the program to more schools who qualified to receive a grant based on the likely success of their proposal in meeting their stated objectives.

***Deliverables***

- ***Presentation of grant recipient schools and internship awards to the Board of Directors by 3<sup>rd</sup> quarter 2017***
- ***Complete grant contracting with recipients by 3<sup>rd</sup> Quarter, 2017.***
- ***Launch School based Wellness Programs for all schools by the beginning of the 3<sup>rd</sup> Quarter, 2017.***
- ***Quarterly, track and record each grant recipient's progress toward achieving their stated goals beginning 4<sup>th</sup> Quarter, 2017.***

### **Goal 10 – Primary Care Physician – Clinical Transformation**

A key component toward achieving the triple aim of providing the right care for the condition in the most appropriate setting for the patient and at a time when treatment is most effective with improving the patient’s health requires encouraging primary care physicians to take greater control over their patient’s total health care needs. Only through early and consistent intervention when treating chronic disease or ensuring patients receive preventive care and screenings can the triple aim be accomplished.

To this end, KHS will develop PCP practice profiles showing the utilization patterns of their patients in all settings and for all purposes. Specifically, each physician will receive information on their patient’s use of services and facilities outside the PCP office as well as how their patients are treated for their medical conditions inside their office. In addition, the PCP will receive information showing his/her practice patterns compared with their cohorts for similar diagnosis and patient adjusted acuity. The intent is to educate PCPs on how their practice patterns including specialty care referrals measure against their colleagues. Profiling physicians this way will be useful to illustrate how their practice behavior compares with their colleagues when treating similar patients, adjusted for acuity. As an education tool, it is intended to show for “outliers”, what adjustments they could make to bring them more in line with their colleagues. This could benefit health plans members in several ways:

- For patients showing higher utilization of referral services for treatment of conditions normally done by the PCP, a report comparing this practice behavior to their colleagues who routinely treat these patients themselves should reduce the number unnecessary referrals for certain medical conditions.
- For patients showing higher hospital utilization for certain medical conditions, data will show if these patients were being followed by their PCP prior to admission and if so, how their treatment regimen compared to their colleagues treating similar medical conditions which did not result in a hospital admission.
- Where treatment protocols vary among PCPs for certain diagnostic conditions, comparing the PCP’s practice pattern to “evidence based medicine treatment standards” and to their colleagues (where patients show better outcomes) will enable KHS to improve care quality for its members.

These represent a few areas where PCP physician practice profiling can be of value to KHS and its members. The purpose here is to educate PCPs in order to be more consistent in their diagnostic and treatment patterns so that the same standard of care across all PCPs in similar specialties can be maintained.

**Deliverables:**

- *Create PCP specific practice pattern report for their assigned enrollees showing their access and utilization of hospital care, ER visits, referrals, pharmacy and other related factors by 4<sup>th</sup> Quarter 2017.*
- *Create PCP specific practice profile report showing their specific practice patterns for diagnostic and treatment of specific medical conditions compared to their colleagues and evidence based medicine standards adjusted for medical severity by 1<sup>st</sup> Quarter, 2018*
- *Establish or modify compensation arrangements to recognize favorable practice patterns around, timely access, quality indicators and reduction in ER visits, hospital care or referrals for conditions easily treatable by the PCP by 2<sup>nd</sup> Quarter, 2018.*
- *Establish the education and training program to illustrate how PCP's may improve their performance to achieve the "Triple Aim" objective by 3<sup>rd</sup> Quarter, 2018.*



**To: KHS Board of Directors**

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

**Date: October 12, 2017**

**Re: Construction: Request for Statement of Qualification for Low-Voltage Contractors**

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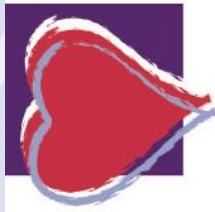
**Background**

Kern Health Systems published a Request for Statement of Qualifications for Low-Voltage Contractors interested in our construction project. This prequalification phase is required for trade contractors 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 from Emily Duran, Director of Provider Relations will be given to the Board of Directors discussing the enclosure.

**Requested Action**

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



# KERN HEALTH SYSTEMS

## LOW VOLTAGE CONTRACTORS: REQUEST FOR STATEMENT OF QUALIFICATIONS

BOARD OF DIRECTORS  
OCTOBER 12, 2017

## Sub-Contracting Process

- The Low-Voltage Contracting will be procured by KHS
  - KHS, GC, and the low-voltage contractor will sign an “Assignment & Novation Agreement” (Document 5205 of CM/GC RFP)
  - Low-Voltage contractor will be added to the “Subcontractor List” in the CM/GC contract.

# Prequalification Process

- KHS published a Request for Qualifications and Prequalification Procedures for Bidding
- Low-Voltage contractors 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 12 requests
- 10 Statements of Qualifications were submitted

# Recommendation to Board of Directors

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



1-800-391-2000

[kernfamilyhealthcare.com](http://kernfamilyhealthcare.com)

# Questions

**For additional questions, please contact:**

**Emily Duran,  
Director of Provider Relations  
(661) 664-5000**



1-800-391-2000  
kernfamilyhealthcare.com

**Kern Health Systems Construction Project 2017  
Prequalified Low-Voltage Contractors**

Building Electronic Controls
Serban Sound and Communications
Burt Electric & Communications Inc.
Simplex Grinnell
Gold Coast Electric
Tel-Tec
American Incorporated
Digital Networks Group, Inc.



**To: KHS Board of Directors**

**From: Emily Duran, Director of Provider Relations**

**Date: October 12, 2017**

**Re: Structural Steel Bid Award**

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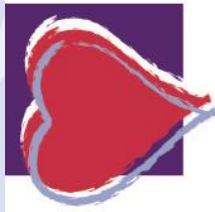
**Background:**

Kern Health Systems (KHS) published a Notice Inviting Bids to the seven pre-qualified Structural Steel Contractors. The invitation to submit a formal bid for their construction services was published on October 4, 2017 and formal bids are due October 26, 2017. A mandatory bid conference to answer questions will be held on October 11, 2017.

In order to meet the KHS construction timeline, the structural steel vendor needs to be retained sooner than other trades. The steel company will assist in finalizing the design documents and will require lead time to initiate the steel material ordering and manufacturing. Due to the time critical nature of this trade, we are requesting for the low bidder contractor to be immediately contracted and novated to our general contractor. This will require the Board of Directors to authorize KHS Chief Executive Officer to execute these agreements. As an additional safeguard, the contract will be presented to Board of Directors at the next regularly scheduled board meeting. Should the lowest bid amount be higher than the estimated amount outlined below, we will not proceed and will convene a special meeting with the KHS Board of Directors to review the bid proposal.

**Requested Action:**

Recommend KHS Board of Directors authorize CEO to execute Steel Bid Contract with the lowest bidder and novate agreement to General Contract: SC Anderson for an amount not to exceed \$3,320,000.



# KERN HEALTH SYSTEMS

## STRUCTURAL STEEL BID SELECTION

BOARD OF DIRECTORS  
OCTOBER 12, 2017

KERN HEALTH SYSTEMS RELOCATION PROJECT

# PROJECT BACKGROUND

- Sub-Contracting will be procured by KHS
  - KHS, GC, and the sub-contractors will sign an “Assignment & Novation Agreement”
- KHS published a Request for Qualifications and Prequalification Procedures for Bidding
- KHS Board of Directors approved subcontractors to proceed with the Formal Bid Process – Notice Inviting Bids.



1-800-391-2000  
kernfamilyhealthcare.com

# PROJECT BACKGROUND

- Structural Steel is the trade needing to be retained prior to all other trades.
- Pre-Construction Phase - assist in the final preparation of shop drawings with engineer
- Construction Phase – procurement, fabrication and erection of structural steel



1-800-391-2000

kernfamilyhealthcare.com

KERN HEALTH SYSTEMS RELOCATION PROJECT



## TIMELINE

- Advertisement / Invitations to Bid to Qualified Contractors : 10/04/17
- Mandatory Pre-Bid Meeting: 10/11/17
- Deadline for Pre-Bid Questions: 10/16/17 (12:00 PM PST)
- Addenda will be Issued: 10/23/17



1-800-391-2000

[kernfamilyhealthcare.com](http://kernfamilyhealthcare.com)

# PUBLIC BID OPENING

- All bids must be received by KHS no later than October 26, 2017 (3:30 PM PST). Late submittals will NOT be considered or accepted.
- Apparent Low Bidder will be identified at public bid opening
- KHS sent Notice of Intent to Award to lowest bid



1-800-391-2000

[kernfamilyhealthcare.com](http://kernfamilyhealthcare.com)

DISCLAIMER: CA Public Contract Code supersedes all items presented

KERN HEALTH SYSTEMS RELOCATION PROJECT

## Requested Action

Recommend KHS Board of Directors authorize CEO to execute Steel Bid Contract with the lowest bidder and novate agreement to General Contract: SC Anderson for an amount not to exceed \$3,320,000.



1-800-391-2000

[kernfamilyhealthcare.com](http://kernfamilyhealthcare.com)

# Questions

**For additional questions, please contact:**

**Emily Duran, Director of Provider Relations  
(661) 664-5000**



1-800-391-2000

[kernfamilyhealthcare.com](http://kernfamilyhealthcare.com)



**To: KHS Board of Directors**  
**From: Douglas A. Hayward, CEO**  
**Date: October 12, 2017**  
**Re: Update on 2017 State Legislation**

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**Background**

The State Legislature reconvened from their summer recess in mid-August with 4 weeks left to complete their session. The deadline to pass bills out of the legislature was September 15th. The Governor now has until mid-October to sign or veto the bills that reached his desk. It is worth noting that none of the bills passing the legislature were opposed by our Trade Associations. Generally this means the concerns of the Health Plans were taken into consideration in the drafting of the bill language. Moving forward, KHS staff will work with our Trade Associations and Regulators on the implementation of these items.

The bills that passed (pending Governor signature) with impact to KHS are outlined in the attachment.

**Requested Action**

Receive and file.

**Legislative Summary – October 2017**

Title	Description
<b>AB 205 (Wood)</b>	Addresses Medi-Cal managed care network time and distance standards, plan grievance and fair hearing requirements, and an external quality review process (EQRO) related to the CMS Managed Care Rule (Mega-Reg). This puts into statute requirements laid out under CMS and DHCS policy guidance.
<b>AB 391 (Chiu)</b>	Requires DHCS include asthma preventive services as a covered benefit under the Medi-Cal program. The bill requires the department, in consultation with external stakeholders, to develop a coverage policy consistent with specified federal and clinically appropriate guidelines.
<b>AB 447 (Gray)</b>	Adds continuous glucose monitors to the schedule of benefits under the Medi-Cal program for the treatment of diabetes when medically necessary, subject to utilization controls. Many plans already cover such devices, but this will allow the associated costs to plans to be included as covered under Medi-Cal.
<b>AB 1074 (Maienschein)</b>	Requires 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 (BHT). KHS will need to analyze the existing BHT network providers to ensure proper supervision based on these clarifications.
<b>SB 17 (Hernandez)</b>	Requires pharmacy manufacturers to notify health plans 60 days prior to certain price hikes for certain drugs. Also requires health plans to report to DMHC specified cost information regarding covered prescription drugs, including generic drugs, brand name drugs, and specialty drugs dispensed.
<b>SB 171 (Hernandez)</b>	Addresses public hospital financing and the medical loss ratio (MLR) for Medi-Cal managed care plans as defined in the CMS Managed Care Rule (Mega-Reg). This puts into statute requirements laid out under CMS and DHCS policy guidance.
<b>SB 223 (Atkins)</b>	Requires plans to translate specified documents into threshold languages identified by the member's needs assessment. Would also require written notice be made available in the top 15 languages spoken by limited-English-proficient individuals. It is believed that KHS already satisfies these requirements but will work with DHCS on any impact.
<b>SB 743 (Hernandez)</b>	Prohibits a Medi-Cal managed care plan from restricting the choice of the qualified provider from whom a Medi-Cal beneficiary may receive family planning services. Medi-Cal managed care plans will reimburse an out-of-plan or out-of-network qualified provider at the applicable fee-for-service rate.



**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: October 12, 2017**

**Re: July 2017 Financial Results**

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The July results reflect a \$494,171 Net Increase in Net Position which is a \$352,921 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$.7 million favorable variance primarily due to:
  - A) \$1.0 million unfavorable variance relating to Family and Other primarily due to lower than expected enrollment (\$.4 million) and a lower than expected budgeted rate increase from the State effective July 1, 2017 (\$.6 million).
  - B) \$1.2 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$.6 million) and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.6 million).
  - C) \$.4 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary
- 2) Total Medical Costs reflect a \$1.1 million unfavorable variance primarily due to:
  - A) \$2.3 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services.
  - B) \$.6 million favorable variance in Other Medical primarily due to lower than expected utilization of Long Term /SNF/Hospice and Enhanced Medical Benefits.
  - C) \$.4 million favorable variance in Pharmacy primarily due to lower than expected unit costs.

The July Medical Loss Ratio is 94.5% which is unfavorable to the 92.9% budgeted amount. The July Administrative Expense Ratio is 4.6 % which is favorable to the 5.9% budgeted amount.

The results for the 7 months ended July 31, 2017 reflects a Net Increase in Net Position of \$18,992,785. This is a \$12,355,733 favorable variance to budget and includes approximately \$6.4 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.1% which is favorable to the 91.6% 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  
July 2017**

**KHS – Medi-Cal Line of Business**

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

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

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

**KHS Administrative Analysis and Other Reporting**

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF JULY 31, 2017			
ASSETS	JULY 2017	JUNE 2017	INC(DEC)
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 69,905,805	\$ 116,335,949	\$ (46,430,144)
Short-Term Investments	160,559,806	181,512,705	(20,952,899)
Pass-through Monies Held for Future Payment	1,542,467	1,912,487	(370,020)
Premiums Receivable - Net	77,213,359	16,246,403	60,966,956
Interest Receivable	180,376	148,650	31,726
Other Receivables	643,873	673,902	(30,029)
Prepaid Expenses & Other Current Assets	1,230,100	863,749	366,351
<b>Total Current Assets</b>	<b>\$ 311,275,786</b>	<b>\$ 317,693,845</b>	<b>\$ (6,418,059)</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,903,063	6,968,147	(65,084)
Automobile - Net	19,757	20,149	(392)
Building and Building Improvements - Net	6,797,242	6,825,098	(27,856)
Capital Projects in Process	6,642,472	5,900,977	741,495
<b>Total Capital Assets</b>	<b>\$ 25,239,096</b>	<b>\$ 24,590,933</b>	<b>\$ 648,163</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,540,339</b>	<b>\$ 4,540,339</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 341,355,221</b>	<b>\$ 347,125,117</b>	<b>\$ (5,769,896)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 55,481	\$ 2,707	52,774
Accrued Salaries and Employee Benefits	2,788,278	2,708,883	79,395
Accrued Other Operating Expenses	715,731	1,322,039	(606,308)
Accrued Taxes and Licenses	7,172,750	21,093,626	(13,920,876)
Other Medical Liabilities - Nonoperating Passthrough	1,542,467	1,912,487	(370,020)
Claims Payable (Reported)	21,567,543	15,664,461	5,903,082
IBNR - Inpatient Claims	30,656,978	31,005,178	(348,200)
IBNR - Physician Claims	15,631,459	12,650,971	2,980,488
IBNR - Accrued Other Medical	20,738,604	21,083,574	(344,970)
Risk Pool and Withholds Payable	4,508,911	3,945,579	563,332
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	37,482,062	37,552,239	(70,177)
<b>Total Current Liabilities</b>	<b>\$ 144,786,938</b>	<b>\$ 150,868,418</b>	<b>\$ (6,081,480)</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	4,519,591	4,702,178	(182,587)
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 4,519,591</b>	<b>\$ 4,702,178</b>	<b>\$ (182,587)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 1,840,334</b>	<b>\$ 1,840,334</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	18,992,785	18,498,614	494,171
<b>Total Net Position</b>	<b>\$ 190,208,358</b>	<b>\$ 189,714,187</b>	<b>\$ 494,171</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 341,355,221</b>	<b>\$ 347,125,117</b>	<b>\$ (5,769,896)</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JULY 31, 2017			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
			<b>ENROLLMENT</b>					
163,337	166,100	(2,763)	Family Members	1,145,851	1,150,100	(4,249)		
57,291	55,700	1,591	Expansion Members	399,542	385,700	13,842		
13,776	13,800	(24)	SPD Members	95,088	95,550	(462)		
5,312	4,150	1,162	Other Members	36,005	28,525	7,480		
7,796	7,150	646	Kaiser Members	52,808	49,525	3,283		
247,512	246,900	612	Total Members - MCAL	1,729,294	1,709,400	19,894		
			<b>REVENUES</b>					
21,061,787	22,091,683	(1,029,896)	Title XIX - Medicaid - Family and Other	148,514,397	150,599,300	(2,084,903)		
20,420,390	19,228,631	1,191,759	Title XIX - Medicaid - Expansion Members	149,313,191	142,104,980	7,208,211		
10,531,094	10,701,400	(170,306)	Title XIX - Medicaid - SPD Members	70,468,371	72,931,134	(2,462,763)		
7,674,906	7,223,668	451,239	Premium - MCO Tax	52,572,610	50,012,034	2,560,576		
243,800	155,211	88,589	Interest /Dividends	1,754,822	1,074,579	680,243		
-	105,490	(105,490)	Reinsurance Recoveries	-	730,345	(730,345)		
3,234,724	2,829,750	404,974	COB/Subrogation Collections	25,300,826	19,590,795	5,710,031		
(84,108)	-	(84,108)	Rate/Income Adjustments	2,095,489	-	2,095,489		
(18,408)	-	(18,408)	Other Income (Expense)	(23,892)	-	(23,892)		
63,064,185	62,335,832	728,353	TOTAL REVENUES	449,995,814	437,043,168	12,952,647		
			<b>EXPENSES</b>					
			Medical Costs:					
14,423,866	12,096,494	(2,327,372)	Physician Services	94,884,898	83,751,187	(11,133,711)		
2,903,026	2,677,089	(225,937)	Other Professional Services	18,644,585	18,466,516	(178,069)		
4,665,069	4,713,576	48,507	Emergency Room	30,623,847	32,634,458	2,010,611		
13,361,803	13,546,615	184,812	Inpatient	100,898,823	93,793,531	(7,105,292)		
106,355	105,490	(865)	Reinsurance Expense	735,729	730,345	(5,384)		
5,430,584	5,631,287	200,703	Outpatient Hospital	40,685,860	38,989,417	(1,696,443)		
1,975,195	2,535,000	559,805	Other Medical	16,019,699	17,542,103	1,522,404		
8,935,835	9,337,396	401,561	Pharmacy	59,783,649	64,650,900	4,867,251		
563,333	563,413	80	Pay for Performance Quality Incentive	3,941,742	3,900,706	(41,036)		
(28,273)	-	28,273	IBNR, Incentive, Paid Claims Adjustment	(4,349,784)	-	4,349,784		
52,336,793	51,206,359	(1,130,434)	Total Medical Costs	361,869,048	354,459,162	(7,409,886)		
10,727,392	11,129,473	(402,081)	GROSS MARGIN	88,126,766	82,584,006	5,542,761		
			Administrative:					
1,816,065	1,972,235	156,170	Compensation	12,264,468	13,543,259	1,278,791		
354,712	562,219	207,507	Purchased Services	2,660,663	3,993,930	1,333,267		
65,825	147,842	82,017	Supplies	476,296	1,038,862	562,566		
298,544	582,260	283,716	Other Administrative Expenses	2,797,577	3,858,869	1,061,292		
2,535,146	3,264,555	729,409	Total Administrative Expenses	18,199,004	22,434,919	4,235,915		
54,871,939	54,470,914	(401,025)	TOTAL EXPENSES	380,068,052	376,894,081	(3,173,971)		
8,192,246	7,864,917	327,329	OPERATING INCOME (LOSS) BEFORE TAX	69,927,762	60,149,087	9,778,676		
7,674,900	7,223,668	(451,233)	MCO TAX	50,877,040	50,012,034	(865,006)		
517,346	641,250	(123,904)	OPERATING INCOME (LOSS) NET OF TAX	19,050,722	10,137,053	8,913,670		
			NONOPERATING REVENUE (EXPENSES)					
(23,175)	(500,000)	476,825	Reserve Fund Projects/Community Grants	(57,937)	(3,500,000)	3,442,063		
(23,175)	(500,000)	476,825	TOTAL NONOPERATING REVENUES (EXPENSES)	(57,937)	(3,500,000)	3,442,063		
494,171	141,250	352,921	NET INCREASE (DECREASE) IN NET POSITION	18,992,785	6,637,053	12,355,733		
94.5%	92.9%	-1.6%	MEDICAL LOSS RATIO	91.1%	91.6%	0.5%		
4.6%	5.9%	1.3%	ADMINISTRATIVE EXPENSE RATIO	4.6%	5.8%	1.2%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED JULY 31, 2017			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>								
163,337	166,100	(2,763)	Family Members	1,145,851	1,150,100	(4,249)		
57,291	55,700	1,591	Expansion Members	399,542	385,700	13,842		
13,776	13,800	(24)	SPD Members	95,088	95,550	(462)		
5,312	4,150	1,162	Other Members	36,005	28,525	7,480		
7,796	7,150	646	Kaiser Members	52,808	49,525	3,283		
247,512	246,900	612	Total Members - MCAL	1,729,294	1,709,400	19,894		
<b>REVENUES</b>								
124.89	129.76	(4.87)	Title XIX - Medicaid - Family and Other	125.66	127.78	(2.11)		
356.43	345.22	11.21	Title XIX - Medicaid - Expansion Members	373.71	368.43	5.28		
764.45	775.46	(11.01)	Title XIX - Medicaid - SPD Members	741.09	763.28	(22.19)		
32.02	30.13	1.89	Premium - MCO Tax	31.36	30.13	1.23		
1.02	0.65	0.37	Interest /Dividends	1.05	0.65	0.40		
0.00	0.44	(0.44)	Reinsurance Recoveries	0.00	0.44	(0.44)		
13.49	11.80	1.69	COB/Subrogation Collections	15.09	11.80	3.29		
(0.35)	0.00	(0.35)	Rate/Income Adjustments	1.25	0.00	1.25		
(0.08)	0.00	(0.08)	Other Income (Expense)	(0.01)	0.00	(0.01)		
263.08	260.00	3.08	TOTAL REVENUES	268.42	263.30	5.12		
<b>EXPENSES</b>								
Medical Costs:								
60.17	50.45	(9.72)	Physician Services	56.60	50.46	(6.14)		
12.11	11.17	(0.94)	Other Professional Services	11.12	11.13	0.00		
19.46	19.66	0.20	Emergency Room	18.27	19.66	1.39		
55.74	56.50	0.76	Inpatient	60.18	56.51	(3.68)		
0.44	0.44	(0.00)	Reinsurance Expense	0.44	0.44	0.00		
22.65	23.49	0.83	Outpatient Hospital	24.27	23.49	(0.78)		
8.24	10.57	2.33	Other Medical	9.56	10.57	1.01		
37.28	38.95	1.67	Pharmacy	35.66	38.95	3.29		
2.35	2.35	(0.00)	Pay for Performance Quality Incentive	2.35	2.35	(0.00)		
(0.12)	0.00	0.12	IBNR, Incentive, Paid Claims Adjustment	(2.59)	0.00	2.59		
218.33	213.58	(4.75)	Total Medical Costs	215.85	213.55	(2.30)		
44.75	46.42	(1.67)	GROSS MARGIN	52.57	49.75	2.81		
Administrative:								
7.58	8.23	0.65	Compensation	7.32	8.16	0.84		
1.48	2.35	0.87	Purchased Services	1.59	2.41	0.82		
0.27	0.62	0.34	Supplies	0.28	0.63	0.34		
1.25	2.43	1.18	Other Administrative Expenses	1.67	2.32	0.66		
10.58	13.62	3.04	Total Administrative Expenses	10.86	13.52	2.66		
228.90	227.20	(1.71)	TOTAL EXPENSES	226.71	227.06	0.36		
34.17	32.80	1.37	OPERATING INCOME (LOSS) BEFORE TAX	41.71	36.24	5.47		
32.02	30.13	(1.89)	MCO TAX	30.35	30.13	(0.22)		
2.16	2.67	(0.52)	OPERATING INCOME (LOSS) NET OF TAX	11.36	6.11	5.26		
<b>NONOPERATING REVENUE (EXPENSES)</b>								
(0.10)	(2.09)	(1.99)	Reserve Fund Projects/Community Grants	(0.03)	(14.60)	(14.56)		
(0.10)	(2.09)	(1.99)	TOTAL NONOPERATING REVENUES (EXPENSES)	(0.03)	(14.60)	(14.56)		
2.06	0.59	1.47	NET INCREASE (DECREASE) IN NET POSITION	11.33	4.00	7.33		
94.5%	92.9%	-1.6%	MEDICAL LOSS RATIO	91.1%	91.6%	0.5%		
4.6%	5.9%	1.3%	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 JULY 31, 2017	JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	13 MONTH TOTAL
	<b>ENROLLMENT</b>	228,789	229,560	232,053	233,985	234,425	234,491	234,963	237,323	240,308	241,178	241,282	241,716	239,716
<b>MEMBERS - MCAI</b>														
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	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	21,061,787	276,091,614
Title XIX - Medicaid - Expansion Members	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	20,420,390	269,818,800
Title XIX - Medicaid - SFD Members	10,385,333	10,279,833	10,007,635	10,231,800	10,209,218	9,940,572	9,906,872	9,618,941	9,939,770	10,085,780	9,972,611	10,383,503	10,551,094	131,522,943
Premium - MCO Tax	115,627	23,082	21,614,834	7,184,130	7,198,359	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	7,504,758	7,517,457	7,674,746	98,774,216
Interest/Dividends	156,158	150,143	186,999	236,189	223,035	194,711	181,883	176,794	245,909	264,732	376,466	265,238	243,800	2,902,057
Reinsurance Recoveries	-	35,587	30,454	205,689	-	(210,968)	-	-	-	-	-	-	-	60,762
COB/Subrogation Collections	1,886,161	9,063,870	2,787,116	3,407,813	2,069,154	2,839,103	4,060,955	3,306,877	4,696,164	2,789,187	3,514,662	3,698,257	3,234,724	47,354,043
Rates/Income Adjustments	(14,218)	1,795,534	13,093	(333,319)	(541)	2,756,951	37,570	(2,016,975)	413,545	93,756	(3,949)	(340,730)	(84,108)	6,292,289
Other Income (Expense)	66,531	(67,508)	(407,903)	215	(41)	(1,262,113)	37,570	121	46,740	(1,110)	9	(88,814)	(18,408)	(1,694,629)
<b>TOTAL REVENUES</b>	53,758,700	63,075,046	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	63,064,185	831,122,096
<b>EXPENSES</b>														
<b>Medical Costs:</b>														
Physician Services	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	14,423,866	168,041,866
Other Professional Services	2,115,049	2,389,356	2,329,736	1,836,321	2,425,983	2,850,615	2,642,041	2,246,962	2,496,217	2,479,295	2,584,649	3,292,395	2,903,026	32,591,645
Emergency Room	4,823,966	4,534,245	4,527,181	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	4,665,069	56,972,912
Inpatient	16,712,009	13,075,786	10,660,875	11,423,068	11,783,439	12,926,552	14,812,384	15,281,823	14,534,702	14,725,286	14,193,273	13,361,803	177,480,841	
Reinsurance Expense	182,458	183,031	183,648	185,433	187,188	187,380	103,176	103,384	103,399	105,736	107,515	106,164	106,355	1,845,077
Outpatient Hospital	2,738,213	6,364,762	3,990,250	5,114,588	4,698,013	6,388,140	5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	6,293,878	5,430,584	69,979,826
Other Medical	(1,333,149)	2,534,421	1,143,970	1,801,979	1,296,759	1,515,058	2,007,824	2,007,506	2,214,713	2,373,420	2,730,233	2,620,808	1,975,195	22,978,737
Pharmacy	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	8,199,210	8,855,628	9,035,094	8,935,835	107,810,314
Pay for Performance Quality Incentive	552,273	554,141	560,172	564,834	565,417	566,068	552,163	559,709	564,724	566,768	567,013	568,032	563,333	7,304,647
Expansion Risk Corridor Expense	(215,621)	-	1,059,120	853,019	137,358	413,346	-	-	-	-	-	-	-	2,247,222
IBNR, Incentive, Paid Claims Adjustment	0	3,244,295	128,791	162,526	(444,334)	1,045,552	(141,866)	111,013	(585,473)	(232,581)	(744,814)	(2,727,790)	(28,273)	(212,954)
<b>Total Medical Costs</b>	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	52,336,793	647,040,133
<b>GROSS MARGIN</b>	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	10,727,392	184,081,963
<b>Administrative:</b>														
Compensation	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	1,816,065	21,844,002
Purchased Services	256,055	354,966	343,359	478,654	607,200	470,957	288,436	450,657	436,052	442,046	344,437	364,323	354,712	5,171,854
Supplies	61,144	1,284	70,613	62,414	42,864	53,867	66,872	36,371	86,926	99,813	89,505	30,984	65,825	768,482
Other Administrative Expenses	333,267	338,202	368,192	663,609	265,740	359,822	359,822	363,606	484,727	365,239	432,721	492,918	298,544	5,189,677
Administrative Expense Adjustment	-	-	(190,729)	-	-	(1,960,549)	-	-	-	-	-	-	-	(2,151,278)
<b>Total Administrative Expenses</b>	2,048,649	2,198,158	2,181,198	2,826,399	2,653,111	2,362,404	2,401,227	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	30,822,737
<b>TOTAL EXPENSES</b>	48,443,831	56,110,019	47,068,854	48,663,254	47,326,007	50,202,853	52,252,285	52,807,695	55,325,713	53,607,127	55,124,499	56,078,794	54,871,939	677,862,870
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	5,314,869	6,965,027	28,921,560	13,607,836	13,866,204	14,635,968	11,418,140	10,897,259	11,475,695	10,571,223	9,141,603	8,233,396	8,192,246	153,259,226
<b>MCO TAX</b>	115,627	23,082	21,614,834	7,184,130	7,198,359	10,065,534	7,491,128	6,911,096	7,199,396	7,204,569	7,198,592	7,197,359	7,674,900	97,078,646
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	5,199,242	6,941,945	7,306,726	6,423,706	6,687,805	4,570,434	3,927,012	3,986,163	4,274,299	3,366,854	1,943,011	1,036,037	517,346	56,180,580
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-	-	(220,405)	-	-	-	(23,174)	-	(11,588)	-	-	(278,342)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	5,199,242	6,941,945	7,306,726	6,423,706	6,467,400	4,570,434	3,927,012	3,986,163	4,251,125	3,366,854	1,931,423	1,036,037	494,171	55,902,238
<b>MEDICAL LOSS RATIO</b>	86.5%	85.5%	82.6%	83.2%	82.7%	80.3%	88.8%	89.5%	88.5%	90.1%	92.2%	91.9%	94.5%	88.4%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	3.8%	3.5%	4.0%	5.1%	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.2%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 12 MONTHS THROUGH JULY 31, 2017		JULY 2016	AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	13 MONTH TOTAL
<b>ENROLLMENT</b>															
Members - MCAAL		228,789	229,560	232,053	233,985	234,225	234,491	234,963	237,323	240,308	241,178	241,282	241,716	239,716	3,069,589
<b>REVENUES</b>															
Title XIX - Medicaid - Family and Other		129.86	132.03	130.94	130.83	128.46	122.95	126.64	119.60	129.31	128.39	124.01	126.74	124.89	127.26
Title XIX - Medicaid - Expansion Members		379.40	381.12	373.84	360.02	368.90	366.70	377.32	375.41	386.18	375.46	376.19	369.16	356.43	372.76
Title XIX - Medicaid - SPD Members		760.11	759.39	743.07	758.87	759.67	743.02	736.98	717.78	734.16	740.65	743.39	749.37	746.64	746.64
Premium - MCO Tax		0.51	0.10	93.15	30.73	30.73	42.93	31.88	31.21	31.09	31.13	31.10	31.10	32.02	32.18
Interest/Dividends		0.68	0.65	0.81	1.01	0.95	0.83	0.77	0.74	1.02	1.10	1.56	1.10	1.02	0.95
Reinsurance Recoveries		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	0.02
COB/Subrogation Collections		8.24	39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	13.99	15.43
Rate/Income Adjustments		(0.07)	7.82	0.06	(1.42)	(0.00)	11.67	0.00	8.50	1.72	(0.39)	(0.02)	(1.41)	(0.35)	2.05
Other Income (Expense)		0.29	(0.29)	(1.76)	0.00	(5.38)	0.16	0.00	0.19	(0.00)	(0.00)	(0.37)	(0.08)	(0.55)	(0.55)
<b>TOTAL REVENUES</b>		234.97	274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	263.08	270.76
<b>EXPENSES</b>															
Medical Costs:															
Physician Services		59.13	53.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	60.17	54.74
Other Professional Services		9.24	10.41	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	12.11	10.62
Emergency Room		21.08	19.75	18.65	18.70	17.86	17.51	19.95	18.75	17.06	16.34	19.71	19.46	18.56	18.56
Inpatient		73.05	56.96	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	58.72	55.74	57.82
Reinsurance Expense		0.80	0.80	0.79	0.79	0.80	0.80	0.44	0.44	0.43	0.44	0.45	0.44	0.44	0.60
Outpatient Hospital		11.97	27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	22.65	22.80
Pharmacy		(5.83)	11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.49
Other Medical		31.87	37.95	34.89	33.83	34.78	34.54	34.59	32.09	37.71	35.79	36.70	37.38	37.28	35.12
Pay for Performance Quality Incentive		2.41	2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.38
Expansion Risk Corridor Expense		(0.94)	0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.73
IBNR, Incentive, Paid Claims Adjustment		0.00	14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(0.12)	(0.07)	(0.07)
<b>Total Medical Costs</b>		202.79	234.85	193.44	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	218.33	210.79
<b>GROSS MARGIN</b>		32.18	39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	44.75	59.97
Administrative:															
Compensation		6.11	6.55	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.84	7.89	7.73	7.58	7.12
Purchased Services		1.12	1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.48	1.68
Supplies		0.27	0.01	0.30	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.13	0.27	0.25
Other Administrative Expenses		1.46	1.47	1.59	1.84	1.13	1.80	1.53	2.02	1.53	2.02	1.79	2.04	1.25	1.69
Administrative Expense Adjustment		0.00	0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.70)
<b>Total Administrative Expenses</b>		8.95	9.58	9.40	12.08	11.24	31.14	10.05	10.12	11.71	10.60	11.49	11.41	10.58	10.04
<b>TOTAL EXPENSES</b>		211.74	244.43	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	232.00	228.90	220.83
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>		23.23	30.34	124.63	58.16	59.29	62.42	48.60	45.92	47.75	43.83	37.89	34.06	34.17	49.93
<b>MCO TAX</b>		0.51	0.10	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	32.02	31.63	31.63
<b>OPERATING INCOME (LOSS) NET OF TAX</b>		22.73	30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	2.16	18.30
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>		0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.65)	0.00	(0.10)	(1.04)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>		22.73	30.24	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	4.29	2.06	17.26
<b>MEDICAL LOSS RATIO</b>		86.5%	85.5%	83.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	88.4%
<b>ADMINISTRATIVE EXPENSE RATIO</b>		3.8%	3.5%	4.0%	5.1%	4.3%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.2%

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF REVENUES - ALL COA</b> <b>FOR THE MONTH ENDED JULY 31, 2017</b>			
<b>REVENUES</b>			
Title XIX - Medicaid - Family & Other			
18,497,397	19,597,499	132,777,409	133,428,182
	(1,100,102)		(650,773)
2,230,598	2,114,859	13,717,765	14,555,205
	115,739		(837,440)
92,842	219,652	631,512	1,520,631
	(126,810)		(889,119)
151,049	65,342	729,974	452,356
	85,707		277,618
89,901	94,331	657,737	642,926
	(4,430)		14,811
<b>21,061,787</b>	<b>22,091,683</b>	<b>148,514,397</b>	<b>150,599,300</b>
	<b>(1,029,896)</b>		<b>(2,084,903)</b>
Title XIX - Medicaid - Expansion Members			
19,288,406	18,197,233	141,927,922	134,749,934
	1,091,173		7,177,988
346,462	379,240	2,272,284	2,839,115
	(32,778)		(566,831)
754,343	618,738	4,871,006	4,284,511
	135,605		586,495
31,179	33,420	241,979	231,420
	(2,241)		10,559
<b>20,420,390</b>	<b>19,228,631</b>	<b>149,313,191</b>	<b>142,104,980</b>
	<b>1,191,759</b>		<b>7,208,211</b>
Title XIX - Medicaid - SPD Members			
9,995,772	10,024,787	67,395,185	68,246,323
	(29,015)		(851,138)
313,342	521,743	1,941,595	3,612,502
	(208,401)		(1,670,907)
221,980	154,870	1,131,591	1,072,309
	67,110		59,282
<b>10,531,094</b>	<b>10,701,400</b>	<b>70,468,371</b>	<b>72,931,134</b>
	<b>(170,306)</b>		<b>(2,462,763)</b>

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JULY 31, 2017				YEAR-TO-DATE		
ACTUAL	CURRENT MONTH BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
2,579,473	3,374,875	795,402	PHYSICIAN SERVICES	20,278,618	23,365,606	3,086,988
10,807,238	8,060,450	(2,746,788)	Primary Care Physician Services	66,940,419	55,808,094	(11,132,325)
1,027,855	652,027	(375,828)	Referral Specialty Services	7,602,261	4,514,199	(3,088,062)
9,300	9,142	(158)	Urgent Care & After Hours Advice	63,600	63,288	(312)
14,423,866	12,096,494	(2,327,372)	Hospital Admitting Team	94,884,898	83,751,187	(11,133,711)
			TOTAL PHYSICIAN SERVICES			
			OTHER PROFESSIONAL SERVICES			
241,716	246,537	4,821	Vision Service Capitation	1,672,082	1,706,861	34,779
677,141	790,156	113,015	310 - Health Services - Utilization Management - UM Allocation *	4,562,245	5,489,755	927,510
104,334	130,241	25,907	311 - Health Services - Quality Improvement - UM Allocation *	730,303	848,720	118,417
56,777	79,850	23,073	312 - Health Services - Education - UM Allocation *	405,770	541,202	135,432
90,504	91,173	669	313 - Health Services - Pharmacy - UM Allocation *	598,077	634,582	36,505
39,342	44,427	6,085	314 - Health Homes - UM Allocation *	255,920	278,405	22,485
58,411	68,256	9,845	616 - Disease Management - UM Allocation *	362,210	475,385	113,175
476,002	220,213	(255,789)	Behavior Health Treatment	2,404,739	1,524,669	(880,070)
174,894	89,973	(84,921)	Mental Health Services	1,002,954	622,946	(380,008)
984,905	916,265	(68,640)	Other Professional Services	6,650,285	6,343,991	(306,294)
2,903,026	2,677,089	(225,937)	TOTAL OTHER PROFESSIONAL SERVICES	18,644,585	18,466,516	(178,069)
4,665,069	4,713,576	48,507	EMERGENCY ROOM	30,623,847	32,634,458	2,010,611
13,361,803	13,546,615	184,812	INPATIENT HOSPITAL	100,898,823	93,793,531	(7,105,292)
106,355	105,490	(865)	REINSURANCE EXPENSE PREMIUM	735,729	730,345	(5,384)
5,430,584	5,631,287	200,703	OUTPATIENT HOSPITAL SERVICES	40,685,860	38,989,417	(1,696,443)
			OTHER MEDICAL			
304,335	331,914	27,579	Ambulance	2,309,887	2,297,967	(11,920)
352,169	364,052	11,883	Home Health Services & CBAS	2,643,646	2,520,621	(123,025)
207,396	319,888	112,492	Utilization and Quality Review Expenses	963,414	2,205,217	1,241,803
788,463	993,832	205,369	Long Term/SNF/Hospice	7,268,910	6,881,270	(387,640)
-	239,750	239,750	Enhanced Medical Benefits	162,074	1,659,875	1,497,801
322,832	285,563	(37,269)	Non-Medical Transportation	2,671,768	1,977,154	(694,614)
1,975,195	2,535,000	559,805	TOTAL OTHER MEDICAL	16,019,699	17,542,103	1,522,404
			PHARMACY SERVICES			
7,059,657	7,552,702	493,045	RX - Drugs & OTC	49,911,681	52,293,659	2,381,978
1,072,244	1,360,133	287,889	RX - HEP-C	6,438,691	9,417,643	2,978,952
537,548	491,349	(46,199)	Rx - DME	3,884,659	3,402,027	(482,632)
266,386	(66,788)	(333,174)	RX - Pharmacy Rebates	(451,382)	(462,429)	(11,047)
8,935,835	9,337,396	401,561	TOTAL PHARMACY SERVICES	59,783,649	64,650,900	4,867,251
563,333	563,413	80	PAY FOR PERFORMANCE QUALITY INCENTIVE	3,941,742	3,900,706	(41,036)
(28,273)	-	28,273	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(4,349,784)	-	4,349,784
52,336,793	51,206,359	(1,130,434)	Total Medical Costs	361,869,048	354,459,162	(7,409,886)

\* Medical costs per DMHC regulations

CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM</b> <b>FOR THE MONTH ENDED JUNE 30, 2017</b>					
10.76	14.08	3.32	12.10	14.08	1.98
45.08	33.62	(11.46)	39.93	33.62	(6.31)
4.29	2.72	(1.57)	4.53	2.72	(1.82)
0.04	0.04	(0.00)	0.04	0.04	0.00
60.17	50.45	(9.72)	56.60	50.46	(6.14)
<b>PHYSICIAN SERVICES</b>					
1.01	1.03	0.02	1.00	1.03	0.03
2.82	3.30	0.47	2.72	3.31	0.59
0.44	0.54	0.11	0.44	0.51	0.08
0.24	0.33	0.10	0.24	0.33	0.08
0.38	0.38	0.00	0.36	0.38	0.03
0.16	0.19	0.03	0.15	0.17	0.02
0.24	0.28	0.04	0.22	0.29	0.07
1.99	0.92	(1.07)	1.43	0.92	(0.52)
0.73	0.38	(0.35)	0.60	0.38	(0.22)
4.11	3.82	(0.29)	3.97	3.82	(0.14)
12.11	11.17	(0.94)	11.12	11.13	0.00
19.46	19.66	0.20	18.27	19.66	1.39
55.74	56.50	0.76	60.18	56.51	(3.68)
0.44	0.44	(0.00)	0.44	0.44	0.00
22.65	23.49	0.83	24.27	23.49	(0.78)
<b>OTHER PROFESSIONAL SERVICES</b>					
1.27	1.38	0.11	1.38	1.38	0.01
1.47	1.52	0.05	1.58	1.52	(0.06)
0.87	1.33	0.47	0.57	1.33	0.75
3.29	4.15	0.86	4.34	4.15	(0.19)
0.00	1.00	1.00	0.10	1.00	0.90
1.35	1.19	(0.16)	1.59	1.19	(0.40)
8.24	10.57	2.33	9.56	10.57	1.01
<b>PHARMACY SERVICES</b>					
29.45	31.50	2.05	29.77	31.50	1.73
4.47	5.67	1.20	3.84	5.67	1.83
2.24	2.05	(0.19)	2.32	2.05	(0.27)
1.11	(0.28)	(1.39)	(0.27)	(0.28)	(0.01)
37.28	38.95	1.67	35.66	38.95	3.29
2.35	2.35	(0.00)	2.35	2.35	(0.00)
(0.12)	0.00	0.12	(2.59)	0.00	2.59
218.33	213.58	(4.75)	215.85	213.55	(2.30)

\* Medical costs per DMHC regulations



KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JULY 31, 2017		JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>									
Primary Care Physician Services	3,406,859	3,070,267	2,668,777	2,931,046	2,648,254	2,973,942	2,579,473	20,278,618	
Referral Specialty Services	8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	11,276,157	10,807,238	66,940,419	
Urgent Care & After Hours Advise	835,481	651,650	1,642,609	1,085,290	1,443,578	915,798	1,027,855	7,602,261	
Hospital Admitting Team	8,988	8,712	9,300	9,000	9,300	9,000	9,300	63,600	
<b>TOTAL PHYSICIAN SERVICES</b>	<b>12,342,816</b>	<b>12,684,849</b>	<b>13,156,118</b>	<b>13,305,167</b>	<b>13,797,185</b>	<b>15,174,897</b>	<b>14,423,866</b>	<b>94,884,898</b>	
<b>OTHER PROFESSIONAL SERVICES</b>									
Vision Service Capitation	234,491	234,963	238,174	240,308	241,148	241,282	241,716	1,672,082	
310 - Health Services - Utilization Management - UM Allocation *	659,425	596,974	655,378	585,083	693,556	694,688	677,141	4,562,245	
311 - Health Services - Quality Improvement - UM Allocation *	101,672	94,856	112,498	102,951	110,754	103,238	104,334	730,303	
312 - Health Services - Education - UM Allocation *	55,293	51,352	57,865	54,139	62,598	67,046	56,777	405,770	
313 - Health Services - Pharmacy - UM Allocation *	86,242	76,174	87,191	81,001	90,904	86,061	90,504	598,077	
314 - Health Homes - UM Allocation *	19,018	28,633	40,290	48,254	40,895	40,488	38,342	255,920	
616 - Disease Management - UM Allocation *	36,728	38,265	51,455	54,901	61,123	61,327	58,411	362,210	
Behavior Health Treatment	300,000	131,003	334,111	249,875	178,748	735,000	476,002	2,404,739	
Mental Health Services	220,889	119,474	38,619	87,739	271,977	89,362	174,894	1,002,954	
Other Professional Services	927,583	875,268	880,636	975,044	832,946	1,173,903	984,905	6,650,285	
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>2,642,041</b>	<b>2,246,962</b>	<b>2,496,217</b>	<b>2,479,295</b>	<b>2,584,649</b>	<b>3,292,395</b>	<b>2,903,026</b>	<b>18,644,585</b>	
<b>EMERGENCY ROOM</b>	<b>4,687,780</b>	<b>4,450,889</b>	<b>4,100,250</b>	<b>4,012,665</b>	<b>3,942,442</b>	<b>4,764,752</b>	<b>4,665,069</b>	<b>30,623,847</b>	
<b>INPATIENT HOSPITAL</b>	<b>13,999,552</b>	<b>14,812,384</b>	<b>15,281,823</b>	<b>14,524,702</b>	<b>14,725,286</b>	<b>14,193,273</b>	<b>13,361,803</b>	<b>100,898,823</b>	
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>103,176</b>	<b>103,384</b>	<b>103,399</b>	<b>103,399</b>	<b>105,736</b>	<b>106,164</b>	<b>106,355</b>	<b>735,729</b>	
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>5,477,940</b>	<b>5,813,468</b>	<b>6,116,559</b>	<b>5,765,474</b>	<b>5,787,957</b>	<b>6,293,878</b>	<b>5,430,584</b>	<b>40,685,860</b>	
<b>OTHER MEDICAL</b>									
Ambulance	321,788	349,619	341,345	346,373	336,918	309,509	304,335	2,309,887	
Home Health Services & CBAS	370,547	381,556	383,407	279,863	360,563	515,541	352,169	2,643,646	
Utilization and Quality Review Expenses	67,616	115,998	142,141	133,334	155,745	141,184	207,396	963,414	
Long Term/SNF/Hospice	1,022,042	820,073	961,497	1,172,612	1,443,187	1,061,036	788,463	7,268,910	
Enhanced Medical Benefits	-	-	-	-	-	162,074	-	162,074	
Non-Medical Transportation	315,831	340,260	386,323	441,238	433,820	431,464	322,832	2,671,768	
<b>TOTAL OTHER MEDICAL</b>	<b>2,097,824</b>	<b>2,007,506</b>	<b>2,214,713</b>	<b>2,373,420</b>	<b>2,730,233</b>	<b>2,620,808</b>	<b>1,975,195</b>	<b>16,019,699</b>	
<b>PHARMACY SERVICES</b>									
RX - Drugs & OTC	7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	6,993,768	7,059,657	49,911,681	
RX - HEP-C	561,061	672,985	971,345	944,297	787,421	1,429,338	1,072,244	6,438,691	
Rx - DME	476,382	443,564	669,108	534,081	545,988	677,988	537,548	3,884,659	
RX - Pharmacy Rebates	(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(66,000)	(66,000)	(451,382)	
<b>TOTAL PHARMACY SERVICES</b>	<b>8,128,455</b>	<b>7,616,304</b>	<b>9,063,123</b>	<b>8,149,210</b>	<b>8,855,628</b>	<b>9,035,094</b>	<b>8,935,835</b>	<b>59,783,649</b>	
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>552,163</b>	<b>559,709</b>	<b>564,724</b>	<b>566,768</b>	<b>567,013</b>	<b>568,032</b>	<b>563,333</b>	<b>3,941,742</b>	
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(141,866)</b>	<b>111,013</b>	<b>(585,473)</b>	<b>(232,581)</b>	<b>(744,814)</b>	<b>(2,727,790)</b>	<b>(28,273)</b>	<b>(4,349,784)</b>	
<b>Total Medical Costs</b>	<b>49,889,881</b>	<b>50,406,468</b>	<b>52,511,453</b>	<b>51,049,856</b>	<b>52,353,094</b>	<b>53,321,503</b>	<b>52,336,793</b>	<b>361,869,048</b>	

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JULY 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>								
Primary Care Physician Services	14.50	12.94	11.11	12.15	10.98	12.30	10.76	12.10
Referral Specialty Services	34.44	37.73	36.77	38.48	40.19	46.65	45.08	39.93
Urgent Care & After Hours Advise	3.56	2.75	6.84	4.50	5.98	3.79	4.29	4.53
Hospital Admitting Team	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
<b>TOTAL PHYSICIAN SERVICES</b>	<b>52.53</b>	<b>53.45</b>	<b>54.75</b>	<b>55.17</b>	<b>57.18</b>	<b>62.78</b>	<b>60.17</b>	<b>56.60</b>
<b>OTHER PROFESSIONAL SERVICES</b>								
Vision Service Capitation								
310 - Health Services - Utilization Management - UM Allocation *	1.00	0.99	0.99	1.00	1.00	1.00	1.01	1.00
311 - Health Services - Quality Improvement - UM Allocation *	2.81	2.52	2.73	2.43	2.87	2.87	2.82	2.72
312 - Health Services - Education - UM Allocation *	0.43	0.40	0.47	0.43	0.46	0.43	0.44	0.44
313 - Health Services - Pharmacy - UM Allocation *	0.24	0.22	0.24	0.22	0.26	0.28	0.24	0.24
314 - Health Homes - UM Allocation *	0.37	0.32	0.36	0.34	0.38	0.36	0.38	0.36
616 - Disease Management - UM Allocation *	0.08	0.12	0.17	0.20	0.17	0.17	0.16	0.15
Behavior Health Treatment	0.16	0.16	0.21	0.23	0.25	0.25	0.24	0.22
Mental Health Services	1.28	0.55	1.39	1.04	0.74	3.04	1.99	1.43
Other Professional Services	0.94	0.50	0.16	0.36	1.13	0.37	0.73	0.60
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>3.95</b>	<b>3.69</b>	<b>3.66</b>	<b>4.04</b>	<b>3.45</b>	<b>4.86</b>	<b>4.11</b>	<b>3.97</b>
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>11.24</b>	<b>9.47</b>	<b>10.39</b>	<b>10.28</b>	<b>10.71</b>	<b>13.62</b>	<b>12.11</b>	<b>11.12</b>
EMERGENCY ROOM	19.95	18.75	17.06	16.64	16.34	19.71	19.46	18.27
INPATIENT HOSPITAL	59.58	62.41	63.59	60.22	61.03	58.72	55.74	60.18
REINSURANCE EXPENSE PREMIUM	0.44	0.44	0.43	0.44	0.45	0.44	0.44	0.44
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>23.31</b>	<b>24.50</b>	<b>25.45</b>	<b>23.91</b>	<b>23.99</b>	<b>26.04</b>	<b>22.65</b>	<b>24.27</b>
<b>OTHER MEDICAL</b>								
Ambulance								
Home Health Services & CBAS	1.37	1.47	1.42	1.44	1.40	1.28	1.27	1.38
Utilization and Quality Review Expenses	1.58	1.61	1.60	1.16	1.49	2.13	1.47	1.58
Long Term/SNF/Hospice	0.29	0.49	0.59	0.55	0.65	0.58	0.87	0.57
Enhanced Medical Benefits	4.35	3.46	4.00	4.86	5.98	4.39	3.29	4.34
Non-Medical Transportation	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.10
<b>TOTAL OTHER MEDICAL</b>	<b>1.34</b>	<b>1.43</b>	<b>1.61</b>	<b>1.83</b>	<b>1.80</b>	<b>1.79</b>	<b>1.35</b>	<b>1.59</b>
<b>PHARMACY SERVICES</b>	<b>8.93</b>	<b>8.46</b>	<b>9.22</b>	<b>9.84</b>	<b>11.32</b>	<b>10.84</b>	<b>8.24</b>	<b>9.56</b>
<b>PHARMACY SERVICES</b>								
RX - Drugs & OTC	30.46	27.67	32.50	27.93	31.45	28.93	29.45	29.77
RX - HEP-C	2.39	2.84	4.04	3.92	3.26	5.91	4.47	3.84
Rx - DME	2.03	1.87	2.78	2.21	2.26	2.80	2.24	2.32
RX - Pharmacy Rebates	(0.28)	(0.28)	(1.61)	(0.27)	(0.27)	(0.27)	1.11	(0.27)
<b>TOTAL PHARMACY SERVICES</b>	<b>34.59</b>	<b>32.09</b>	<b>37.71</b>	<b>33.79</b>	<b>36.70</b>	<b>37.38</b>	<b>37.28</b>	<b>35.66</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>2.35</b>	<b>2.36</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(0.60)</b>	<b>0.47</b>	<b>(2.44)</b>	<b>(0.96)</b>	<b>(3.09)</b>	<b>(11.29)</b>	<b>(0.12)</b>	<b>(2.59)</b>
<b>Total Medical Costs</b>	<b>212.33</b>	<b>212.40</b>	<b>218.52</b>	<b>211.67</b>	<b>216.98</b>	<b>220.60</b>	<b>218.33</b>	<b>215.85</b>

CURRENT MONTH		VARIANCE	YEAR-TO-DATE		
ACTUAL	BUDGET		ACTUAL	BUDGET	
163,765	269,445	105,680	1,470,577	1,754,420	283,843
122,652	156,422	33,770	864,489	1,020,998	156,509
472,585	570,160	97,575	3,203,432	3,946,011	742,579
85,853	212,501	126,648	726,992	1,487,505	760,513
455,935	495,260	39,325	3,218,232	3,566,481	348,249
64,015	83,913	19,898	437,022	584,700	147,678
6,178	44,975	38,797	10,488	314,825	304,337
-	3,931	3,931	1,003	27,509	26,506
8,966	150	(8,816)	11,060	3,800	(7,260)
80,348	79,550	(798)	588,630	598,560	9,930
46	7,550	7,504	8,358	52,850	44,492
-	-	-	102	150	48
157,168	194,556	37,388	1,162,245	1,355,938	193,693
382,767	501,103	118,336	2,683,494	3,493,247	809,753
304,680	332,356	27,676	1,988,949	2,211,615	222,666
49,784	52,062	2,278	345,935	352,577	6,642
43,668	44,350	682	210,537	310,450	99,913
42,081	56,140	14,059	341,418	391,592	50,174
94,655	160,131	65,476	926,041	961,691	35,650
2,535,146	3,264,555	729,409	18,199,004	22,434,919	4,235,915

**KERN HEALTH SYSTEMS**  
**MEDI-CAL**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT**  
**FOR THE MONTH ENDED JULY 31, 2017**

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JULY 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	YEAR TO DATE 2017
110 - Executive	279,907	177,920	209,756	191,067	192,888	255,274	163,765	1,470,577
210 - Accounting	110,185	137,255	124,511	103,181	126,637	140,068	122,652	864,489
220 - Management Information Systems (MIS)	408,164	408,429	469,937	432,868	512,776	498,673	472,585	3,203,432
225 - Infrastructure	3,723	152,258	173,666	83,611	126,901	100,980	85,853	726,992
230 - Claims	409,956	432,879	463,333	510,387	472,762	472,980	455,935	3,218,232
240 - Project Management	63,772	68,960	70,610	54,103	58,554	57,008	64,015	437,022
310 - Health Services - Utilization Management	159	2,491	(435)	280	1,637	178	6,178	10,488
311 - Health Services - Quality Improvement	500	15	-	-	488	-	-	1,003
312 - Health Services - Education	-	(66)	438	271	1,282	169	8,966	11,060.00
313 - Pharmacy	85,960	79,829	90,520	80,420	88,218	83,335	80,348	588,630
314 - Health Homes	-	608	6,000	1,166	35	503	46	8,358
616 - Disease Management	33	-	-	-	-	69	-	102
320 - Provider Relations	136,674	143,067	186,675	164,456	206,559	167,646	157,168	1,162,245
330 - Member Services	364,293	349,583	382,981	378,129	415,875	409,866	382,767	2,683,494
340 - Corporate Services	263,501	243,425	320,028	291,136	281,586	284,593	304,680	1,988,949
360 - Audit & Investigative Services	73,998	40,824	45,501	36,418	49,395	50,015	49,784	345,935
410 - Advertising/Media	19,017	3,800	46,065	25,789	56,200	15,998	43,668	210,537
420 - Sales/Marketing/Public Relations	47,664	55,567	49,579	44,462	48,882	53,183	42,081	341,418
510 - Human Resources	94,898	104,383	175,095	159,527	130,730	166,753	94,655	926,041
Total Department Expenses	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	18,199,004

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF JULY 31, 2017</b>			
<b>ASSETS</b>	<b>JULY 2017</b>	<b>JUNE 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,427,167	\$ 1,423,962	3,205
Interest Receivable	1,000	3,206	(2,206)
Prepaid Expenses & Other Current Assets	4,167	-	4,167
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,432,334</b>	<b>\$ 1,427,168</b>	<b>\$ 5,166</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	6,615	1,615	5,000
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 360,464</b>	<b>\$ 355,464</b>	<b>\$ 5,000</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	1,830	1,664	166
Total Net Position	\$ 1,071,870	\$ 1,071,704	\$ 166
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,432,334</b>	<b>\$ 1,427,168</b>	<b>\$ 5,166</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JULY 31, 2017	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
-	-	-	Members	-	-	-
<b>REVENUES</b>						
-	-	-	Premium	-	-	-
1,000	-	1,000	Interest	6,864	-	6,864
-	-	-	Other Investment Income	800	-	800
1,000	-	1,000	<b>TOTAL REVENUES</b>	7,664	-	7,664
<b>EXPENSES</b>						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	<b>Total Medical Costs</b>	-	-	-
1,000	-	1,000	<b>GROSS MARGIN</b>	7,664	-	7,664
834	-	(834)	Administrative Management Fee Expense and Other Admin Exp	5,834	-	(5,834)
834	-	(834)	<b>Total Administrative Expenses</b>	5,834	-	(5,834)
834	-	(834)	<b>TOTAL EXPENSES</b>	5,834	-	(5,834)
166	-	166	<b>OPERATING INCOME (LOSS)</b>	1,830	-	1,830
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-
166	-	166	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	1,830	-	1,830
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	0%	0%	0%
83%	0%	-83%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	76%	0%	-76%

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

**2017 MEMBER MONTHS**

	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
<b>ADULT AND FAMILY</b>												
PA - FAMILY	36,123	36,255	36,565	35,376	34,185	34,130	34,024					
MN - FAMILY	0	0	0	0	0	0	0					
REFUGEE - FAMILY	1	1	0	2	2	4	4					
FOSTER CARE	493	498	508	536	594	608	588					
POVERTY-133/200%	2	2	2	2	0	0	1					
POVERTY-100%	0	0	0	0	0	0	0					
MI - CHILD	104,391	105,746	107,285	108,562	109,014	109,096	107,948					
CHILD-ACA	-127	430	405	415	422	426	316					
FAMILY - UNDER 19	20,203	20,297	19,877	19,885	20,312	20,627	20,456					
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>161,086</b>	<b>163,229</b>	<b>164,642</b>	<b>164,778</b>	<b>164,529</b>	<b>164,892</b>	<b>163,337</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MEDI-CAL EXPANSION</b>	<b>405</b>
LIHP Transition Pre-ACA	54,856
ACA Expansion Adult-Citizen	55,872
ACA Expansion CAL Fresh Adult	1
LIHP Transition Pre-ACA	514
<b>SUB-TOTAL MANDATORY</b>	<b>55,405</b>

<b>SDP MEMBERS</b>	<b>1,257</b>
SSI-AGED	1,338
MN - AGED	11,702
SSI - BLIND & DIS-ABLED	326
MN - BLIND & DIS-ABLED	326
<b>SUB-TOTAL MANDATORY SPD</b>	<b>95,247</b>
<b>TOTAL MANDATORY</b>	<b>1,641,436</b>

<b>OTHER MEMBERS</b>	<b>199</b>
BCCTP-TOBACCO SETTLEMENT	29

<b>DUALS</b>	<b>167</b>
PA - FAMILY DUALS	615
PART D SSI-AGED	1,127
PART D MN - AGED	2,067
PART D SSI - BLIND & DIS-ABLED	762
PART D MN - BLIND & DIS-ABLED	1
PART D BCCTP-TOBACCO SETTLEMENT	0
PART D MI - ADULT	316
PART D MI - CHILD	4,919
<b>SUB-TOTAL DUALS</b>	<b>35,702</b>

<b>TOTAL OTHERS</b>	<b>35,901</b>
<b>TOTAL KAISER</b>	<b>52,808</b>

<b>TOTAL MEDI-CAL MEMBERS</b>	<b>1,730,145</b>
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26	69	59	65	65	60	62						
54,856	55,872	56,493	57,020	57,401	57,096	56,661						
9	1	4	5	5	7	7						
514	500	532	573	594	560	561						
<b>55,405</b>	<b>56,442</b>	<b>57,087</b>	<b>57,663</b>	<b>58,065</b>	<b>57,743</b>	<b>57,291</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

158	185	191	194	174	162	193						
1,338	1,359	1,388	1,357	1,322	1,443	1,443						
11,702	11,623	11,614	11,701	11,631	11,934	11,852						
326	393	346	325	288	317	288						
<b>13,524</b>	<b>13,560</b>	<b>13,539</b>	<b>13,577</b>	<b>13,415</b>	<b>13,856</b>	<b>13,776</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>230,015</b>	<b>233,231</b>	<b>235,268</b>	<b>236,018</b>	<b>236,009</b>	<b>236,491</b>	<b>234,404</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

29	30	27	28	26	30	29						
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31	17	15	21	15	37	31						
615	628	625	673	666	677	704						
1,127	1,116	1,134	1,173	1,229	1,194	1,164						
2,067	2,011	2,081	2,085	2,128	2,102	2,149						
762	780	740	751	735	772	818						
1	1	1	2	2	2	2						
0	0	0	0	0	0	0						
316	360	417	427	472	411	415						
<b>4,919</b>	<b>4,913</b>	<b>5,013</b>	<b>5,132</b>	<b>5,247</b>	<b>5,195</b>	<b>5,283</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>4,948</b>	<b>4,943</b>	<b>5,040</b>	<b>5,160</b>	<b>5,273</b>	<b>5,225</b>	<b>5,312</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>7,103</b>	<b>7,365</b>	<b>7,466</b>	<b>7,619</b>	<b>7,714</b>	<b>7,745</b>	<b>7,796</b>						
<b>242,066</b>	<b>245,539</b>	<b>247,774</b>	<b>248,797</b>	<b>248,996</b>	<b>249,461</b>	<b>247,512</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: October 12, 2017**

**Re: August 2017 Financial Results**

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The August results reflect a \$1,014,414 Net Increase in Net Position which is a \$773,682 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$3.8 million favorable variance primarily due to:
  - A) \$1.0 million unfavorable variance relating to Family and Other primarily due to lower than expected enrollment (\$.5 million), a lower than expected budgeted rate increase from the State effective July 1, 2017 (\$.8 million) and higher than expected Maternity revenue (\$.2 Million).
  - B) \$.8 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$.4 million) and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.6 million) and lower than expected Maternity revenue (.4 million).
  - C) \$2.6 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
  - D) \$1.1 million favorable variance relating to Rate/Income Adjustments primarily due to receiving 25% of the Expansion Rate Range relating to prior years.
- 2) Total Medical Costs reflect a \$3.3 million unfavorable variance primarily due to:
  - A) \$1.7 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services Family and Other and Expansion members.
  - B) \$.5 million unfavorable variance in Outpatient Hospital primarily due to higher than expected utilization for the Family and Other members.
  - C) \$.7 million favorable variance in Other Medical primarily due to lower than expected utilization of Long Term /SNF/Hospice and Enhanced Medical Benefits for the Family and Other members.
  - D) \$1.0 million unfavorable IBNR Adjustment from the prior year primarily related to the accruing of extra expense associated with the favorable Expansion/Rate Income Adjustment mentioned in 1D above.

The August Medical Loss Ratio is 93.1% which is unfavorable to the 92.9% budgeted amount. The August Administrative Expense Ratio is 4.9 % which is favorable to the 5.7% budgeted amount.

The results for the 8 months ended August 31, 2017 reflects a Net Increase in Net Position of \$20,007,199. This is a \$13,129,415 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 91.3% which is favorable to the 91.7% 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  
August 2017**

**KHS – Medi-Cal Line of Business**

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Statement of Revenue, Expenses, and Changes in Net Position - PMPM	Page 3
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**KHS Group Health Plan – Healthy Families Line of Business**

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

**KHS Administrative Analysis and Other Reporting**

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF AUGUST 31, 2017			
ASSETS	AUGUST 2017	JULY 2017	INC(DEC)
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 100,203,705	\$ 69,905,805	\$ 30,297,900
Short-Term Investments	160,743,672	160,559,806	183,866
Pass-through Monies Held for Future Payment	1,491,813	1,542,467	(50,654)
Premiums Receivable - Net	45,080,048	77,213,359	(32,133,311)
Interest Receivable	354,823	180,376	174,447
Other Receivables	512,157	643,873	(131,716)
Prepaid Expenses & Other Current Assets	1,085,218	1,230,100	(144,882)
<b>Total Current Assets</b>	<b>\$ 309,471,436</b>	<b>\$ 311,275,786</b>	<b>\$ (1,804,350)</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,805,398	6,903,063	(97,665)
Automobile - Net	19,365	19,757	(392)
Building and Building Improvements - Net	6,769,387	6,797,242	(27,855)
Capital Projects in Process	7,479,566	6,642,472	837,094
<b>Total Capital Assets</b>	<b>\$ 25,950,278</b>	<b>\$ 25,239,096</b>	<b>\$ 711,182</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,540,339</b>	<b>\$ 4,540,339</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 340,262,053</b>	<b>\$ 341,355,221</b>	<b>\$ (1,093,168)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 25,012	\$ 55,481	(30,469)
Accrued Salaries and Employee Benefits	2,204,725	2,788,278	(583,553)
Accrued Other Operating Expenses	1,029,545	715,731	313,814
Accrued Taxes and Licenses	14,948,609	7,172,750	7,775,859
Other Medical Liabilities - Nonoperating Passthrough	1,491,813	1,542,467	(50,654)
Claims Payable (Reported)	17,300,973	21,567,543	(4,266,570)
IBNR - Inpatient Claims	26,828,980	30,656,978	(3,827,998)
IBNR - Physician Claims	14,490,179	15,631,459	(1,141,280)
IBNR - Accrued Other Medical	20,546,181	20,738,604	(192,423)
Risk Pool and Withholds Payable	3,543,194	4,508,911	(965,717)
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	38,343,471	37,482,062	861,409
<b>Total Current Liabilities</b>	<b>\$ 142,679,356</b>	<b>\$ 144,786,938</b>	<b>\$ (2,107,582)</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	4,519,591	4,519,591	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 4,519,591</b>	<b>\$ 4,519,591</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 1,840,334</b>	<b>\$ 1,840,334</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	171,215,573	171,215,573	-
Increase (Decrease) in Net Position - Current Year	20,007,199	18,992,785	1,014,414
<b>Total Net Position</b>	<b>\$ 191,222,772</b>	<b>\$ 190,208,358</b>	<b>\$ 1,014,414</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 340,262,053</b>	<b>\$ 341,355,221</b>	<b>\$ (1,093,168)</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED AUGUST 31, 2017			YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE		
<b>ENROLLMENT</b>								
163,223	166,700	(3,477)	Family Members	1,309,074	1,316,800	(7,726)		
57,009	55,900	1,109	Expansion Members	456,551	441,600	14,951		
13,808	13,850	(42)	SPD Members	108,896	109,400	(504)		
5,323	4,175	1,148	Other Members	41,328	32,700	8,628		
7,811	7,175	636	Kaiser Members	60,619	56,700	3,919		
247,174	247,800	(626)	<b>Total Members - MCAL</b>	1,976,468	1,957,200	19,268		
<b>REVENUES</b>								
21,157,058	22,163,110	(1,006,052)	Title XIX - Medicaid - Family and Other	169,671,455	172,762,410	(3,090,955)		
20,057,872	19,296,313	761,559	Title XIX - Medicaid - Expansion Members	169,371,063	161,401,293	7,969,770		
10,667,756	10,740,173	(72,417)	Title XIX - Medicaid - SPD Members	81,136,127	83,671,308	(2,535,181)		
7,622,484	7,250,031	372,453	Premium - MCO Tax	60,195,094	57,262,065	2,933,029		
385,982	155,777	230,205	Interest/Dividends	2,140,804	1,230,357	910,447		
-	105,875	(105,875)	Reinsurance Recoveries	-	836,220	(836,220)		
5,392,339	2,840,104	2,552,235	COB/Subrogation Collections	30,693,165	22,430,900	8,262,265		
1,061,917	-	1,061,917	Rate/Income Adjustments	3,157,406	-	3,157,406		
104	-	104	Other Income (Expense)	(23,788)	-	(23,788)		
66,345,512	62,551,384	3,794,128	<b>TOTAL REVENUES</b>	516,341,326	499,594,552	16,746,775		
<b>EXPENSES</b>								
Medical Costs:								
13,877,006	12,140,507	(1,736,499)	Physician Services	108,761,904	95,891,694	(12,870,210)		
2,989,387	2,682,444	(306,943)	Other Professional Services	21,633,972	21,148,960	(485,012)		
5,099,658	4,730,746	(368,912)	Emergency Room	35,723,505	37,365,203	(1,641,698)		
13,546,637	13,595,795	49,158	Inpatient	114,445,460	107,389,325	(7,056,135)		
105,475	105,875	400	Reinsurance Expense	841,204	836,220	(4,984)		
6,154,715	5,651,743	(502,972)	Outpatient Hospital	46,840,575	44,641,160	(2,199,415)		
1,800,207	2,537,042	736,835	Other Medical	17,819,906	20,079,145	(2,259,239)		
9,525,333	9,371,247	(154,086)	Pharmacy	69,308,982	74,022,147	(4,713,165)		
562,503	565,469	2,966	Pay for Performance Quality Incentive	4,504,245	4,466,175	(38,070)		
1,034,615	-	(1,034,615)	IBNR, Incentive, Paid Claims Adjustment	(3,315,169)	-	3,315,169		
54,695,536	51,380,867	(3,314,669)	<b>Total Medical Costs</b>	416,564,584	405,840,029	(10,724,555)		
11,649,976	11,170,517	479,459	<b>GROSS MARGIN</b>	99,776,742	93,754,523	6,022,220		
Administrative:								
1,962,751	1,939,485	(23,266)	Compensation	14,227,219	15,482,743	(1,255,524)		
371,842	540,320	168,478	Purchased Services	3,032,505	4,534,249	(1,501,744)		
131,877	149,664	17,787	Supplies	608,173	1,188,526	(580,353)		
393,233	550,286	157,053	Other Administrative Expenses	3,190,810	4,409,155	(1,218,345)		
2,859,703	3,179,754	320,051	<b>Total Administrative Expenses</b>	21,058,707	25,614,673	(4,555,966)		
57,555,239	54,560,621	(2,994,618)	<b>TOTAL EXPENSES</b>	437,623,291	431,454,702	(6,168,589)		
8,790,273	7,990,763	799,510	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	78,718,035	68,139,849	10,578,186		
7,775,859	7,250,031	(525,828)	<b>MCO TAX</b>	58,652,899	57,262,065	(1,390,834)		
1,014,414	740,732	273,682	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	20,065,136	10,877,784	9,187,352		
<b>NONOPERATING REVENUE (EXPENSES)</b>								
-	(500,000)	500,000	Reserve Fund Projects/Community Grants	(57,937)	(4,000,000)	3,942,063		
-	(500,000)	500,000	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(57,937)	(4,000,000)	3,942,063		
1,014,414	240,732	773,682	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	20,007,199	6,877,784	13,129,415		
93.1%	92.9%	-0.2%	<b>MEDICAL LOSS RATIO</b>	91.3%	91.7%	0.4%		
4.9%	5.7%	0.9%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	4.6%	5.8%	1.2%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED AUGUST 31, 2017			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>								
163,223	166,700	(3,477)	Family Members	1,309,074	1,316,800	(7,726)		
57,009	55,900	1,109	Expansion Members	456,551	441,600	14,951		
13,808	13,850	(42)	SPD Members	108,896	109,400	(504)		
5,323	4,175	1,148	Other Members	41,328	32,700	8,628		
7,811	7,175	636	Kaiser Members	60,619	56,700	3,919		
247,174	247,800	(626)	<b>Total Members - MCAL</b>	1,976,468	1,957,200	19,268		
<b>REVENUES</b>								
125.53	129.70	(4.18)	Title XIX - Medicaid - Family and Other	125.65	128.02	(2.37)		
351.84	345.19	6.64	Title XIX - Medicaid - Expansion Members	370.98	365.49	5.49		
772.58	775.46	(2.89)	Title XIX - Medicaid - SPD Members	745.08	764.82	(19.74)		
31.84	30.13	1.71	Premium - MCO Tax	31.42	30.13	1.29		
1.61	0.65	0.97	Interest /Dividends	1.12	0.65	0.47		
0.00	0.44	(0.44)	Reinsurance Recoveries	0.00	0.44	(0.44)		
22.53	11.80	10.72	COB/Subrogation Collections	16.02	11.80	4.22		
4.44	0.00	4.44	Rate/Income Adjustments	1.65	0.00	1.65		
0.00	0.00	0.00	Other Income (Expense)	(0.01)	0.00	(0.01)		
277.18	259.95	17.22	<b>TOTAL REVENUES</b>	269.51	262.88	6.64		
<b>EXPENSES</b>								
Medical Costs:								
57.97	50.45	(7.52)	Physician Services	56.77	50.46	(6.31)		
12.49	11.15	(1.34)	Other Professional Services	11.29	11.13	(0.16)		
21.31	19.66	(1.64)	Emergency Room	18.65	19.66	1.01		
56.59	56.50	(0.09)	Inpatient	59.74	56.51	(3.23)		
0.44	0.44	(0.00)	Reinsurance Expense	0.44	0.44	0.00		
25.71	23.49	(2.23)	Outpatient Hospital	24.45	23.49	(0.96)		
7.52	10.54	3.02	Other Medical	9.30	10.57	1.26		
39.79	38.95	(0.85)	Pharmacy	36.18	38.95	2.77		
2.35	2.35	0.00	Pay for Performance Quality Incentive	2.35	2.35	(0.00)		
4.32	0.00	(4.32)	IBNR, Incentive, Paid Claims Adjustment	(1.73)	0.00	1.73		
228.50	213.53	(14.97)	<b>Total Medical Costs</b>	217.43	213.54	(3.89)		
48.67	46.42	2.25	<b>GROSS MARGIN</b>	52.08	49.33	2.75		
Administrative:								
8.20	8.06	(0.14)	Compensation	7.43	8.15	0.72		
1.55	2.25	0.69	Purchased Services	1.58	2.39	0.80		
0.55	0.62	0.07	Supplies	0.32	0.63	0.31		
1.64	2.29	0.64	Other Administrative Expenses	1.67	2.32	0.65		
11.95	13.21	1.27	<b>Total Administrative Expenses</b>	10.99	13.48	2.49		
240.45	226.75	(13.71)	<b>TOTAL EXPENSES</b>	228.42	227.02	(1.40)		
36.72	33.21	3.52	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	41.09	35.85	5.23		
32.49	30.13	(2.36)	<b>MCO TAX</b>	30.61	30.13	(0.48)		
4.24	3.08	1.16	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	10.47	5.72	4.75		
<b>NONOPERATING REVENUE (EXPENSES)</b>								
0.00	(2.08)	(2.08)	Reserve Fund Projects/Community Grants	(0.03)	(16.62)	(16.59)		
0.00	(2.08)	(2.08)	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(0.03)	(16.62)	(16.59)		
4.24	1.00	3.24	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	10.44	3.62	6.82		
93.1%	92.9%	-0.2%	<b>MEDICAL LOSS RATIO</b>	91.3%	91.7%	0.4%		
4.9%	5.7%	0.9%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	4.6%	5.8%	1.2%		



KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH AUGUST 31, 2017		AUGUST 2016	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	13 MONTH TOTAL
<b>ENROLLMENT</b>		229,560	232,053	233,985	234,225	234,491	234,963	237,333	240,308	241,178	241,282	241,716	239,716	239,363	3,080,163
<b>MEMBERS - MEDICAL</b>															
<b>REVENUES</b>															
Title XIX - Medicaid - Family and Other		132.03	130.94	130.83	122.95	122.46	126.64	119.60	129.31	128.39	124.01	126.74	124.89	125.53	126.93
Title XIX - Medicaid - Expansion Members		381.12	373.84	360.02	368.70	366.70	377.32	375.41	386.18	375.46	376.19	369.16	356.43	351.84	370.64
Title XIX - Medicaid - SPO Members		759.39	743.07	758.87	759.67	736.02	736.08	717.78	734.16	740.65	743.39	749.37	764.45	772.58	747.50
Premium - MCO Tax		0.10	83.15	30.70	30.73	42.53	31.88	31.21	31.09	31.15	31.10	32.02	31.84	34.51	34.51
Interest / Dividends		0.65	0.81	1.01	0.95	0.77	0.74	0.74	1.02	1.10	1.56	1.10	1.02	1.61	1.02
Reinsurance Recoveries		0.16	0.13	0.88	0.00	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
COB Subrogation Collections		39.48	12.01	14.56	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	13.49	22.53	16.51
Rate/Income Adjustments		7.82	0.06	(1.42)	(0.00)	11.67	0.00	8.50	1.72	0.39	(0.02)	(0.37)	(0.35)	4.44	2.39
Other Income (Expense)		(0.29)	(1.76)	0.00	(5.38)	0.16	0.16	0.19	(0.00)	(0.00)	(0.37)	(0.37)	(0.08)	0.00	(0.57)
<b>TOTAL REVENUES</b>		274.76	327.47	266.13	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	263.08	277.18	273.92
<b>EXPENSES</b>															
<b>Medical Costs:</b>															
Physician Services		53.66	53.47	50.60	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	60.17	57.97	54.67
Other Professional Services		10.41	10.04	7.85	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	10.87
Emergency Room		19.75	18.65	18.70	17.86	17.51	19.29	18.75	17.06	16.64	16.34	19.71	19.46	21.31	18.59
Inpatient		56.96	45.94	48.82	50.31	55.13	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	56.59
Reinsurance Expense		0.80	0.79	0.79	0.80	0.80	0.44	0.44	0.43	0.44	0.45	0.44	0.44	0.44	0.57
Outpatient Hospital		27.73	17.20	21.86	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	22.65	25.71	23.83
Other Medical		11.04	4.93	7.70	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.52	8.48
Pharmacy		37.95	34.89	32.83	34.78	34.54	34.59	32.09	37.71	33.79	36.70	37.38	37.28	39.79	35.73
Pay for Performance Quality Incentive		2.41	2.41	2.41	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.35	2.37
Expansion Risk Corridor Expense		0.00	4.56	3.65	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80
IBNR, Incentive, Paid Claims Adjustment		14.13	0.56	0.69	(1.90)	4.46	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(0.12)	4.32	0.27
<b>Total Medical Costs</b>		234.85	193.44	195.90	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	212.76
<b>GROSS MARGIN</b>		39.92	134.03	70.24	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	44.75	48.67	61.16
Administrative:															
Compensation		6.55	6.85	6.93	7.33	7.46	7.10	6.53	7.52	6.84	7.89	7.73	7.58	8.70	7.28
Purchased Services		1.55	1.48	2.05	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.48	1.55	1.72
Supplies		0.01	0.50	0.27	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.13	0.27	0.55	0.27
Other Administrative Expenses		1.47	1.59	2.84	1.13	1.80	1.53	1.53	2.02	1.51	1.79	2.04	1.25	1.64	1.70
Administrative Expense Adjustment		0.00	(0.82)	0.00	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.70)
Total Administrative Expenses		9.59	9.40	12.08	11.24	13.14	10.05	10.12	11.71	10.60	11.49	11.41	10.58	11.95	10.27
<b>TOTAL EXPENSES</b>		244.42	202.84	207.98	201.97	214.09	222.39	222.51	230.23	222.27	228.47	232.00	238.90	240.45	223.03
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>		30.34	124.63	58.16	59.29	62.42	48.60	45.93	47.75	43.83	37.89	34.06	34.17	36.72	50.89
<b>MCO TAX</b>		0.10	93.15	30.70	30.73	42.93	31.88	29.12	29.96	29.87	29.83	29.78	32.02	32.49	34.00
<b>OPERATING INCOME (LOSS) NET OF TAX</b>		30.24	31.49	27.45	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	2.16	4.24	16.88
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>		0.00	0.00	0.00	(0.94)	0.00	0.00	(0.10)	0.00	(0.05)	0.00	0.00	(0.10)	0.00	(1.04)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>		30.24	31.49	27.45	27.61	19.49	16.71	16.80	17.69	13.96	8.00	4.29	2.06	4.24	15.84
<b>MEDICAL LOSS RATIO</b>		85.5%	82.6%	83.2%	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	93.1%	88.9%
<b>ADMINISTRATIVE EXPENSE RATIO</b>		3.5%	4.0%	5.1%	4.9%	4.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.3%

CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED AUGUST 31, 2017</b>					
<b>R E V E N U E S</b>					
Title XIX - Medicaid - Family & Other					
18,402,922	19,667,559	(1,264,637)	151,180,331	153,095,741	(1,915,410)
2,328,810	2,114,859	213,951	16,046,575	16,670,064	(623,489)
139,264	220,458	(81,194)	770,776	1,741,089	(970,313)
195,250	65,582	129,668	925,224	517,938	407,286
90,812	94,652	(3,840)	748,549	737,578	10,971
21,157,058	22,163,110	(1,006,052)	169,671,455	172,762,410	(3,090,955)
Total Title XIX - Medicaid - Family & Other					
Title XIX - Medicaid - Expansion Members					
19,264,239	18,262,573	1,001,666	161,192,161	153,012,507	8,179,654
26,455	379,240	(352,785)	2,298,739	3,218,355	(919,616)
736,936	620,960	115,976	5,607,942	4,905,471	702,471
30,242	33,540	(3,298)	272,221	264,960	7,261
20,057,872	19,296,313	761,559	169,371,063	161,401,293	7,969,770
Total Title XIX - Medicaid - Expansion Members					
Title XIX - Medicaid - SPD Members					
10,139,092	10,061,108	77,984	77,534,277	78,307,431	(773,154)
162,474	523,633	(361,159)	2,104,069	4,136,135	(2,032,066)
366,190	155,432	210,758	1,497,781	1,227,741	270,040
10,667,756	10,740,173	(72,417)	81,136,127	83,671,307	(2,535,180)
Total Title XIX - Medicaid - SPD Members					

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED AUGUST 31, 2017				YEAR-TO-DATE		
CURRENT MONTH		VARIANCE		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
2,637,450	3,387,186	749,736		22,916,068	26,752,792	3,836,724
9,796,067	8,089,738	(1,706,329)		76,736,486	63,897,832	(12,838,654)
1,434,189	654,408	(779,781)		9,036,450	5,168,607	(3,867,843)
9,300	9,175	(125)		72,900	72,463	(437)
13,877,006	12,140,507	(1,736,499)		108,761,904	95,891,694	(12,870,210)
<b>PHYSICIAN SERVICES</b>						
239,716	247,436	7,720		1,911,798	1,954,297	42,499
786,180	790,156	3,976		5,348,425	6,279,911	931,486
116,739	130,241	13,502		847,042	978,961	131,919
67,200	79,850	12,650		472,970	621,053	148,083
90,689	91,173	484		688,766	725,755	36,989
44,575	44,427	(148)		300,495	322,832	22,337
65,553	68,256	2,703		427,763	543,641	115,878
678,877	221,014	(457,863)		3,083,616	1,745,683	(1,337,933)
87,624	90,300	2,676		1,090,578	713,246	(377,332)
812,234	919,591	107,357		7,462,519	7,263,582	(198,937)
2,989,387	2,682,444	(306,943)		21,633,972	21,148,960	(485,012)
5,099,658	4,730,746	(368,912)		35,723,505	37,365,203	1,641,698
13,546,637	13,595,795	49,158		114,445,460	107,389,325	(7,056,135)
105,475	105,875	400		841,204	836,220	(4,984)
6,154,715	5,651,743	(502,972)		46,840,575	44,641,160	(2,199,415)
<b>OTHER MEDICAL</b>						
351,374	333,125	(18,249)		2,661,261	2,631,092	(30,169)
305,183	365,373	60,190		2,948,829	2,885,994	(62,835)
179,731	313,887	134,156		1,143,145	2,519,104	1,375,959
603,671	997,430	393,759		7,872,581	7,878,700	6,119
360,248	240,625	(240,625)		162,074	1,900,500	1,738,426
1,800,207	2,537,042	(736,835)		3,032,016	2,263,755	(768,261)
<b>TOTAL OTHER MEDICAL</b>						
				17,819,906	20,079,145	2,259,239
<b>PHARMACY SERVICES</b>						
7,901,664	7,580,095	(321,569)		57,813,345	59,873,754	2,060,409
982,856	1,365,051	382,195		7,421,547	10,782,694	3,361,147
600,068	493,131	(106,937)		4,484,727	3,895,158	(589,569)
40,745	(67,030)	(107,775)		(410,637)	(529,459)	(118,822)
9,525,333	9,371,247	(154,086)		69,308,982	74,022,147	4,713,165
562,503	565,469	2,966		4,504,245	4,466,175	(38,070)
1,034,615	-	(1,034,615)		(3,315,169)	-	3,315,169
54,695,536	51,380,867	(3,314,669)		416,564,584	405,840,029	(10,724,555)

\* Medical costs per DMHC regulations



KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED JUNE 30, 2017				YEAR-TO-DATE		
CURRENT MONTH		VARIANCE		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET		VARIANCE			
11.02	14.08	3.06		11.96	14.08	2.12
40.93	33.62	(7.31)		40.05	33.62	(6.43)
5.99	2.72	(3.27)		4.72	2.72	(2.00)
0.04	0.04	(0.00)		0.04	0.04	0.00
57.97	50.45	(7.52)		56.77	50.46	(6.31)
<b>PHYSICIAN SERVICES</b>						
1.00	1.03	0.03		1.00	1.03	0.03
3.28	3.28	(0.00)		2.79	3.30	0.51
0.49	0.54	0.05		0.44	0.52	0.07
0.28	0.33	0.05		0.25	0.33	0.08
0.38	0.38	0.00		0.36	0.38	0.02
0.19	0.18	(0.00)		0.16	0.17	0.01
0.27	0.28	0.01		0.22	0.29	0.06
2.84	0.92	(1.92)		1.61	0.92	(0.69)
0.37	0.38	0.01		0.57	0.38	(0.19)
3.39	3.82	0.43		3.90	3.82	(0.07)
12.49	11.15	(1.34)		11.29	11.13	(0.16)
21.31	19.66	(1.64)		18.65	19.66	1.01
56.59	56.50	(0.09)		59.74	56.51	(3.23)
0.44	0.44	(0.00)		0.44	0.44	0.00
25.71	23.49	(2.23)		24.45	23.49	(0.96)
<b>OTHER MEDICAL</b>						
1.47	1.38	(0.08)		1.39	1.38	(0.00)
1.27	1.52	0.24		1.54	1.52	(0.02)
0.75	1.30	0.55		0.60	1.33	0.73
2.52	4.15	1.62		4.11	4.15	0.04
0.00	1.00	1.00		0.08	1.00	0.92
1.51	1.19	(0.31)		1.58	1.19	(0.39)
7.52	10.54	3.02		9.30	10.57	1.26
<b>PHARMACY SERVICES</b>						
33.01	31.50	(1.51)		30.18	31.50	1.33
4.11	5.67	1.57		3.87	5.67	1.80
2.51	2.05	(0.46)		2.34	2.05	(0.29)
0.17	(0.28)	(0.45)		(0.21)	(0.28)	(0.06)
39.79	38.95	(0.85)		36.18	38.95	2.77
2.35	2.35	0.00		2.35	2.35	(0.00)
4.32	0.00	(4.32)		(1.73)	0.00	1.73
228.50	213.53	(14.97)		217.43	213.54	(3.89)

\* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH AUGUST 31, 2017									
	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	YEAR TO DATE 2017
<b>PHYSICIAN SERVICES</b>									
Primary Care Physician Services	3,406,859	3,070,267	2,668,777	2,931,046	2,648,254	2,973,942	2,579,473	2,637,450	22,916,068
Referral Specialty Services	8,091,488	8,954,220	8,835,432	9,279,831	9,696,053	11,276,157	10,807,238	9,796,067	76,736,486
Urgent Care & After-Hours Advice	835,481	651,650	1,642,609	1,085,290	1,443,578	915,798	1,027,855	1,434,189	9,036,450
Hospital Admitting Team	8,988	8,712	9,300	9,000	9,300	9,000	9,300	9,300	72,900
<b>TOTAL PHYSICIAN SERVICES</b>	<b>12,342,816</b>	<b>12,684,849</b>	<b>13,156,118</b>	<b>13,305,167</b>	<b>13,797,185</b>	<b>15,174,897</b>	<b>14,423,866</b>	<b>13,877,006</b>	<b>108,761,904</b>
<b>OTHER PROFESSIONAL SERVICES</b>									
Vision Service Capitation									
310 - Health Services - Utilization Management - UM Allocation *	234,491	234,963	238,174	240,308	241,148	241,282	241,716	239,716	1,911,798
311 - Health Services - Quality Improvement - UM Allocation *	639,425	596,974	655,378	585,083	693,556	694,688	677,141	786,180	5,348,425
312 - Health Services - Education - UM Allocation *	101,672	94,856	112,498	102,951	110,754	103,238	104,334	116,739	847,042
313 - Health Services - Pharmacy - UM Allocation *	55,993	51,352	57,865	54,139	67,598	56,777	56,700	67,200	472,970
314 - Health Homes - UM Allocation *	86,242	76,174	87,191	86,001	90,904	86,061	90,504	90,689	688,766
616 - Disease Management - UM Allocation *	19,018	28,633	40,290	48,254	40,895	40,488	38,342	44,575	300,495
Behavior Health Treatment	36,728	38,265	51,455	54,901	61,123	61,327	58,411	65,553	427,763
Mental Health Services	300,000	131,003	334,111	249,875	178,748	735,000	476,002	678,877	3,083,616
Other Professional Services	220,889	119,474	38,619	87,739	271,977	89,362	174,894	87,624	1,090,578
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>2,642,041</b>	<b>2,246,962</b>	<b>2,496,217</b>	<b>2,479,295</b>	<b>2,584,649</b>	<b>3,292,395</b>	<b>2,903,026</b>	<b>2,989,387</b>	<b>21,633,972</b>
EMERGENCY ROOM	4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	4,665,069	5,099,658	35,723,505
INPATIENT HOSPITAL	13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	14,193,273	13,361,803	13,546,637	114,445,460
REINSURANCE EXPENSE PREMIUM	103,176	103,384	103,399	105,736	107,515	106,164	106,355	105,475	841,204
OUTPATIENT HOSPITAL SERVICES	5,477,940	5,813,468	6,116,559	5,765,474	5,787,957	6,293,878	5,430,584	6,154,715	46,840,575
<b>OTHER MEDICAL</b>									
Ambulance	321,788	349,619	341,345	346,373	336,918	309,509	304,335	351,374	2,661,261
Home Health Services & CBAS	370,547	381,556	383,407	279,863	360,563	515,541	352,169	305,183	2,948,829
Utilization and Quality Review Expenses	67,616	315,998	142,141	135,334	155,745	141,184	207,396	179,731	1,143,145
Long Term/SNF/Hospice	1,022,042	820,073	961,497	1,172,612	1,443,187	1,061,036	788,463	603,671	7,872,581
Enhanced Medical Benefits	-	-	-	-	-	162,074	-	-	162,074
Non-Medical Transportation	315,831	340,260	386,323	441,238	433,820	431,464	322,832	360,248	3,032,016
<b>TOTAL OTHER MEDICAL</b>	<b>2,097,824</b>	<b>2,007,506</b>	<b>2,214,713</b>	<b>2,373,420</b>	<b>2,730,233</b>	<b>2,620,808</b>	<b>1,975,195</b>	<b>1,800,207</b>	<b>17,819,906</b>
<b>PHARMACY SERVICES</b>									
RX - Drugs & OTC	7,157,012	6,565,755	7,810,438	6,736,832	7,588,219	6,993,768	7,059,657	7,901,664	57,813,345
RX - HEP-C	561,061	672,985	971,345	944,297	787,421	1,429,338	1,072,244	982,856	7,421,547
Rx - DME	476,382	443,564	669,108	534,081	545,988	677,988	537,548	600,068	4,484,727
RX - Pharmacy Rebates	(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(66,000)	266,386	40,745	(410,637)
<b>TOTAL PHARMACY SERVICES</b>	<b>8,128,455</b>	<b>7,616,304</b>	<b>9,063,123</b>	<b>8,149,210</b>	<b>8,855,628</b>	<b>9,035,094</b>	<b>8,935,835</b>	<b>9,525,333</b>	<b>69,308,982</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>552,163</b>	<b>559,709</b>	<b>564,724</b>	<b>566,768</b>	<b>567,013</b>	<b>568,032</b>	<b>563,333</b>	<b>562,503</b>	<b>4,504,245</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(141,866)</b>	<b>111,013</b>	<b>(585,473)</b>	<b>(232,581)</b>	<b>(744,814)</b>	<b>(2,727,790)</b>	<b>(28,273)</b>	<b>1,034,615</b>	<b>(3,315,169)</b>
<b>Total Medical Costs</b>	<b>49,889,881</b>	<b>50,406,468</b>	<b>52,511,453</b>	<b>51,049,856</b>	<b>52,353,094</b>	<b>53,321,503</b>	<b>52,336,793</b>	<b>54,695,536</b>	<b>416,564,584</b>

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH AUGUST 31, 2017										JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	YEAR TO DATE 2017	
<b>PHYSICIAN SERVICES</b>																			
Primary Care Physician Services										14.50	12.94	11.11	12.15	10.98	12.30	10.76	11.02	11.96	
Referral Specialty Services										34.44	37.73	36.77	38.48	40.19	46.65	45.08	40.93	40.05	
Urgent Care & After Hours Advise										3.56	2.75	6.84	4.50	5.98	3.79	4.29	5.99	4.72	
Hospital Admitting Team										0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	
<b>TOTAL PHYSICIAN SERVICES</b>										<b>52.53</b>	<b>53.45</b>	<b>54.75</b>	<b>55.17</b>	<b>57.18</b>	<b>62.78</b>	<b>60.17</b>	<b>57.97</b>	<b>56.77</b>	
<b>OTHER PROFESSIONAL SERVICES</b>																			
Vision Service Capitation										1.00	0.99	0.99	1.00	1.00	1.00	1.01	1.00	1.00	
310 - Health Services - Utilization Management - UM Allocation *										2.81	2.52	2.73	2.43	2.87	2.87	2.82	3.28	2.79	
311 - Health Services - Quality Improvement - UM Allocation *										0.43	0.40	0.47	0.43	0.46	0.43	0.44	0.49	0.44	
312 - Health Services - Education - UM Allocation *										0.24	0.22	0.24	0.22	0.26	0.28	0.24	0.28	0.25	
313 - Health Services - Pharmacy - UM Allocation *										0.37	0.32	0.36	0.34	0.38	0.36	0.38	0.38	0.36	
314 - Health Homes - UM Allocation *										0.08	0.12	0.17	0.20	0.17	0.17	0.16	0.19	0.16	
616 - Disease Management - UM Allocation *										0.16	0.16	0.21	0.23	0.25	0.25	0.24	0.27	0.22	
Behavior Health Treatment										1.28	0.55	1.39	1.04	0.74	3.04	1.99	2.84	1.61	
Mental Health Services										0.94	0.50	0.16	0.36	1.13	0.37	0.73	0.37	0.57	
Other Professional Services										3.95	3.69	3.66	4.04	3.45	4.86	4.11	3.39	3.90	
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>										<b>11.24</b>	<b>9.47</b>	<b>10.39</b>	<b>10.28</b>	<b>10.71</b>	<b>13.62</b>	<b>12.11</b>	<b>12.49</b>	<b>11.29</b>	
<b>EMERGENCY ROOM</b>										<b>19.95</b>	<b>18.75</b>	<b>17.06</b>	<b>16.64</b>	<b>16.34</b>	<b>19.71</b>	<b>19.46</b>	<b>21.31</b>	<b>18.65</b>	
<b>INPATIENT HOSPITAL</b>										<b>59.58</b>	<b>62.41</b>	<b>63.59</b>	<b>60.22</b>	<b>61.03</b>	<b>58.72</b>	<b>55.74</b>	<b>56.59</b>	<b>59.74</b>	
<b>REINSURANCE EXPENSE PREMIUM</b>										<b>0.44</b>	<b>0.44</b>	<b>0.43</b>	<b>0.44</b>	<b>0.45</b>	<b>0.44</b>	<b>0.44</b>	<b>0.44</b>	<b>0.44</b>	
<b>OUTPATIENT HOSPITAL SERVICES</b>										<b>23.31</b>	<b>24.50</b>	<b>25.45</b>	<b>23.91</b>	<b>23.99</b>	<b>26.04</b>	<b>22.65</b>	<b>25.71</b>	<b>24.45</b>	
<b>OTHER MEDICAL</b>																			
Ambulance										1.37	1.47	1.42	1.44	1.40	1.28	1.27	1.47	1.39	
Home Health Services & CBAS										1.58	1.61	1.60	1.16	1.49	2.13	1.47	1.27	1.54	
Utilization and Quality Review Expenses										0.29	0.49	0.59	0.55	0.65	0.58	0.87	0.75	0.60	
Long Term/SNF/Hospice										4.35	3.46	4.00	4.86	5.98	4.39	3.29	2.52	4.11	
Enhanced Medical Benefits										0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	0.08	
Non-Medical Transportation										1.34	1.43	1.61	1.83	1.80	1.79	1.35	1.51	1.58	
<b>TOTAL OTHER MEDICAL</b>										<b>8.93</b>	<b>8.46</b>	<b>9.22</b>	<b>9.84</b>	<b>11.32</b>	<b>10.84</b>	<b>8.24</b>	<b>7.52</b>	<b>9.30</b>	
<b>PHARMACY SERVICES</b>																			
<b>RX - Drugs &amp; OTC</b>										<b>30.46</b>	<b>27.67</b>	<b>32.50</b>	<b>27.93</b>	<b>31.45</b>	<b>28.93</b>	<b>29.45</b>	<b>33.01</b>	<b>30.18</b>	
<b>RX - HEP-C</b>										<b>2.39</b>	<b>2.84</b>	<b>4.04</b>	<b>3.92</b>	<b>3.26</b>	<b>5.91</b>	<b>4.47</b>	<b>4.11</b>	<b>3.87</b>	
<b>Rx - DME</b>										<b>2.03</b>	<b>1.87</b>	<b>2.78</b>	<b>2.21</b>	<b>2.26</b>	<b>2.80</b>	<b>2.24</b>	<b>2.51</b>	<b>2.34</b>	
<b>RX - Pharmacy Rebates</b>										<b>(0.28)</b>	<b>(0.28)</b>	<b>(1.61)</b>	<b>(0.27)</b>	<b>(0.27)</b>	<b>(0.27)</b>	<b>1.11</b>	<b>0.17</b>	<b>(0.21)</b>	
<b>TOTAL PHARMACY SERVICES</b>										<b>34.59</b>	<b>32.09</b>	<b>37.71</b>	<b>33.79</b>	<b>36.70</b>	<b>37.38</b>	<b>37.28</b>	<b>39.79</b>	<b>36.18</b>	
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>										<b>2.35</b>	<b>2.36</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	<b>2.35</b>	
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>										<b>(0.60)</b>	<b>0.47</b>	<b>(2.44)</b>	<b>(0.96)</b>	<b>(3.09)</b>	<b>(11.29)</b>	<b>(0.12)</b>	<b>4.32</b>	<b>(1.73)</b>	
<b>Total Medical Costs</b>										<b>212.33</b>	<b>212.40</b>	<b>218.52</b>	<b>211.67</b>	<b>216.98</b>	<b>220.60</b>	<b>218.33</b>	<b>228.50</b>	<b>217.43</b>	

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT</b> <b>FOR THE MONTH ENDED AUGUST 31, 2017</b>			
177,810	269,445	1,648,387	1,999,416
	91,635		351,029
129,600	156,422	994,089	1,159,645
	26,822		165,556
503,659	570,160	3,707,091	4,516,170
	66,501		809,079
174,702	212,501	901,694	1,700,006
	37,799		798,312
486,766	495,260	3,704,998	4,061,741
	8,494		356,743
71,003	83,913	508,025	668,614
	12,910		160,589
(1,402)	44,975	9,086	359,800
	46,377		350,714
8,453	3,931	9,456	31,438
	(4,522)		21,982
26,798	150	37,858	6,800
	(26,648)		(31,058)
88,846	79,550	677,476	678,860
	(9,296)		1,384
10,949	7,550	19,307	60,400
	(3,399)		41,093
-	-	102	150
	-		48
179,828	194,556	1,342,073	1,550,494
	14,728		208,421
424,970	501,103	3,108,464	3,994,351
	76,133		885,887
322,254	332,356	2,311,203	2,543,970
	10,102		232,767
51,024	52,062	396,959	402,139
	1,038		5,180
8,374	44,350	218,911	354,800
	35,976		135,889
53,431	56,140	394,849	447,733
	2,709		52,884
142,634	160,131	1,068,675	1,078,147
	17,497		9,472
2,859,699	3,264,555	21,058,703	25,614,673
	404,856		4,555,970

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED AUGUST 31, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	YEAR TO DATE 2017
110 - Executive	279,907	177,920	209,756	191,067	192,888	255,274	163,765	177,810	1,648,387
210 - Accounting	110,185	137,255	124,511	103,181	126,637	140,068	122,652	129,600	994,089
220 - Management Information Systems (MIS)	408,164	408,429	469,937	432,868	512,776	498,673	472,585	503,659	3,707,091
225 - Infrastructure	3,723	152,258	173,666	83,611	126,901	100,980	85,853	174,702	901,694
230 - Claims	409,956	432,879	463,333	510,387	472,762	472,980	455,935	486,766	3,704,998
240 - Project Management	63,772	68,960	70,610	54,103	58,554	57,008	64,015	71,003	508,025
310 - Health Services - Utilization Management	159	2,491	(435)	280	1,637	178	6,178	(1,402)	9,086
311 - Health Services - Quality Improvement	500	15	-	-	488	-	-	8,453	9,456
312 - Health Services - Education	-	(66)	438	271	1,282	169	8,966	26,798	37,858.00
313- Pharmacy	85,960	79,829	90,520	80,420	88,218	83,335	80,348	88,846	677,476
314 - Health Homes	-	608	6,000	1,166	35	503	46	10,949	19,307
616 - Disease Management	33	-	-	-	-	69	-	-	102
320 - Provider Relations	136,674	143,067	186,675	164,456	206,559	167,646	157,168	179,828	1,342,073
330 - Member Services	364,293	349,583	382,981	378,129	415,875	409,866	382,767	424,970	3,108,464
340 - Corporate Services	263,501	243,425	320,028	291,136	281,586	284,593	304,680	322,254	2,311,203
360 - Audit & Investigative Services	73,998	40,824	45,501	36,418	49,395	50,015	49,784	51,024	396,959
410 - Advertising Media	19,017	3,800	46,065	25,789	56,200	15,998	43,668	8,374	218,911
420 - Sales/Marketing/Public Relations	47,664	55,567	49,579	44,462	48,882	53,183	42,081	53,431	394,849
510 - Human Resources	94,898	104,383	175,095	159,527	130,730	166,753	94,655	142,634	1,068,675
Total Department Expenses	2,362,404	2,401,227	2,814,260	2,557,271	2,771,405	2,757,291	2,535,146	2,859,699	21,058,703

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF AUGUST 31, 2017</b>			
<b>ASSETS</b>	<b>AUGUST 2017</b>	<b>JULY 2017</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,427,167	\$ 1,427,167	-
Interest Receivable	2,000	1,000	1,000
Prepaid Expenses & Other Current Assets	3,333	4,167	(834)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,432,500</b>	<b>\$ 1,432,334</b>	<b>\$ 166</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	6,615	6,615	-
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 360,464</b>	<b>\$ 360,464</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	1,996	1,830	166
Total Net Position	\$ 1,072,036	\$ 1,071,870	\$ 166
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,432,500</b>	<b>\$ 1,432,334</b>	<b>\$ 166</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED AUGUST 31, 2017	YEAR-TO-DATE		
<b>ENROLLMENT</b>						
-	-	-	Members	-	-	-
<b>REVENUES</b>						
-	-	-	Premium	-	-	-
1,000	-	1,000	Interest	7,864	-	7,864
-	-	-	Other Investment Income	800	-	800
1,000	-	1,000	<b>TOTAL REVENUES</b>	8,664	-	8,664
<b>EXPENSES</b>						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
1,000	-	1,000	<b>GROSS MARGIN</b>	8,664	-	8,664
<b>Administrative</b>						
834	-	(834)	Management Fee Expense and Other Admin Exp	6,668	-	(6,668)
834	-	(834)	Total Administrative Expenses	6,668	-	(6,668)
834	-	(834)	<b>TOTAL EXPENSES</b>	6,668	-	(6,668)
166	-	166	<b>OPERATING INCOME (LOSS)</b>	1,996	-	1,996
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-
166	-	166	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	1,996	-	1,996
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	0%	0%	0%
83%	0%	-83%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	77%	0%	-77%

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

2017 MEMBER MONTHS
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	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
<b>MEDI-CAL</b>												
<b>ADULT AND FAMILY</b>												
PA - FAMILY	36,123	36,255	36,565	35,376	34,185	34,130	34,024	34,925				
MN - FAMILY	0	0	0	0	0	0	0	0	1			
REFUGEE - FAMILY	1	1	0	2	2	4	4	9	4			
FOSTER CARE	493	498	508	536	594	608	588	749				
POVERTY-133/200%	2	2	2	2	0	1	1	1				
POVERTY-100%	0	0	0	0	0	0	0	0				
MI - CHILD	104,391	105,746	107,285	108,562	109,014	103,096	107,948	106,527				
CHILD-ACA	-127	430	405	415	422	428	316	379				
FAMILY - UNDER 19	20,203	20,297	19,877	19,885	20,312	20,627	20,456	20,632				
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>161,086</b>	<b>163,229</b>	<b>164,642</b>	<b>164,778</b>	<b>164,529</b>	<b>164,892</b>	<b>163,337</b>	<b>163,223</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MEDI-CAL EXPANSION</b>												
LHP Transition Pre-ACA	26	69	58	65	65	60	62	60				
ACA Expansion Adult-Citizen	54,856	55,872	56,493	57,020	57,401	57,096	56,661	56,342				
ACA Expansion CAL Fresh Adult	9	1	4	5	5	7	7	6				
LHP Transition Pre-ACA	514	500	532	573	594	580	561	601				
<b>SUB-TOTAL MANDATORY</b>	<b>55,405</b>	<b>56,442</b>	<b>57,087</b>	<b>57,663</b>	<b>58,065</b>	<b>57,743</b>	<b>57,291</b>	<b>57,009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>SDP MEMBERS</b>												
SSI-AGED	158	185	191	194	174	162	193	173				
MN - AGED	1,338	1,359	1,388	1,357	1,322	1,443	1,443	1,446				
SSI - BLIND & DIS-ABLED	11,702	11,823	11,614	11,701	11,631	11,934	11,852	11,808				
MN - BLIND & DIS-ABLED	326	393	346	325	288	317	288	381				
<b>SUB-TOTAL MANDATORY SPD</b>	<b>13,524</b>	<b>13,560</b>	<b>13,539</b>	<b>13,577</b>	<b>13,415</b>	<b>13,856</b>	<b>13,776</b>	<b>13,808</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL MANDATORY</b>	<b>230,015</b>	<b>233,231</b>	<b>235,268</b>	<b>236,018</b>	<b>236,009</b>	<b>236,491</b>	<b>234,404</b>	<b>234,040</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>OTHER MEMBERS</b>												
BCCTP-TOBACCO SETTLEMENT	29	30	27	28	26	30	29	31				

<b>DUALS</b>												
PA - FAMILY DUALS	31	17	15	21	15	37	31	28				
PART D SSI - AGED	615	628	625	673	666	677	704	697				
PART D MN - AGED	1,127	1,116	1,134	1,173	1,229	1,194	1,164	1,205				
PART D SSI - BLIND & DIS-ABLED	2,067	2,011	2,081	2,086	2,128	2,102	2,149	2,151				
PART D MN - BLIND & DIS-ABLED	762	780	740	751	735	772	818	820				
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	2	2	2	2				
PART D MI - ADULT	0	0	0	0	0	0	0	0				
PART D MI - CHILD	316	360	417	427	472	411	415	389				
<b>SUB-TOTAL DUALS</b>	<b>4,919</b>	<b>4,913</b>	<b>5,013</b>	<b>5,132</b>	<b>5,247</b>	<b>5,195</b>	<b>5,283</b>	<b>5,292</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL OTHERS</b>	<b>4,948</b>	<b>4,943</b>	<b>5,040</b>	<b>5,160</b>	<b>5,273</b>	<b>5,225</b>	<b>5,312</b>	<b>5,323</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>TOTAL KAISER</b>	<b>7,103</b>	<b>7,365</b>	<b>7,466</b>	<b>7,619</b>	<b>7,714</b>	<b>7,745</b>	<b>7,796</b>	<b>7,811</b>				
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<b>TOTAL MEDI-CAL MEMBERS</b>	<b>242,066</b>	<b>245,539</b>	<b>247,774</b>	<b>248,797</b>	<b>248,996</b>	<b>249,461</b>	<b>247,512</b>	<b>247,174</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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# KERN • HEALTH SYSTEMS

JULY AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2704	MCG HEALTH LLC****	564,740.80	705,846.01	2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5	HE-UM
T1045	KAISER FOUNDATION HEALTH	363,031.83	2,426,549.10	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE****	222,721.77	222,721.77	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2	ADMINISTRATION
T2355	CALPERS****	182,084.00	182,084.00	2017/2018 ANNUAL UNFUNDED ACCRUED LIABILITY	ADMINISTRATION
T4696	ZNALYTICS, LLC****	143,050.37	341,347.10	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4350	COMPUTER ENTERPRISES INC.****	139,237.60	373,933.40	2017 CONSULTING SERVICES	CAPITAL PROJECT IN
T4237	FLUIDEDGE CONSULTING	108,045.84	595,331.29	JUN. & JUL. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4654	DELAWARE****	98,136.73	492,541.85	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW
T1960	LOCAL HEALTH PLANS OF CA. INC****	96,810.36	96,810.36	2016/2017 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T2726	ARGUS HEALTH SYSTEMS, INC.	83,259.21	660,772.21	JUNE PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4695	EDIFEGS, INC.	82,920.00	1,086,014.72	PERPETUAL LICENSES FOR EDI MANAGEMENT	CAPITAL PROJECT IN PROCESS
T4582	HEALTHX, INC****	54,500.00	175,200.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER &
T1597	BAKERSFIELD MEMORIAL HOSP****	50,000.00	150,000.00	BMH DIABETIC CLINIC 2016-2017	HE-DISEASE MANAGEMENT

# KERN·HEALTH SYSTEMS

JULY AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2686	ALLIANT INSURANCE SERVICES INC	48,150.80	283,783.72	2017/2018 WORKERS COMPENSATION PREMIUM	ADMIN
T4193	TECHNOSOCIALWORK.COM	48,123.74	137,809.50	JUN. & JUL. OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2413	TREK IMAGING INC*****	47,040.03	100,857.46	PROMOTIONS- MEMBER GIVEAWAYS	VARIOUS
T2961	SOLUTIONS BENCH, LLC*****	43,311.95	149,306.95	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T2933	SIERRA PRINTERS, INC. *****	42,800.24	110,973.82	PROVIDER DIRECTORIES, PREVENTIVE CARE GUIDES	VARIOUS
T2969	AMERICAN BUSINESS MACHINES INC*****	41,706.01	76,005.41	MONTHLY COPIER MAINTENANCE & HARDWARE- 3 NEW COPIERS	MIS INFRASTRUCTURE
T2918	STINSONS*****	40,045.06	99,129.66	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T2584	UNITED STATES POSTAL SVC.- HASLER*****	40,000.00	110,000.00	POSTAGE-METERED	VARIOUS
T1071	CLINICA SIERRA VISTA*****	39,786.96	483,931.97	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2469	DST HEALTH SOLUTIONS, INC*****	36,896.37	48,310.49	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT	MIS INFRASTRUCTURE
T1272	COFFEY COMMUNICATIONS INC.*****	30,471.38	87,796.21	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	29,931.84	171,991.60	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	25,354.12	201,923.44	TEMPORARY HELP - 1 MIS, 1 HR, 3 CLAIMS, 1 UM, 1 PR, 1 MS.	VARIOUS

# KERN HEALTH SYSTEMS

JULY AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4686	CENTRIC HEALTH****	23,175.00	81,111.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T1189	APPLE ONE INC.	19,462.42	118,507.54	TEMPORARY HELP - 1 PHARM, 1 CS, 3 CLAIMS	VARIOUS
T3011	OFFICE ALLY, INC.	17,852.00	114,742.75	JUNE EDI CLAIM PROCESSING	CLAIMS
T4585	DELANO UNION SCHOOL DISTRICT****	17,500.00	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT****	17,500.00	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4546	LEVEL 3 COMMUNICATIONS, LLC	16,541.72	114,508.66	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2837	TOYS/BABIES R US	16,079.11	43,230.24	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4740	HEALTHCARE SCOUTS, INC****	15,868.53	55,298.26	RECRUITMENT/DIRECT HIRE- MEMBER HEALTH EDUCATOR BERNARDO OCHOA	HUMAN RESOURCES
T4460	PAYSPAN, INC	15,619.95	94,801.41	JUNE EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4467	MEDISOFTRX, LLC.	14,700.00	102,000.00	JUNE PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T1861	CERIDIAN HCM, INC****	14,477.25	83,492.37	JULY DAYFORCE MANAGEMENT	HUMAN RESOURCES
T4478	AMERICAN FIDELITY ASSURANCE CO.	13,153.04	82,325.19	JULY EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4538	CHANGE HEALTHCARE SOLUTIONS	13,012.47	81,059.69	JUNE EDI CLAIM PROCESSING	CLAIMS

# KERN HEALTH SYSTEMS

JULY AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4708	HEALTH MANAGEMENT ASSOCIATES, INC*****	12,958.75	17,600.00	CONSULTING FEES	PROVIDER RELATIONS
T4733	UNITED STAFFING ASSOCIATES	12,391.50	28,246.89	TEMP HELP - 1 HOME HEALTH, 1 PM, 1 AIS	VARIOUS
T4168	RELAYHEALTH	12,212.97	91,674.02	MAY EDI CLAIM PROCESSING	CLAIMS
T2955	DELTA ELECTRIC INC.*****	11,941.92	29,555.29	BUILDING MAINTENANCE-INSTALLATION OF NEW CAMARAS	CORPORATE SERVICES
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH*****	10,800.00	32,248.00	SPONSORSHIP - FLU SHOTS	MARKETING
		<b>2,977,403.64</b>			
	TOTAL VENDORS OVER \$10,000	2,977,403.64			
	TOTAL VENDORS UNDER \$10,000	346,377.16			
	TOTAL VENDOR EXPENSES-July	<b>3,323,780.80</b>			

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	2,426,549.10	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4695	EDIFECS, INC.	1,086,014.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4699	ZeOMEGA, INC.	1,043,685.88	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1408	DELL MARKETING L.P.	961,096.14	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 3060, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T2704	MCG HEALTH LLC	705,846.01	2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5	HE-UM
T2726	ARGUS HEALTH SYSTEMS, INC.	660,772.21	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	595,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T4237	FLUIDEDGE CONSULTING	595,331.29	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T4654	DELAWIE	492,541.85	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T1071	CLINICA SIERRA VISTA	483,931.97	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
T4350	COMPUTER ENTERPRISE INC.	373,933.40	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	341,347.10	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2686	ALLIANT INSURANCE SERVICES INC	283,783.72	2017/2018 WORKERS COMPENSATION PREMIUM	ADMIN
T3460	THE GUARDIAN LIFE INSURANCE CO.	281,132.17	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2167	PG&E	277,606.53	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	235,584.52	TEMPORARY HELP	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE*****	222,721.77	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2	ADMINISTRATION
T4308	TRUXTUN PLACE PARTNERS	201,923.44	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T4193	TECHNOSOCIALWORK.COM	185,933.24	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2355	CALPERS*****	182,084.00	2017/2018 ANNUAL UNFUNDED ACCRUED LIABILITY	ADMINISTRATION
T4582	HEALTHX, INC	175,200.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T1597	BAKERSFIELD MEMORIAL HOSP	150,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR.	HE-DISEASE MANAGEMENT
T2961	SOLUTION BENCH, LLC	149,306.95		MIS INFRASTRUCTURE
T2597	FUSION STORM INC.	141,663.01	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	118,507.54	TEMPORARY HELP	VARIOUS

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3011	OFFICE ALLY, INC.	114,742.75	EDI CLAIM PROCESSING	CLAIMS
T4546	LEVEL 3 COMMUNIATIONS, LLC	114,508.66	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS IMFRAStructure
T2933	SIERRA PRINTERS, INC.	110,973.82	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T2584	UNITED STATES POSTAL SVC.-HASLER	110,000.00	POSTAGE-METERED	VARIOUS
T4467	MEDISOFTX, LLC.	102,000.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2413	TREK IMAGING INC	100,857.46	PROMOTIONS GIVEAWAYS	VARIOUS
T2918	STINSON'S	99,129.66	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T1960	LOCAL HEALTH PLANS OF CA, INC*****	96,810.36	2016/2017 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T4460	PAYSPAN, INC	94,801.41	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4168	RELAYHEALTH	91,674.02	EDI CLAIM PROCESSING	CLAIMS
T4165	SHI INTERNATIONAL CO.	90,230.19	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T1272	COFFEY COMMUNICATIONS INC.	87,796.21	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	83,492.37	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T4478	AMERICAN FIDELITY ASSURANCE CO.	82,325.19	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4686	CENTRIC HEALTH	81,111.54	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
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	81,059.69	EDI CLAIM PROCESSING	CLAIMS
TT4452	WELLS FARGO 3500 2469	77,663.87	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T4664	TURNOR THE. LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CM/DM
T2969	AMERICAN BUSINES MACHINES INC	76,005.41	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T4740	HEALTHCARE SCOUTS, INC	55,298.26	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4396	KAISER FOUNDATION HEALTH-DMHO	50,879.31	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4537	BURKE, WILLIAMS & SORENSEN, LLP	49,138.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T2469	DST HEALTH SOLUTIONS, INC.	48,310.49	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T3084	KERN COUNTY-COUNTY COUNSEL	47,976.60	LEGAL FEES	ADMINISTRATION
T4405	SMARTERP SOLUTIONS, INC.	47,305.84	2017 CONSULTING FEES	CAPITAL PROJECTS IN PROCESS
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	47,250.00	2016 AUDIT FEES	ADMINISTRATION
T4653	FORMS ON FIRE, INC.	44,865.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T2837	TOYS/BABIES R US	43,230.24	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION



# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4694	KELLY SERVICES, INC.	41,176.14	TEMP HELP 1-QI, DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T4688	VANGUARD MEDICAL CORPORATION	40,386.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4737	TEKSYSTEMS, INC.	39,198.72	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	37,800.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,500.00	SPONSORSHIP	MARKETING
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	33,519.00	2017 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	33,266.58	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	32,248.00	FLU CLINIC SPONSORSHIPS	MARKETING
T4386	STACY POEHLMAN	31,955.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T4503	VISION SERVICE PLAN	30,925.80	EMPLOYEE BENEFITS-VISION	VARIOUS
T4561	SRI & SHARMA, LLC	30,625.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	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
T2446	AT&T MOBILITY	30,043.03	CELLULAR PHONE	MIS INFRASTRUCTURE
T4603	ECFIRST.COM	30,042.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T2955	DELTA ELECTRIC INC.	29,555.29	BUILDING MAINTENANCE	CORPORATE SERVICES
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
T4563	SPH ANALYTICS	28,627.95	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T4733	UNITED STAFFING ASSOCIATES	28,246.69	TEMPORARY HELP	VARIOUS
T3986	JACQUELYN S. JANS	26,280.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T2941	KERN PRINT SERVICES INC.	26,092.24	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T1032	THE BAKERSFIELD CALIFORNIAN	25,844.20	EMPLOYMENT AD	HUMAN RESOURCES
T2441	POPPYROCK DESIGNS	25,032.00	MATERIAL DESIGN	VARIOUS
T1183	MILLIMAN USA	25,024.50	CY2015 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4501	ALLIED UNIVERSAL SECURITY SERVICES	23,790.00	BUILDING SECURITY & PATROLING SERVICES	CORPORATE SERVICES
T2562	CACTUS SOFTWARE LLC	23,010.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4707	SHAFTER PEDIATRICS	22,904.43	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4685	NATIONAL GIFT CARD CORP	22,572.02	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	22,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T1128	HALL LETTER SHOP, INC	22,313.64	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH	VARIOUS
T4294	J. SERVICES JANITORIAL	22,265.00	MAINTENANCE-JANITORIAL SERVICES	CORPORATE SERVICES
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T4183	LAMAR ADVERTISING OF BAKERSFIELD	20,000.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T1180	LANGUAGE LINE SERVICES INC.	19,374.50	INTERPRETATION SERVICES	MEMBER SERVICES
T4384	PINNACLE PRIMARY CARE, INC.	18,480.22	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2234	HASMIJAH AMIN MD	18,101.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	18,000.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4228	THE SSI GROUP, LLC	17,706.60	EDI CLAIM PROCESSING	CLAIMS

# KERN • HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4708	HEALTH MANAGEMENT ASSOCIATES, INC*****	17,600.00	CONSULTING FEES	PROVIDER RELATIONS

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3990	SPARKLETT'S INC.	17,591.91	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4585	DELANO UNION SCHOOL DISTRICT****	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT****	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4778	CLINICA LA VICTORIA A MEDICAL CORP	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4594	MEDVERSANT TECHNOLOGIES, LLC****	16,500.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4768	HEALTHCARE SUPPORT STAFFING, INC	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.****	16,017.73	CONSULTING SERVICES	MIS INFRASTRUCTURE
T4587	MCINTOSH & ASSOCIATE	15,670.85	FEBRUARY/MARCH PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T1347	ADVANCED DATA STORAGE	15,090.32	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T3449	CDW GOVERNMENT	14,308.63	HARDWARE- 10 CISCO PHONES, 7 APPLE IPAD/TABLES, CABLE, 7 APPLE IPAD/TABLES, 3 MICROSOFT ERGONOMIC, PROJECTOR, 2 CANON SCANNERS, 1 DELL LATITUDE E5440	MIS INFRASTRUCTURE
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	14,284.55	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4544	BARNERS WEALTH MANAGEMENT GROUP	14,126.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4640	REGAL CINEMEDIA CORP*****	13,624.00	MEMBER INCENTIVE PROGRAM	HE-QI
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO	13,590.90	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4747	SYED ALAM, M.D. INC.	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2796	TELERIK INC*****	12,497.29	DEV-CRAFT DEVELOPER LICENSE/SUBSCRIPTION	MIS INFRASTRUCTURE
T3010	CORE BUSINESS INTERIORS	12,344.48	FURNITURE--(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION	CORPORATE SERVICES
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T1644	BRIGHT HOUSE NETWORK	12,257.05	INTERNET SERVICES	MIS INFRASTRUCTURE
T1022	UNUM LIFE INSURANCE CO.****	11,596.88	EMPLOYEE LONG TERM AND LIFE INSURANCE	PAYROLL DEDUCTION
T4742	SIERRA WEST CONSULTING GROUP, INC.	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T4417	KAISER FOUNDATION HEALTH PLAN*****	11,237.94	EMPLOYEE HEALTH BENEFITS	HE-UM
T3378	CARRIER CORPORATION	10,736.19	BUILDING MAINTENANCE	CORPORATE SERVICES
T3065	CAREERBUILDER, LLC	10,500.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T4239	COAST TO COAST COMPUTER*****	10,471.70	OFFICE SUPPLIES - TONERS	CORPORATE SERVICES
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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4739	SECURITAS SECURITY SERVICES USA, INC.*****	10,241.52	SECURITY SERVICES	CORPORATE SERVICES
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
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		<u>16,952,381.41</u>		
	TOTAL VENDORS OVER \$10,000	16,952,381.41		
	TOTAL VENDORS UNDER \$10,000	660,385.54		
	TOTAL VENDOR EXPENSES-July	<u>17,612,766.95</u>		

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

# KERN•HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	363,133.48	2,789,682.58	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4654	DELAWIE	241,772.11	734,313.96	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW
T2726	DST PHARMACY SOLUTIONS, INC	80,078.54	740,850.75	JULY PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4237	FLUIDEDGE CONSULTING	70,785.58	666,116.87	JUL. & AUG. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4350	COMPUTER ENTERPRISES INC.	64,949.60	438,883.00	2017 CONSULTING SERVICES	CAPITAL PROJECT IN
T2292	CITY OF BAKERSFIELD****	52,581.00	57,649.09	UTILITIES-GARBAGE/SEWER FEES, PLAN FEES COMMERCIAL NEW BUILDING	VARIOUS
T4695	EDIFECs, INC.	42,720.00	1,128,734.72	PERPETUAL LICENSES FOR EDI MANAGEMENT	CAPITAL PROJECT IN PROCESS
T4483	PREMIER VALLEY MEDICAL GROUP****	40,000.00	40,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4733	UNITED STAFFING ASSOCIATES	36,942.92	65,189.61	TEMP HELP - 1 HOME HEALTH, 1 PM, 1 AIS, BENEFIT MANAGER DIRECT HIRE	VARIOUS
T4582	HEALTHX, INC	36,500.00	211,700.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER &
T2413	TREK IMAGING INC	35,918.96	136,776.42	PROMOTIONS - MEMBER GIVEAWAYS	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	31,418.37	233,341.81	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T4193	TECHNOSOCIALWORK.COM	27,331.83	213,265.07	JUL. & AUG. OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS



# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2961	SOLUTIONS BENCH, LLC	26,547.15	175,854.10	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T1272	COFFEY COMMUNICATIONS INC.	24,646.80	112,443.01	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T1189	APPLE ONE INC.	24,250.73	142,758.27	TEMPORARY HELP - 1 PHARM, 1 CS, 1 CLAIMS, 2 UM, 1 MS	VARIOUS
T3449	CDW GOVERNMENT*****	23,976.08	38,284.71	HARDWARE: 2- PROJECTOR LAMPS FOR MIS, 900 LICENSES WEBSense, 3- ERGO KEYBOARD	MIS INFRASTRUCTURE
T4168	RELAYHEALTH	23,152.71	114,826.73	JUN. & JUL. EDI CLAIM PROCESSING	CLAIMS
T4738	AMERICAN LOGISTICS COMPANY*****	22,360.61	22,360.61	JUL. 2017 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	21,309.37	223,232.81	TEMPORARY HELP - 1 MIS, 1 PR, 1 MS.	VARIOUS
T3378	CARRIER CORPORATION*****	18,016.85	28,753.04	BUILDING MAINTENANCE - DX AC UNIT REPLACEMENT	CORPORATE SERVICES
T4798	KERN HIGH SCHOOL DISTRICT*****	17,500.00	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS*****	17,500.00	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T1071	CLINICA SIERRA VISTA	16,745.31	500,677.28	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4546	LEVEL 3 COMMUNICATIONS, LLC	16,348.25	130,856.91	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE

# KERN•HEALTH SYSTEMS

AUGUST AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T3011	OFFICE ALLY, INC.	15,620.50	130,363.25	JUNE EDI CLAIM PROCESSING	CLAIMS
T2837	TOYS/BABIES R US	15,079.26	58,309.50	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4016	FIRST DATABANK, INC*****	14,770.00	14,770.00	NATIONAL DRUG CODE SOFTWARE	MIS INFRASTRUCTURE
T4467	MEDISOFTX, LLC.	14,700.00	116,700.00	JUL. PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4609	GREGORY D. BYNUM AND ASSOCIATES*****	14,506.33	47,772.91	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4610	EVERBRIDGE, INC*****	13,950.00	13,950.00	TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS	MIS INFRASTRUCTURE
T4396	KAISER FOUNDATION HEALTH-DHMO*****	12,890.75	63,770.06	EMPLOYEE HEALTH BENEFIT	VARIOUS
T1128	HALL LETTER SHOP, INC.*****	12,119.84	34,433.48	NEW MEMBER PKT, VACCINE POSTERS, MEMBERSHIP CARDS, BOOKLET ENVELOPES, WELLNESS REWAR LETTER	VARIOUS
T4460	PAYSPAN, INC	11,509.64	106,311.05	JULY EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE

# KERN HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4685	NATIONAL GIFT CARD CORP*****	10,519.94	33,091.96	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4538	CHANGE HEALTHCARE SOLUTIONS	10,125.49	91,185.18	JULY EDI CLAIM PROCESSING	CLAIMS
		<u>1,522,278.00</u>			
	TOTAL VENDORS OVER \$10,000	1,522,278.00			
	TOTAL VENDORS UNDER \$10,000	234,316.58			
	TOTAL VENDOR EXPENSES-Aug.	<u><u>1,756,594.58</u></u>			

Note:

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	2,789,682.58	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4695	EDIFICS, INC.	1,128,734.72	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION	CAPITAL PROJECT IN PROCESS
T4699	ZeOMEGA, INC.	1,049,777.67	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1408	DELL MARKETING L.P.	966,145.86	HARDWARE- 15- LATTITUDE E5470, 4 BROCADE 6610, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, 12-23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T2726	ARGUS HEALTH SYSTEMS, INC.	740,860.75	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4654	DELAWIE	734,313.96	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T2704	MCG HEALTH LLC	705,846.01	2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5	HE-UM
T4237	FLUIDEDGE CONSULTING	666,116.87	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING.	VARIOUS
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	596,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T1071	CLINICA SIERRA VISTA	500,677.28	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4350	COMPUTER ENTERPRISE INC.	438,883.00	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	345,549.96	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T2686	ALLIANT INSURANCE SERVICES INC	287,131.72	2017/2018 INSURANCE RENEWALS	ADMIN
T3460	THE GUARDIAN LIFE INSURANCE CO.	281,132.17	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2167	PG&E	277,634.26	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	256,893.89	TEMPORARY HELP	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	233,341.81	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T1845	DEPARTMENT OF MANAGED HEALTH CARE	222,721.77	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2	ADMINISTRATION
T4193	TECHNOSOCIALWORK.COM	213,265.07	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T4582	HEALTHX, INC	211,700.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL ADMINISTRATION
T2355	CALPERS	182,084.00	2017/2018 ANNUAL UNFUNDED ACCRUED LIABILITY	MIS INFRASTRUCTURE
T2961	SOLUTION BENCH, LLC	175,854.10	M-FILES LICENSES & MAINTENANCE	HE-DISEASE MANAGEMENT
T1597	BAKERSFIELD MEMORIAL HOSP	150,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST QTR.	VARIOUS
T1189	APPLE ONE INC.	142,758.27	TEMPORARY HELP	MIS INFRASTRUCTURE
T2597	FUSION STORM INC.	141,663.01	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	VARIOUS
T2413	TREK IMAGING INC	136,776.42	PROMOTIONS - MEMBER GIVEAWAYS	VARIOUS

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4546	LEVEL 3 COMMUNICATIONS, LLC	130,856.91	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	130,363.25	EDI CLAIM PROCESSING	CLAIMS
T4467	MEDISOFTRX, LLC.	116,700.00	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4168	RELAYHEALTH	114,826.73	EDI CLAIM PROCESSING	CLAIMS
T2933	SIERRA PRINTERS, INC.	114,626.83	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T1272	COFFEY COMMUNICATIONS INC.	112,443.01	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T2584	UNITED STATES POSTAL SVC.-HASLER	110,000.00	POSTAGE-METERED	VARIOUS
T2918	STINSON'S	106,683.59	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4460	PAYSPAN, INC	106,311.05	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T3473	PACIFIC HEALTH CONSULTING GROUP	99,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T1960	LOCAL HEALTH PLANS OF CA. INC	96,810.36	2016/2017 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T4165	SHI INTERNATIONAL CO.	92,070.31	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	91,185.18	EDI CLAIM PROCESSING	CLAIMS
TT4452	WELLS FARGO 3500 2469	84,413.34	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	83,492.37	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T4478	AMERICAN FIDELITY ASSURANCE CO.	82,325.19	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4686	CENTRIC HEALTH	81,111.54	COMMUNITY BENEFIT PROGRAM GRANT	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	77,129.34	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4664	TURNORTHE, LLC	76,686.27	HARDWARE - 2 NIMBLE STORAGE EXPANSION	CAPITAL PROJECT IN PROGRESS-CMDM
T4733	UNITED STAFFING ASSOCIATES	65,189.61	TEMPORARY HELP	VARIOUS
T4396	KAISER FOUNDATION HEALTH-DMHDO	63,770.06	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	58,476.00	2017 ACAP DUES	ADMINISTRATION
T2837	TOYS/BABIES R US	58,309.50	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T2292	CITY OF BAKERSFIELD*****	57,649.09	UTILITES-GARBAGE/SEWER FEES, PLAN FEES COMMERCIAL NEW BUILDING	VARIOUS
T4740	HEALTHCARE SCOUTS, INC	55,298.26	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4537	BURKE, WILLIAMS & SORENSEN, LLP	53,890.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T2469	DST HEALTH SOLUTIONS, INC.	48,310.49	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T3084	KERN COUNTY-COUNTY COUNSEL	47,976.60	LEGAL FEES	ADMINISTRATION
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC	47,772.91	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4405	SMARTERP SOLUTIONS, INC.	47,305.84	2017 CONSULTING FEES	CAPITAL PROJECTS IN PROCESS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	47,250.00	2016 AUDIT FEES	ADMINISTRATION
T4653	FORMS ON FIRE, INC.	44,865.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T4694	KELLY SERVICES, INC.	41,176.14	TEMP HELP 1- QI, DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR	VARIOUS
T4688	VANGUARD MEDICAL CORPORATION	40,386.09	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4483	PREMIER VALLEY MEDICAL GROUP*****	40,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4737	TEKSYSTEMS, INC.	39,198.72	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T3449	CDW GOVERNMENT	38,284.71	HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	37,840.00	DAILY AND MONTHLY PASSES GET BUS PASSES	MEMBER SERVICES
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	36,572.00	SPONSORSHIP & BOARD MEETING LUNCH	MARKETING
T4386	STACY POEHLMAN	36,085.00	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	35,194.00	2017 ANNUAL DUES ASSESSMENT & ANNUAL CONFERENCE REGISTRATION	ADMINISTRATION
T4561	SRI & SHARMA, LLC	35,000.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T2446	AT&T MOBILITY	34,629.84	CELLULAR PHONE	MIS INFRASTRUCTURE
T4059	KERN VALLEY HEALTH CARE DISTRICT	34,474.45	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS





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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1128	HALL LETTER SHOP, INC	34,433.48	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PKT.	VARIOUS
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4685	NATIONAL GIFT CARD CORP	33,091.96	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T2676	WEST COAST MAINTENANCE	32,433.80	JANITORIAL SERVICES	CORPORATE SERVICES
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	32,248.00	FLU CLINIC SPONSORSHIPS	MARKETING
T4503	VISION SERVICE PLAN	30,925.80	EMPLOYEE BENEFITS-VISION	VARIOUS
T2955	DELTA ELECTRIC INC.	30,835.29	BUILDING MAINTENANCE	CORPORATE SERVICES
T4707	SHAFTER PEDIATRICS	30,250.23	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	30,100.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3986	JACQUELYN S. JANS	30,060.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T4603	ECFIRST.COM	30,042.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T4294	J. SERVICES JANITORIAL	29,775.00	MAINTENANCE-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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1183	MILLIMAN USA	29,345.50	CY2015 RDT CONSULTING - ACTUARIAL	ADMINISTRATION
T2941	KERN PRINT SERVICES INC.	28,955.84	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T3378	CARRIER CORPORATION	28,753.04	BUILDING MAINTENANCE	CORPORATE SERVICES
T4563	SPH ANALYTICS	28,627.95	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	28,580.00	APP-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE
T2441	POPPYROCK DESIGNS	28,032.00	MATERIAL DESIGN	VARIOUS
T1032	THE BAKERSFIELD CALIFORNIAN	27,629.56	EMPLOYMENT AD	HUMAN RESOURCES
T4501	ALLIED UNIVERSAL SECURITY SERVICES	27,262.00	BUILDING SECURITY & PATROLLING SERVICES	CORPORATE SERVICES
T1180	LANGUAGE LINE SERVICES INC.	25,003.81	INTERPRETATION SERVICES	MEMBER SERVICES
T4683	CLAUDIA M. BACA	24,818.01	CONSULTING SERVICES	PROJECT MANAGEMENT
T2562	CACTUS SOFTWARE LLC	23,010.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	22,975.05	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	22,500.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	22,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING	CAPITAL PROJECT-NEW BUILDING
T4738	AMERICAN LOGISTICS COMPANY*****	22,360.61	JUL. 2017 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4384	PINNACLE PRIMARY CARE, INC.	22,062.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4497	SKILLSOFT CORPORATION	20,836.93	YEAR 2 OF 3 -LICENSE FEE FOR ONLINE TRAINING	HUMAN RESOURCES
T4228	THE SSI GROUP, LLC	20,588.40	EDI CLAIM PROCESSING	CLAIMS
T2234	HASMUKH AMIN MD	20,400.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	20,250.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	20,017.73	CONSULTING SERVICES	MIS INFRASTRUCTURE
T3990	SPARKLETTS INC.	19,849.45	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4708	HEALTH MANAGEMENT ASSOCIATES, INC	17,600.00	CONSULTING FEES	PROVIDER RELATIONS
T1347	ADVANCED DATA STORAGE	17,568.85	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T4585	DELANO UNION SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4798	KERN HIGH SCHOOL DISTRICT*****	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT*****	17,500.00	WELLNESS PROGRAM GRANT	HEALTH EDUCATION

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4778	CLINICA LA VICTORIA A MEDICAL CORP	16,700.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4594	MEDVERSANT TECHNOLOGIES, LLC	16,500.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4768	HEALTHCARE SUPPORT STAFFING, INC	16,224.00	DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN	HUMAN RESOURCES
T4587	MCINTOSH & ASSOCIATE	15,670.85	FEBRUARY/MARCH PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING
T4385	EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO	15,512.68	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4016	FIRST DATABANK, INC*****	14,770.00	NATIONAL DRUG CODE SOFTWARE SUBSCRIPTION LICENSE	MIS INFRASTRUCTURE
T4544	BARNERS WEALTH MANAGEMENT GROUP	14,126.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T2840	ATALASOFT, INC.	14,040.00	SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4610	EVERBRIDGE, INC*****	13,950.00	TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS	MIS INFRASTRUCTURE
T4739	SECURITAS SECURITY SERVICES USA, INC.	13,870.32	SECURITY SERVICES	CORPORATE SERVICES
T1644	BRIGHT HOUSE NETWORK	13,853.92	INTERNET SERVICES	MIS INFRASTRUCTURE
T4425	PRO RESTORATION SERVICES INC.	13,726.05	BUILDING IMPROVEMENT - STRUCTURAL REPAIRS	CORPORATE SERVICES
T1022	UNUM LIFE INSURANCE CO.	13,678.48	EMPLOYEE LONG TERM AND LIFE INSURANCE	PAYROLL DEDUCTION
T4640	REGAL CINEMEDIA CORP	13,624.00	MEMBER INCENTIVE PROGRAM	HE-QI



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4732	COFFEE SURGERY CENTER, LLC	12,929.50	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4663	DEVELOPMENT DIMENSIONS INTERNATIONAL, INC.*****	12,820.54	TRAINING MATERIAL	HUMAN RESOURCES
T4747	SYED ALAM, M.D. INC.	12,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2796	TELERIK INC	12,497.29	DEV/CRAFT DEVELOPER LICENSE/SUBSCRIPTION	MIS INFRASTRUCTURE
T3010	CORE BUSINESS INTERIORS	12,344.48	FURNITURE--(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION	CORPORATE SERVICES
T2938	SAP AMERICA, INC	12,308.32	2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T4239	COAST TO COAST COMPUTER	11,514.17	OFFICE SUPPLIES - TONERS	CORPORATE SERVICES
T4742	SIERRA WEST CONSULTING GROUP, INC.	11,240.00	SCHIMATIC DESIGN PHASE	CAPITAL PROJECT-NEW BUILDING
T4417	KAISER FOUNDATION HEALTH PLAN	11,237.94	EMPLOYEE HEALTH BENEFITS	HE-UM
T4230	COFFEE BREAK SERVICE, INC.*****	11,048.30	MISC. SUPPLIES-COFFEE, CREAMER, WATER	CORPORATE SERVICES
T3065	CAREERBUILDER, LLC	10,500.00	EMPLOYEE RECRUITMENT - JOB POSTING	HUMAN RESOURCES
T1263	THE GAS COMPANY*****	10,424.25	UTILITIES	CORPORATE SERVICES
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	BXPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE	CAPITAL PROJECT IN PROCESS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
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
T2844	MARCH OF DIMES	10,000.00	2017 MARCH OF DIMES SPONSORSHIP	VARIOUS
		<u>18,661,489.96</u>		
	TOTAL VENDORS OVER \$10,000	18,661,489.96		
	TOTAL VENDORS UNDER \$10,000	707,871.57		
	TOTAL VENDOR EXPENSES-August	<u>19,369,361.53</u>		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
<b>January</b>							
Velocity Partners	\$48,672.00	Yes	IT	Richard Pruitt	(2) Two remote technical resources to support ZeOmega	1/1/2017	3/31/2017
CEI	\$54,818.40	Yes	IT	Richard Pruitt	2,008 Professional services hours	1/1/2017	12/31/2017
West Coast Maintenance	\$83,820.00	Yes	CS	Alonso Hurtado	Janitorial Services	1/1/2017	12/31/2017
Jacquelyn S. Jans	\$45,360.00	Yes	MK	Louie Iturrria	Marketing and Corporate Image Consulting	1/1/2017	12/31/2017
Poppyrock Designs	\$36,000.00	Yes	MK	Louie Iturrria	Graphic design services	1/1/2017	12/31/2017
Skillsoft	\$62,510.79	Yes	HR	Anita Martin	Online training for employees	1/31/2017	1/30/2019
<b>February</b>							
Solution Bench	\$52,250.00	Yes	IT	Richard Pruitt	40 Concurrent licenses, 1 server test and 10 concurrent licenses	2/24/2017	2/23/2018
Solution Bench	\$32,100.00	Yes	IT	Richard Pruitt	30 Scanfinity licenses	2/24/2017	2/23/2018
<b>March</b>							
LifeSigns, Inc.	\$45,000.00	Yes	HE	Isabel Silva	ASL interpretation services	3/2/2017	3/1/2018
SPH Analytics	\$43,010.00	No	PR	Emily Duran	2017 Member Survey and 2016 Provider Satisfaction Survey	3/2/2017	3/27/2018
<b>May</b>							
J Services	\$61,000.00	Yes	CS	Alonso Hurtado	Janitorial services for Stockdale and Truxtun	5/8/2017	12/31/2017
DPV&B	\$49,000.00	Yes	ACCT	Robin Plumb	Financial auditing services	5/4/2017	5/3/2018
Sierra Printers	\$30,960.85	Yes	PR	Emily Duran	Provider directories	5/4/2017	5/3/2018
Language Line Services	\$56,000.00	Yes	MIS	Nate Scott	Translation services	5/29/2017	5/28/2018
<b>June</b>							
Solution Bench	\$30,008.00	Yes	IT	Richard Pruitt	10 Test licenses and 1 UAT server with 10 licenses	6/15/2017	6/14/2018
<b>July</b>							
Medversant	\$66,750.00	Yes	PR	Emily Duran	Provider Directory Solution to comply with SB 137	7/1/2017	6/30/2018
Dell	\$81,108.05	Yes	IT	Richard Pruitt	PowerEdge blade servers (5) M630	7/22/2017	7/22/2021
Bakersfield Californian	\$33,000.00	Yes	HR	Anita Martin	Marketing advertising and job postings	7/8/2017	7/7/2018
Symplr	\$48,750.00	Yes	IT	Richard Pruitt	SaaS Software license and consulting services for three years.	7/6/2017	7/5/2020
Spectrum	\$34,164.00	Yes	IT	Richard Pruitt	Stockdale internet services with 14 Static IP Addresses	7/1/2017	6/30/2020
ABM	\$35,107.87	Yes	IT	Richard Pruitt	Purchase of three new multi-functional printers	7/6/2017	9/30/2018
Milliman	\$96,500.00	Yes	PR	Emily Duran	Data analytics for KHS strategic plan on Value-Based Payment	7/6/2017	7/5/2018
<b>August</b>							
Milliman	\$88,000.00	Yes	ACCT	Robin Plumb	Actuarial Services	8/1/2017	7/31/2018







**TO: KHS Board of Directors**

**FROM: Martha Tasinga, M.D., Chief Medical Officer**

**DATE: October 12, 2017**

**SUBJECT: Varicose Vein Treatment**

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**Background**

Kern Health Systems (KHS) periodically reviews and evaluates the benefits and associated medical criteria utilized under the health plan to ensure the provision of safe, efficient, and high quality care.

Evidence-based practice entails making decisions about how to promote health or provide care by integrating the best available evidence with practitioner expertise and other resources, and with the characteristics, state, needs, values and preferences of the KHS membership. Utilization of evidence based criteria consistently fosters this practice, enabling our Medical Directors and/or designee(s) a source of reference for medical decision making.

One area of focus in 2017 involved the treatment of varicose veins; specifically, we reviewed the Provider's qualifications, conservative treatment therapies, frequency of these treatments and their impact to our member's health. KHS's clinical leadership conducted an extensive review of the Medi-Cal and governing medical board guidelines for varicose vein treatment. Although, MCG Clinical Guidelines (KHS's evidence based criteria vendor) serves as the primary source in determining medical necessity, they do not include the necessary qualifications for the types of providers performing these treatments.

By combining all of the necessary requirements from the above listed agencies and vendors, KHS has created a comprehensive criteria to address all areas involving varicose vein treatments. The criteria was presented to the Physician's Advisory Committee as an agenda discussion topic and was unanimously approved for use by the KHS Clinical staff.

**Requested Action**

Approve the revised Varicose Vein Treatment criteria approved by the KHS Physician Advisory Committee on September 6, 2017.



## **Kern Health Systems Criteria**

### **Department: Utilization Management**

### **Subject: Varicose Veins Treatment Modalities**

*ALL varicose vein procedures will require Prior Authorization and will not be permitted to be submitted for retro review UNLESS considered a medical emergency.*

Varicose vein procedures will be required to adhere to the MCAL standards and criteria outlined in Kern Health Systems contract with the Department of Health Care Services. *Sclerotherapy is not a covered benefit under Kern Health Systems.*

*Requests will NOT be approved for multiple treatment sessions of the same procedure on the same extremity. Kern Family Health Care will approve one treatment session per extremity.*

Documented expertise of training within the scope of the provider's residency training or practice should be submitted to the KHS Provider Relations Department for review.

A referral from the member's Primary Care Provider (PCP) must be documented as conservative management of varicose veins is considered to be within the scope of practice for Primary Care. Please submit all necessary documentation with the request for review, including but not limited to the Prerequisites before Venous procedures can be approved:

- Patient has worn gradient compression stockings of minimum 20 mmHg pressure for more than 3 months (indicating stockings were actually worn on the legs-must specify the exact length of time the patient has used stockings and a description as to why the stockings were not successful), Stockings MUST have been obtained by a contracted provider/vendor with Kern Health Systems that can be validated in the claims system;  
**AND**

- No signs or symptoms of PAD especially, no claudication, with proper arterial work up beforehand; **AND**
- Internationalist provides a vein map showing the flow of blood based upon analysis of blood pattern in the extremity, marked with an X to show which veins to be ablated with a narrative as to how will affect the blood flow pattern post operatively; **AND**
- Venous Doppler Study results must be in the form of machine print out. (ALL Ultrasounds reports MUST include reflux times (**not velocities**) and vessel size for each of the requested vessels, reflux time must be greater than .5 sec.; **AND**
- No obstruction and clot of deep veins (exception when re-cannulated); **AND**
- A comprehensive treatment plan, all encompassing, for dealing with each leg, which veins, in which combination will be done at that one single sitting, and ablated by what method(s) at the time of the initial request, (this plan may be altered over time if condition of patient should change); **AND**
- Perforators are allowed only with overlying ulceration; **AND**
- Greater Saphenous Vein (GSV) is to be done first (GSV first approach). GSV must have an incompetent Sapheno-Femoral Junction (SFJ) greater than 0.5 cm with reflux over 0.5 sec; GSV above the knee ablated before GSV below the knee; **\*\*Note that Kern Health Systems will not approve payment for a second treatment session on same limb, and recognizes that a minimum of four months must pass after GSV before the Small Saphenous Vein (SSV) on same side could be considered; AND**
- Overweight patients have tried weight loss with documented program in the PCP progress notes of supervised diet and exercise for at least 3 months, with logs of meals and exercise, and weight loss; **AND**
- Kern Health Systems reserves right to request a second opinion (preferably a vascular surgeon) , or the option of sending the case for outside review; **AND**
- Vascular Interventionalists must be an interventional radiologist, general surgeon, or vascular surgeon by training and certification.
- Cardiologists who have performed more than 100 procedures on KHS patients will be grand fathered and will continue to be allowed to perform these venous procedures on KHS patients.
- Providers outside of these specialties including cardiologists who want to perform these procedures must be approved by KHS Physicians Advisory Committee (PAC).
- The provider must submit the following documentation for PAC Review supporting that they have the needed skills by training (the syllabus from any training must be provided), experience (minimum of 75-100 cases performed on non-KHS patients and documented by submission of the sanitized procedural report along with outcomes).
- Records must be complete with symptoms, differential diagnosis for discomfort and edema outlined, ultrasound results for all vessels intended to be obliterated, a proposed total plan of care, and arterial side disease fully worked up beforehand; **AND**

- For re-do ablations, according to Medi-Cal regulations, three months minimum have passed between ablation and redo with repeat use of compression stockings, to qualify for a re-do and there must be a repeat Doppler exam showing incompetency and reflux for reimbursement; **AND**
- Absence of Contraindications for the procedure. Contraindications are listed below:
  - Pregnancy or within 3 months of delivery
  - Acute febrile illness
  - Local or general infection
  - Severe distal arterial occlusive disease (ABI 0.4 or less)
  - Recent DVT
  - Acute DVT or acute superficial thrombophlebitis
  - Inability to ambulate
  - Tortuosity of the great saphenous vein severe enough to impede catheter advancement.

*Any patient undergoing venous procedures without documentation of trial and failure of conservative treatment in PCP records will not be approved.*

Radiofrequency Ablation or Modoc is allowed if any one of the following are met:

- Patient has ulcer, **OR**
- Patient has external bleeding (soiling of clothing or blood trail on skin of leg), **OR**
- Patient has had serious venous thrombophlebitis (marked by palpable cord, redness, swelling of extremity, tenderness to touch), **OR**
- **All** of the following signs and symptoms:

**Pain:** Pain must be documented to result in significant impact on activities of daily living (cannot work, cannot get groceries, etc.). There must be an analysis of other potential sources of pain in the limb, to include spine, knee, Peripheral Arterial Disease (PAD), Neuropathy, edema, overweight, muscle fatigue, shin splints, osteoarthritis, overuse syndromes, **AND**

**Varicosity:** This must involve a truncal vein incompetency defined as GSV, AASV, or SSV. Ablation of perforators are allowed only if there is an overlying ulceration. SSV is allowed only if simultaneous with GSV or following GSV; **AND**

- Varicosities must be > 5mm in size in both calf and thigh (few scattered varicosities that are confined to branch veins or clusters do not meet criteria)
- Tributaries, reticular, spider, or telangiectasia patterns and lateral saphenous and posterior saphenous veins, are not included in the criteria. ( Other veins such as post arch, veins in popliteal area, communicating or intersaphenous veins, Leonardo,

Crosse, Dodd or Hunter, Sherman and Boyd, and Cockett veins are not approved for this procedure); **AND**

**Edema:** Edema must be of grade 1 or 2 (not 3 or 4) that extends to near the knee (not just foot and ankle), There must be a thorough analysis of other possible causes for edema to include: Congestive Heart Failure, PAD, End Stage Renal Disease, End Stage Liver Disease, medication side effect (i.e. amlodipine) ; **AND**

**Physical Abnormalities:** Diffuse pigmentary changes / hypodermatitis/ white atrophy / hemosiderosis / lipodystrophy /or lipodermatosclerosis that includes more than the lower third of the calf (not limited to skin over a varicosity, only perimalleolar area, or includes the

DRAFT





**To: KHS Board of Directors**

**From: Martha Tasinga M.D., Chief Medical Officer**

**Date: October 12, 2017**

**Re: Chief Medical Officer Report**

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**Medical Cost and Utilization Trend Analyses: (Attachment A)**

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

The overall number of visits across all Aide categories is trending higher than budget. We continue to see that the SPD PMPM and cost per professional service is much higher than budget and on an upward trend. The SPDs are utilizing the higher cost professional services more frequently than usual. We are doing an in-depth analysis of the different populations served to design programs to align with the health care need of each population. This should help reverse this trend in cost and utilization in the SPD population.

**Outpatient Utilization**

Encounters for routine child health exams remain the most common reason for outpatient visits for the Family aide group.

Type II diabetes and ESRD are the top 2 diagnosis for the SPDs and the Expansion AID groups. These two diagnoses account for 15.84 visits Per 1000 SPD members and 4.21 visits per 1000 SPD members.

We have a Diabetes Disease Management program and diabetic clinics at different locations in the counter. We are planning on implementing a diabetes prevention program to prevent increase in the number of diabetics in our population.

**Pharmacy**

The monthly cost and utilization per enrollee for all aid categories is at or below budget for August 2017. The cost per script is below budget for SPDs and is trending upwards for Family AIDE group. We are going to do further analysis to identify the cause of this upward trend in the FAMILY Aide code cost per script.

### **Inpatient Services**

The PMPM cost of inpatient services is trending down and in budget for all Aide categories. This is due to downward trend in the number of admits and average length of stay. The slight upward trend of cost per bed day for the Expansion is related to the severity of illness in this population. We continue to work closely with our hospital partners and physicians to identify alternative levels of care that are safe and less costly for our members.

### **Emergency Room (ER)**

The number of ER visits appears to have stabilized and in budget. We continue to explore alternatives including the use of technology to bring other services to our members in lieu of ED visits.

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

#### **Inpatient Admissions**

Total inpatient admissions for Aug 2017 decreased slightly when compared to July 2017 and August 2016. Bakersfield Memorial Hospital (BMH) continues to provide the largest amount of inpatient services. Adventist Hospital accounts for the second highest number of admissions.

#### **Obstetrics Services**

During the month of July, 2017, vaginal births accounted for 79% of the births and cesarean section 21%. The percent of cesarean births remained roughly the same when compared to the prior month and to July, 2016.

#### **ER Visits**

Over the past 12 months ER visits have trended downward for BMH and Mercy Hospitals and remained constant for Adventist, Kern Medical and Heart Hospital. The number of visits for the number of members enrolled continues to be within acceptable parameters.



**Quarter2, 2017 Grievance Summary (Attachment E)**

Attachment E is the Quarterly Member Grievance Report for second quarter, 2017. The report delineates by category, types of grievances members formally file with the health plan relating to provider and health plan complaints. In total, 243 complaints were filed in the Quarter up from 208 from Quarter 1, 2017. The distribution of complaints among categories was consistent with the highest number (67%) relating to members treatment by physician office staff. Each complaint is investigated with physicians and their staff to attempt to mitigate future problems or reoccurring complaints with the same facility. Quality of care issues where appropriate were evaluated against “best practices” criteria and shared with providers.

In all instances, no extraordinary measures needed to be taken following the investigation and addressing of these grievances.

**July 1, 2017 Regulatory Changes- (CMS Mega Regulations- Attachment E)**

New regulations impacting the identification, tracking and reporting of grievances took effect July 1<sup>st</sup>, 2017. These regulations cover:

- What constitutes a grievance and what is included in the appeal process.
- How the grievance is documented.
- How the grievance is filed and time frame for filing.
- What recourse members have should they not be satisfied with the outcome.



*Governed Reporting System*

Attachment A

# **Kern Health Systems**

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



Governed Reporting System

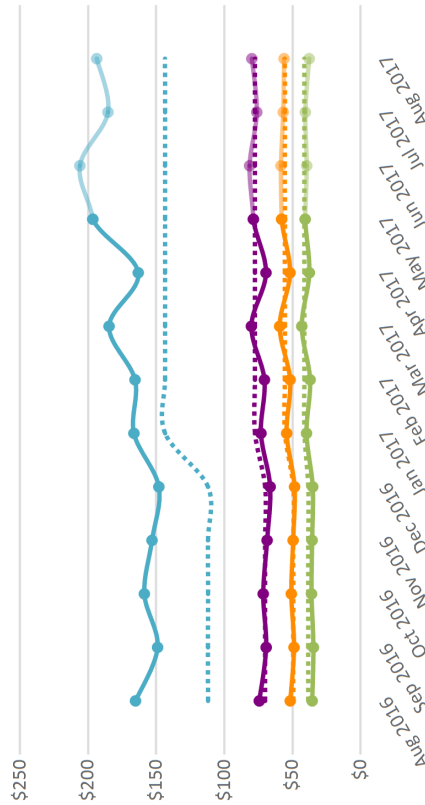


Physician Services

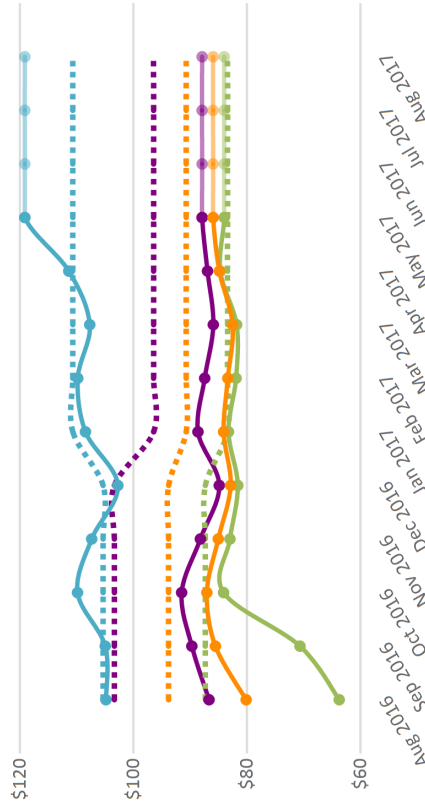
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

- MCAL Expansion - Actual
- ... MCAL Expansion - Budget
- MCAL Expansion - Forecast
- MCAL Family/Other - Actual
- ... MCAL Family/Other - Budget
- MCAL Family/Other - Forecast
- Total Combined - Actual
- ... Total Combined - Budget
- Total Combined - Forecast

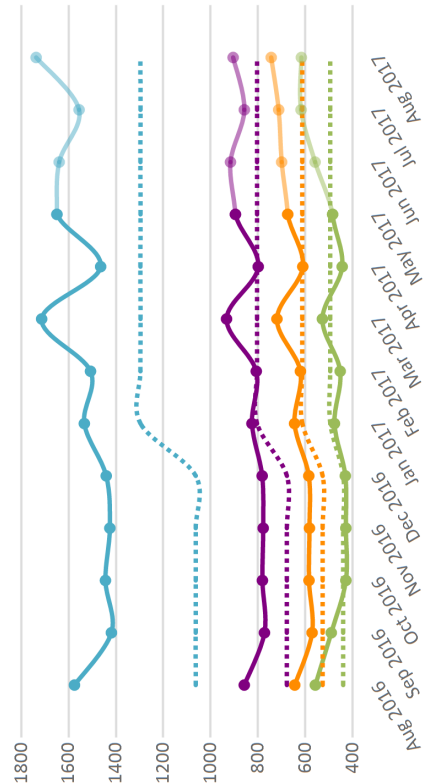
Professional Services Incurred by Aid Group PMPM



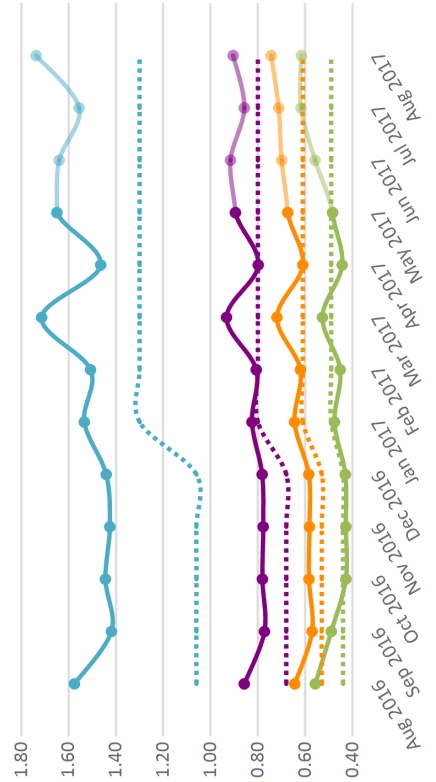
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





Governed Reporting System

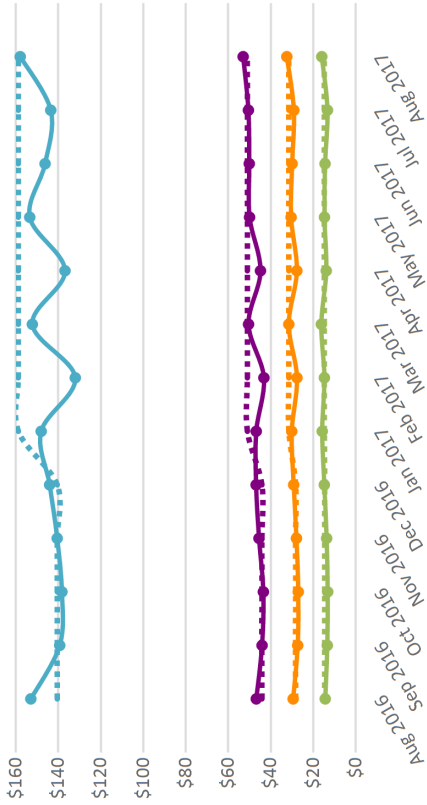


Pharmacy

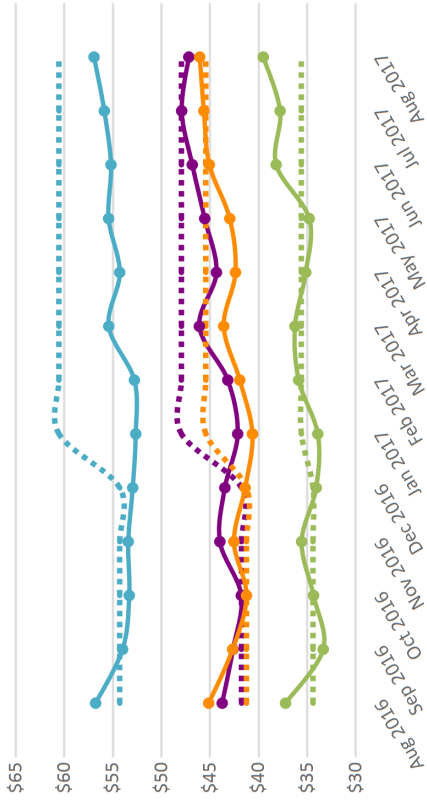
(Includes: Claims paid by PBM)

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

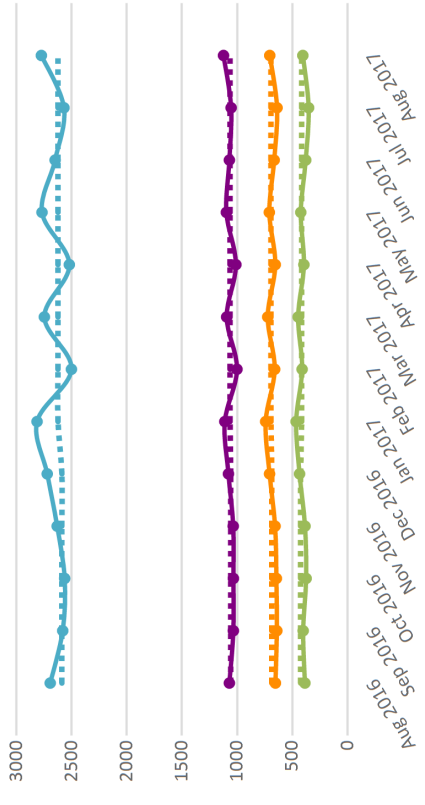
Pharmacy Services Incurred by Aid Group PMPM



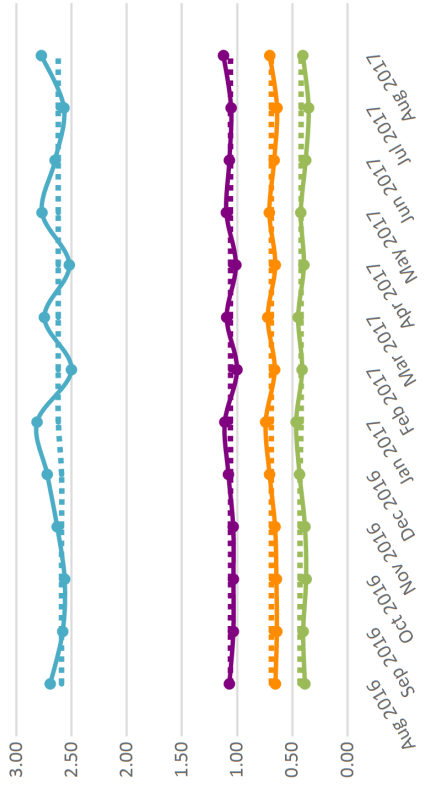
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





Governed Reporting System

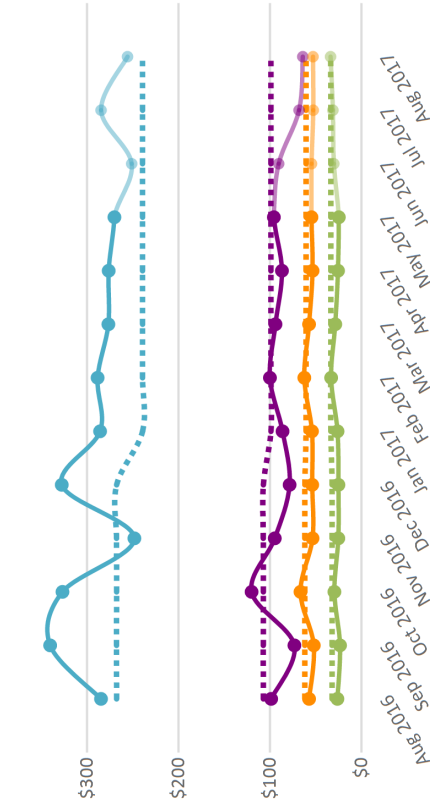


Inpatient

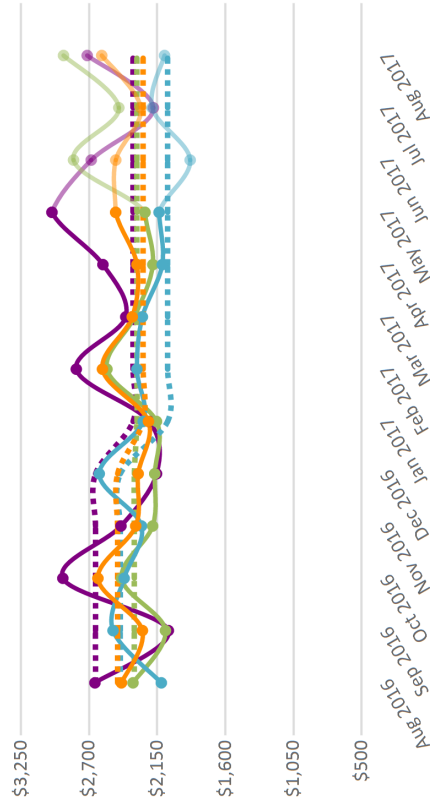
(Includes: Inpatient Hospital Claims)

- MCAL Expansion - Actual
- ... MCAL Expansion - Budget
- MCAL Expansion - Forecast
- MCAL Family/Other - Actual
- ... MCAL Family/Other - Budget
- MCAL Family/Other - Forecast
- Total Combined - Actual
- ... Total Combined - Budget
- Total Combined - Forecast

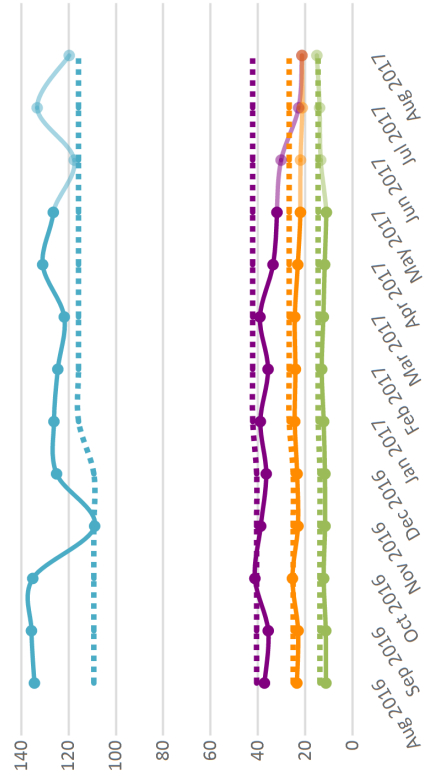
Inpatient Services Incurred by Aid Group PMPM



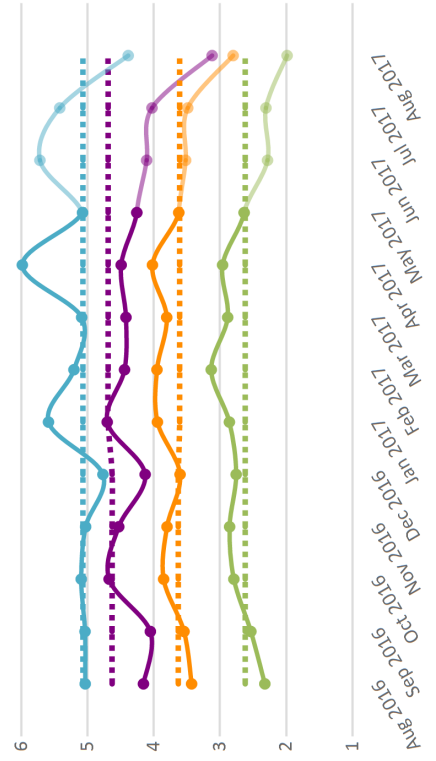
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group

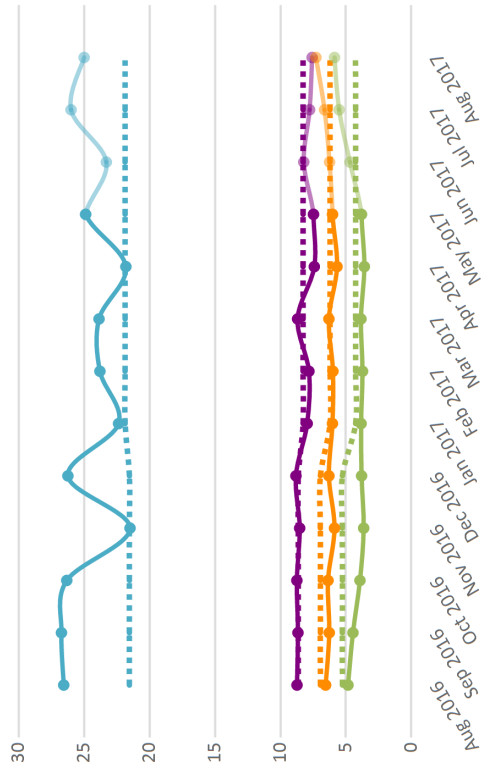


**Inpatient**

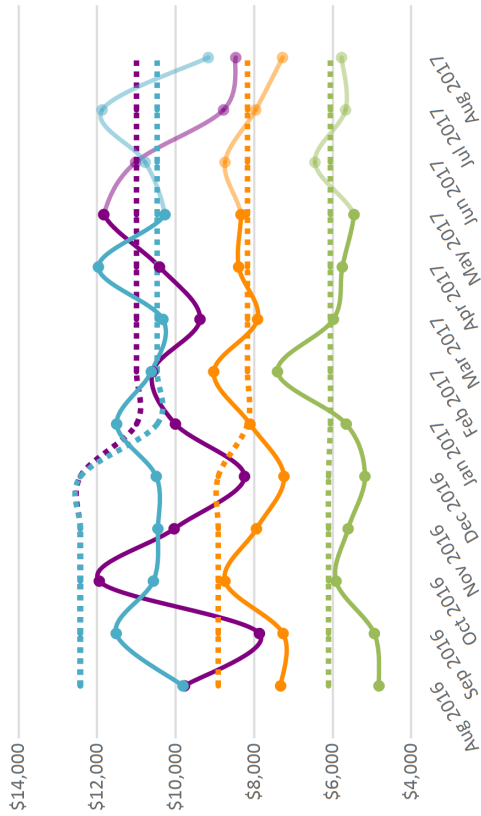
(Includes: Inpatient Hospital Claims)

- 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

Incurring Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group



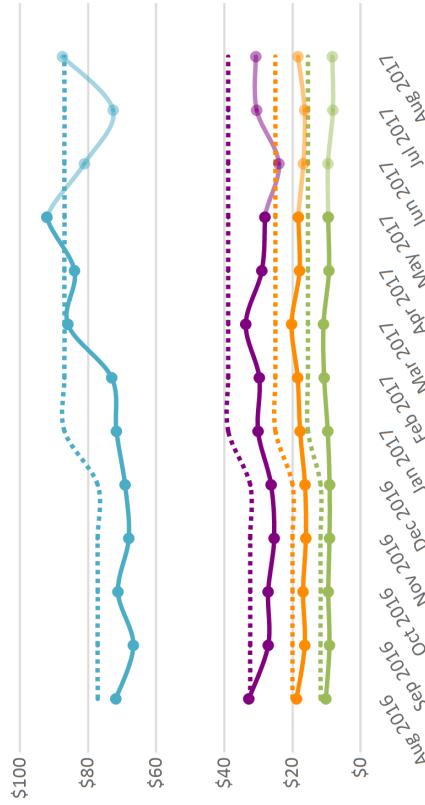


## Outpatient Hospital

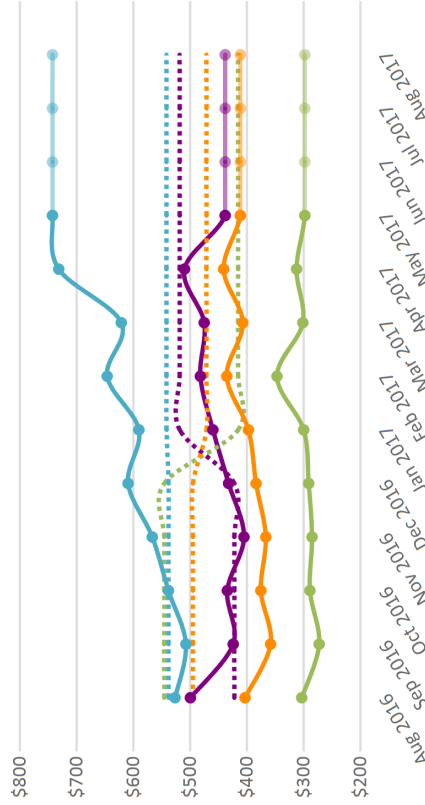
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

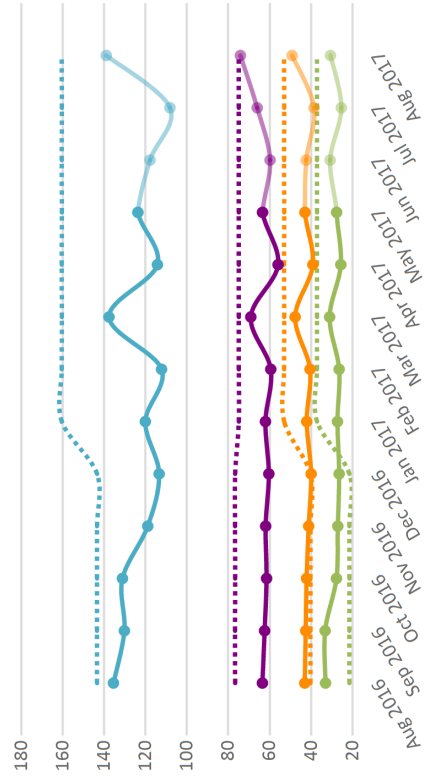
Outpatient Services Incurred by Aid Group PMPM



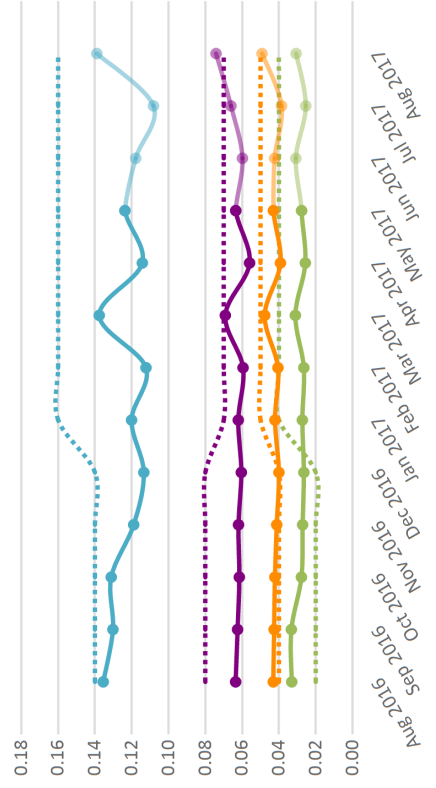
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





Governed Reporting System



Emergency Room

● Total Combined - Actual  
⋯ Total Combined - Budget  
— Total Combined - Forecast

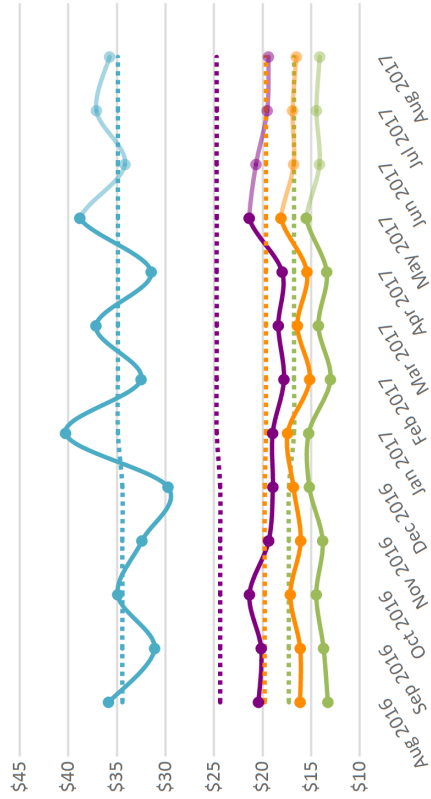
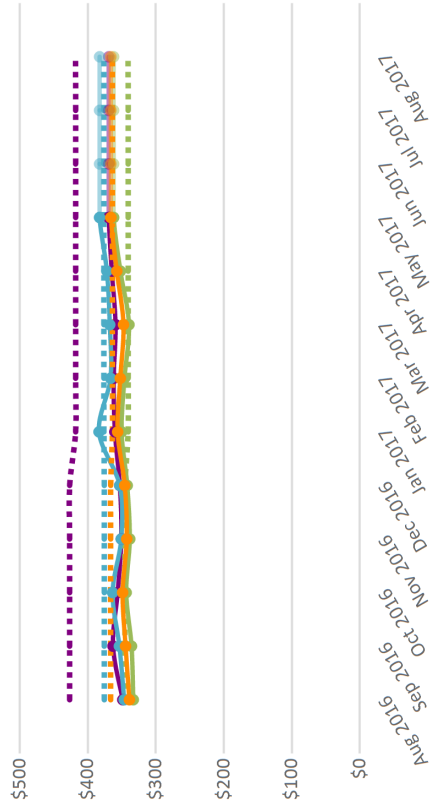
● MCAL SPD - Actual  
⋯ MCAL SPD - Budget  
— MCAL SPD - Forecast

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

● MCAL Expansion - Actual  
⋯ MCAL Expansion - Budget  
— MCAL Expansion - Forecast

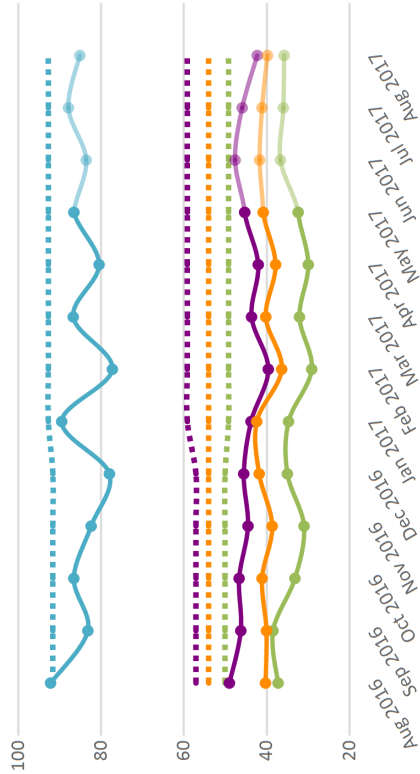
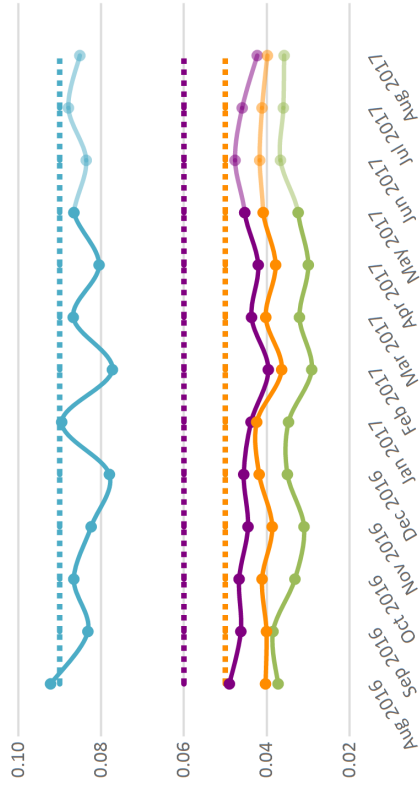
Cost Per ER Visit by Aid Group

ER Services Incurred by Aid Group PMPM



ER Visits per Member per Month by Aid Group

ER Visits per 1,000 per Month by Aid Group

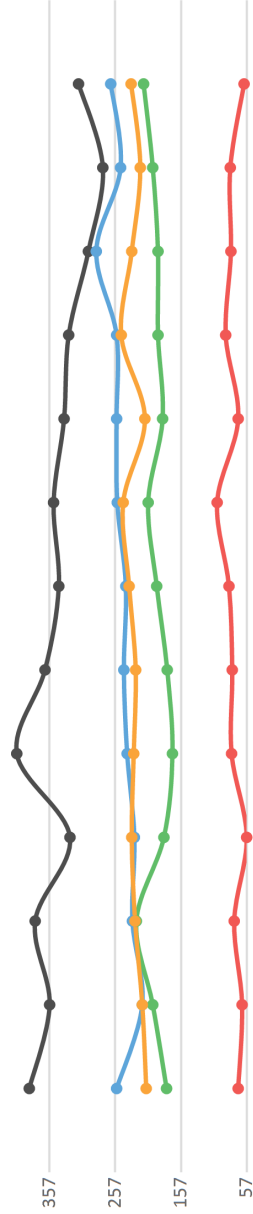




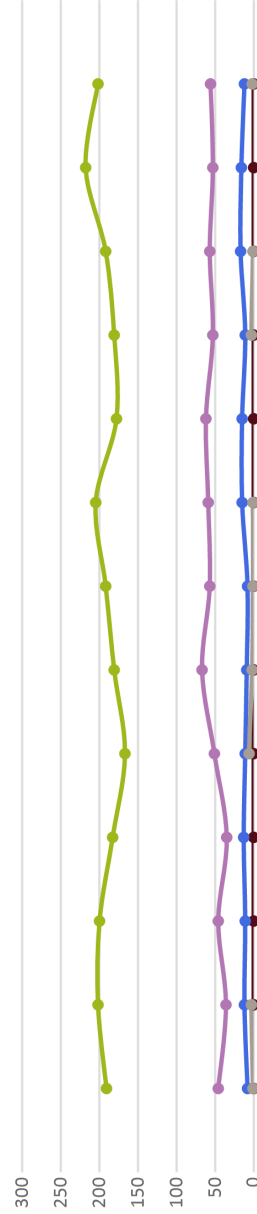


Governed Reporting System

Inpatient Admits by Hospital



	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
BAKERSFIELD MEMORIAL	388	357	379	326	407	364	343	351	335	328	298	276	313
SAN JOAQUIN COMMUNITY	255	216	231	228	239	244	241	254	255	255	286	249	264
KERN MEDICAL	210	216	227	232	229	226	236	245	212	248	232	219	233
MERCY HOSPITAL	179	200	225	183	170	178	194	207	185	192	192	200	214
GOOD SAMARITAN HOSPITAL	70	64	76	57	80	79	84	102	70	89	81	82	61

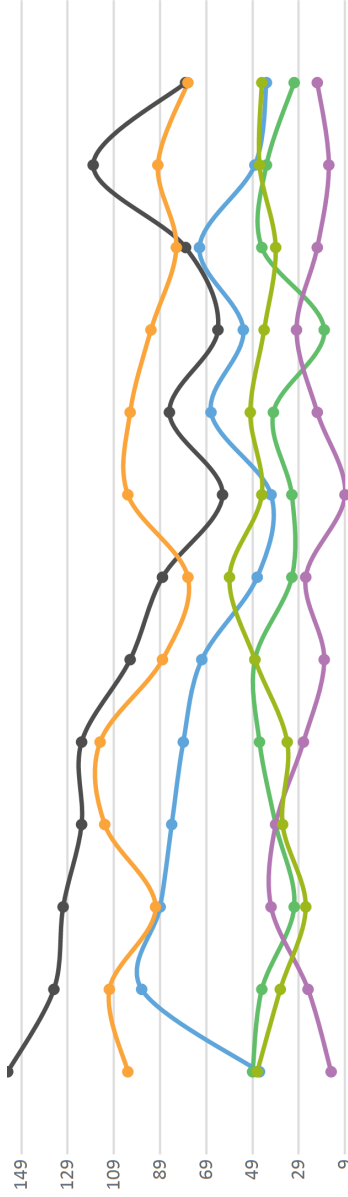


	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
OUT OF AREA	191	202	200	183	167	181	192	205	178	181	192	218	202
DELANO REGIONAL HOSPITAL	46	36	46	35	51	67	57	59	62	53	57	53	56
BAKERSFIELD HEART HOSP	20	19	12	17	12	17	17	14	10	13	43	44	49
KERN VLY HLTHCRE HOSP	8	12	11	13	11	9	8	15	15	11	17	16	12
ADVENTIST HEALTH MEDICAL CENTER	1	3	0	0	6	2	1	1	0	3	1	0	2

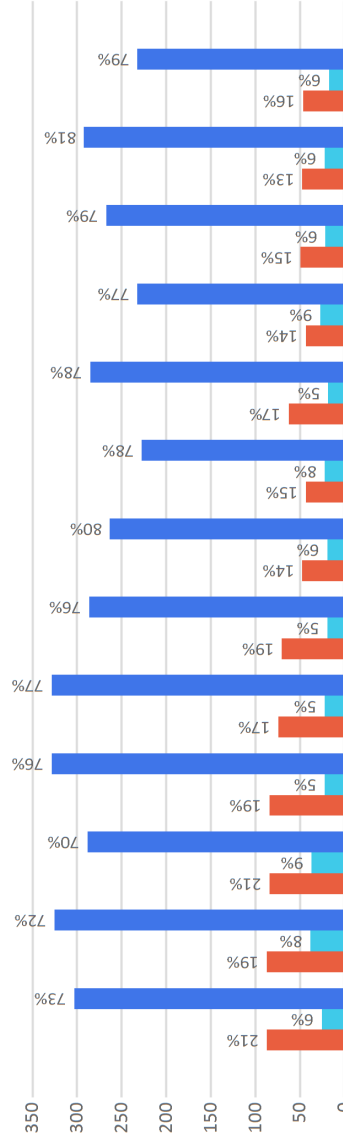


Governed Reporting System

Obstetrics Metrics



	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
BAKERSFIELD MEMORIAL	155	135	131	123	123	102	88	62	85	64	78	118	78
KERN MEDICAL	103	111	91	113	115	88	77	103	102	93	82	90	77
SAN JOAQUIN COMMUNITY	46	97	89	84	79	71	47	41	67	53	72	48	43
MERCY HOSPITAL	49	45	31	39	46	48	32	32	40	18	45	43	31
DELANO REGIONAL HOSPITAL	15	25	41	39	27	18	26	9	21	30	21	16	21
OTHER	47	37	26	36	34	48	59	45	50	44	39	46	45



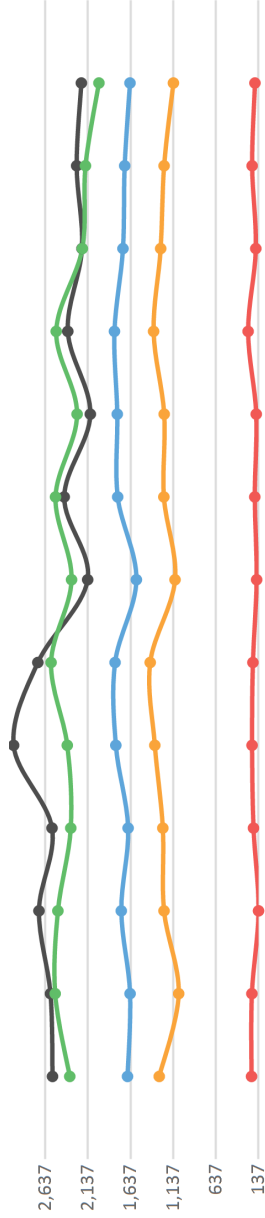
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
VAGINAL DELIVERY	303	325	288	328	328	286	263	227	285	232	267	292	232
C-SECTION DELIVERY	87	87	84	84	74	70	47	43	62	43	49	47	46
PREVIOUS C-SECTION DELIVERY	25	38	37	22	22	19	19	22	18	27	21	22	17



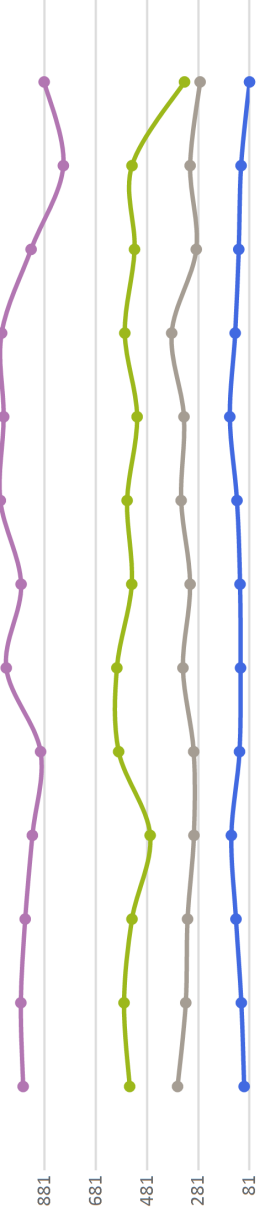
Attachment D

*Governed Reporting System*

Emergency Visits by Hospital



	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
BAKERSFIELD MEMORIAL	2,552	2,576	2,711	2,558	3,008	2,724	2,140	2,415	2,109	2,373	2,207	2,269	2,214
MERCY HOSPITAL	2,350	2,521	2,489	2,338	2,379	2,569	2,329	2,517	2,264	2,509	2,203	2,166	2,008
SAN JOAQUIN COMMUNITY	1,673	1,643	1,746	1,666	1,810	1,819	1,569	1,788	1,793	1,826	1,726	1,706	1,644
KERN MEDICAL	1,301	1,073	1,245	1,259	1,353	1,407	1,116	1,247	1,243	1,367	1,284	1,244	1,135
BAKERSFIELD HEART HOSP	219	215	137	196	213	203	159	181	164	259	169	212	179



	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
DELANO REGIONAL HOSPITAL	965	974	957	929	897	1,031	973	1,054	1,041	1,049	934	808	883
OUT OF AREA	549	571	540	469	592	599	541	559	520	568	530	540	335
ADVENTIST HEALTH MEDICAL CENTER	362	330	323	298	299	341	313	348	337	385	289	313	274
KERN VLY HLTHCRE HOSP	102	113	134	152	120	116	118	130	158	137	123	114	81

Attachment E



# 2017 1st and 2<sup>nd</sup> Quarters Member Grievance Report

# 2017 1<sup>st</sup> and 2<sup>nd</sup> Quarter Grievance Report

- 1<sup>st</sup> Quarter 2017 Grievance Summary:

Category	Q2 2017	Issue	Q1 2017	Q4 2016	Q3 2016
Access to Care	7	Appointment Availability	9	7	17
Coverage Dispute	13	Authorizations and Pharmacy	19	19	30
Medical Necessity	14	Questioning denial of service	18	24	36
Other Issues	8	Miscellaneous	7	2	17
Quality of Care	38	Questioning services provided. All cases forwarded to Quality Dept.	36	31	58
Quality of Service	163	Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department	119	150	141
<b>Grievances</b>	<b>243</b>		<b>208</b>	<b>233</b>	<b>299</b>

# July 1, 2017 Regulatory Changes-Mega Reg

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

Questions?

For additional questions, please contact

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





**KERN HEALTH SYSTEMS  
CHIEF EXECUTIVE OFFICER'S REPORT  
For October 12<sup>th</sup>, 2017  
BOARD OF DIRECTORS MEETING**

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**REGULATORY AND COMPLIANCE ACTIVITIES**

***Regulatory and Compliance Monthly Activities Report***

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

***Regulatory Compliance Audit Program (quarterly review)***

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

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

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## **PROGRAM DEVELOPMENT SUMMARY UPDATE**

### ***CMS Managed Care Regulation***

Focus has started to shift to the upcoming 2018 new regulation requirements. These requirements relate to Network Adequacy & Provider Screening and Enrollment. DHCS has released draft policies for plan review and feedback. CMS is currently still reviewing the 2017 Plan Contract Amendment submitted by DHCS. Following their review, DHCS will release an amendment to our agreement incorporating these changes.

### ***Palliative Care***

KHS staff has started the internal initiation tasks in preparation for this new benefit scheduled to be effective January, 2018. DHCS intends to release the final APL sometime in October and will provide additional guidance to KHS as program implementation progresses.

### ***Health Homes Program***

Since awarding Health Home Program grants to CSV and OMNI, discussions have moved to operational preparations. The first of two OMNI Health Home Programs is on track for launch in mid-October. CSV is working to hire a provider for their Health Home Program and the launch date is tentative for early 2018. Grant funding discussions with Dignity Health are ongoing. Additionally, regular meetings with Kern Medical are occurring to improve operational processes and data sharing for their two established Health Home Programs.

### ***Non-Emergency Medical Transportation***

On July 1st KHS implemented the new 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 has begun a communication campaign to inform all members of the changes to their transportation benefit. KHS staff continues to monitor call volume and service usage during this roll-out. The Transportation benefit has been well received as indicated in the table below:

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### KHS NEMT & NMT Transportation Update

Operational Statistics	August 2017 Utilization	July 2017 Utilization	Pre -July Experience
Transportation Calls*	5,141	2,883	727
One Way Rides Scheduled	6,263	2,611	2,600
<b>NMT</b>	<b>1,551</b>	<b>699**</b>	<b>0</b>
Bus Passes Distributed	235	278	
Lyft Rides Delivered	1316	421	
Lyft No Shows	206	60	
<b>NEMT</b>	<b>4,712</b>	<b>1,912**</b>	<b>2,600</b>
Vans	4,642	1,902	
Gurney	70	10	

\*Increased call volume is being caused by provider scheduling calls and multiple calls needed with members to fulfill Lyft rides.

\*\*Revised July utilization since initial report

#### *Provider Supplemental Payments*

The California State Budget allocated some of the recent Tobacco Tax funds to increasing certain provider rates. DHCS recently released draft methodology for these supplemental payments. The supplemental payments will be fixed dollar increments for 13 specific codes. 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.

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## **LEGISLATIVE SUMMARY UPDATE**

### ***California's 2017 Legislation Session Ends***

Governor Brown's signature on legislation approved by both the State Senate and State Assembly completes the 2017 Legislative year. A summary of the 2017 legislation impacting KHS and awaiting the Governor's approval is presented under Agenda item 12.

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

Over the course of the last several weeks momentum had been building around the latest Affordable Care Act (ACA) Repeal and Replacement Bill. Senate Republicans introduced new bill language in early September that would repeal and replace portions of the Affordable Care Act, impose per capita caps on the Medicaid program, and convert funding for Medicaid expansion and insurance subsidies into a large block grant. Fueled by a September 30th deadline, members of congress very quickly tried to advance this piece of legislation. Ultimately the Senate was not able to secure enough votes and decided not to bring the bill forward for a vote. That being said, Senate leadership has made it clear that they would bring forward a vote on future ACA repeal legislation if the votes are there. As congress moves forward, ACA Repeal could resurface through tax reform or other reconciliation efforts. While this latest bill is not advancing currently, staff will continue to be vigilant in monitoring future ACA repeal efforts.

## **KHS OCTOBER ENROLLMENT**

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

As of OCTOBER 1, 2017, Medi-Cal enrollment is 168,303, which represents a decrease of 0.1% from SEPTEMBER enrollment.

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

As of OCTOBER 1, 2017, SPD enrollment is 12,957, which represents an increase of 0.2% from SEPTEMBER enrollment.

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

As of OCTOBER 1, 2017, Expansion enrollment is 57,243 which represents an increase of 0.4% from SEPTEMBER enrollment.

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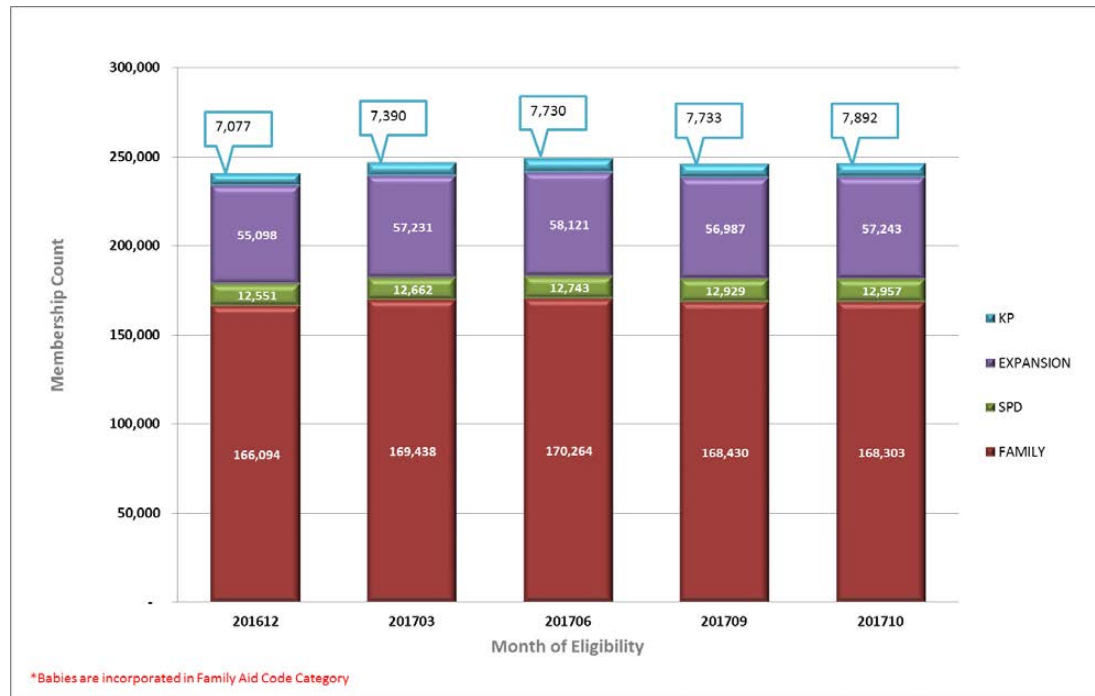
***Kaiser Permanente (KP)***

As of OCTOBER 1, 2017, Kaiser enrollment is 7,892, which represents an increase of 2.1% from SEPTEMBER enrollment.

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

As of OCTOBER 1, 2017, total Medi-Cal enrollment is 246,395 which represents an increase of 0.1% from SEPTEMBER 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
201709	168,002	12,929	56,987	7,733	428	246,079
201710	167,866	12,957	57,243	7,892	437	246,395



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## **KHS ADMINISTRATIVE INITIATIVES**

### ***Provider Relations Update***

#### **New Pediatric ER in Bakersfield:**

Bakersfield Memorial Hospital has opened a new ER for children. The Robert A. Grimm Children's Pavilion for Emergency Services opened on September 21 and offers care for children up to 13 years old. The new, 5,000-square-foot ED is located next to the hospital's emergency department and features a separate waiting area for children and their families. Everything is designed with the children in mind so kids aren't afraid or anxious due to their surroundings. The facility is the only dedicated pediatric emergency department in the Bakersfield area.

#### **Provider Contracting:**

Provider contract agreements and amendments highlighted for August and September are as follows:

- San Joaquin Valley Health Group – UC
- Dr. Berkay Unal – Orthopedic Surgery
- Dr. Yadwinder Kang, Family Medicine
- Rose Desert Congregate – SNF
- Chin Sok AN – Transportation
- STS Tehachapi – Dialysis
- KCI USA – DME

#### **Credentialing Activities:**

- 86 New Initial Credentialed providers
- 58 Re-Credentialed providers

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## **Grant Programs:**

### **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](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)

### **2014-15 KHS ER Diversion Grants: to be closed out by August 2016**

- One outstanding distribution: CSV grant was extended for an additional year as the 34<sup>th</sup> St CHC Walk-in Clinic was delayed.

## ***Marketing/Public Relations Update***

### **Sponsorships:**

KHS will share sponsorship in the following events in October & November:

- KHS donated \$1,000 to the Links for Life to sponsor their Lace'n It Up event on October 3rd at Yokuts Park.
- KHS donated \$1,000 to the Kern Valley Hospital Foundation to sponsor their Fall Health Fair on October 5th in the Kern River Valley.
- KHS donated \$1,500 to Vision y Compromiso Promotora/Community Health Worker Network in Kern County. Our sponsorship will allow local promotoras (community health workers) to attend the Vision y Compromiso 15th Annual Conference on October 5-7, 2017 in Ontario. KHS is proud to support the Promotora Model and to recognize the important work they do in our communities.
- KHS donated \$2,500 to the Boys & Girls Club to sponsor their Farm to Tableaux event on October 6th at Highgate at Seven Oaks.

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- KHS donated \$1,000 to Bike Bakersfield to sponsor their Annual Project Light Up the Night events taking place in Bakersfield, Oildale and Arvin.
- KHS donated \$1,000 to the National Alliance on Mental Illness (NAMI) Kern County to sponsor their 2017 NAMI Walk that will take place on October 14th at River Walk Park.
- KHS donated \$1,000 to the Southeast Neighborhood Partnership “Good Neighbor Festival” that will take place on October 14th at Dr. Martin Luther King Jr. Park.
- KHS donated \$500 to the Bakersfield City School District Educational Foundation to sponsor their 5th Annual Golf Tournament on October 21st.
- KHS donated \$10,800 to the Kern County Public Health Services Department to offer two free Flu shot clinics in October. The first clinic will take place on October 15th at the Kern County Fairgrounds Swap Meet offering 500 Influenza vaccines. The second clinic will take place on October 27th at the Hosking Avenue Swap Meet, in conjunction with Binational Health Week, offering 700 Influenza vaccines.
- KHS donated \$500 to the American Cancer Society to sponsor their Making Strides Against Breast Cancer event on October 28th at CSUB.
- KHS donated \$2,500 to the Kern Partnership for Children and Families “Gatsby Gala” that will take place on October 28th at Seven Oaks Country Club.
- KHS donated \$2,500 to the American Lung Association to sponsor their 2017 Lung Force Walk on November 4th at Yokuts Park.
- KHS donated \$1,000 to The Wildlands Conservancy to sponsor their 2nd Annual Fall Fundraiser on November 4th at Wind Wolves Preserve.
- KHS donated \$1,000 to Cirugía sin Fronteras (Surgeries without Borders) to sponsor their 1st Annual “Saving Lives Gatsby Gala” on November 17th at Seven Oaks Country Club.



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**Community Events:**

In October & November, KHS will participate in:

- 10/5 2017 Fall Health Fair @ Kern Valley Hospital
- 10/10 School Readiness Resource Fair @ South Chester Family Resource Center
- 10/12 Annual Open House @ Greenfield Family Resource Center
- 10/13 GET Bus Food Distribution & Resource Fair @ Downtown Transit Center
- 10/14 Good Neighbor Festival @ Dr. Martin Luther King Jr. Park
- 10/19 Homeless Consumer & Service Provider Day @ St. Vincent de Paul in Bakersfield
- 10/23 Harvest Festival Resource Fair @ Shafter Youth Center
- 10/23 Kern Autism Society “Autism Seminar” @ Canyon Hills Assembly of God
- 10/27 Binational Health Fair @ Hosking Avenue Swap Meet
- 11/3 Fall Resource Fair @ Bakersfield Adult School
- 11/9 Farmworker Appreciation Day & Resource Fair @ Kern Agricultural Pavilion
- 11/16 Farmworker Appreciation Day & Resource Fair @ Delano National Guard Armory

***Dashboard Presentation***

- The 3rd Qtr. 2017 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment C.
- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment D.
- The 3rd Qtr. 2017 Staffing Reports indicating actual positions vs. budgeted positions and turnover by Department is located under Attachment E.

Kern Health Systems  
Board of Directors Meeting  
CEO Report – October, 2017  
Page 10 of 10

***Member & Employee Newsletters***

- Attached is the most recent Member Newsletter (Attachment F).

**KHS OFFICES RELOCATION PROJECT UPDATE**

The activities undertaken since the last report include:

- Working with Public Relations to organize Ground Breaking Ceremony
- Did property walkthrough to clean up site
- Prequalification for Low Voltage will go to BOD in October. This will be the final prequalification process
- Bid Documents are being prepared and expected to start bid process in October.
- Board approved Owner Controlled Insurance Program
- Final IT design was submitted to architects
- Submitted Construction in Progress Budget for 2018
- Attended Association of Building and Development Seminar in Beautiful Fresno
- Please see attached schedule (Attachment G) for the next 3 months for trade bids and selection.



# KERN HEALTH SYSTEMS

## Attachment A

**Board of Directors Meeting**

**October 12, 2017**

### STATE

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

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

The DHCS issued one (1) APL during the months of August and September to provide guidance for Managed Care Plans (MCP).

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

*APL 17-014* - The purpose of this APL is to notify all MCPs of changes to the Quality and Performance Improvement Program and requirements. The DHCS requires MCPs to annually report performance measurement results, produce Plan-Do-Study-Act (PDSA) Cycle Worksheets for poor performance, conduct ongoing performance improvement projects (PIPs), and participate in the administration of consumer satisfaction surveys.

This APL supersedes APL 16-018.

### COMPLIANCE

##### *All Plan & Policy Letter Reviews*

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

The Department has completed its review of the 2016 retrospective audits and is currently focusing efforts on policy reviews for the remainder of 2017. The results of the policy reviews will be included in the December report to the Board.

*HIPAA Walkabout*

Periodically, Compliance Department staff performs a HIPAA Walkabout whereby staff will inspect cubicles and work areas to ensure that protected health information is being handled in a manner compliant with the Plan’s contract with the State and also in compliance with KHS policies and procedures. This unannounced HIPAA inspection is performed twice a year.

The Compliance Department completed the final HIPAA Walkabout for 2017 on October 2<sup>nd</sup>.

*DHCS Medical Audit –2017*

*Update: The Director of Compliance and Regulatory Affairs has not received the draft report from the recent Department Audit.*

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**

<b>August</b>	
<b>Report Name/Item</b>	<b>Status</b>
Claims Payment (DMHC) (Quarterly)	On time
Mental Health (Quarterly)	On time
Member Grievance (Quarterly)	On time
Out-of-Network Report (Quarterly)	On time

**September**

<b>Report Name/Item</b>	<b>Status</b>
BHT-CDE	On time
MER Report	On time
Safety Net Provider Part #2	On time

MIMCD 2017 ALL PLAN LETTERS		ATTACHMENT B					Compliance Status
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status	
<a href="#">APL 17-001(PDF)</a>	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.		
<a href="#">APL 17-002(PDF)</a>	Health Education Cultural and Linguistic Group Needs Assessment	Health Education	Annual GNA Survey	9/1/2017	Policy updated, approved by Stakeholders, and signatures have been secured.		
<a href="#">APL 17-003(PDF)</a>	Treatment of Recoveries made by the Managed Care health Plan of Overpayments to Providers	Claims	Recovery of overpayments	9/28/2017	Policy 6.01-P approved by DHCS. P&P 6.01 is currently being circulated for signature.		
<a href="#">APL 17-004(PDF)</a>	Subcontractual Relationships and Delegation	Health Services Provider Relations	Oversight of Delegated Entities	9/28/2017	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 Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#">APL 17-005(PDF)</a>	Certification of Document and Data Submissions	Claims Health Services Provider Relations Accounting Member Services Compliance Executive	Certification of data submissions to DHCS	9/28/2017	Policy 14.57-I approved by DHCS. Compliance working with Stakeholders to operationalize the process and create strategy documents.	
<a href="#">APL 17-006(PDF)</a>	Grievance and Appeal Requirements and Revised Notice Templates and "Your Rights" Attachments	Health Services Member Services Provider Relations Compliance	Grievance and Appeals Processes	9/28/2017	Policy 5.01-P approved by DHCS. Approved by KHS Stakeholders. Signatures secured. Process fully operationalized.  Policy 5.01-I currently in review.	
<a href="#">APL 17-007(PDF)</a>	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	9/28/2017	Policy 3.40 -I policy updated and approved by Stakeholders. Signatures secured.	
<a href="#">APL 17-008(PDF)</a>	Requirement to Participate in the Medi-Cal Drug Utilization Review Program	Health Services Pharmacy	Provision of pharmaceutical services	9/28/2017	Policy 13.04-I approved by the DHCS. Approved by KHS Stakeholders and Signatures secured	

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#">APL17-009(PDF)</a>	Reporting Requirements Related to Provider Preventable Conditions	Health Services Claims	Reporting of Provider Preventable Conditions	9/23/2017	Policy 3.69-I approved by DHCS. Approved by KHS Stakeholders and Signatures secured.	
<a href="#">APL17-010(PDF)</a>	Non-Emergency Medical and Non-Medical Transportation Services.	Member Services Provider Relations Health Services	Non-Emergency medical and Non-Medical Transportation Services	9/23/2017	P&P 14.57-I approved by DHCS. Updated DHCS requirements of the APL to be implemented by 10/1/17. Closing meeting and final strategy documents to be completed in November.	
<a href="#">APL17-011(PDF)</a>	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	9/28/2017	Scheduled follow-up meeting with Stakeholders on 10/ 16 to review the APL against current KHS policies and discuss operationalizing any new components of the APL.	
<a href="#">APL17-012(PDF)</a>	Care Coordination Requirements for Managed Long - Term Services and Supports	APL does not apply to KHS current Business operations.	None	N/A	N/A	



APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#">APL17-013 (PDF)</a>	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	9/28/2017	Stakeholders will meet again on 10/6/17 to review the updated policy.	
<a href="#">APL17-014 (PDF)</a>	Quality and Performance Improvement Requirements	Health Services Quality Improvement	Changes to the Quality and Performance Improvement Program	9/28/2017	Initial review of APL by key Stakeholders. Large Stakeholder meeting scheduled for 10/12/17.	
		KEY				
					Compliance - YES	
					Compliance - NO	
					Outcome Pending	
					N/A - informational document	

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
<a href="#">APL 16-001 (PDF)</a>	Medi-Cal Provider And Subcontract Suspensions, Terminations, and Decertification's	Provider Relations Member Services	Provider Terminations Provider Suspensions Member Notices	6/26/2017	8/21/2017	Medi-Cal Provider and Subcontract Suspensions, Terminations, and Decertification's		Compliance requirement met.	
<a href="#">APL 16-002 (PDF)</a>	2016-2017 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	Information Technology Member Services	Eligibility MED File Processes	N/A	N/A	2016-2017 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	N/A	Informational - no material change	N/A
<a href="#">APL 16-003 (PDF)</a>	Family Planning Services Policy For Contraceptive Supplies	Health Services Claims Compliance	Claims Pharmacy	3/30/2017	8/21/2017	Family Planning Services Policy for Contraceptive Supplies		Compliance requirement met. 3, 21 P. was revised and implemented.	
<a href="#">APL 16-004 (PDF)</a>	Medi-Cal Managed Care Plans Carved-Out Drugs	Health Services Pharmacy	KFHC Formulary	5/15/2017	5/22/2017	Medi-Cal Managed Care Health Plans Carved-Out Drugs		Compliance requirement met.	
<a href="#">APL 16-005 (PDF)</a>	Requirements For Use of Non-Monetary Member Incentives For Incentive Programs, Focus Groups, and Member Surveys	Health Services Member Services Marketing Compliance	Non-Monetary Member Incentive Process	5/15/2017	9/12/2017	Requirements for Use of Non-Monetary Member Incentives for Incentive Programs, Focus Groups, and Member Surveys		Compliance requirement met. The Plan incorporated a robust Tracking mechanism.	
<a href="#">APL 16-006 (PDF)</a>	End of Life Option Act	No Impact All related services are carved out	No Impact	N/A	N/A	End of Life Option Act	N/A	N/A	N/A
<a href="#">APL 16-007 (PDF)</a>	Designated Public Hospitals: Billing For Beneficiaries with California Childrens Services Eligible Conditions and/or Medi-Cal Managed Care	Health Services Claims	Adjudication of Claims Referral Authorizations	5/16/2017	9/25/2017	Designated Public Hospitals: Billing for Beneficiaries with California Childrens Services Eligible Conditions and/or Medi-Cal Managed Care		Compliance requirement met. Liability Reporting mechanisms are functioning correctly.	
<a href="#">APL 16-008 (PDF)</a>	Diagnosis Related Groups: Billing For Beneficiaries With California Childrens Services Eligible Conditions and/or Medi-Cal Managed Care	Health Services Claims	Adjudication of Claims Referral Authorizations	5/17/2016	9/25/2017	Diagnosis Related Groups: Billing for Beneficiaries with California Childrens Services Eligible Conditions and/or Medi-Cal Managed Care		Compliance requirement met. Liability Reporting mechanisms are functioning correctly.	
<a href="#">APL 16-009 (PDF)</a>	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.	
<a href="#">APL 16-010 (PDF)</a>	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.	
<a href="#">APL 16-011 (PDF)</a>	Reporting Requirements Related to Provider Preventable Conditions	Health Services Claims	Utilization Review Claims Data	5/23/2017	5/24/2017	Reporting Requirements Related to Provider Preventable Conditions	N/A	APL 17-009 supersedes APL 16-011.	N/A
<a href="#">APL 16-012 (PDF)</a>	Provider Credentialing and Recertification	Provider Relations Member Services	Policies Procedures Provider Credentialing Application Process	5/26/2017	10/31/2017	Provider Credentialing and Recertification		Compliance requirement not met. In Process: Pending a CAP to incorporate Provider risk levels and screening requirements.	
<a href="#">APL 16-013 (PDF)</a>	Ensuring Access To Medi-Cal Services for Transgender Beneficiaries	Health Services Quality Improvement Pharmacy	Utilization Review Claims Processing	5/26/2017	7/31/2017	Ensuring Access to Medi-Cal Services for Transgender Beneficiaries		Compliance requirement met.	
<a href="#">APL 16-014.pdf</a>	Comprehensive Tobacco Prevention and Cessation Services for Medi-Cal Beneficiaries	Provider Relations Pharmacy Disease Management	Provider tracking of Members who smoke and medical records audit for ensuring that providers have implemented mechanism in place within the Member's medical record.	5/30/2017	9/26/2017	Provider tracking of Members who smoke and medical records audit for ensuring that providers have implemented mechanism in place within the Member's medical record.		Compliance requirement met. The Plans Tobacco Cessation Program has been implemented by all providers and interventions.	

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Start Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
<a href="#">APL16-015.pdf</a>	Acupuncture Services	Claims Information Technology Provider Relations	Claims Adjudication Member Coverage	5/31/2017	9/21/2017	Claims Adjudication/Member Coverage for Services.		Compliance requirement met. Policy 3.25- P has been revised.	
<a href="#">APL16-016.pdf</a>	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	6/5/2017	6/21/2017	Claims Adjudication and OON provider payments		Compliance requirement met.	
<a href="#">APL16-017.pdf</a>	Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services	Health Services Claims Provider Relations Information Technology	Coverage of Alternative Birthing Centers	5/31/2017	9/21/2017	Coverage of Alternative Birthing Centers		Compliance requirement met. Policy 3.24- P has been revised.	
<a href="#">APL16-018.pdf</a>	Quality And Performance Improvement Requirements	Quality Improvement Health Services Provider Relations Information Technology	Quality Measures For HEDIS	5/31/2017	8/30/2017	Quality Measures For HEDIS		Compliance requirement met. Policy 20.50-1, was revised and implemented.	
<a href="#">APL16-019.pdf</a>	Managed Care Provider Data Reporting	Provider Relations Information Technology	Provider Data Submission	6/15/2017	9/27/2017	Provider Data Submission		Compliance requirement met. MIS is in the process of revising all policies.	
		Key							
			Compliance - YES						
			Compliance - NO						
			Outcome Pending						
			N/A-Informational document						

**Kern Health Systems  
2017 Project Summary – Q3  
Attachment C**



**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	70%	
Alternative Payment Methodology	2/2017	12/2017	80%	
Department Dashboards	2/2017	12/2017	75%	
EDI Edifecs Implementation	1/2017	12/2017	70%	
Health Homes Implementation	10/2016	12/2017	75%	
Medical Management Platform Implementation	12/2016	12/2017	80%	
Outsource Non-Emergency Medical Transportation	10/2016	10/2017	90%	Project added to schedule to improve our service to members and to prepare for changes in transportation regulations
Palliative Care	9/2017	7/2018	5%	Regulatory project initiated, pending final APL
Provider/Member Portal Implementation	4/2016	12/2017	80%	Project extended to coordinate with Medical Management Platform Implementation and to include 2017 Portal Enhancements.
QI Site Review Automation	3/2016	10/2017	90%	Limited resources assigned

**Completed Projects**

<b>Project Title</b>	<b>Start Date</b>	<b>End Date</b>	<b>Realized Benefit/ Comments</b>
Configuration Team Work Items	12/2015	3/2017	Automated work items in a proactive manner improving efficiency by 7%
Contracts Management Software	9/2016	3/2017	Provided electronic workflow and approvals for contracts, centralized access to contracts and ability to produce reporting by vendor
Interactive Voice Response Upgrade (Call Center)	5/2016	1/2017	Added ability for hold messaging, wait time messaging, satisfaction surveys, and enhanced reporting and transfer tools for agents
Measuring Member Satisfaction	1/2016	11/2016	Exceeded 90% satisfaction on member post call surveys
Member Rewards Implementation	5/2017	10/2017	Project merged with Health Homes Project
Member Services WFM Implementation	02/2015	11/2016	Member Services has the ability to forecast call volumes, adjust work schedules, and live agent monitoring for schedule adherence
Pharmacy WF Integration	10/2015	7/2016	Reduced redundancy of data entry into PBM and KHS systems which improved pharmacy TAR process time
Portal Enhancements	9/2017	12/2017	Project merged with Provider/Member Portal Implementation Project
QNXT Upgrade	10/2016	3/2017	Increased Claims Auto Adjudication to 75%
QNXT Related Enhancements	12/2015	3/2017	Completed 25 deliverables which improved the efficiency of several KHS workflows and process related to QNXT



*Governed Reporting System*

# **Kern Health Systems Attachment D**

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

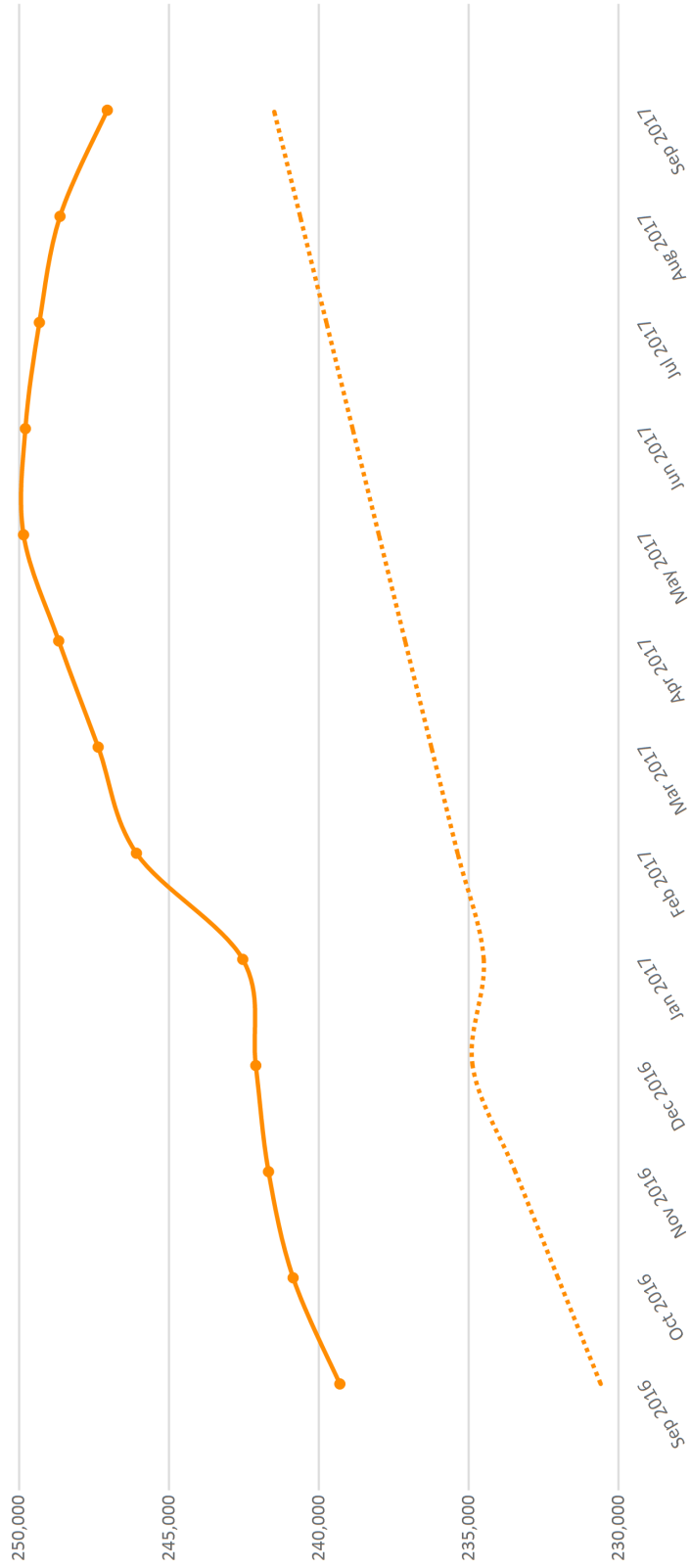


Governed Reporting System

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



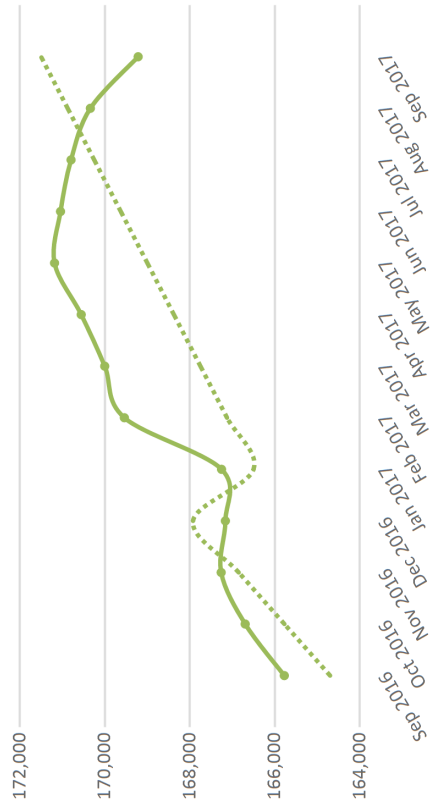


Governed Reporting System

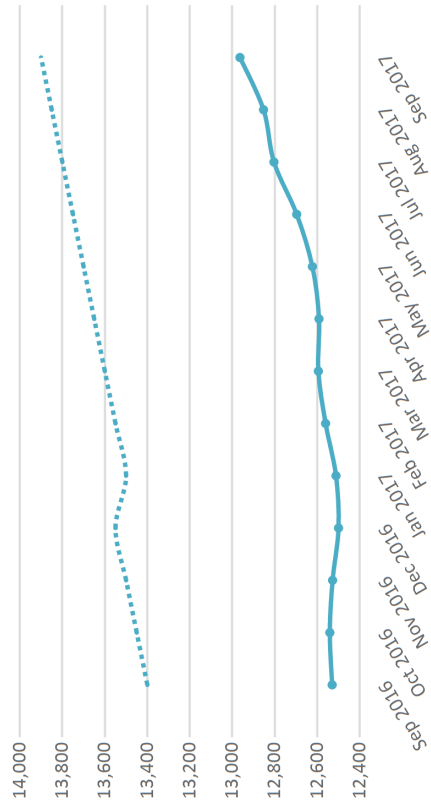
Membership

- MCAL 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

MCAL Family/Other Membership



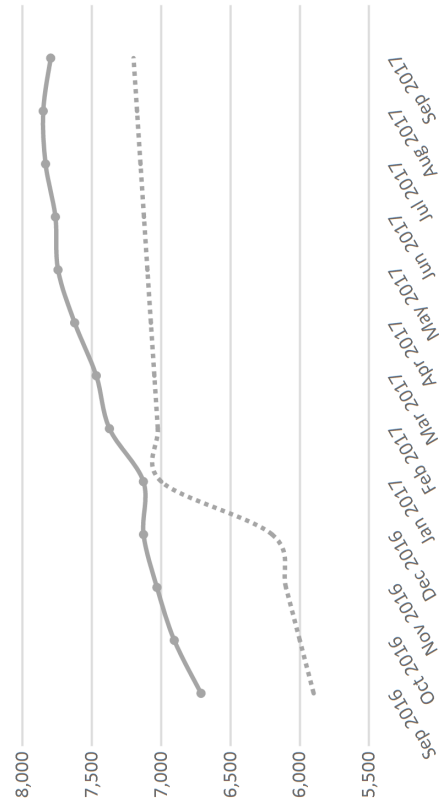
MCAL SPD Membership



MCAL Expansion Membership



KP Membership

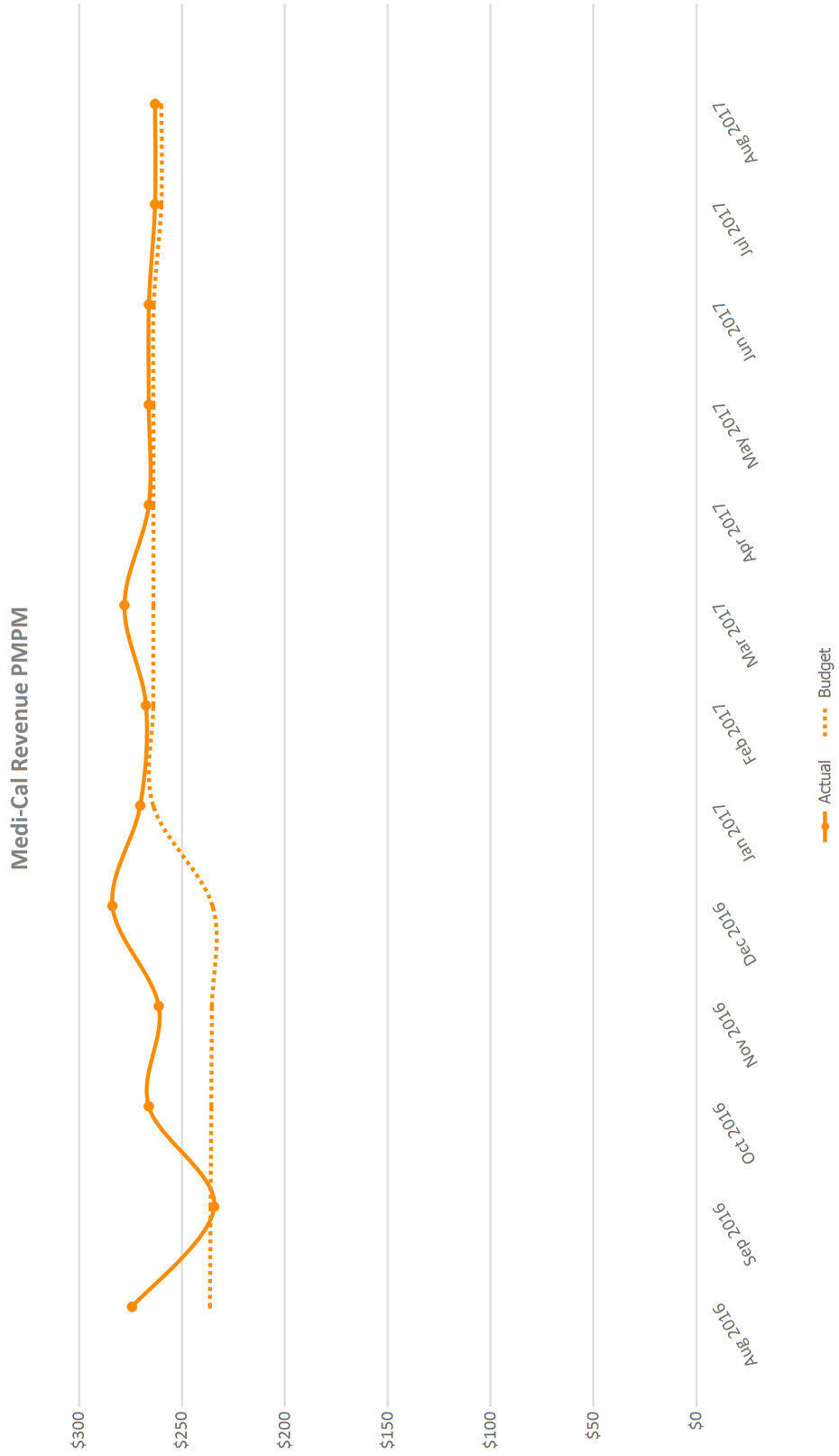






Governed Reporting System

Revenue





*Governed Reporting System*

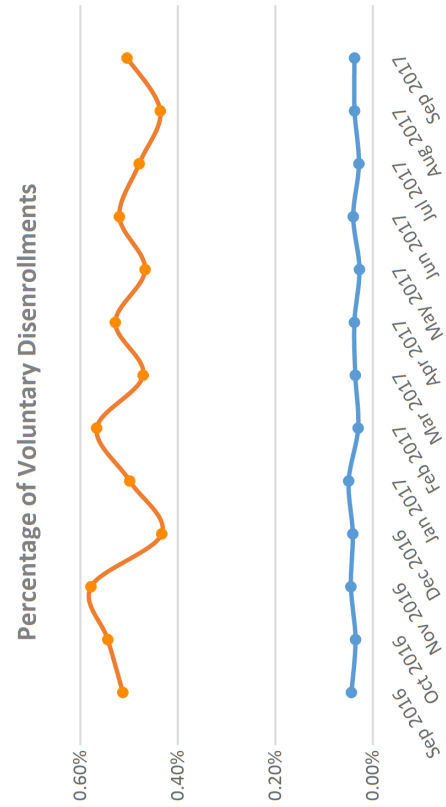
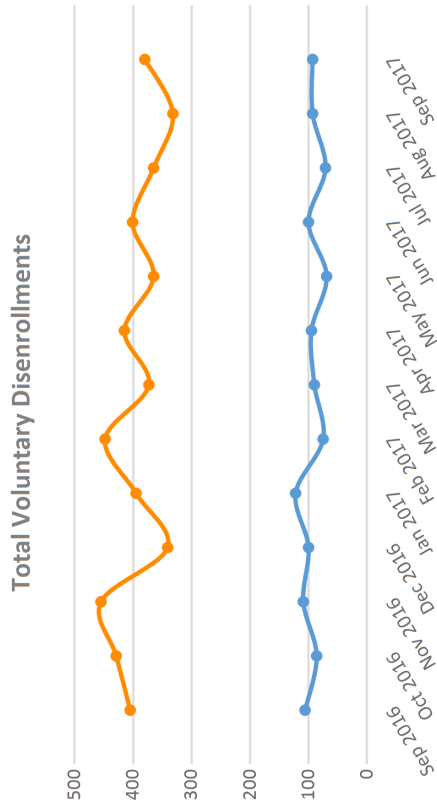
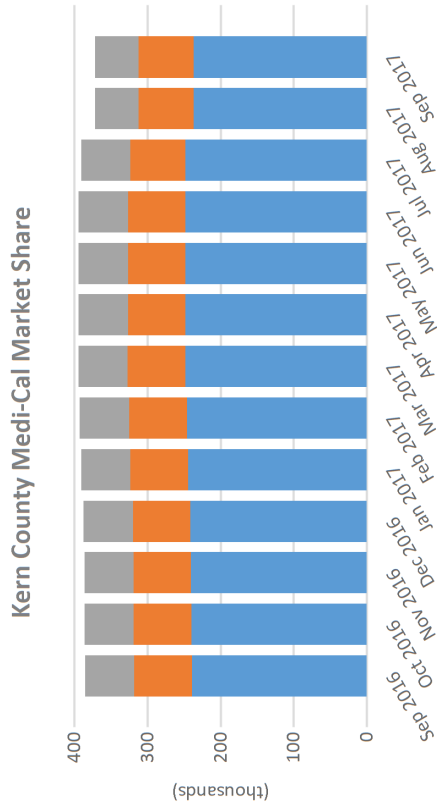
# **Kern Health Systems**

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



Governed Reporting System

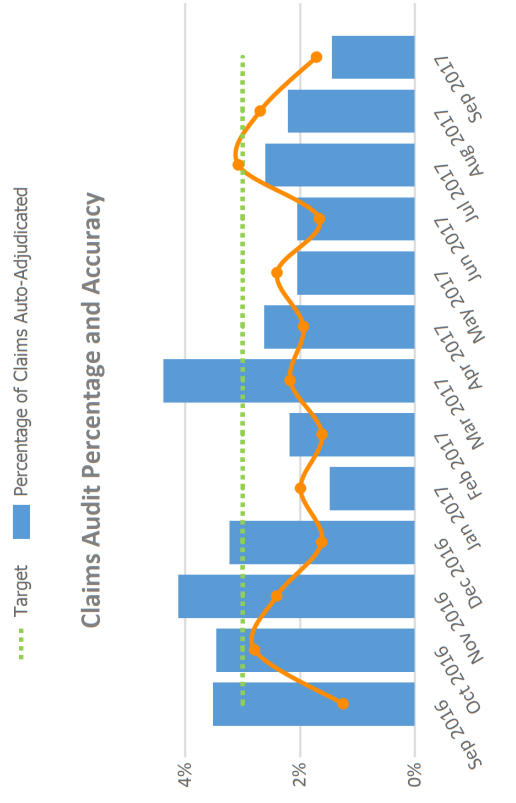
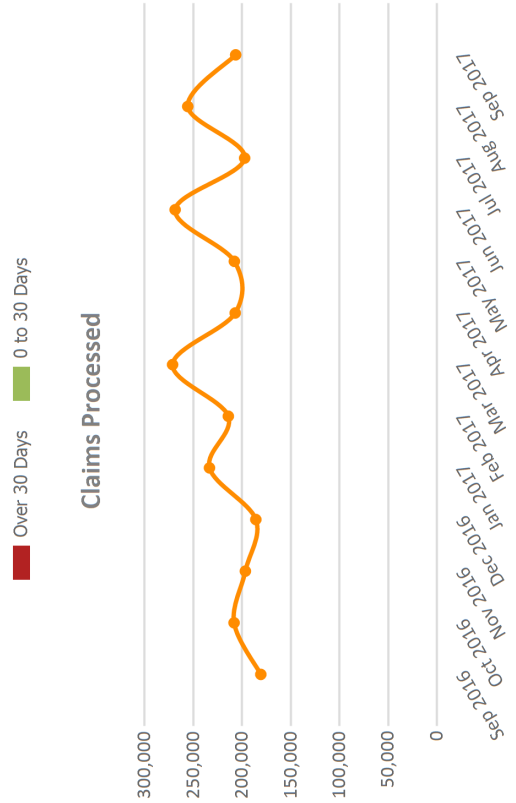
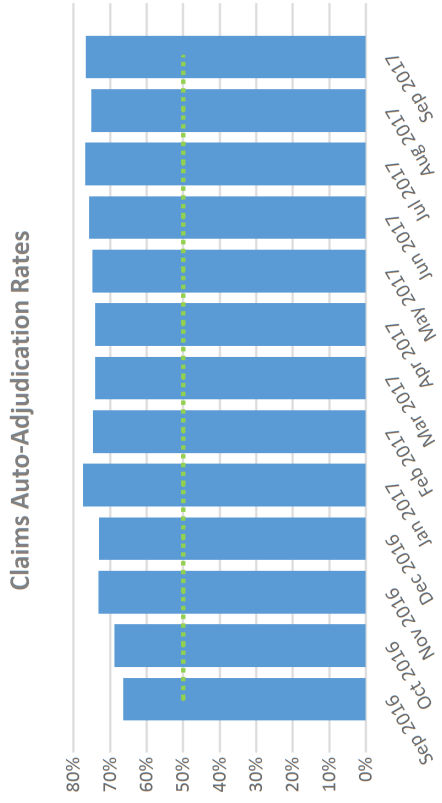
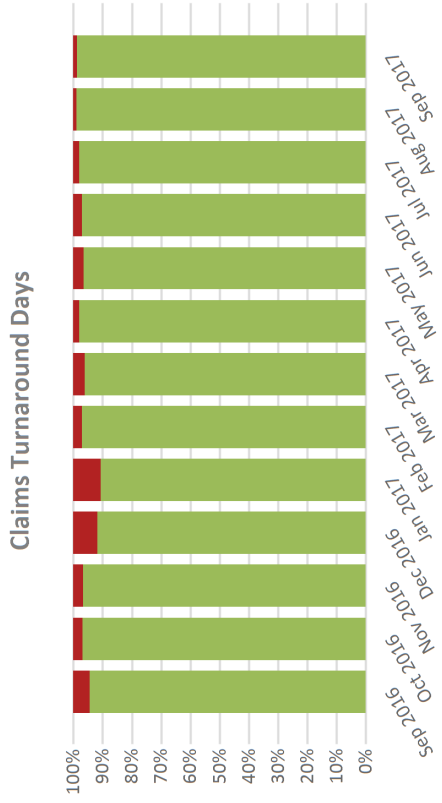
Enrollment - Market Share





Governed Reporting System

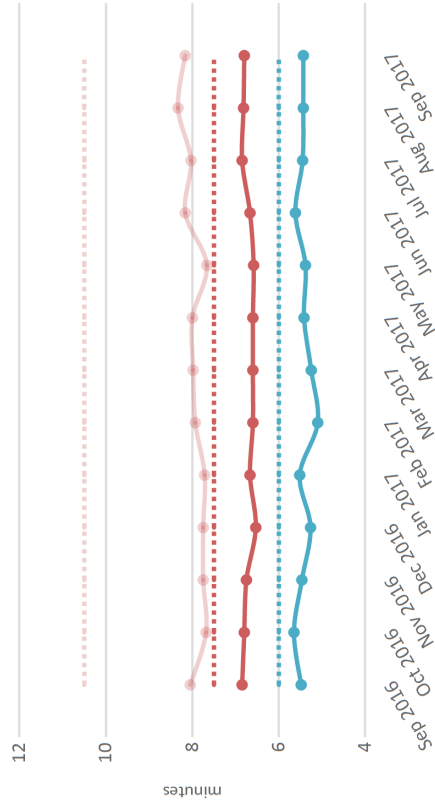
Claims Efficiency and Quality



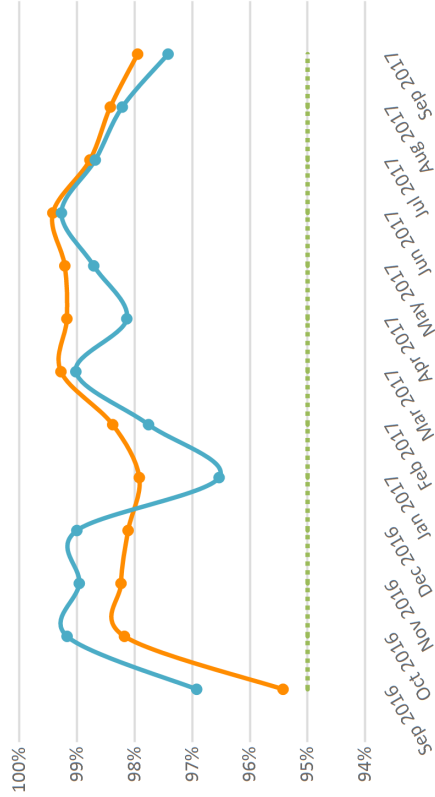
## Member Services

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

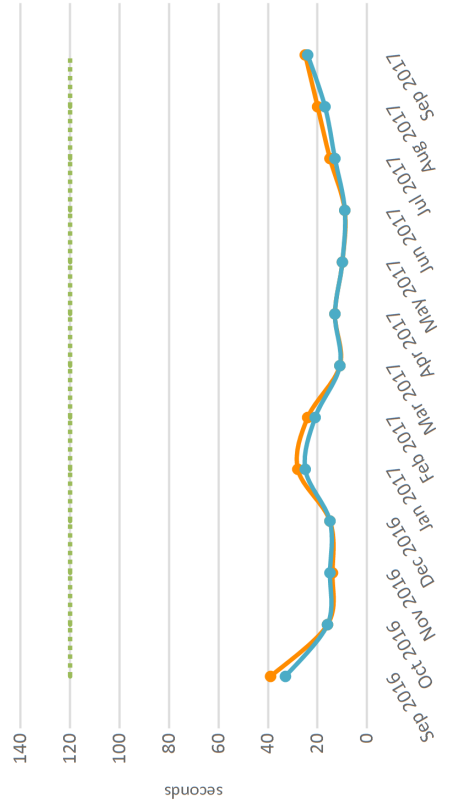
Average Length of Call



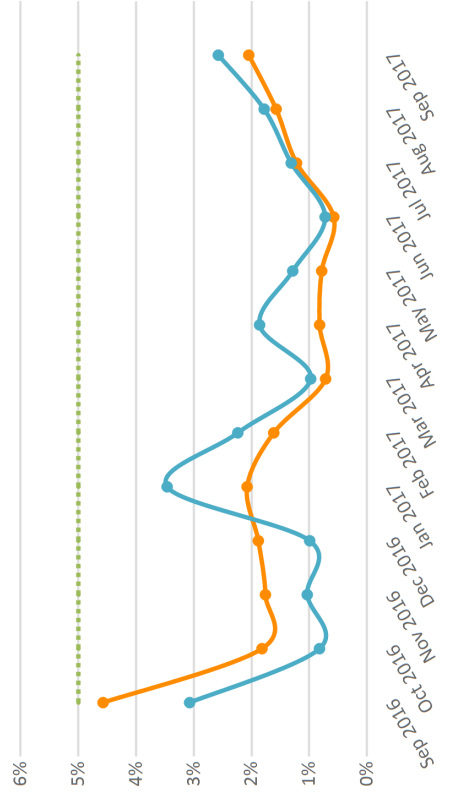
Percentage of Calls Handled



Average Speed of Answer



Percentage of Calls Abandoned

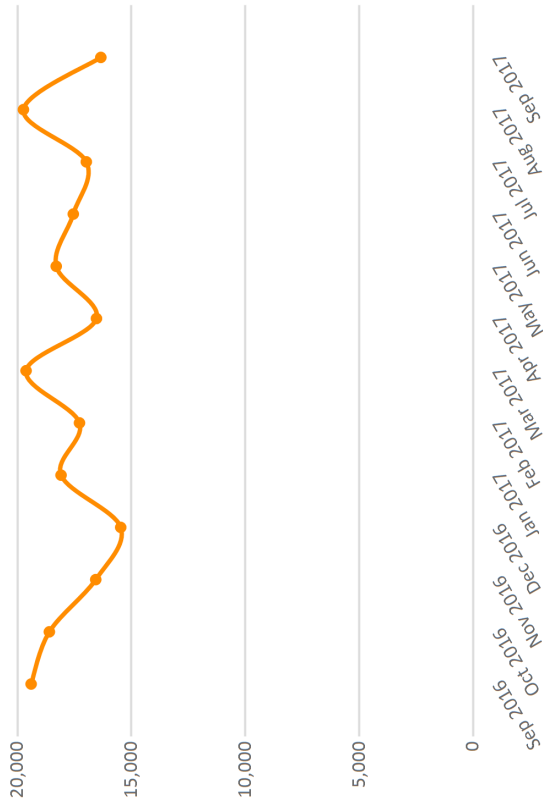




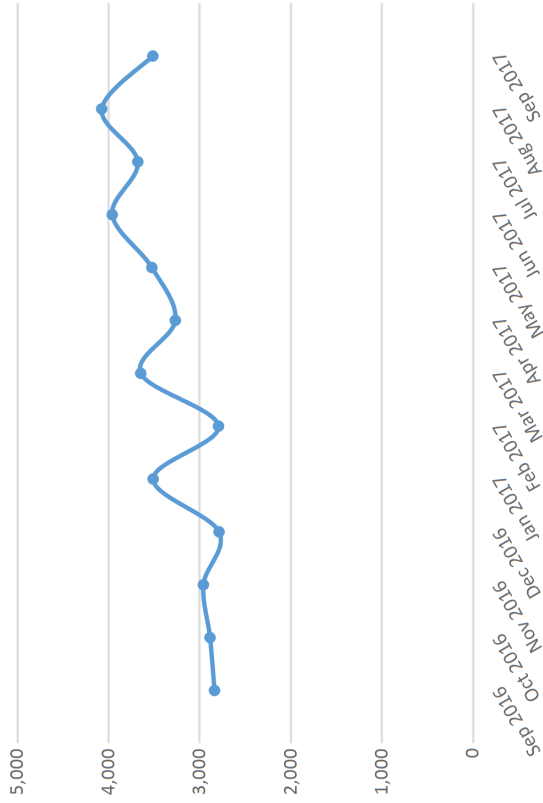
Governed Reporting System

# Member Services Calls Handled

Members Calls Handled



Providers Calls Handled

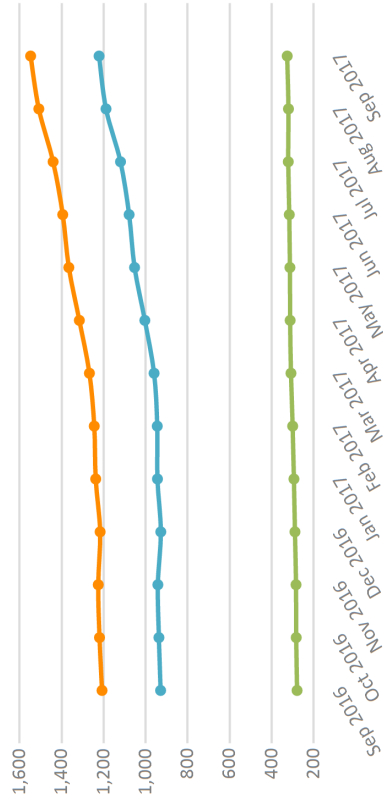




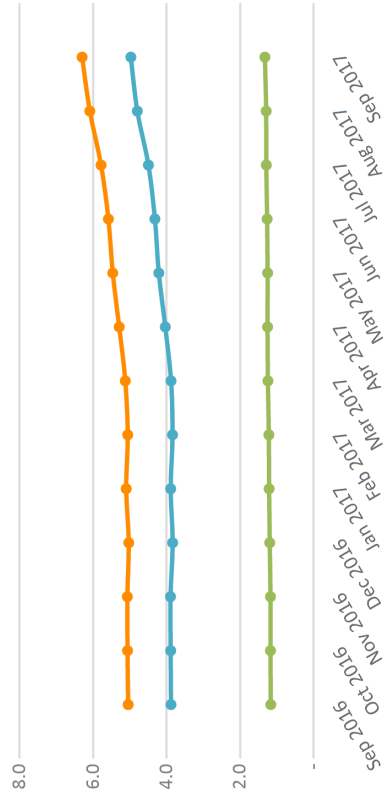
Governed Reporting System

Provider Network and Terminations

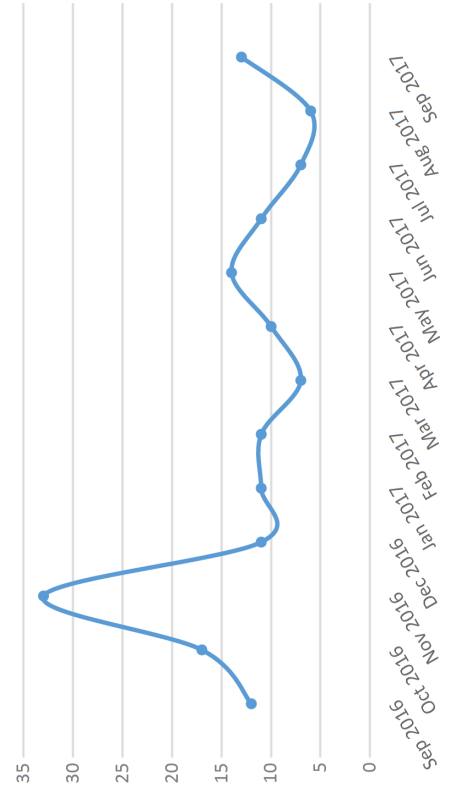
Network Stability Provider Count



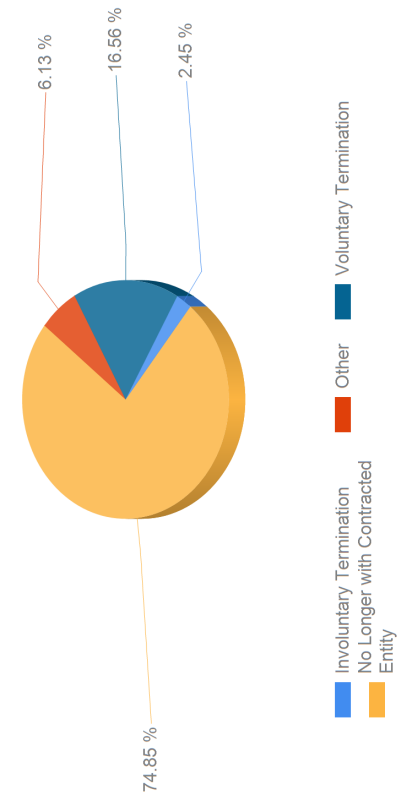
Network Access per 1000



Provider Terminations



Provider Terminations by Reason





**KERN HEALTH SYSTEMS**

**MANAGED CARE STAFFING RATIOS - SEPTEMBER 30, 2017 | 3rd Quarter |**

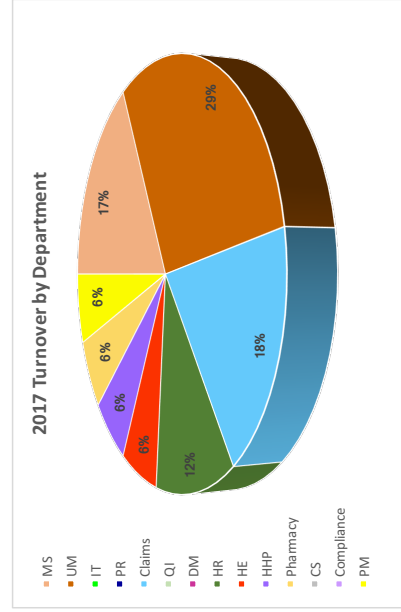
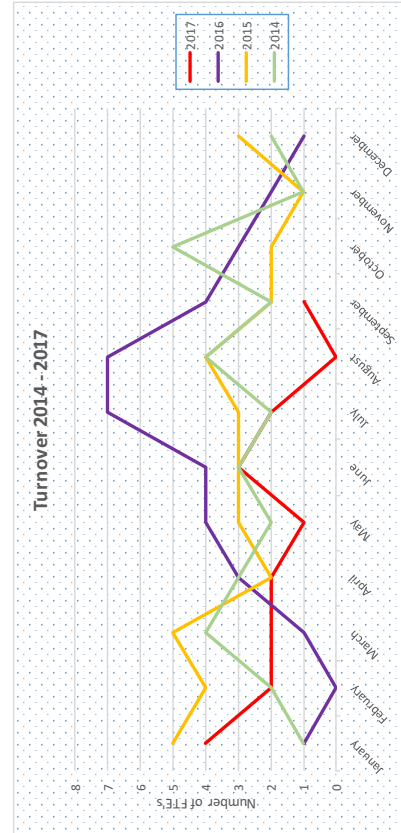
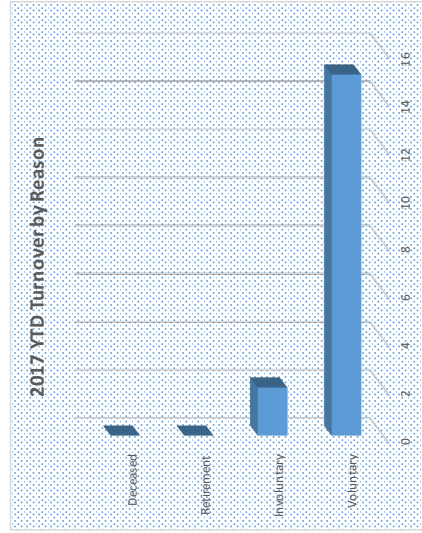
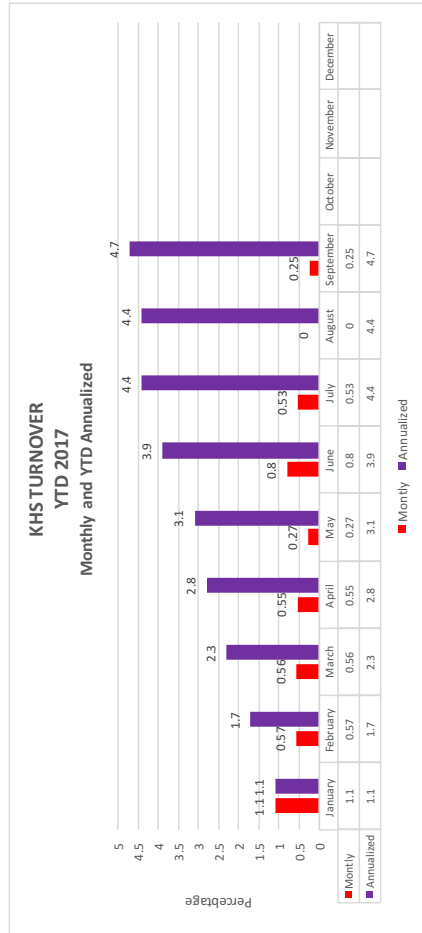
SEGMENTED CATEGORY:		KERN HEALTH SYSTEMS	
ENROLLMENT TYPE		MediCal Actual	September 30, 2017 Budgeted Membership
MEMBERSHIP SIZE		245,950	247,675
CORPORATE STATUS		Not for Profit	
FULL TIME EMPLOYEE COUNT (FTE)		376	382
RATIO		1 FTE/Members	
<b>EXECUTIVE</b>		<i>Actual</i>	<i>Budgeted</i>
	Executive Dept. Total FTE	4	4
	Executive Dept. RATIO FTEs/MEMBERS	61,488	61,919
<b>ACCOUNTING</b>			
	Accounting Dept. Total FTE	13	14
	Accounting Dept. RATIO FTEs/Members	18,919	17,691
<b>IT</b>			
	MIS Dept. Total FTE©	43	43
	MIS Dept. RATIO FTEs/MEMBERS	5,720	5,760
<b>CLAIMS</b>			
	Claims Dept. Total FTE	57	59
	Claims Dept. RATIO FTEs/MEMBERS	4,315	4,198
<b>PROJECT MANAGEMENT</b>			
	Project Management Dept. Total FTE	7	7
	Project Management Dept. RATIO FTEs/MEMBERS	35,136	35,382
<b>UTILIZATION MANAGEMENT</b>			
	UM Mgmt. Dept. Total FTE	84	84
	UM Dept. RATIO FTEs/MEMBERS	2,928	2,949
<b>HEALTH HOMES</b>			
	Health Homes Dept. Total FTE	6	6
	Health Homes Dept. RATIO FTEs/MEMBERS	40,992	41,279
<b>QI</b>			
	QI Dept. Total FTE	13	14
	QI Dept. RATIO FTEs/MEMBERS	18,919	17,691
<b>HEALTH ED</b>			
	Health Ed Dept. Total FTE	9	10
	Health Ed. RATIO FTEs/MEMBERS	27,328	24,768
<b>PHARMACY</b>			
	Pharmacy Dept. Total FTE	10	10
	Pharmacy Dept. RATIO FTEs/MEMBERS	24,595	24,768
<b>DISEASE MANAGEMENT</b>			
	Disease Management Dept. Total FTE	9	9
	Disease Management Dept. RATIO FTEs/MEMBERS	27,328	27,519
<b>PROVIDER RELATIONS</b>			
	Provider Relations Dept. Total FTE	21	21
	Provider Relations Dept. RATIO FTEs/MEMBERS	11,712	11,794
<b>MEMBER SERVICES</b>			
	Member Services Dept. Total FTE	74	74
	Member Services Dept. RATIO FTEs/MEMBERS	3,324	3,347
<b>CORPORATE SERVICES</b>			
	Corporate Services Dept. Total FTE	7	7
	Corporate Services Dept. RATIO FTEs/MEMBERS	35,136	35,382
<b>COMPLIANCE</b>			
	Compliance Dept. Total FTE	6	6
	Compliance Dept. RATIO FTEs/MEMBERS	40,992	41,279
<b>MARKETING</b>			
	Marketing Dept. Total FTE	4	5
	Marketing Dept. RATIO FTEs/MEMBERS	61,488	49,535
<b>HR</b>			
	HR Dept. Total FTE	9	9
	HR Dept. RATIO FTEs/MEMBERS	27,328	27,519
<b>ORGANIZATIONAL VIEW</b>			
	Org. View Total FTE	376	382
	Org. View RATIO FTEs/MEMBERS	654	648

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Attachment E

**2017 YTD - Turnover Statistics**  
**September 30, 2017 | 3rd Quarter |**



©Kern Health Systems Human Resources

# family health



Attachment F

Fall • 2017

## Need a ride?

LET US HELP YOU GET TO YOUR MEDICAL APPOINTMENT!

**E**ffective July 1, 2017 all Kern Family Health Care (KFHC) members who need a ride to and from their medical appointments may receive transportation assistance as a benefit.

KFHC provides free, round-trip transportation for eligible members who need a ride to a medical appointment; to pick up a prescription; or to a durable medical equipment (DME) provider to pick up supplies.

**How do I get a ride?** The KFHC Transportation Department is available to assist you with your transportation needs Monday through Friday, from 7 a.m. to 6 p.m. They are also available 24 hours a day, 7 days a week for urgent or after hours assistance.

Please call KFHC at **661-632-1590** or **800-391-2000, option 3**. You must have your KFHC member identification number or Medi-Cal CIN ready when you call.

**What kind of transportation is offered?** There are two types of transportation assistance benefits:

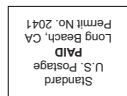
**Non-Medical Transportation (NMT):** NMT is transportation by private or public transport such as a car or a bus. KFHC offers bus passes, Lyft, Greyhound and mileage reimbursement. The Transportation Department will help find the best transportation for you. Transportation should be requested at least five business days in advance. We can also help with reservations for an urgent appointment.

**Non-Emergency Medical Transportation (NEMT):** NEMT is medically necessary transportation by litter (gurney) van or wheelchair van. NEMT is for those with a medical or physical condition that limits their ability to use public or private transport.

Your health care provider must complete a Physician Certification Statement (PCS) form and submit it to KFHC if you qualify for NEMT. Transportation should be requested at least 48 hours in advance.



**Can my caregiver come with me?** Yes. A caregiver, parent, or guardian may come with you if you are a minor or need assistance. There is no charge for one caregiver, parent, or guardian to go with you.



**asthma**

# Know your asthma medicines

**A**sthma is treated with two kinds of medicines: controller medicines and rescue medicines.

Controller medicines help prevent asthma symptoms. They should be used every day, even if you feel well. They reduce swelling and mucus buildup inside the airways. They also relax the muscles around the airways. This opens the airways so you can breathe more air in and out. Controller medicines will not help you during an asthma attack.

Rescue medicines are also called quick-relief medicines. They work fast to relieve asthma symptoms

when they occur.

Rescue inhalers are the most common rescue medicines:

- You take them when you are coughing, wheezing, having trouble breathing, or having an asthma attack.
- They can be used just before exercise to help prevent asthma symptoms caused by exercise.
- Tell your doctor if you are using rescue medicines more than twice a week. Your asthma may not be under control. Your doctor may need to change your dose of daily controller medicines.

Make sure to use your inhaler



with a spacer. A spacer helps the medicine reach your lungs, where it helps you breathe well. To obtain a spacer, ask your doctor for a prescription.

Sources: American Lung Association; National Heart, Lung, and Blood Institute

## PEAK FLOW METER

### A tool for checking your asthma control

A peak flow meter for asthma is like a thermometer for a fever. Both help check what is going on inside your body. With asthma, a peak flow meter can measure how well you are breathing.

**What does a peak flow meter do?** A peak flow meter measures lung air flow. The readings on it tell you how open your airways are. It can be used to:

- Find out if your asthma is under control.
- Find out how bad an asthma attack is.
- Check how you respond to treatment during an asthma attack.

You can see a drop in your peak flow readings even before your symptoms get worse. This allows you to take medication before it turns into a bad asthma attack.

**How to get a peak flow meter:** To obtain a peak flow meter, ask your doctor for a prescription. Talk to your doctor about using a peak flow meter with your asthma action plan.

Source: American Academy of Allergy Asthma & Immunology

## PEAK FLOW METER

### Ask your doctor

Write down at least three questions you have about using a peak flow meter or asthma management, below. Take them to your next doctor's visit.

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

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

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

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

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

**behavioral health services**

# Behavioral health treatment for autism spectrum disorder

**K**ern Family Health Care (KFHC) now covers behavioral health treatment (BHT) for autism spectrum disorder (ASD). BHT for ASD needs prior authorization of coverage and must be prescribed and provided by a participating provider.

This treatment includes applied behavior analysis and other evidence-based services. This means the services have been reviewed and have been shown to work. The services should develop or restore, as much as possible, the daily functioning of a member with ASD.

BHT services must be:

- Medically necessary.
- Prescribed by a licensed doctor or a licensed psychologist.
- Approved by the plan.
- Given in a way that follows the member's plan-approved treatment plan.

You may qualify for BHT services if:



- You are under 21 years old.
- You have a diagnosis of ASD.
- You have behaviors that interfere with home or community life. Some examples include anger; violence; self-injury; running away; or difficulty with living skills, playing skills, or communication skills.

You do not qualify for BHT services if:

- You are not medically stable.
- You need 24-hour medical or nursing services.
- You have an intellectual disability (ICF/ID) and need procedures done in a hospital or an intermediate

care facility.

Cost to member:

- There is no cost to the member for these services.

If you are currently receiving BHT services through the Kern Regional Center, they will continue to provide these services until a plan for transition is developed. More information will be available at that time.

You can call KFHC at **800-391-2000** if you have any questions—or ask your primary care provider for screening, diagnosis and treatment of ASD.

## Timely access to care

Kern Family Health Care has standards so that you receive timely access to care. The amounts of time you should have to wait when scheduling an appointment with your primary care provider (PCP), specialists and other health professionals are listed to the right. If you have to wait longer than these appropriate wait times when scheduling an appointment, please call our Member Services Department at **661-632-1590** (Bakersfield) or **800-391-2000** (outside of Bakersfield) and we will help you schedule a more timely appointment.

TYPE OF MEDICAL APPOINTMENT	APPOINTMENT WAIT TIMES
PCP routine and follow-up	10 business days*
Specialists	15 business days*
Mental health	10 business days*
Urgent appointments for services that do not require prior authorization	Within 48 hours*
Urgent appointments for services that require prior authorization	Within 96 hours*
Ancillary services such as x-rays, lab tests and physical therapy	15 business days*

*\*Health care providers can be flexible in making appointments if a longer waiting time is not harmful to the member's health. It must be noted in the member's record that a longer waiting time will not be harmful to the member.*

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

**staying healthy**

# How to recognize RSV

**R**SV (respiratory syncytial virus) is a common respiratory virus that causes mild, cold-like symptoms. It can start out as a cough and chills. Most people recover in a week or two—but RSV can be serious, especially for infants and older adults.

**Symptoms of RSV** Keep a close eye on your infants. In children younger than 1 year of age, RSV is the most common cause of bronchiolitis—the inflammation of the small airways in the lungs. It can also cause pneumonia—an infection of the lungs.

Infants who get a RSV infection almost always show symptoms. This is different for adults, who can get a RSV infection and sometimes not have any symptoms. RSV in older adults is a significant cause of respiratory illnesses.

In infants less than 6 months of age, look for RSV symptoms such as irritability, decreased activity, decreased hunger, and apnea-like pauses in breathing during sleep. A fever may not always occur with RSV infections.

RSV may not be severe when it first starts. Within a few days, it can become more severe. Early symptoms of RSV may include a runny nose, a decrease in hunger, and a cough—which may turn into wheezing.

**RSV season** In California, RSV season usually occurs from November to April—with peak incidence during January and February.



## Five steps to prevent the spread of RSV

Hand-washing is very important to help fight the spread of harmful germs. Help prevent the spread of RSV and other germs by following these five steps:

- 1** Wet your hands with clean, running water.
- 2** Lather your hands by rubbing them together with soap. Don't forget the back of your hands and under your nails.
- 3** Scrub your hands for at least 20 seconds—or sing the “Happy Birthday” song twice.
- 4** Rinse your hands with clean, running water.
- 5** Dry your hands with a clean paper towel or air dry them.

### NO SOAP AND NO WATER?

Washing your hands with soap and running water is the best way to remove germs from your hands.

If you are unable to use soap and water, you can use alcohol-based hand sanitizers. Make sure they contain at least 60 percent alcohol.

Hand sanitizers will not kill all of the germs but it is a temporary solution until you are able to wash your hands using the five steps listed above.

*Source: Centers for Disease Control and Prevention*



## Help stop fraud!

You can help us stop health care fraud.

Here are some kinds of fraud:

- Letting someone use a Kern Family Health Care (KFHC) member ID Card that does not belong to him or her.
- Giving wrong information on forms.
- Visiting many doctors and pharmacies

for the same drug.

- Trying to get medicines that a doctor didn't order.

Do you know someone doing these things? If so, call KFHC's Member Services Department at **661-632-1590** or toll-free at **800-391-2000**. Ask for the Compliance Department.



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

## member news



### Positive parenting

Parents—we know you're busy. But try to schedule time for your child.

Set aside about 10 to 15 minutes a day. In that time, let your child choose the activity they would like to play with no interruptions. Plan a short play date with your child. It's a great way to show your love that they need to grow.

Studies have shown that children who engage with their parent or guardian on a daily basis do better in school and learn helpful life lessons.

Source: [www.parents.com](http://www.parents.com)

## Special services

### KERN REGIONAL CENTER

**K**ern Regional Center is a social service agency. It provides support and services to people with special needs. Some of the services offered are:

- Counseling.
- Help with family support.
- Autism spectrum disorder (ASD) screening.

The Kern Early Start program is also offered through this agency. It serves children from birth until age 3. This program provides services for children who have special needs. These include:

- Problems due to premature birth.
- Major learning or muscle tone problems.
- Down syndrome.
- Cerebral palsy.

Kern Early Start also helps children who have:

- Been seriously ill.
- A developmental delay in areas such as walking or talking.
- Parents needing help due to their own special needs.

Kern Early Start will work with you and your child. The goal is to increase your child's skills and development. There is no cost to take part in this program.

» To learn more about these special services, please call **800-479-9899**.

### California Children's Services (CCS)

CCS is a state program for children with certain diseases or health problems. Through this program, children up to 21 years old can get the special health

care and services they need.

CCS connects you with doctors and trained health care people who know how to care for your child with special health care needs.

If your child is approved for CCS, your child will still be a Kern Family Health Care member while in this program.

Some of the health problems covered by CCS are:

- Cancer.
- Congenital heart disease.
- Sickle cell anemia.
- HIV infection.
- Cleft lip or palate.
- Other severe health problems.

CCS-approved doctors

treat these kinds of problems. Your child's primary care provider (PCP) takes care of your child's other health needs.

» To learn more about CCS, talk to your child's PCP or call us at **800-391-2000**.

Sources: CCS; Health Plan of San Joaquin

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

eating well

# Beans and greens soup

A \$5 MEAL!

**H**ere is an easy and tasty recipe that should fit in your budget. The ingredients in beans and greens soup can cost as little as \$5 per meal.

The **beans** in this recipe are a good source of fiber and lean protein. The **veggies** are good sources of calcium and vitamins. The **herbs and spices** add flavor so you can cut back on salt.

Crusty, whole-grain rolls and fresh fruit salad pair especially well with this hearty soup.



**Beans and greens soup**  
Makes 2 servings.

Prep time: 15 minutes.

**INGREDIENTS**

- |   |   |
|---|---|
| 2 teaspoons olive oil or other vegetable oil                | 1 cup fat-free, low-sodium chicken broth  |
| 3 small, green onions, finely sliced                        | 2 tablespoons snipped fresh parsley   |
| ½ medium rib of celery, finely chopped                      | ¼ teaspoon dried marjoram or oregano, crumbled                                  |
| 10 ounces frozen, chopped spinach, thawed and squeezed dry  | ⅛ teaspoon cayenne  |
| 1 can (14.5-ounces) no-salt-added diced tomatoes, undrained | ⅛ teaspoon ground nutmeg  |
|   | ⅔ cup canned, no-salt-added white beans, such as navy beans, drained and rinsed |

**DIRECTIONS**

1. In a medium nonstick saucepan, heat the oil over medium heat. Swirl it to coat the bottom. Cook the green onions and celery for 4 to 5 minutes, or until the celery is tender-crisp, stirring occasionally. Stir in the spinach. Cook for 2 to 3 minutes, or until any liquid evaporates and the mixture comes away from the side of the skillet. Stir frequently.
2. Stir in the rest of the ingredients, except the beans. Increase the heat to medium high and bring to a boil, covered. Reduce the heat and simmer, covered, for 10 minutes, or until the flavors blend and the veggies are tender.
3. Stir in the beans. Cook uncovered for 1 minute, or until the beans are hot. For a thicker broth, increase the heat to medium when you add the beans. Cook partially covered until some of the liquid evaporates and the soup is the desired consistency.

**CHOICES/EXCHANGES**

- 1 starch, 3 vegetable, 1 lean meat, ½ fat.
- Make it gluten-free: Confirm all ingredients are gluten-free and this recipe can be made gluten-free.

**NUTRITION FACTS**

Serving size: 1½ cups. Amount per serving: 55 calories, 32g carbohydrates, 14g protein, 6g fat (0.9 saturated fat), 8g sugar, 12g dietary fiber, 0mg cholesterol, 235mg sodium.

Source: American Diabetes Association



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

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

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

Like us on Facebook at [facebook.com/KernFamilyHealthCare](https://facebook.com/KernFamilyHealthCare)

Follow us on Twitter at [twitter.com/\\_KFHC](https://twitter.com/_KFHC)

Watch the Kern Family Health Care channel on YouTube

Attachment G

KHS Critical Path timeline

Draft 9/20/2017

Completed	Day	Date	Revised Date	Description	Responsibility	Note
X	Friday	June 23, 2017		Scope, Project description, Site Plan, Building Elevations and timeline		
X	Friday	June 23, 2017		Cost update for KHS		
X	Friday	June 30, 2017		Publish date for Pre Qualification		
X	Monday	June 30/July 31		Pre Qualification period		
X	Monday	July 17, 2017		65% construction documents Set		
X	Friday	July 21, 2017		Evaluation of Pre-Qual submittals		
X	Thursday	July 31/August 4		Submission of Building Plans to City of Bakersfield		
X	Thursday	August 10, 2017		Board approval of Pre-Qualified bidders		
X	Thursday	August 10, 2017		Subcontractor notification and appeal period		
X	Thursday	Aug. 11-18		Owner review and Approval of 100% Construction Drawings		
X	Friday	August 31-October 12		Construction Manuals/ Bid Packages		
X	Friday	August 10- Oct 1		Building Dept resubmittal, addressing comments		
X	Friday	September 15, 2017	needs to be adjusted	Trade contractor Manual (Joan Cox)		
				Delaware Structural Steel Bid Set updated steel drawings and specs as of 9/29/17		
	Monday	October 2, 2017	needs to be adjusted	KHS approval to proceed with bidding (board or page 4)		HOB approval not required
	Monday	September 29, 2017	needs to be adjusted	Webex for Pre-bid Meeting needs to be set up so we can include info in ITB documents		
	Monday	October 2, 2017	needs to be adjusted	Invitation to Bid to 7 Pre-qualified Steel Contractors	Leslie	
	Monday	October 2, 2017	needs to be adjusted	Concurrent Advertising - 2 weeks (Bakersfield Californian needs a 2 day lead time)	Leslie	
			2-Oct	Prepare and send Pre-Bid conference PPP to Joan for review (use CMGC PPP as template)	Leslie	
			10-Oct	Reserve Four Points for Group A & B submittals and openings - need to include in bid docs		Joan discouraged having 2 separate meetings. She will join via webex
			10-Oct	Mandatory Pre-bid conference/electronic meeting for Pre-Qualified Steel Contractors		
			10-Oct	City of Bakersfield Building Permit approval and availability (Subject to pending City of Bakersfield approvals)		
	Friday	Oct 6-12		Deadline for Pre-bid questions/RFI's due from Steel Contractors		
	Monday	October 13, 2017		Notice to invite Bids		
	Monday	October 16, 2017		Bidding Period for remaining PreQualified and CUPCCAA contractors		
	Wednesday	October 18, 2017		Issue Addendum Response to Steel Contractors		
	Tuesday	October 24, 2017		Bid date for Steel Contractors	Leslie	Reserve KHS conference room
	Tuesday	October 24, 2017		Review of Steel Bids to confirm compliance and award/ (Board approval of Steel Bids Phase 1.2)		
	Wednesday	October 25, 2017		Proposed early award of Structural Steel Contract in two phases, Shop Drawings and Fabrication/erection		
				Special BOB - going to approach investors to follow		
				Register with DIR (Steel then the others to follow)		
			25-Oct	Mandatory Pre-bid conference/ electronic meeting for Pre-qual and CUPCCAA contractors		Joan discouraged having 2 separate meetings. She will join via webex
	Thursday	10/25 & 26/2017		Groundbreaking ceremony		
	Friday	October 26, 2017		Deadline for submission of Pre Bid Questions/RFI's from Pre-Qual and CUPCCAA contractors		
	Wednesday	November 3, 2017		Issue Addendum response to Pre-Qual and CUPCCAA contractors with answers to Pre-Bid questions		
	Wednesday	November 8, 2017		All bids due from Group A and Group B		Joan coming in late afternoon
			15-Nov	Bid date - Group A contractors		Joan available
	Wednesday	November 15, 2017		Bid Date - Group B contractors		Joan available
	Thursday	November 16, 2017		Review of Bids from Group A and B contractors to confirm compliance and confirm award		
	Friday	November 17, 2017	11/20/2017 - 11/23/17	Board approval of bids to construct, and to proceed with Assignment and Novation of all and Phase II of Steel		
	Thursday	December 14, 2017		Add approved subs to DIR registration		
	Sunday?	December 17, 2017		Notice to proceed by SCA to Subs		

Key

- Related to steel bids
- Related to Group A and Group B bidding



**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
NEW VENDOR CONTRACTS  
OCTOBER 12, 2017**

Name	DBA	Specialty	Address	Comments	Contract Effective Date
Autism Response Team	Autism Response Team	ABA	4500 California Ave Bakersfield CA 93309	Resubmitting with corrected Eff Date	<del>9/01/2017</del> 8/01/2017
Rose Desert Congregate Care Inc.	Rose Desert Congregate Care Inc.	SNF	3032 W. Milling St. Lancaster CA 93536	PAC 9/6/17	10/1/2017
Chin Sok An	Lucky Service	Transportation	833 Greenwood Meadow Lane Bakersfield CA 93308	PAC 9/6/17	10/1/2017
SRS Tehachapi	SRS Tehachapi	Dialysis Clinic	711 Valley Blvd Tehachapi CA 93561	PAC 9/6/17	10/1/2017
KCI USA, Inc	KCI USA, Inc	DME- Wound Vac Supplies	12930 IH 10th West, San Antonio, TX 78249	PAC 9/6/17 supplies wound Vacs. Perferred vendor by providers.	10/1/2017
Berkay Unal MD PC	Berkay Unal MD PC	Ortho	300 Old River Road. Ste. 200, Bakersfield, CA 93311	PAC 10/4/17 Joining Mercy Ortho Clinic under individual contract, retro effective date to 10/1 as members are backed up for appointements with the other providers at Mercy Ortho clinic	10/12/2017
Moon MD Incorporated	Cyrus Moon MD	General Surgery/ Bariatrics	5959 Truxtun Ave Bakersfield CA 93309	PAC 10/4/17 Dr. Moon already Credentialed. Individual contract/TIN.	11/1/2017
San Joaquin Valley Health Group, Inc	1st Choice Urgent Care	Urgent Care	6515 Panama Lane Ste 106-107 Bakersfield CA	PAC 10/4/17 Dr. Mugema already Credentialed.	11/1/2017

**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
TERMED CONTRACTS  
OCTOBER 12, 2017**

Name	DBA	Specialty	Address	Comments	Effective Date
Susan Hall, MD	Susan Hall, MD	Family Medicine	432A West J Street Tehachapi CA 93561	Termed due to not taking Medi-Cal members anymore.	9/1/2017
Earla Quisido, MD	Clinica Del Pueblo	Family Medicine	10200 Main Street Lamont CA 93241	New owners and TX ID change	8/31/2017
Ali Ashmead, MD	Rosamond Medical Clinic	Internal Medicine	1415 W Rosemond Blvd. Ste 24 Rosamond CA 93560	Closed Facility due to funds.	8/30/2017

## SUMMARY

### FINANCE COMMITTEE MEETING

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

Friday, August 4, 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**

**SUMMARY**

Finance Committee Meeting  
Kern Health Systems

Page 2  
8/4/2017

- 
- CA-3) Minutes for KHS Finance Committee meeting on June 2, 2017 -  
APPROVED  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 4) Report on KHS investment portfolio for the second quarter ending June 30, 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 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) -  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 6) Proposed renewal and binding of general liability insurance from October 1, 2017  
through September 30, 2018 (Fiscal Impact: \$239,475 Estimated; Budgeted) -  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades**
- 7) Proposed Retroactive Amendment No. 19 to Physician Services Agreement and  
Amendment No. 36 to Hospital and Other Facility Services Agreement with Kern  
Medical relating to services for Medi-Cal SPD enrollees pursuant to the  
Intergovernmental Agreement regarding the transfer of public funds between the  
County of Kern and the California Department of Health Care Services  
(Fiscal Impact: None) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades**
- 8) Proposed modification to the Kern Health Systems Tuition Assistance Program  
Policy (Fiscal Impact: \$2,000 Estimated; Budgeted) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 9) Report on Kern Health Systems financial statements for May 2017 and June 2017  
(Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades**
- 10) Report on Accounts Payable Vendor Report, Administrative Contracts under  
\$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT  
system for May 2017 and June 2017 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades**

ADJOURN TO FRIDAY, OCTOBER 6, 2017 AT 8:00 A.M.

**Melendez**

