



**KERN HEALTH
SYSTEMS**

**REGULAR MEETING OF THE
BOARD OF DIRECTORS**

Thursday, December 14, 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, December 14, 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 October 12, 2017 (Fiscal Impact: None) –
APPROVE
- CA-5) Minutes for Kern Health Systems Board of Directors special meeting on November 9, 2017 (Fiscal Impact: None) –
APPROVE
- CA-6) Report on Structural Steel Bid Award (Fiscal Impact: None) –
RECEIVE AND FILE

-
- 7) Proposed Authorization authorizing the Chief Executive Officer to execute subcontract agreements with the lowest responsive and responsible bidders and corresponding novation agreements to S C Anderson, General Contractor (Fiscal Impact: \$14,346,145)
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-8) Report on Kern Health System Investment Portfolio for the third quarter ending September 30, 2017 (Fiscal Impact: None) –
 APPROVE
- 9) Proposed Retroactive Amendment No. 20 to Physician Services Agreement and Amendment No. 39 to Hospital and Other Facility Services Agreement with Kern Medical relating to services for Medi-Cal SPD enrollees pursuant to the Intergovernmental Agreement regarding the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) –
 RETROACTIVE APPROVAL; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 10) Proposed Kern Health Systems 2018 Operating and Capital Budgets (Fiscal Impact: None) –
 APPROVE
- CA-11) Proposed policy with OPTUM for reinsurance to mitigate costs incurred by Kern Health Systems for members with high dollar inpatient admissions from January 1, 2018 through December 31, 2018 in an amount not to exceed \$0.47 per member per month (Fiscal Impact: \$1,371,014 estimated; Budgeted) –
 APPROVE
- CA-12) Report on Kern Health Systems 2018 Marketing Plan (Fiscal Impact: None) –
 RECEIVE AND FILE
- CA-13) Report on Kern Health Systems Strategic Planning Meeting; Summary and Next Steps (Fiscal Impact: None) –
 RECEIVE AND FILE
- CA-14) Report on Kern Health Systems 2016 Provider Satisfaction Survey (Fiscal Impact: None) –
 RECEIVE AND FILE
- 15) Proposed Budget Request for 2018 Project Consulting Professional Services, from January 1, 2018 through December 31, 2018 (Fiscal Impact: \$2,959,453; Budgeted) –
 APPROVE

- CA-16) Proposed Agreement with Optum, Inc, to provide Claims Edit Platform Solution, maintenance and support in an amount not to exceed \$1,624,098; additionally include purchase of hardware, software and professional services to support installation and deployment \$1,007,030, from December 14, 2017 through December 14, 2020 (Fiscal Impact: \$2,631,128; Budgeted) – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-17) Proposed Amendment with ZeOmega, Inc, for the implementation of the third phase of the Jiva Software Platform in an amount not to exceed \$338,875; additionally include professional services to support installation and function not to exceed \$2,669,086, from January 1, 2018 through December 31, 2018 (Fiscal Impact: \$3,007,961; Budgeted) – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 18) Report on Kern Health Systems financial statements for September 2017 and October 2017 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-19) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for September 2017 and October 2017 (Fiscal Impact: None) – RECEIVE AND FILE
- 20) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVE AND FILE
- 21) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVE AND FILE
- CA-22) 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-23) Proposed reappointment of Dilbaugh Gehlawat, M.D. and Sarabjeet Singh, M.D. to the Kern Health Systems Pharmacy & Therapeutic Committee (Fiscal Impact: None) – MAKE REAPPOINTMENTS
- CA-24) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) – APPROVE

CA-25) Miscellaneous Documents –
RECEIVE AND FILE

- A) Minutes for KHS Public Policy Committee meeting on January 24, 2017
- B) Minutes for KHS Public Policy Committee meeting on April 25, 2017
- C) Minutes for KHS Public Policy Committee meeting on July 25, 2017
- D) Minutes for KHS QI/UM Committee meeting on March 2, 2017
- E) Minutes for KHS QI/UM Committee meeting on May 25, 2017
- F) Minutes for KHS QI/UM Committee meeting on August 24, 2017
- G) Minutes for KHS Finance Committee meeting on October 6, 2017

ADJOURN TO THURSDAY, FEBRUARY 8, 2018 AT 8:00 A.M.

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

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the 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, October 12, 2017

8:00 A.M.

BOARD RECONVENED

Directors present: Rhoades, McGlew, Deats, Hoffmann (arrived at 8:32 a.m.) Brar, Hinojosa, Judd, Melendez, Patel (arrived at 8:15 a.m.)

Directors absent: Casas, Patrick, Stewart

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

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

BOARD ACTION SHOWN IN CAPS

ADJOURN TO CLOSED SESSION

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

8:15 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION –

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING SEPTEMBER 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 JUDD ABSTAINED FROM VOTING ON AVETISYAN, CHAUDHRY, DANIELS, DIGGES, GUPTA, JACOBSSON, JAMES, LEACH, ORDUNO, ORESTES, SYED, TOENSING; DIRECTOR MCGLEW ABSTAINED FROM VOTING ON EVERETT

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREDENTIALING SEPTEMBER 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 RECREDENTIALING; DIRECTOR MELENDEZ ABSTAINED FROM VOTING ON MELENDEZ

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING OCTOBER 2017** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; DIRECTOR DEATS ABSTAINED FROM VOTING ON AYAD; DIRECTOR JUDD ABSTAINED FROM VOTING ON SINGH, TIDWELL, WIN

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREDENTIALING OCTOBER 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 RECREDENTIALING; DIRECTOR DEATS ABSTAINED FROM VOTING ON MARISCAL; DIRECTOR JUDD ABSTAINED FROM VOTING ON ACACIO, DHILLON, MOXLEY, PAKULA, SNOW

PUBLIC PRESENTATIONS

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NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 3) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
NO ONE HEARD
- CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on August 10, 2017 (Fiscal Impact: None) –
 APPROVED
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- 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) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- 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) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- 7) Report on Kern Health Systems Network Adequacy (Fiscal Impact: None) –
 RECEIVED AND FILED
Deats-Melendez: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- CA-8) Report on Kern Health Systems strategic plan for the third quarter ending September 30, 2017 (Fiscal Impact: None) –
 RECEIVED AND FILED
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- 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) –
 APPROVED; AUTHORIZED CHAIRMAN TO SIGN
Deats-Judd: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- 10) Proposed construction request for statement of qualifications for low-voltage contractors (Fiscal Impact: None) -
 APPROVED
McGlew-Judd: 8 Ayes; 1 Abstention - Brar; 3 Absent – Casas, Hoffmann, Patrick, Stewart

-
- 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) - GREGORY BYNUM, GREGORY D. BYNUM AND ASSOCIATES, HEARD;
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Melendez-Deats: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- 12) Report on Kern Health Systems 2017 Legislative Summary (Fiscal Impact: None) – RECEIVED AND FILED
Hinojosa-Patel: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- 13) Report on Kern Health Systems financial statements for July 2017 and August 2017 (Fiscal Impact: None) – RECEIVED AND FILED
McGlew-Deats: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- 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) – RECEIVED AND FILED
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- CA-15) Proposed revised Kern Health Systems Varicose Vein Treatment Criteria (Fiscal Impact: None) – APPROVED
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- 16) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVED AND FILED
McGlew-Deats: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- 17) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED
Deats-Melendez: 9 Ayes; 3 Absent – Casas, Patrick, Stewart
- CA-18) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- CA-19) Miscellaneous Documents – RECEIVED AND FILED
Melendez-Brar: 8 Ayes; 4 Absent – Hoffmann, Casas, Patrick, Stewart
- A) Minutes for KHS Finance Committee meeting on August 4, 2017

Summary - Board of Directors
Kern Health Systems
Regular Meeting

Page 5
10/12/2017

ADJOURN TO THURSDAY, DECEMBER 14, 2017 AT 8:00 A.M.
MELENDEZ

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

SUMMARY

BOARD OF DIRECTORS

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

Special Meeting
Thursday, November 9, 2017

8:00 A.M.

BOARD RECONVENED AT 8:00 A.M.

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

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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CHAIRMAN RHOADES COMPLIMENTED THE KHS STAFF ON THE GROUND BREAKING CEREMONY AND STATED THAT IT WAS A VERY NICE EVENT

- 3) Board of Directors strategic planning session – BOBBIE WUNSCH, PACIFIC HEALTH CONSULTING GROUP AND CHRIS PERRONE, THE CALIFORNIA HEALTH CARE FOUNDATION, HEARD;
PRESENTATION HEARD

ADJOURNED

Brar



To: KHS Board of Directors

From: Emily Duran, Director of Provider Relations

Date: December 14, 2017

Re: Structural Steel Bid Award

Background:

On October 12, 2017, KHS Board of Directors authorized the CEO to execute the Steel Bid Contract with the lowest bidder and novate the agreement to the General Contractor: SC Anderson for an amount not to exceed \$3,320,000. KHS staff published the Notice Inviting Bids to the pre-qualified Structural Steel Contractors and held the formal public bid opening on October 26, 2017.

The lowest, responsive bidder was Mechanical Industries, Inc., with a total bid amount of \$2,971,400.00. The Notice of Award is included.

Requested Action:

Receive and File.

DOCUMENT 00 5101

NOTICE OF AWARD

Dated: November 3, 2017

To: Mechanical Industries, Inc.

Address: 314 Yampa Street, Bakersfield, CA 93307

CONTRACT FOR: **KERN HEALTH SYSTEMS**
KHS RELOCATION PROJECT

CONTRACT NO: KHS Relocation Project – Structural Steel

The Item 1 Sum of your Contract is \$65,125.00 (Sixty Five Thousand One Hundred Twenty Five Dollars).

The Item 2 Sum of your Contract is \$2,906,275.00 (Two Million Nine Hundred Six Thousand Two Hundred Seventy Five Dollars).

1. Four copies of the proposed Contract Documents listed below accompany this Notice of Award.
2. You must comply with the following conditions precedent by 5:00 p.m. of the 10th Day following the date of this Notice of Award, that is, by **Monday, November 13, 2017**.
 - a. Deliver to Owner four fully executed counterparts of Document 00 5201 (Agreement). Each copy of Document 00 5201 (Agreement) must bear your original signature on the signature page and your initials on each page.
 - b. Deliver to Owner four original copies of Document 00 6301 (Guaranty), each executed by you and with your initials on each page.
 - c. Deliver to Owner one original set of the insurance certificates with endorsements required under Document 00 7311 (Supplementary Conditions – Insurance and Indemnification).
 - d. Deliver to Owner four fully executed counterparts of Document 00 5205 (Assignment and Novation Agreement). Each copy of Documents 00 5201 (Agreement) and 00 5205 (Assignment and Novation Agreement) must bear your original signature on the signature page and your initials on each page.
3. Failure to comply with these conditions within the time specified will entitle Owner to consider your Bid abandoned, to annul this Notice of Award, and to declare your Bid security forfeited.
4. As further described in Document 00 2001 (Instructions to Bidders), award of the Contract is also subject to all authorities having jurisdiction.
5. Within 21 Days after Contractor complies with the conditions in Paragraph 2 of this Document 00 5101, Owner will return to Contractor one fully signed counterpart of Document 00 5201 (Agreement) and one fully signed counterpart of Document 00 5205 (Assignment and Novation Agreement), together

KHS Relocation Project
OAK #4818-5110-9189 v2
07014-0001

00 5101 - 1

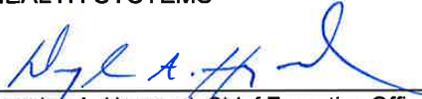
Notice of Award

with one copy of the Project Manual (including Specifications and Drawings) and one set of full-sized Drawings.

- 6. Before Contractor may commence the pre-construction phase services under the Contract, Contractor must attend a pre-project conference. The pre-project conference may be arranged through Paul Burzych at S.C. Anderson. Questions regarding bonds and insurance may be directed to Emily Duran at (661) 664-5000. All other inquiries regarding the Project should be directed to Paul Burzych at S.C. Anderson at burzychp@scanderson.com with a copy to Emily Duran at construction@khs-net.com.
- 7. Upon commencement of the Work, Contractor and each of Contractor's Subcontractors shall certify and provide Owner copies of payroll records on forms provided by the Division of Labor Standards Enforcement, in accordance with California Labor Code Section 1776.

OWNER:

KERN HEALTH SYSTEMS

By: 

 Douglas A. Hayward, Chief Executive Officer

AUTHORIZED BY RESOLUTION:

NO: 2016-01_____

ADOPTED: May 23, 2016_____

END OF DOCUMENT



To: KHS Board of Directors
From: Douglas A. Hayward, CEO
Date: December 14, 2017
Re: Subcontractor Bid Awards

Background

Kern Health Systems (KHS) published a Notice Inviting Bids to the all pre-qualified Sub-Contractors. The invitation to submit a formal bid for their construction services was published on October 16, 2017 and formal bids are due November 6, 2017.

To date we have held two phases of the public works bid process for the construction project. The first phase was specific to structural steel only. The list of trades being presented today is phase 2. The 3rd phase of bidding will include a few items that either have to be re-bid or trades we are finalizing specifications for; all of which are scheduled for January, 2018.

Emily Duran, KHS Director of Public Relations and Greg Bynum, KHS Developer will present to the Board of Director current status of the project.

Requested Action

Recommend KHS Board of Directors authorize CEO to execute Subcontractor Agreements with the lowest, responsive bidder totaling \$14,346,145 and novate agreements to General Contract: SC Anderson as follows:

| Bid Package # | Trade | Company | NTE Amount |
|---------------|---|--|-----------------|
| 2 | Earthwork | Pay Dirt Construction, Inc. | \$ 410,435.23 |
| 3 | Building and Site Concrete and Reinforcing Steel | Tumblin Company | \$ 2,106,700.00 |
| 4 | AC Paving, Striping, and Handicap Signs | Diversified Construction Solutions, Inc. | \$ 420,340.00 |
| 5 | Decorative Fencing | San Joaquin Fence | \$ 238,844.00 |
| 6 | Landscape and Irrigation | Elite Landscaping Construction, Inc. | \$ 397,000.00 |
| 7 | Metal studs, Cement Plaster, and Drywall | David M. Schmitt | \$ 6,076,322.00 |
| 8 | Masonry | Dorfmeier Masonry, Inc. | \$ 49,600.00 |
| 9 | Roofing and Waterproofing | Midstate Sheetmetal Inc. | \$ 394,466.00 |
| 10 | Curtain Wall, Storefront, and Mirrors | Kern Glass and Aluminum Company | \$ 1,479,900.00 |
| 11 | Sheet Metal and Metal Panels | Four C's Construction | \$ 549,550.00 |
| 13 | Acoustical Panel Ceilings, Linear Wood Ceilings, Sound Absorbing Wall Units | Sound Control Co. | \$ 713,000.00 |
| 16 | Painting , Water Repellants, and Vinyl Wall Coverings | Wm. B. Saleh Co. | \$ 119,300.00 |
| 18 | Plumbing | Mesa Energy Systems, Inc. | \$ 909,000.00 |
| 19 | Fire Sprinklers | RLH Fire Protection | \$ 333,217.00 |
| 20 | Heating, Ventilating, and Air Conditioning | Journey Air Conditioning Co. | \$ 2,704,454.00 |
| 22 | Site Utilities | Ground Breakers Construction, Inc. | \$ 121,000.00 |
| 23 | Insulation | Alcal Specialty Contracting, Inc. | \$ 94,550.00 |
| 25 | Interior Architectural Woodwork | K&Z Cabinet Co., Inc. | \$ 249,580.00 |
| 26 | Toilet Partitions and Accessories | John Pence Building Specialties, Inc. | \$ 139,800.00 |
| 27 | Window Coverings | R&D Interiors, Inc. | \$ 89,600.00 |
| 28 | Demolition | Housley Demolition Co., Inc. | \$ 42,022.00 |



KERN HEALTH SYSTEMS

SUBCONTRACTOR BID SELECTION BOARD OF DIRECTORS DECEMBER 14, 2017

 Kern Family
Health Care
The Friendly Face
Of Kern Health Systems
1-800-391-2000
kernfamilyhealthcare.com

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.



Kern Family
Health Care
The Friendly Face
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1-800-391-2000
kernfamilyhealthcare.com

KERN HEALTH SYSTEMS RELOCATION PROJECT

2

TIMELINE

- Advertisement / Invitations to Bid to Qualified Contractors : 10/16/17
- Mandatory Pre-Bid Meeting: 10/26/17
- Deadline for Pre-Bid Questions: 11/06/17 (12:00 PM PST)
- Issued Final Addendum 11/10/17
- Bids Due: 11/15/17 (3:30 PM)
- Public Bid Opening : 11/16/17 & 11/17/17

Current Status

- Phase 1 – Structural Steel – completed
- Phase 2 – List of trades being presented today
- Phase 3 – January 2018 - trades such as:
 - Solar/Covered Parking
 - Low voltage
 - Electrical re-design



1-800-391-2000
kernfamilyhealthcare.com

KERN HEALTH SYSTEMS RELOCATION PROJECT

4

Budget Estimates

- Initial Budget estimate: \$25,500,000
- Current Budget estimate: \$28,000,000
- Contributing factors to increase:
 - Northern California Fires
 - National hurricane reconstruction efforts
 - Limited supply resources from recent national disasters
 - Strained trade resources

Requested Action

Recommend KHS Board of Directors authorize CEO to execute the Subcontractor Agreements with the lowest responsive and responsible bidders totaling \$14,346,145 and novation agreements to General Contract: SC Anderson as follows:

(See following slide for list)



1-800-391-2000
kernfamilyhealthcare.com

KERN HEALTH SYSTEMS RELOCATION PROJECT

6

Requested Action

| Bid Package # | Trade | Company | NTE Amount |
|---------------|---|--|-----------------|
| 2 | Earthwork | Pay Dirt Construction, Inc. | \$ 410,435.23 |
| 3 | Building and Site Concrete and Reinforcing Steel | Tumblin Company | \$ 2,106,700.00 |
| 4 | AC Paving, Striping, and Handicap Signs | Diversified Construction Solutions, Inc. | \$ 420,340.00 |
| 5 | Decorative Fencing | San Joaquin Fence | \$ 238,844.00 |
| 6 | Landscape and Irrigation | Elite Landscaping Construction, Inc. | \$ 397,000.00 |
| 7 | Metal studs, Cement Plaster, and Drywall | David M. Schmitt | \$ 6,076,322.00 |
| 8 | Masonry | Dorfmeier Masonry, Inc. | \$ 49,600.00 |
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| 10 | Curtain Wall, Storefront, and Mirrors | Kern Glass and Aluminum Company | \$ 1,479,900.00 |
| 11 | Sheet Metal and Metal Panels | Four C's Construction | \$ 549,550.00 |
| 13 | Acoustical Panel Ceilings, Linear Wood Ceilings, Sound Absorbing Wall Units | Sound Control Co. | \$ 713,000.00 |
| 16 | Painting , Water Repellants, and Vinyl Wall Coverings | Wm. B. Saleh Co. | \$ 119,300.00 |
| 18 | Plumbing | Mesa Energy Systems, Inc. | \$909,000.00 |
| 19 | Fire Sprinklers | RLH Fire Protection | \$333,217.00 |
| 20 | Heating, Ventilating, and Air Conditioning | Journey Air Conditioning Co. | \$2,704,454.00 |
| 22 | Site Utilities | Ground Breakers Construction, Inc. | \$121,000.00 |
| 23 | Insulation | Alcal Specialty Contracting, Inc. | \$94,550.00 |
| 25 | Interior Architectural Woodwork | K&Z Cabinet Co., Inc. | \$249,580.00 |
| 26 | Toilet Partitions and Accessories | John Pence Building Specialties, Inc. | \$139,800.00 |
| 27 | Window Coverings | R&D Interiors, Inc. | \$89,600.00 |
| 28 | Demolition | Housley Demolition Co., Inc. | \$42,022.00 |



1-800-391-2000
kernfamilyhealthcare.com

KERN HEALTH SYSTEMS RELOCATION PROJECT

Questions

For additional questions, please contact:

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



1-800-391-2000

kernfamilyhealthcare.com



To: KHS Board of Directors

From: Robert Landis, CFO

Date: December 14, 2017

Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

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

- Preservation of principal
- Liquidity
- Yield

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

Short-Term Portfolio (Under 1 year)

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

Long-Term Portfolio (1-5 years)

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

Requested Action

Receive and File.

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

Short Term Portfolio (under 1 year)

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

| Description | | | Dollar Amount | % of Portfolio | Maximum Allowed Per Policy | Approximate Current Yield | Liquidity | Principal Fluctuation |
|--|-----|-----|-----------------------|-----------------------|-----------------------------------|----------------------------------|------------------|---------------------------------------|
| Wells Fargo - Cash & Repurchase Agreements | (A) | (1) | \$ 4,900,000 | 1.48% | 50% | 0.08% | 1 Day | None |
| Morgan Stanley Money Market | (B) | (1) | \$ 42,200,000 | 12.76% | 20% | 0.91% | 1 Day | None |
| Local Agency Investment Fund (LAIF) | (C) | (2) | \$ 64,700,000 | 19.56% | 50% | 1.11% | 2 Days | None |
| US T-Bills at Wells Fargo | | (1) | \$ 110,000,000 | 33.25% | 100% | 0.83% | 1 Day | Subject to Interest Rate Fluctuations |
| KHS Managed Portfolio at Wells Fargo | (D) | | \$ 28,400,000 | 8.59% | | 1.23% | 3 Days | Subject to Interest Rate Fluctuations |
| Sub-Total | | | \$ 250,200,000 | 75.63% | | 0.95% | | |

Long Term Portfolio (1 - 5 years)

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

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

Yield Curve

| Yield Curve | A | | | |
|-------------|------------|--------------------|-----------------|-------|
| | Treasuries | AA Corporate Bonds | Corporate Bonds | CD's |
| 1 year | 1.35% | 1.40% | 1.50% | 1.35% |
| 2 year | 1.52% | 1.62% | 1.75% | 1.70% |
| 3 year | 1.66% | 1.75% | 1.92% | 1.85% |
| 5 year | 1.95% | 2.12% | 2.34% | 2.25% |

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
- (B) \$15 Billion money market fund managed by Morgan Stanley comprised of high -quality debt securities issued by the US Government.
- (C) LAIF is part of a \$74 Billion Pooled Money Investment Account managed by the State Treasurer of CA. Majority of portfolio is comprised of Treasuries, CD's, Time Deposits and Commercial Paper.
- (D) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
- (E) High quality diversified portfolio comprising certificate of deposits, corporate bonds and notes, municipal securities and US Treasury Securities. Includes investments maturing in less than 1 year that will be re-invested for over 1 year at maturity.

- (1) Funds are utilized to pay providers, meet operating expenses, distribute pass-through monies waiting for additional approvals and/or support and monies owed to the State For MCO Taxes and/or overpayments. Extra liquidity is maintained in the event the State is late with its monthly capitation payment and/or MCO Tax Reimbursement Payments.
- (2) Funds will be primarily utilized to fund various Grant Programs and 2017 capital projects, which includes building a new office building.



UBS Client Review

as of September 30, 2017

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

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

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

Prepared for

Kern Health Systems
BOARD REVIEW

Accounts included in this review

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

What's inside

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



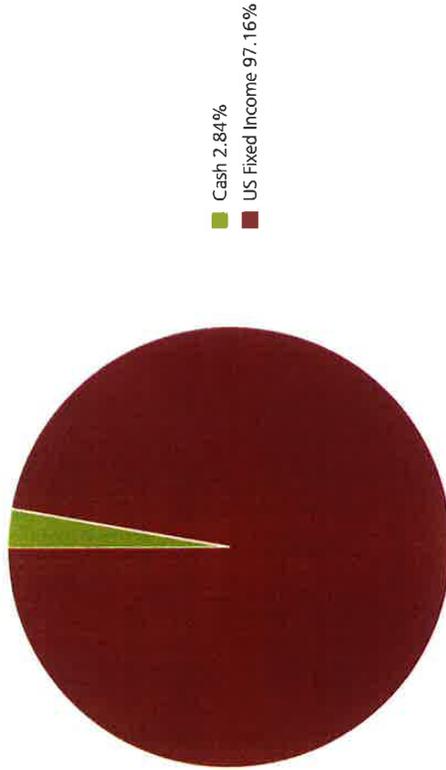
Asset allocation review

as of September 30, 2017

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

| | Market value (\$) | % of portfolio |
|------------------------|------------------------|----------------|
| Cash | 2,021,709.72 | 2.84 |
| Cash | 2,021,709.72 | 2.84 |
| Fixed Income | 69,290,310.64 | 97.16 |
| US | 69,290,310.64 | 97.16 |
| Equity | 0.00 | 0.00 |
| Commodities | 0.00 | 0.00 |
| Non-Traditional | 0.00 | 0.00 |
| Other | 0.00 | 0.00 |
| Total Portfolio | \$71,312,020.36 | 100% |

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



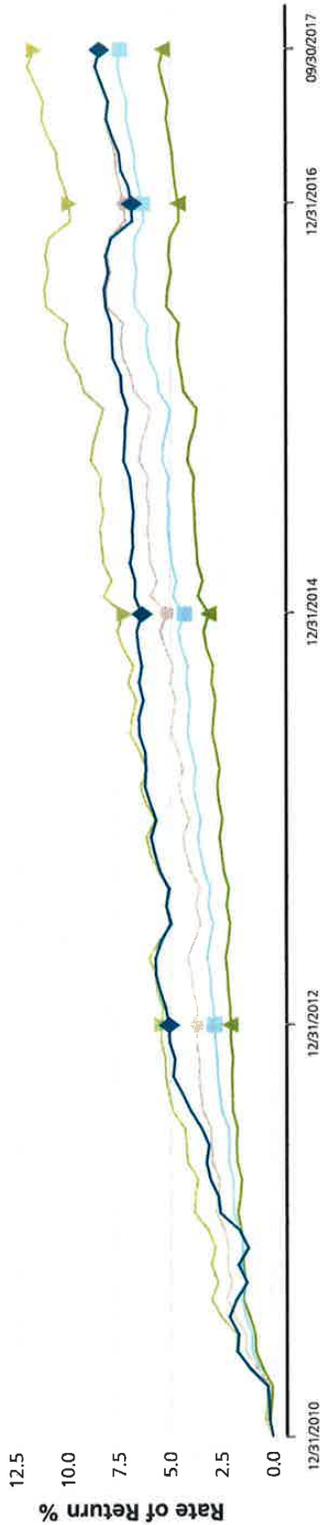
■ Cash 2.84%
 ■ US Fixed Income 97.16%



Cumulative performance

as of September 30, 2017

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



| | 12/31/2010 to 12/31/2012 | 12/31/2010 to 12/31/2014 | 12/31/2010 to 12/31/2016 | 12/31/2010 to 09/30/2017 | Annualized 12/31/2010 to 09/30/2017 |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| ◆ Net Time-weighted ROR | 5.07 | 6.39 | 6.90 | 8.52 | 1.22 |

Benchmarks - Time-weighted returns

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

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



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

Bond summary

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

as of September 30, 2017

Bond overview

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

Credit quality of bond holdings

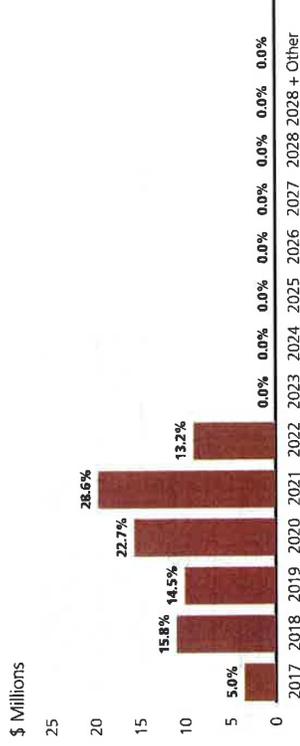
| Effective credit rating | Issues | Value on 09/30/2017 (\$) | % of port. |
|---------------------------------|-----------|--------------------------|-------------|
| A Aaa/AAA/AAA | 16 | 41,142,928.97 | 59.55 |
| B Aa/AA/AA | 13 | 12,071,043.19 | 17.40 |
| C A/A/A | 15 | 13,756,979.76 | 19.73 |
| D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



Investment type allocation

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

Bond maturity schedule



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



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

Bond holdings

as of September 30, 2017

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

Summary of bond holdings

| Maturity Year | Issues | Quantity | Est. annual income (\$) | Current yield (%) | Yield to maturity (%) | Yield to worst (%) | Modified duration | Adjusted cost basis (\$) | Unrealized gain/loss (\$) | Mkt. value (\$) | % of bond portfolio maturing |
|---------------|-----------|-------------------|-------------------------|-------------------|-----------------------|--------------------|-------------------|--------------------------|---------------------------|------------------------|------------------------------|
| 2017 | 4 | 3,483,000 | 42,745.32 | 1.23% | 1.12% | 1.12% | 0.17 | 3,450,654.01 | 31,053.90 | 3,497,535.72 | 5.05% |
| 2018 | 12 | 10,785,000 | 330,845.00 | 3.03% | 1.61% | 1.61% | 0.87 | 10,920,660.01 | -17,135.97 | 11,004,252.07 | 15.89% |
| 2019 | 7 | 9,979,000 | 203,607.50 | 2.03% | 1.79% | 1.79% | 1.60 | 10,081,088.97 | -38,135.09 | 10,113,929.59 | 14.58% |
| 2020 | 7 | 15,629,000 | 339,277.50 | 2.17% | 2.10% | 2.10% | 2.61 | 15,813,133.36 | -174,187.25 | 15,735,290.07 | 22.7% |
| 2021 | 12 | 19,920,000 | 364,978.00 | 1.85% | 2.13% | 2.12% | 3.53 | 20,018,354.67 | -312,065.62 | 19,790,770.04 | 28.61% |
| 2022 | 5 | 9,089,000 | 206,502.50 | 2.27% | 2.20% | 2.20% | 4.43 | 9,107,645.98 | 7,597.26 | 9,148,533.16 | 13.23% |
| 2023 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2024 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2025 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2026 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2027 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2028 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2029 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2030 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2031 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2032 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2033 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2034 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2035 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2036 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2037 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2038 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2039 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2040 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2041 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2042 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2043 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2044 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2045 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2046 | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| 2046 + | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| Other | 0 | 0 | 0 | NA | NA | NA | NA | NA | NA | NA | NA |
| Total | 47 | 68,885,000 | \$1,487,955.82 | 2.16% | 1.95% | 1.95% | 2.57 | \$69,391,537.00 | \$-502,872.77 | \$69,290,310.64 | |



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

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

Details of bond holdings

| Effective rating/ Underlying rating (Moody/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%) YTM (%) duration | Adjusted cost basis (\$) Unreal. g/l (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. |
|---|-------------------|--------------|-----------------------|-------------------------------|---|------------------------------|---|----------------------|---|-----------------------|
| Total Bond Portfolio | 68,895,000 | 2.21% | 06/08/2020 | NA | \$1,487,955.82 2.16% | 1.95% 1.95% | \$69,391,537.00 \$-507,872.77 | NA | \$68,888,664.23 \$401,646.41 \$69,290,310.64 | 100% |
| Maturing 2017 | | | | | | | | | | |
| NEVADA ST TAX SR E OID99.614 BE/R/ .900 100117 DTD 062414 /NV | 425,000 | 0.90% | 10/01/2017 | | 3,825.00 0.90% | 1.08% 1.08% | 421,676.50 3,319.25 | 99.999 | 424,995.75 1,901.88 | 0.62% |
| CUSIP: 641461H92 Initial Purchase Date: 07/16/2014 Original Maturity: 10/01/2017 ST OF CA VAR GEN OBLI BN BE/R/ 5.000 100117 DTD 101509 /CA | 250,000 | 5.00% | 10/01/2017 | | 12,500.00 5.00% | 0.66% 0.66% | 250,056.87 3.13 | 100.024 | 250,060.00 6,215.28 | 0.36% |
| CUSIP: 13063BAF9 Initial Purchase Date: 04/16/2013 Original Maturity: 10/01/2017 CHEVRON CORP B/E 01.104% 120517 DTD 120512 FCO60513 CALL@MW+7.5BP | 808,000 | 1.10% | 12/05/2017 | 11/05/2017 100.00 | 8,920.32 1.10% | 1.36% 1.36% | 804,873.04 2,739.12 | 99.952 | 807,612.16 2,849.55 | 1.17% |
| CUSIP: 166764AA8 Initial Purchase Date: 02/14/2014 Original Maturity: 12/05/2017 FNMA NTS 00.875 % DUE 122017 DTD 103012 FC 12202012 | 2,000,000 | 0.88% | 12/20/2017 | | 17,500.00 0.88% | 1.09% 1.09% | 1,974,047.60 24,992.40 | 99.952 | 1,999,040.00 4,861.11 | 2.90% |
| CUSIP: 3135G0RT2 Initial Purchase Date: 06/18/2014 Original Maturity: 12/20/2017 | | | | | | | | | | |
| Total 2017 | 3,483,000 | 1.23% | 12/01/2017 | | \$42,745.32 1.23% | 1.12% 1.12% | \$3,450,654.01 \$31,053.90 | | \$3,481,707.91 \$15,827.81 | 5.05% |



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

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

| | Effective rating/ Underlying rating (Moody/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%) / Modified YTW (%) duration | Adjusted cost basis (\$) Unreal. gain (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. | |
|---|---|-----------|--------|-----------------------|-------------------------------|---|--|--|----------------------|--|-----------------------|------------|
| | | | | | | | | | | | | 01/18/2018 |
| Maturing 2018 | | | | | | | | | | | | |
| GOLDMAN SACHS GROUP INC 05.950% 01/18/18 DTD011808 FC071808 NTS CUSIP: 38141GFG4 Initial Purchase Date: 12/03/2015 Original Maturity: 01/18/2018 | A3/A/BBB+ | 650,000 | 5.95% | 01/18/2018 | | 38,675.00 5.88% | 1.72% 1.72% | 657,934.34 307.66 | 101.268 | 658,242.00 7,735.00 | 0.96% | |
| AT&T INC CALL @MMW+BP 05.500% 02/01/18 DTD020108 FC080108 CUSIP: 00206RAJ1 Initial Purchase Date: 07/09/2013 Original Maturity: 02/01/2018 | Baa1/A-/BBB+ | 500,000 | 5.50% | 02/01/2018 | | 27,500.00 5.43% | 1.72% 1.72% | 505,634.82 715.18 | 101.270 | 506,350.00 4,506.94 | 0.74% | |
| ST OF CA VAR GEN OBLI BN TAX BE/R/ 5.950 03/01/18 DTD 040110 /CA CUSIP: 13063BFT4 Initial Purchase Date: 03/16/2015 Original Maturity: 03/01/2018 | Aa3/AA-/AA- | 250,000 | 5.95% | 03/01/2018 | | 14,875.00 5.84% | 1.55% 1.55% | 254,595.79 14.21 | 101.844 | 254,610.00 1,198.26 | 0.37% | |
| GENERAL ELEC CAP CORP 01.625% 04/02/18 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9 Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018 | A1/AA-/AA- | 1,000,000 | 1.63% | 04/02/2018 | | 16,250.00 1.62% | 1.48% 1.48% | 1,000,477.65 262.35 | 100.074 | 1,000,740.00 8,034.72 | 1.45% | |
| ST STREET CORP NTS B/E 01.350% 05/15/18 DTD051513 FC111513 CUSIP: 857477AK9 Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018 | A1/AA-/A | 335,000 | 1.35% | 05/15/2018 | | 4,522.50 1.35% | 1.51% 1.51% | 334,762.15 -90.45 | 99.902 | 334,671.70 1,695.94 | 0.49% | |
| E I DU PONT DE NEMOURS 06.000% 07/15/18 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 2635348T5 Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018 | A3/A/A- | 450,000 | 6.00% | 07/15/2018 | | 27,000.00 5.80% | 1.67% 1.67% | 454,202.68 1,088.32 | 103.398 | 465,291.00 5,625.00 | 0.68% | |
| PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 08/01/18 DTD 020713 /CA CUSIP: 695802MR6 Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018 | Aa2/NR/A+ | 300,000 | 2.07% | 08/01/2018 | | 6,210.00 2.06% | 1.66% 1.66% | 301,661.33 -635.33 | 100.342 | 301,026.00 1,017.75 | 0.44% | |



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

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

| Effective rating/ Underlying rating (Moody/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%) / Modified YTW (%) duration | Adjusted cost basis (\$) Unreal. gain (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. |
|---|-------------------|--------------|-----------------------|-------------------------------|---|--|--|----------------------|---|-----------------------|
| | | | | | | | | | | |
| Maturing 2018 | | | | | | | | | | |
| A2/NR/AA Baa1/NR/A- | 500,000 | 5.60% | 08/01/2018 | | 28,000.00 5.44% | 2.10% 2.10% | 516,402.02 -1,942.02 | 102.892 | 514,460.00 4,588.89 | 0.75% |
| SACRAMENTO CA PENSION OB AGC TAX OID99.264 BERV 5.600 080118 DTD 092811 /CA CUSIP: 786056BEO Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018 | | | | | | | | | | |
| A2/NR/A NR/NR/NR | 300,000 | 2.50% | 10/15/2018 | | 7,500.00 2.48% | 1.73% 1.73% | 301,980.10 398.24 | 100.793 | 302,378.34 3,437.50 | 0.44% |
| INTERCONTINENTAL EXCHANGE 02.500% 101518 DTD100813 FC041514 CALL@MMW+208P CUSIP: 45866FAB0 Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018 | | | | | | | | | | |
| Aaa/NR/AA+ NR/NR/NR | 5,000,000 | 1.05% | 10/26/2018 | | 52,500.00 1.05% | 1.47% 1.47% | 5,000,000.00 -22,250.00 | 99.555 | 4,977,750.00 22,458.33 | 7.23% |
| FHLB NTS 01.050 % DUE 102618 DTD 072616 FC 10262016 CUSIP: 3130A8RPO Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018 | | | | | | | | | | |
| A3/NR/A+ NR/NR/NR | 750,000 | 7.50% | 11/15/2018 | | 56,250.00 7.05% | 1.79% 1.79% | 792,691.45 4,851.05 | 106.339 | 797,542.50 21,093.75 | 1.16% |
| BAKER HUGHES INC NTS 07.500% 111518 DTD102808 CALL@MAKE WHOLE +50RPS CUSIP: 057224AY3 Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018 | | | | | | | | | | |
| Baa1/A/BBB+ NR/NR/NR | 750,000 | 6.88% | 11/15/2018 | | 51,562.50 6.52% | 2.01% 2.01% | 790,317.68 144.82 | 105.395 | 790,462.50 19,335.94 | 1.15% |
| MERRILL LYNCH GLOBAL NTS 06.875% 111518 DTD112498 FC051599 CUSIP: 590188JN9 Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018 | | | | | | | | | | |
| Total 2018 | | | | | | | | | | |
| | 10,785,000 | 3.12% | 08/20/2018 | | \$330,845.00 3.03% | 1.61% 1.61% | \$10,920,660.01 \$-17,135.97 | | \$10,903,524.04 \$100,728.03 | 15.83% |
| Maturing 2019 | | | | | | | | | | |
| Aaa/AAA/AA+ NR/NR/NR | 5,000,000 | 1.03% | 04/05/2019 | | 51,500.00 1.04% | 1.66% 1.66% | 4,996,250.00 -43,550.00 | 99.054 | 4,952,700.00 25,034.72 | 7.19% |
| FFCB BOND 01.030 % DUE 040519 DTD 070516 FC 10052016 CUSIP: 3133EGJW6 Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019 | | | | | | | | | | |



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 Risk profile: Conservative
 Return Objective: Current Income

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

| Effective rating/ Underlying rating (Moody/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%) / Modified YTW (%) duration | Adjusted cost basis (\$) Unreal. g/l (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. |
|--|------------------|--------------|-----------------------|-------------------------------|---|--|---|----------------------|--|-----------------------|
| Maturing 2019 | | | | | | | | | | |
| CALIFORNIA ST TAX BE/R/ 2.250 05/01/19 DTD 05/01/14 /CA | 2,500,000 | 2.25% | 05/01/2019 | | 56,250.00 2.24% | 1.93% 1.93% | 2,511,070.06 1,504.94 | 100.503 | 2,512,575.00 23,281.25 | 3.65% |
| CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019 | | | | | | | | | | |
| FNMA NTS 01.125 % DUE 07/26/19 DTD 07/26/16 FC 01262017 | 594,000 | 1.13% | 07/26/2019 | 102/6/2017 100.00 | 6,682.50 1.13% | 1.56% 1.56% | 593,109.00 -3,730.32 | 99.222 | 589,378.68 1,188.00 | 0.86% |
| CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019 | | | | | | | | | | |
| MORGAN STANLEY 05.625% 09/23/19 DTD 09/23/09 FC032310 MWW+358P | 750,000 | 5.63% | 09/23/2019 | | 42,187.50 5.27% | 2.10% 2.10% | 794,121.21 6,953.79 | 106.810 | 801,075.00 820.31 | 1.16% |
| CUSIP: 61747YJ2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019 | | | | | | | | | | |
| CALIFORNIA ST TAX BE/R/ 6.200 10/01/19 DTD 10/15/09 /CA | 400,000 | 6.20% | 10/01/2019 | | 24,800.00 5.71% | 1.81% 1.81% | 432,672.85 1,799.15 | 108.618 | 434,472.00 12,331.11 | 0.63% |
| CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019 | | | | | | | | | | |
| FHLMC MED TERM NTS 00.0000% DUE 10/01/19 CUSIP: 3128X2SW6 | 485,000 | | 10/01/2019 | | | 1.83% 1.83% | 465,214.35 2,626.35 | 96.462 | 467,840.70 0.00 | 0.68% |
| CUSIP: 3128X2SW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019 | | | | | | | | | | |
| UNITED TECHNOLOGIES CORP 08.875% 11/15/19 DTD 11/389 FC051590 DEB | 250,000 | 8.88% | 11/15/2019 | | 22,187.50 7.79% | 2.13% 2.13% | 288,651.50 -3,739.00 | 113.965 | 284,912.50 8,320.31 | 0.41% |
| CUSIP: 913017AR0 Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019 | | | | | | | | | | |
| Total 2019 | 9,979,000 | 2.21% | 05/24/2019 | | \$203,607.50 2.03% | 1.79% 1.79% | \$10,081,088.97 \$-38,135.09 | | \$10,042,953.88 \$70,975.71 | 14.58% |



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

| | Effective rating/ Underlying rating (Moody/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%) / Modified YTW (%) duration | Adjusted cost basis (\$) Unreal. adj (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. |
|-----------------------------------|---|-------------------|--------------|-----------------------|-------------------------------|---|--|---|----------------------|--|-----------------------|
| Maturing 2020 | | | | | | | | | | | |
| ABBOTT LABS NTS B/E 02.000% | Baa3/BBB/BBB | 1,000,000 | 2.00% | 03/15/2020 | | 20,000.00 | 2.09% | 999,370.00 | 99.787 | 997,870.00 | 1.45% |
| 031520 DTD031015 FC091515 | NR/NR/NR | | | | | 2.00% | 2.09% | -1,500.00 | | 833.33 | |
| CALL@MW+10BP | | | | | | | | | | | |
| CUSIP: 002824AZ3 | | | | | | | | | | | |
| Initial Purchase Date: 05/12/2016 | | | | | | | | | | | |
| Original Maturity: 03/15/2020 | | | | | | | | | | | |
| FNMA NTS 01.500 % DUE | Aaa/AAA/AA+ | 1,750,000 | 1.50% | 03/23/2020 | 12/23/2017 | 26,250.00 | 1.75% | 1,748,250.00 | 99.401 | 1,739,517.50 | 2.53% |
| 032320 DTD 032316 FC | NR/NR/NR | | | | 100.00 | 1.51% | 1.75% | -8,732.50 | | 510.42 | |
| 09232016 | | | | | | | | | | | |
| CUSIP: 3136G3CC7 | | | | | | | | | | | |
| Initial Purchase Date: 03/01/2016 | | | | | | | | | | | |
| Original Maturity: 03/23/2020 | | | | | | | | | | | |
| NBCUNIVERSAL MEDIA LLC | A3/A-/A- | 2,000,000 | 5.15% | 04/30/2020 | | 103,000.00 | 1.93% | 2,183,034.30 | 108.092 | 2,161,840.00 | 3.14% |
| 05.150% 043020 DTD043011 | NR/NR/NR | | | | | 4.76% | 1.93% | -21,194.30 | | 42,916.67 | |
| CALL@MW+25BP | | | | | | | | | | | |
| CUSIP: 63946BAD2 | | | | | | | | | | | |
| Initial Purchase Date: 09/08/2016 | | | | | | | | | | | |
| Original Maturity: 04/30/2020 | | | | | | | | | | | |
| QUALCOMM INC NTS B/E | A1/NR/A | 2,879,000 | 2.25% | 05/20/2020 | | 64,777.50 | 1.84% | 2,889,799.06 | 101.059 | 2,909,488.61 | 4.22% |
| 02.250% 052020 DTD052015 | NR/NR/NR | | | | | 2.23% | 1.84% | 19,689.55 | | 23,391.88 | |
| FC112015 | | | | | | | | | | | |
| CUSIP: 747525AD5 | | | | | | | | | | | |
| Initial Purchase Date: 02/22/2017 | | | | | | | | | | | |
| Original Maturity: 05/20/2020 | | | | | | | | | | | |
| FHLMC MED TERM NTS 01.500 | Aaa/AAA/AA+ | 3,500,000 | 1.50% | 06/29/2020 | 09/29/2017 | 52,500.00 | 2.38% | 3,500,000.00 | 97.588 | 3,415,580.00 | 4.96% |
| % DUE 062920 DTD 062916 FC | NR/NR/NR | | | | 100.00 | 1.54% | 2.38% | -84,420.00 | | 13,270.83 | |
| 12292016 | | | | | | | | | | | |
| CUSIP: 3134G9LQ8 | | | | | | | | | | | |
| Initial Purchase Date: 06/03/2016 | | | | | | | | | | | |
| Original Maturity: 06/29/2020 | | | | | | | | | | | |
| FNMA NTS 01.350 % DUE | Aaa/AAA/AA+ | 3,500,000 | 1.35% | 08/24/2020 | 11/24/2017 | 47,250.00 | 2.34% | 3,498,250.00 | 97.238 | 3,403,330.00 | 4.94% |
| 082420 DTD 082416 FC | NR/NR/NR | | | | 100.00 | 1.39% | 2.34% | -94,920.00 | | 4,725.00 | |
| 02242017 | | | | | | | | | | | |
| CUSIP: 3136G3W92 | | | | | | | | | | | |
| Initial Purchase Date: 08/02/2016 | | | | | | | | | | | |
| Original Maturity: 08/24/2020 | | | | | | | | | | | |
| J P MORGAN CHASE & CO | A3/A-/A- | 1,000,000 | 2.55% | 10/29/2020 | 09/29/2020 | 25,500.00 | 2.17% | 994,430.00 | 101.132 | 1,011,320.00 | 1.47% |
| 02.550% 102920 DTD102915 | NR/NR/NR | | | | 100.00 | 2.52% | 2.16% | 16,890.00 | | 10,695.83 | |
| FC042916 NTS B/E | | | | | | | | | | | |
| CUSIP: 46625HMX4 | | | | | | | | | | | |
| Initial Purchase Date: 11/04/2015 | | | | | | | | | | | |
| Original Maturity: 10/29/2020 | | | | | | | | | | | |
| Total 2020 | | 15,629,000 | 2.21% | 06/16/2020 | | \$339,277.50 | 2.10% | \$15,813,133.36 | 2.61 | \$15,638,946.11 | 22.70% |
| | | | | | | 2.17% | 2.10% | \$-174,187.25 | | \$96,343.96 | |



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 Return Objective: Current Income

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

| | Effective rating/ Underlying rating (Moody/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$)/ Curr. yield (%) | YTM (%) / Modified YTW (%) duration | Adjusted cost basis (\$)/ Unreal. adj (\$) | Market price (\$) | Mkt. value (\$)/ Accr. interest (\$) | % of bond port. |
|--|---|-----------|--------|-----------------------|-------------------------------|--|--|--|----------------------|---|-----------------------|
| | | | | | | | | | | | |
| Maturing 2021 | | | | | | | | | | | |
| E I DU PONT DE NEMOURS 03.625% 01/15/21 DTD092310 CALL@MW+15BP B/E CUSIP: 263534CE7 | A3/A+ NR/NR/NR | 400,000 | 3.63% | 01/15/2021 | | 14,500.00 3.46% | 2.12% 2.12% | 420,675.30 -1,603.30 | 104.768 | 419,072.00 3,020.83 | 0.61% |
| Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021 | | | | | | | | | | | |
| FFCB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017 CUSIP: 3133EGRN7 | Aaa/AAA/AA+ NR/NR/NR | 4,500,000 | 1.47% | 02/17/2021 | | 66,150.00 1.49% | 1.88% 1.88% | 4,496,625.00 -57,375.00 | 98.650 | 4,439,250.00 7,901.25 | 6.44% |
| Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021 | | | | | | | | | | | |
| FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017 CUSIP: 3134GAEEO | Aaa/AAA/AA+ NR/NR/NR | 3,525,000 | 1.50% | 03/30/2021 | 09/30/2017 100.00 | 52,875.00 1.52% | 1.97% 1.97% | 3,524,118.75 -54,531.75 | 98.428 | 3,469,587.00 26,437.50 | 5.04% |
| Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021 | | | | | | | | | | | |
| E I DU PONT DE NEMOURS 04.250% 04/01/21 DTD032511 CALL@MW+15BP CUSIP: 263534CE7 | A3/A+ NR/NR/NR | 250,000 | 4.25% | 04/01/2021 | | 10,625.00 3.99% | 2.29% 2.29% | 270,209.97 -3,772.47 | 106.575 | 266,437.50 5,282.99 | 0.39% |
| Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021 | | | | | | | | | | | |
| BURLINGTON NTHN SANTA FE 04.100% 06/01/21 DTD051911 CALL@MW +15BP CORP NTS CUSIP: 12189LAD3 | A3/NR/A NR/NR/NR | 1,000,000 | 4.10% | 06/01/2021 | 03/01/2021 100.00 | 41,000.00 3.88% | 2.49% 2.38% | 1,057,870.95 -1,570.95 | 105.630 | 1,056,300.00 13,552.78 | 1.53% |
| Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021 | | | | | | | | | | | |
| FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017 CUSIP: 3136G3S97 | Aaa/AAA/AA+ NR/NR/NR | 3,750,000 | 1.53% | 07/28/2021 | 10/28/2017 100.00 | 57,375.00 1.58% | 2.40% 2.40% | 3,750,000.00 -118,500.00 | 96.840 | 3,631,500.00 9,881.25 | 5.27% |
| Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021 | | | | | | | | | | | |
| FHLB NTS 01.550 % DUE 09/01/21 DTD 090116 FC 03012017 CUSIP: 3130A9B19 | Aaa/NR/AA+ NR/NR/NR | 500,000 | 1.55% | 09/01/2021 | | 7,750.00 1.58% | 2.13% 2.13% | 499,375.00 -10,165.00 | 97.842 | 489,210.00 624.31 | 0.71% |
| Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021 | | | | | | | | | | | |



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

| Effective rating/ Underlying rating (Mdy/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%)/ Modified YTW (%) duration | Adjusted cost basis (\$) Unreal. g/l (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. |
|---|-----------|--------|-----------------------|-------------------------------|---|---------------------------------------|---|----------------------|--|-----------------------|
| Maturing 2021 | | | | | | | | | | |
| Aa2/NR/NR NR/NR/NR | 1,000,000 | 2.15% | 09/01/2021 | | 21,500.00 2.15% | 2.12% 2.12% | 994,250.00 6,740.00 | 100.099 | 1,000,990.00 1,731.94 | 1.45% |
| LOS ANG CAL TAX SR A BE/R/ 2.150 09/01/21 DTD 122116 /CA CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021 CUSIP: 544351KQ1 | | | | | | | | | | |
| A1/NR/AA- NR/NR/NR | 1,000,000 | 1.85% | 09/20/2021 | 08/20/2021 100.00 | 18,500.00 1.87% | 2.13% 2.13% | 993,660.00 -4,160.00 | 98.950 | 989,500.00 513.89 | 1.44% |
| CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021 CUSIP: 544351KQ1 CUSCO SYSTEMS INC B/E 01.850% 09/20/21 DTD 092016 FC032017 CALL@MMW+108P CUSIP: 17275R8J0 Initial Purchase Date: 09/15/2017 Original Maturity: 09/20/2021 FHLB BOND 01.520 % DUE 092321 DTD 092316 FC 03232017 CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021 FHLB BOND 01.600 % DUE 092721 DTD 092716 FC 03272017 CUSIP: 3130A9JZ5 Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021 MISSISSIPPI ST TAX SR G BE/R/ 2.470 11/01/21 DTD 120815 /MS CUSIP: 605581GN1 Initial Purchase Date: 02/22/2017 Original Maturity: 11/01/2021 | | | | | | | | | | |
| Aaa/NR/AA+ NR/NR/NR | 2,290,000 | 1.52% | 09/23/2021 | | 34,808.00 1.56% | 2.27% 2.27% | 2,289,150.00 -64,483.70 | 97.147 | 2,224,666.30 676.82 | 3.23% |
| Aaa/NR/AA+ NR/NR/NR | 255,000 | 1.60% | 09/27/2021 | | 4,080.00 1.62% | 1.93% 1.93% | 255,000.00 -3,174.75 | 98.755 | 251,825.25 34.00 | 0.37% |
| Aa2/AA/AA NR/AA/NR | 1,450,000 | 2.47% | 11/01/2021 | | 35,815.00 2.44% | 2.15% 2.15% | 1,467,419.70 531.30 | 101.238 | 1,467,951.00 14,823.43 | 2.13% |
| 19,920,000 1.85% 06/12/2021 \$364,978.00 1.85% 2.13% 3.53 \$20,018,354.67 \$84,480.99 | | | | | | | | | | |
| Maturing 2022 | | | | | | | | | | |
| Aa1/NR/AA+ NR/NR/NR | 2,000,000 | 2.50% | 02/09/2022 | 01/09/2022 100.00 | 50,000.00 2.47% | 2.18% 2.17% | 2,005,113.76 21,366.24 | 101.324 | 2,026,480.00 7,083.33 | 2.94% |
| APPLE INC NTS B/E 02.500% 02/09/22 DTD 02/09/17 FC080917 CALL@MMW+108P CUSIP: 037833CM0 Initial Purchase Date: 02/22/2017 Original Maturity: 02/09/2022 | | | | | | | | | | |



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

| | Effective rating/ Underlying rating (Mdy/Fitch/S&P) | Quantity | Coupon | Effective maturity | Call date/ Call price (\$) | Est. annual income (\$) Curr. yield (%) | YTM (%) / Modified YTW (%) duration | Adjusted cost basis (\$) Unreal. aff. (\$) | Market price (\$) | Mkt. value (\$) Accr. interest (\$) | % of bond port. |
|-----------------------------------|---|-------------------|--------------|-----------------------|-------------------------------|---|--|--|----------------------|--|-----------------------|
| Maturing 2022 | | | | | | | | | | | |
| PEPSICO INC NTS B/E 02.250% | A1/A++ | 1,089,000 | 2.25% | 05/02/2022 | 04/02/2022 | 24,502.50 | 2.22% | 1,087,301.16 | 100.116 | 1,090,263.24 | 1.58% |
| 050222 DT0050217 FC110217 | NR/NR/NR | | | | 100.00 | 2.25% | 2,962.08 | | | 10,073.25 | |
| CALL@MW+10BP | | | | | | | | | | | |
| CUSIP: 713448DT2 | | | | | | | | | | | |
| Initial Purchase Date: 05/16/2017 | | | | | | | | | | | |
| Original Maturity: 05/02/2022 | | | | | | | | | | | |
| QUALCOMM INC NTS B/E | A1/NR/A | 1,000,000 | 3.00% | 05/20/2022 | | 30,000.00 | 2.32% | 1,027,481.06 | 102.965 | 1,029,650.00 | 1.49% |
| 03.000% 052022 DTD052015 | NR/NR/NR | | | | | 2.91% | 2.32% | 2,168.94 | | 10,833.33 | |
| FC112015 CALL@MW+15BP | | | | | | | | | | | |
| CUSIP: 747525AE3 | | | | | | | | | | | |
| Initial Purchase Date: 09/15/2017 | | | | | | | | | | | |
| Original Maturity: 05/20/2022 | | | | | | | | | | | |
| FHFB NTS 02.000 % DUE 090122 | Aaa/NR/A++ | 3,000,000 | 2.00% | 09/01/2022 | 12/01/2017 | 60,000.00 | 2.16% | 2,988,750.00 | 99.277 | 2,978,310.00 | 4.32% |
| DTD 090117 FC 03012018 | NR/NR/NR | | | | 100.00 | 2.01% | 2.16% | -10,440.00 | | 4,833.33 | |
| CUSIP: 3130ACD84 | | | | | | | | | | | |
| Initial Purchase Date: 09/26/2017 | | | | | | | | | | | |
| Original Maturity: 09/01/2022 | | | | | | | | | | | |
| FFCB BOND 02.100 % DUE | Aaa/AAA/AA+ | 2,000,000 | 2.10% | 09/26/2022 | 09/26/2018 | 42,000.00 | 2.20% | 1,999,000.00 | 99.527 | 1,990,540.00 | 2.89% |
| 092622 DTD 092617 FC | NR/NR/NR | | | | 100.00 | 2.11% | 2.20% | -8,460.00 | | 466.67 | |
| 03262018 | | | | | | | | | | | |
| CUSIP: 3133EHX4 | | | | | | | | | | | |
| Initial Purchase Date: 09/26/2017 | | | | | | | | | | | |
| Original Maturity: 09/26/2022 | | | | | | | | | | | |
| Total 2022 | | 9,089,000 | 2.28% | 06/27/2022 | | \$206,502.50 | 2.20% | \$9,107,645.98 | | \$9,115,243.24 | 13.23% |
| | | | | | | 2.27% | 2.20% | \$7,597.26 | | \$33,289.92 | |
| Total Bond Portfolio | | | | | | | | | | | |
| | | 68,885,000 | 2.21% | 06/08/2020 | NA | \$1,487,955.82 | 1.95% | \$69,391,537.00 | NA | \$68,888,664.23 | 100% |
| | | | | | | 2.16% | 1.95% | \$-502,872.77 | | \$401,646.41 | |
| | | | | | | | | | | \$69,290,310.64 | |



Disclosures applicable to accounts at UBS Financial Services Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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Prepared for Kern Health Systems
EB 02.120 • BOND PORTFOLIO • Portfolio Management Program
Risk profile: Conservative
Return Objective: Current Income

Additional information about your performance

as of September 30, 2017

Benchmark composition

Consolidated

Benchmark 1

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

Kern Health Systems

Investment Activity for 3rd Quarter 2017

PURCHASES

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

MATURITIES / REDEMPTIONS

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

INTERNAL WORKSHEET



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

BR STMT KERN HEALTH SYSTEMS
9700 STOCKDALE HWY
BAKERSFIELD, CA 93311



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

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

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

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

048434 1016193 0014 2C027 UN#2554449-00010698 74866-0010 67615 09/30/17 P

Bank Account Statement
Wells Fargo Bank, N.A.

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

KERN HEALTH SYSTEMS
 9700 STOCKDALE HWY

Account Number
 1AB84780

Account Value Summary USD

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

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

Income Summary USD

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

Money Market Mutual Funds Summary USD

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



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

Important Information

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

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

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

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

SIPC: WFS is a member of the Securities Investor Protection Corporation ("SIPC"). In the event of insolvency or liquidation of WFS, securities held in safekeeping at WFS are covered by SIPC against the loss, but not investment risk, up to a maximum of \$500,000 per customer, which includes a \$250,000 limit on claims for cash held in the account. SIPC protection does not provide any protection whatsoever against investment risk, including the loss of principal on an investment. This coverage does not apply to securities held in safekeeping by the Bank. Additional information about SIPC, including a SIPC brochure, may be obtained by visiting www.sipc.org or by calling SIPC at 1-202-371-6300.

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

Free Credit Balances: Any customer free credit balances may be used in the business of WFS subject to limitation of 17 CFR Section 240.915c(3)-3 under the Securities Exchange Act of 1934. In the course of normal business operations, a customer has the right to receive delivery of the following: any free credit balances to which he or she is entitled, any fully paid securities to which he or she is entitled, and any securities purchased on margin upon full payment of indebtedness to WFS.

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

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

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

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

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

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

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

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

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

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

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

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

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

| Security ID | Description | Maturity Date | Coupon | Current Par / Original Par | Market Price* | Market Value | Original Par Pledged** | Callable |
|------------------|---|---------------|--------|----------------------------|---------------|---------------|------------------------|----------|
| Bonds USD | | | | | | | | |
| 89233P6S0 | TOYOTA MOTOR CREDIT CORP | 10/05/17 | 1.250% | 2,000,000.000 | 99.9994 | 1,999,988.30 | | N |
| 912796LW7 | UNITED STATES TREASURY BILL | 10/05/17 | 0.000% | 50,000,000.000 | 99.9939 | 49,996,974.50 | | |
| 912796KR9 | UNITED STATES TREASURY BILL | 10/12/17 | 0.000% | 40,000,000.000 | 99.9743 | 39,989,730.00 | | |
| 166764AX8 | CHEVRON CORP | 11/09/17 | 1.671% | 3,000,000.000 | 100.0416 | 3,001,248.48 | | N |
| 36962G6K5 | GENERAL ELECTRIC CO | 11/20/17 | 1.600% | 2,000,000.000 | 100.0517 | 2,001,034.44 | | N |
| 92826CAA0 | VISA INC | 12/14/17 | 1.200% | 3,000,000.000 | 100.0345 | 3,001,034.13 | | N |
| 89417EAC3 | TRAVELERS COS INC | 12/15/17 | 5.750% | 2,900,000.000 | 100.8560 | 2,924,824.26 | | N |
| 912796MJ5 | UNITED STATES TREASURY BILL | 12/28/17 | 0.000% | 20,000,000.000 | 99.7469 | 19,949,370.80 | | |
| 02587CDJ6 | AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT | 01/08/18 | 1.400% | 250,000.000 | 100.0415 | 250,103.75 | | |
| 94974BFG0 | WELLS FARGO & COMPANY | 01/16/18 | 1.500% | 1,000,000.000 | 100.0055 | 1,000,055.05 | | N |
| 94988JA1 | WELLS FARGO BANK NA | 01/22/18 | 1.650% | 500,000.000 | 100.0809 | 500,404.59 | | N |
| 931142CJ0 | WAL-MART STORES INC | 02/15/18 | 5.800% | 3,000,000.000 | 101.5686 | 3,047,058.12 | | N |
| 24422ESB6 | JOHN DEERE CAPITAL CORP | 03/12/18 | 1.300% | 1,000,000.000 | 99.9366 | 999,365.65 | | N |
| 06050TLY6 | BANK OF AMERICA NA | 03/26/18 | 1.650% | 2,000,000.000 | 100.0688 | 2,001,376.80 | | N |
| 191216BA7 | COCA-COLA CO/THE | 04/01/18 | 1.150% | 2,000,000.000 | 99.8652 | 1,997,303.22 | | N |
| 38141GFM1 | GOLDMAN SACHS GROUP INC | 04/01/18 | 6.150% | 1,000,000.000 | 102.1850 | 1,021,849.81 | | N |
| 02587DYK8 | AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT | 06/04/18 | 1.450% | 250,000.000 | 100.0814 | 250,203.50 | | |
| 05580ADH4 | BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT | 06/11/18 | 1.400% | 250,000.000 | 100.0636 | 250,159.00 | | |
| 17275RAY8 | CISCO SYSTEMS INC | 06/15/18 | 1.630% | 1,000,000.000 | 100.2222 | 1,002,221.99 | | N |
| 14912L6L0 | CATERPILLAR FINANCIAL SE | 06/16/18 | 1.700% | 2,000,000.000 | 100.1172 | 2,002,344.24 | | N |
| 02006LSF1 | ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 07/16/18 | 1.650% | 250,000.000 | 100.0794 | 250,198.50 | | |
| 140420TH3 | CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT | 07/16/18 | 1.600% | 250,000.000 | 100.0795 | 250,198.75 | | |
| 48126XAM7 | JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 08/16/18 | 1.100% | 250,000.000 | 99.5635 | 248,908.75 | | Y |
| 05581WJT3 | BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT | 08/17/18 | 1.050% | 250,000.000 | 99.5482 | 248,870.50 | | |
| 254672F86 | DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT | 08/17/18 | 1.000% | 250,000.000 | 99.6110 | 249,027.50 | | |

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

| Security ID | Description | Maturity Date | Coupon | Current Par / Original Par | Market Price* | Market Value | Original Par Pledged** | Callable |
|------------------|---|---------------|--------|----------------------------|---------------|----------------|------------------------|----------|
| Bonds USD | | | | | | | | |
| 02665WAC5 | AMERICAN HONDA FINANCE | 10/10/18 | 2.125% | 1,300,000,000 | 100.5849 | 1,307,604.12 | | N |
| 795450ZE8 | SALLIE MAE BK/SALT LIKE INTEREST BEARING CERTIFICATE OF DEPOSIT | 10/12/18 | 1.150% | 250,000,000 | 99.4110 | 248,527.50 | | |
| 89236TCU7 | TOYOTA MOTOR CREDIT CORP | 02/19/19 | 1.700% | 1,000,000,000 | 99.9662 | 999,662.49 | | N |
| 13063CKL3 | CALIFORNIA ST TXBL-VARIOUS PURPOSE | 05/01/19 | 2.250% | 1,310,000,000 | 100.8240 | 1,320,794.40 | | N |
| 94988J5D5 | WELLS FARGO BANK NA | 05/24/19 | 1.750% | 1,000,000,000 | 99.9308 | 999,307.91 | | N |
| 02665WBEO | AMERICAN HONDA FINANCE | 07/12/19 | 1.200% | 1,000,000,000 | 99.0934 | 990,933.80 | | N |
| 44890RAD3 | HART 2014-A A4 | 08/15/19 | 1.320% | 438,127,268 | 99.9887 | 438,077.58 | | N |
| 161571HG2 | CHAIT 2016-A6 A6 | 01/15/20 | 1.100% | 1,000,000,000 | 99.9185 | 999,184.60 | | N |
| 02582JGW4 | AMXCA 2014-4 A | 06/15/20 | 1.430% | 2,000,000,000 | 100.0108 | 2,000,216.00 | | N |
| | | | | 147,698,127.268 | | 147,738,163.03 | 0.00 | |

*See important information regarding security pricing on Page 2.

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

Daily Account Activity

Your investment transactions during this statement period.

| Transaction / Trade Date | Effective Date | Settlement / Activity | Security ID | Description | Par / Quantity | Price | Principal Amount | Income Amount | Debit / Credit Amount |
|--------------------------------------|----------------|-----------------------|-------------|-----------------------------|----------------|-------|------------------|---------------|-----------------------|
| Transaction Activity USD | | | | | | | | | |
| 09/07/17 | 09/07/17 | Security Receipt | 06050TLY6 | BANK OF AMERICA NA | 1,000,000.00 | | 0.00 | 0.00 | 0.00 |
| 09/08/17 | 09/08/17 | Receive | 912796KL2 | UNITED STATES TREASURY BILL | 20,000,000.00 | | 0.00 | 0.00 | 0.00 |
| 09/27/17 | 09/27/17 | Receive | 912796LV9 | UNITED STATES TREASURY BILL | 50,000,000.00 | | 0.00 | 0.00 | 0.00 |
| 09/28/17 | 09/28/17 | Received | 912796KR9 | UNITED STATES TREASURY BILL | 10,000,000.00 | | 0.00 | 0.00 | 0.00 |
| 09/28/17 | 09/28/17 | Received | 912796KR8 | UNITED STATES TREASURY BILL | 10,000,000.00 | | 0.00 | 0.00 | 0.00 |
| 09/28/17 | 09/28/17 | Received | 912796LW7 | UNITED STATES TREASURY BILL | 50,000,000.00 | | 0.00 | 0.00 | 0.00 |
| 09/29/17 | 09/29/17 | Receive | 912796KR8 | UNITED STATES TREASURY BILL | 10,000,000.00 | | 0.00 | 0.00 | 0.00 |
| Income / Payment Activity USD | | | | | | | | | |
| 09/08/17 | 09/08/17 | Interest Reversal | 94974BGB0 | WELLS FARGO & COMPANY | | | | (22,610.00) | (22,610.00) |
| 09/08/17 | 09/08/17 | Matured | 94974BGB0 | WELLS FARGO & COMPANY | | | 3,230,000.00 | | 3,230,000.00 |

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

| Transaction / Trade Date | Settlement / Effective Date | Activity | Security ID | Description | Par / Quantity | Price | Principal Amount | Income Amount | Debit / Credit Amount |
|--------------------------------------|-----------------------------|----------|-------------|-----------------------------|----------------|---------------|------------------|---------------|-----------------------|
| Income / Payment Activity USD | | | | | | | | | |
| 09/08/17 | 09/08/17 | Interest | 94974BGB0 | WELLS FARGO & COMPANY | | | | 22,610.00 | 22,610.00 |
| 09/08/17 | 09/08/17 | Interest | 94974BGB0 | WELLS FARGO & COMPANY | | | | 22,610.00 | 22,610.00 |
| 09/12/17 | 09/12/17 | Interest | 24422ESB6 | JOHN DEERE CAPITAL CORP | | | | 6,500.00 | 6,500.00 |
| 09/13/17 | 09/13/17 | Matured | 02581FYE3 | AMERICAN EXPR CENTURION | | 1,150,000.00 | | 1,150,000.00 | 34,500.00 |
| 09/13/17 | 09/13/17 | Interest | 02581FYE3 | AMERICAN EXPR CENTURION | | | | 34,500.00 | 34,500.00 |
| 09/14/17 | 09/14/17 | Matured | 912796KL2 | UNITED STATES TREASURY BILL | | 20,000,000.00 | | 20,000,000.00 | 107,434.78 |
| 09/15/17 | 09/15/17 | Paydown | 44890RAD3 | HART 2014-A A4 | | 107,434.78 | | | 600.12 |
| 09/15/17 | 09/15/17 | Interest | 44890RAD3 | HART 2014-A A4 | | | | 600.12 | 3,975.32 |
| 09/15/17 | 09/15/17 | Interest | 17275RAY8 | CISCO SYSTEMS INC | | | | 3,975.32 | 2,383.33 |
| 09/15/17 | 09/15/17 | Interest | 02582JGW4 | AMXCA 2014-4 A | | | | 2,383.33 | 916.67 |
| 09/15/17 | 09/15/17 | Interest | 161571HG2 | CHAIT 2016-A6 A6 | | | | 916.67 | 1,051.04 |
| 09/18/17 | 09/18/17 | Interest | 43814GAD2 | HAROT 2014-2 A4 | | | | 1,051.04 | 1,068,853.56 |
| 09/21/17 | 09/21/17 | Matured | 43814GAD2 | HAROT 2014-2 A4 | | 1,068,853.56 | | | 16,500.00 |
| 09/26/17 | 09/26/17 | Interest | 060507LY6 | BANK OF AMERICA NA | | | | 16,500.00 | 70,000,000.00 |
| 09/28/17 | 09/28/17 | Matured | 912796LV9 | UNITED STATES TREASURY BILL | | 70,000,000.00 | | | |

Cash Activity USD

| Transaction / Trade Date | Settlement / Eff. Date | Activity | Description | Debit Amount / Disbursements | Credit Amount / Receipts |
|--------------------------|------------------------|-------------------------|--------------------|------------------------------|--------------------------|
| 09/06/17 | 09/06/17 | Journal | AUTO SK SETTLEMENT | 1,009,423.33 | |
| 09/06/17 | 09/06/17 | Wires | WIRE TRANSFER TO: | 15,000,000.00 | |
| 09/07/17 | 09/07/17 | Journal | AUTO SK SETTLEMENT | 1,009,423.33 | |
| 09/07/17 | 09/07/17 | Cash Wire Journal Entry | SAFEKEEPING ADJ | | 1,009,423.33 |
| 09/08/17 | 09/08/17 | Cash Wire Journal Entry | SAFEKEEPING ADJ | 19,997,166.67 | |
| 09/08/17 | 09/08/17 | ACH/DDA Transaction | DESIGNATED DDA | | 40,000,000.00 |
| 09/14/17 | 09/14/17 | ACH/DDA Transaction | DESIGNATED DDA | 25,000,000.00 | |
| 09/19/17 | 09/19/17 | Wires | WIRE TRANSFER TO: | 15,000,000.00 | |
| 09/26/17 | 09/26/17 | ACH/DDA Transaction | DESIGNATED DDA | 15,000,000.00 | |
| 09/27/17 | 09/27/17 | Cash Wire Journal Entry | SAFEKEEPING ADJ | 49,998,888.89 | |
| 09/27/17 | 09/27/17 | ACH/DDA Transaction | DESIGNATED DDA | | 50,000,000.00 |
| 09/27/17 | 09/27/17 | ACH/DDA Transaction | DESIGNATED DDA | | 30,000,000.00 |
| 09/28/17 | 09/28/17 | Journal | AUTO SK SETTLEMENT | 49,993,194.45 | |
| 09/28/17 | 09/28/17 | Journal | AUTO SK SETTLEMENT | 9,996,694.44 | |
| 09/28/17 | 09/28/17 | Journal | AUTO SK SETTLEMENT | 9,996,611.11 | |
| 09/28/17 | 09/28/17 | ACH/DDA Transaction | DESIGNATED DDA | | 10,000,000.00 |
| 09/29/17 | 09/29/17 | Journal | AUTO SK SETTLEMENT | 9,997,111.11 | |
| 09/29/17 | 09/29/17 | ACH/DDA Transaction | DESIGNATED DDA | | 5,000,000.00 |

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Money Market Fund Activity

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



To: KHS Board of Directors

From: Douglas A. Hayward

Date: December 14, 2017

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

Background

Department of Health Care Services (DHCS) is providing Kern Medical with the opportunity to participate in a voluntary IGT distributions relating to services provided for Medi-Cal SPD enrollees for the period July 1, 2016 through June 30, 2017 for a maximum amount of \$3,613,836 for Amendment 20 and a maximum amount of \$2,616,915 for Amendment 39.

Requested Action

Retro-active approval to authorize CEO to sign amendment 20 to the Physicians Services Agreement and amendment 39 to the Hospital and Other Facilities Agreement with Kern Medical.

40717

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 20

This Amendment is made this 16th day of November ²⁰¹⁷ (month/year), by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

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

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

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

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

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

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

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

SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES

1. SPD Base Rate Increases to PROVIDER

A. Payment

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

Transfer of Public Funds, 16-93906 ("Intergovernmental Agreement") effective for the period of July 1, 2016 through June 30, 2017, all of the provisions below shall apply.

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

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of Three Million, Six Hundred Thirteen Thousand, Eight Hundred Thirty-six dollars (\$3,613,836) for the period of July 1, 2016 through June 30, 2017, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN's monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

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

C. Conditions for Receiving SPD Base Rate Increase Payments

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

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

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

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

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

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

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

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

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

(2) For purposes of subsection (1) (b) above, if the retained SPD BASE RATE INCREASE Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the

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

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within one hundred twenty (120) calendar days after the end of each of PLAN's fiscal years in which SPD Base Rate Increase Payments were made to PROVIDER, PLAN shall perform a reconciliation of the SPD Base Rate Increase Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of SPD MMCRs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of SPD Base Rate Increase Payments made in error to PROVIDER within thirty (30) calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 11.04 of the Agreement. The reconciliation processes established under this paragraph are distinct from the indemnification provisions set forth in Section J below. PLAN agrees to transmit to the PROVIDER any underpayment of SPD Base Rate Increase Payments within thirty (30) calendar days of PLAN's identification of such underpayment.

J. Indemnification

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

2. Term

The term of this Amendment shall commence on July 1, 2016 and shall terminate on September 30, 2019.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems

Date: 11/16/17

By: Title: Chief Executive Officer

[Handwritten Signature]

PROVIDER: Kern County Hospital Authority

Date: _____

By: Title: Chief Executive Officer

[Handwritten Signature]

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

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

3 9 9 1 7

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

This Amendment is made this 16th day of November (month/year), by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN", and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER".

RECITALS:

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

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

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

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

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

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

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

SPD MEDI-CAL MANAGED CARE BASE RATE INCREASES

1. SPD Base Rate Increases to PROVIDER

A. Payment

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

Transfer of Public Funds, 16-93906 ("Intergovernmental Agreement") effective for the period of July 1, 2016 through June 30, 2017, all of the provisions below shall apply.

(1) PLAN shall pay to PROVIDER, for services provided during the term of this Amendment, the rates for services set forth in this Agreement, which shall be no less than the rates in effect as of July 1, 2017.

(2) PLAN shall pay to PROVIDER as "SPD Base Rate Increase Payments," a maximum amount of Two Million, Six Hundred Sixteen Thousand, Nine Hundred Fifteen dollars (\$2,616,915) for the period of July 1, 2016 through June 30, 2017, from the SPD MMCR Payments (net of the Health Plan Retention described in paragraph 1.B) received from State DHCS, in accordance with paragraph 1.E below regarding the form and timing of Payments for services provided by the PROVIDER to Medi-Cal beneficiaries. Notwithstanding the foregoing, payments to PROVIDER and other providers by PLAN from SPD MMCR Payments (net of Health Plan Retention) for the relevant period shall be adjusted as appropriate to ensure that all such SPD MMCR Payments received by PLAN are distributed, and in no case shall exceed the total amount of SPD MMCR Payments. PLAN payments shall be based on actual SPD MMCR Payments included in the HEALTH PLAN's monthly capitation payment or a lump-sum payment received from DHCS. SPD Base Rate Increase Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

B. Health Plan Retention

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

C. Conditions for Receiving SPD Base Rate Increase Payments

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

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

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

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

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

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

2016-17 (contracted)

2

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

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

E. Form and Timing of Payments

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

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

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

F. Consideration

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

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

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

(2) For purposes of subsection (1) (b) above, if the retained SPD BASE RATE INCREASE Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the

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

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

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

J. Indemnification

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

2. Term

The term of this Amendment shall commence on July 1, 2016 and shall terminate on September 30, 2019.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: 11/16/17
By: Title: Chief Executive Officer [Signature]

PROVIDER: Kern County Hospital Authority Date: _____
By: Title: Chief Executive Officer [Signature]

APPROVED AS TO FORM:
LEGAL SERVICES DEPARTMENT

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



To: KHS Board of Directors

From: Robert Landis, CFO

Date: December 14, 2017

Re: 2018 Budget

Background

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

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

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

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

To: KHS Board of Directors
Re: 2018 Budget
Page 2

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

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

To: KHS Board of Directors
Re: 2018 Budget
Page 3

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

Attached are the following documents relating to the 2018 Budget:

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

Requested Action

Approve.

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

| | 2018 BUDGET \$ | EST ANNUAL 2017 | DIFFERENCE | PMPM 2018 BUDGET | EST ANNUAL PMPM 2017 | PMPM DIFFERENCE |
|---|--------------------|--------------------|---------------------|------------------|----------------------|-----------------|
| | \$ | \$ | \$ | 2,917,050 | 2,886,163 | 30,887 |
| REVENUE | | | | | | |
| CAPITATION | 587,733,738 | 585,053,924 | 2,679,815 | 201.48 | 202.71 | (1.23) |
| MATERNITY KICK | 30,402,518 | 29,147,415 | 1,255,103 | 10.42 | 10.10 | 0.32 |
| HEP C KICK | 10,007,895 | 13,225,010 | (3,217,115) | 3.43 | 4.58 | (1.15) |
| BHT KICK | 5,261,014 | 3,461,946 | 1,799,068 | 1.80 | 1.20 | 0.60 |
| MCAL REVENUE | <u>633,405,165</u> | <u>630,888,295</u> | <u>2,516,871</u> | <u>217.14</u> | <u>218.59</u> | <u>(1.45)</u> |
| MCO TAX REVENUE | 91,803,048 | 90,269,642 | 1,533,406 | 31.47 | 31.28 | 0.19 |
| COB REVENUE | 40,519,226 | 42,738,080 | (2,218,854) | 13.89 | 14.81 | (0.92) |
| INTEREST | 3,257,536 | 2,915,582 | 341,954 | 1.12 | 1.01 | 0.11 |
| REINSURANCE | 1,371,014 | 321,090 | 1,049,924 | 0.47 | 0.11 | 0.36 |
| TOTAL REVENUE | 770,355,989 | 767,132,689 | 3,223,300 | 264.09 | 265.80 | (1.71) |
| MEDICAL | | | | | | |
| Inpatient Hospital | 172,113,302 | 169,537,469 | 2,575,833 | 59.00 | 58.74 | 0.26 |
| Outpatient Facility | 69,466,076 | 70,193,181 | (727,105) | 23.81 | 24.32 | (0.51) |
| Emergency Room Facility | 52,268,925 | 54,766,469 | (2,497,544) | 17.92 | 18.98 | (1.06) |
| Long-Term Care Facility | 10,773,364 | 11,722,870 | (949,507) | 3.69 | 4.06 | (0.37) |
| Primary Physician Services | 35,363,126 | 36,225,962 | (862,836) | 12.12 | 12.55 | (0.43) |
| Urgent Care | 13,435,296 | 12,075,698 | 1,359,598 | 4.61 | 4.18 | 0.42 |
| Physician Specialty | 115,362,635 | 111,517,364 | 3,845,271 | 39.55 | 38.64 | 0.91 |
| BHT | 5,261,014 | 4,646,082 | 614,932 | 1.80 | 1.61 | 0.19 |
| Mental Health | 649,348 | 999,773 | (350,425) | 0.22 | 0.35 | (0.12) |
| Vision Services | 3,005,394 | 2,901,568 | 103,826 | 1.03 | 1.01 | 0.02 |
| Other Medical Professional | 11,097,080 | 11,289,658 | (192,578) | 3.80 | 3.91 | (0.11) |
| Pharmacy | 94,584,636 | 88,015,427 | 6,569,209 | 32.42 | 30.50 | 1.93 |
| HEP C | 10,007,895 | 12,159,580 | (2,151,685) | 3.43 | 4.21 | (0.78) |
| DME | 6,452,049 | 6,394,082 | 57,967 | 2.21 | 2.22 | (0.00) |
| Pharmacy Rebates | (1,250,000) | (612,771) | (637,229) | (0.43) | (0.21) | (0.22) |
| Home Health and CBAS | 4,316,031 | 4,397,548 | (81,517) | 1.48 | 1.52 | (0.04) |
| Other- Ambulance and NEMT | 10,773,534 | 8,250,771 | 2,522,763 | 3.69 | 2.86 | 0.83 |
| Medi-Cal Enhanced Benefits | 1,458,525 | 845,547 | 612,978 | 0.50 | 0.29 | 0.21 |
| Professional Incentive Payments | 5,834,100 | 6,784,483 | (950,383) | 2.00 | 2.35 | (0.35) |
| Reinsurance Premium | 1,371,014 | 1,267,614 | 103,400 | 0.47 | 0.44 | 0.03 |
| UM/QA Costs | 17,735,044 | 14,914,559 | 2,820,485 | 6.08 | 5.17 | 0.91 |
| Total Medical Costs | 640,078,388 | 628,292,934 | 11,785,454 | 219.43 | 217.69 | 1.74 |
| GROSS PROFIT/(LOSS) | 130,277,602 | 138,839,755 | (8,562,153) | 44.66 | 48.11 | (3.44) |
| ADMINISTRATIVE | 38,285,550 | 34,426,523 | 3,859,027 | 13.12 | 11.93 | 1.20 |
| NET PROFIT/(LOSS) BEFORE MCO TAX | 91,992,052 | 104,413,232 | (12,421,180) | 31.54 | 36.18 | (4.64) |
| MCO TAX EXPENSE | 91,803,048 | 88,700,095 | 3,103,043 | 31.47 | 30.73 | 0.74 |
| NET PROFIT/(LOSS) AFTER MCO TAX | 189,004 | 15,713,227 | (15,524,223) | 0.06 | 5.44 | (5.38) |
| HEALTH HOME PROGRAM EXPENSE | 4,000,000 | 1,500,000 | 2,500,000 | 1.37 | 0.52 | 0.85 |
| NET PROFIT/(LOSS) AFTER GRANT EXPENSE | (3,810,996) | 14,213,227 | (18,024,223) | (1.31) | 4.92 | (6.23) |
| MEDICAL LOSS RATIO (EXCLUDING MCO TAX) | 94.3% | 92.8% | | | | |
| ADMIN RATIO (EXCLUDING MCO TAX) | 5.6% | 5.1% | | | | |

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

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

| | ALL COAs | | FAMILY & OTHER | | SPD | | EXPANSION | |
|--|--------------------|---------------|--------------------|---------------|--------------------|----------------|--------------------|---------------|
| | \$ | 2,917,050 | \$ | 2,047,950 | \$ | 168,600 | \$ | 700,500 |
| REVENUE | | | | | | | | |
| CAPITATION | 587,733,738 | 201.48 | 229,282,371 | 111.96 | 125,146,638 | 742.27 | 233,304,729 | 333.05 |
| MATERNITY KICK | 30,402,518 | 10.42 | 25,404,942 | 12.41 | - | - | 4,997,576 | 7.13 |
| HEP C KICK | 10,007,895 | 3.43 | 1,614,833 | 0.79 | 3,840,084 | 22.78 | 4,552,978 | 6.50 |
| BHT KICK | 5,261,014 | 1.80 | 2,119,478 | 1.03 | 3,141,536 | 18.63 | - | - |
| MCAL REVENUE | 633,495,165 | 217.14 | 258,421,624 | 126.19 | 132,128,258 | 783.68 | 242,855,283 | 346.69 |
| MCO TAX REVENUE | 91,803,048 | 31.47 | 64,451,433 | 31.47 | 5,306,043 | 31.47 | 22,045,572 | 31.47 |
| COB REVENUE | 40,519,226 | 13.89 | 34,363,481 | 16.78 | 984,439 | 5.84 | 5,171,307 | 7.38 |
| INTEREST | 3,257,536 | 1.12 | 3,257,536 | 1.59 | - | - | - | - |
| REINSURANCE | 1,371,014 | 0.47 | 962,537 | 0.47 | 79,242 | 0.47 | 329,235 | 0.47 |
| TOTAL REVENUE | 770,355,989 | 264.09 | 361,456,611 | 176.50 | 138,497,981 | 821.46 | 270,401,397 | 386.01 |
| MEDICAL | | | | | | | | |
| Inpatient Hospital | 172,113,302 | 59.00 | 69,328,976 | 33.85 | 39,753,082 | 235.78 | 63,031,245 | 89.98 |
| Outpatient Facility | 69,466,076 | 23.81 | 32,703,393 | 15.97 | 13,601,443 | 80.67 | 23,161,239 | 33.06 |
| Emergency Room Facility | 52,268,925 | 17.92 | 31,452,077 | 15.36 | 5,815,490 | 34.49 | 15,001,358 | 21.42 |
| Long-Term Care Facility & Hospice | 10,773,364 | 3.69 | 2,827,909 | 1.38 | 4,529,718 | 26.87 | 3,415,737 | 4.88 |
| Primary Physician Services | 35,363,126 | 12.12 | 24,730,315 | 12.08 | 2,508,716 | 14.88 | 8,124,094 | 11.60 |
| Urgent Care | 13,435,296 | 4.61 | 9,934,294 | 4.85 | 868,911 | 5.15 | 2,632,091 | 3.76 |
| Physician Specialty | 115,362,635 | 39.55 | 53,673,757 | 26.21 | 19,312,937 | 114.55 | 42,375,940 | 60.49 |
| BHT | 5,261,014 | 1.80 | 2,119,478 | 1.03 | 3,141,536 | 18.63 | - | - |
| Mental Health | 649,348 | 0.22 | 317,070 | 0.15 | 139,720 | 0.83 | 192,558 | 0.27 |
| Vision | 3,005,394 | 1.03 | 2,078,879 | 1.02 | 188,535 | 1.12 | 737,981 | 1.05 |
| Other Medical Professional | 11,097,080 | 3.80 | 4,741,826 | 2.32 | 1,948,325 | 11.56 | 4,406,930 | 6.29 |
| Pharmacy | 94,584,636 | 32.42 | 32,222,428 | 15.73 | 26,078,629 | 154.68 | 36,283,580 | 51.80 |
| HEP C | 10,007,895 | 3.43 | 1,614,833 | 0.79 | 3,840,084 | 22.78 | 4,552,978 | 6.50 |
| DME | 6,452,049 | 2.21 | 1,919,937 | 0.94 | 3,006,751 | 17.83 | 1,525,362 | 2.18 |
| Pharmacy Rebates | (1,250,000) | (0.43) | (454,030) | (0.21) | (541,223) | (2.02) | (474,747) | (0.68) |
| Home Health and CBAS | 4,316,031 | 1.48 | 1,419,337 | 0.69 | 1,933,750 | 11.47 | 962,945 | 1.37 |
| Other- Ambulance and Non-Emergent Transportation | 10,773,534 | 3.69 | 5,169,785 | 2.52 | 2,654,259 | 15.74 | 2,949,490 | 4.21 |
| Enhanced Medi-Cal Benefits | 1,458,525 | 0.50 | 1,023,975 | 0.50 | 84,300 | 0.50 | 350,250 | 0.50 |
| Professional Incentive Payments | 5,834,100 | 2.00 | 4,095,900 | 2.00 | 337,200 | 2.00 | 1,401,000 | 2.00 |
| Reinsurance Premium | 1,371,014 | 0.47 | 962,537 | 0.47 | 79,242 | 0.47 | 329,235 | 0.47 |
| UM/QA Costs (including Utilization & Quality Review) | 17,735,044 | 6.08 | 7,235,683 | 3.53 | 3,699,529 | 21.04 | 6,799,833 | 9.71 |
| Total Medical Costs | 640,078,388 | 219.43 | 289,138,356 | 141.18 | 133,180,933 | 789.92 | 217,759,099 | 310.86 |
| GROSS PROFIT/(LOSS) | 130,277,602 | 44.66 | 72,318,255 | 35.31 | 5,317,048 | 31.54 | 52,642,299 | 75.15 |
| ADMINISTRATIVE (AS OF 11/4/2017) | 38,285,550 | 13.12 | 16,757,729 | 8.18 | 7,515,002 | 44.57 | 14,012,819 | 20.00 |
| NET PROFIT/(LOSS) BEFORE MCO TAX | 91,992,052 | 31.54 | 55,560,526 | 27.13 | (2,197,954) | (13.04) | 38,629,480 | 55.15 |
| MCO TAX EXPENSE | 91,803,048 | 31.47 | 64,451,433 | 31.47 | 5,306,043 | 31.47 | 22,045,572 | 31.47 |
| NET PROFIT/(LOSS) AFTER MCO TAX | 189,004 | 0.06 | (8,890,907) | (4.34) | (7,503,997) | (44.51) | 16,583,908 | 23.67 |
| HEALTH HOME PROGRAM EXPENSE | 4,000,000 | 1.37 | | | | | | |
| NET PROFIT/(LOSS) AFTER GRANT EXPENSE | (3,810,996) | (1.31) | | | | | | |
| MEDICAL LOSS RATIO (EXCLUDING MCO TAX) | | 94.3% | | 97.4% | | 100.0% | | 87.7% |
| ADMIN RATIO (EXCLUDING GRANT AND MCO TAX) | | 5.6% | | 5.6% | | 5.6% | | 5.6% |

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

| MEDI-CAL | JAN'18 | FEB'18 | MAR'18 | APR'18 | MAY'18 | JUN'18 | JUL'18 | AUG'18 | SEP'18 | OCT'18 | NOV'18 | DEC'18 | CY 2018 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| 19 & OVER | 43,100 | 43,200 | 43,300 | 43,400 | 43,500 | 43,600 | 43,700 | 43,800 | 43,900 | 44,000 | 44,100 | 44,200 | 523,600 |
| UNDER 19 | 120,200 | 120,500 | 120,800 | 121,100 | 121,400 | 121,700 | 122,000 | 122,300 | 122,600 | 122,900 | 123,200 | 123,500 | 1,462,200 |
| SPDS | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 14,050 | 168,600 |
| (1) TOTAL OTHER | 5,025 | 5,050 | 5,075 | 5,100 | 5,125 | 5,150 | 5,175 | 5,200 | 5,225 | 5,250 | 5,275 | 5,300 | 61,950 |
| MEDI-CAL EXPANSION | 57,000 | 57,150 | 57,300 | 57,450 | 57,600 | 57,750 | 57,900 | 58,050 | 58,200 | 58,350 | 58,500 | 58,650 | 693,900 |
| DUAL EXPANSION | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 550 | 6,600 |
| TOTAL MEDI-CAL | 239,925 | 240,500 | 241,075 | 241,650 | 242,225 | 242,800 | 243,375 | 243,950 | 244,525 | 245,100 | 245,675 | 246,250 | 2,917,050 |
| Kaiser Membership | 7,800 | 7,825 | 7,850 | 7,875 | 7,900 | 7,925 | 7,950 | 7,975 | 8,000 | 8,025 | 8,050 | 8,075 | 95,250 |
| TOTAL COMBINED | 247,725 | 248,325 | 248,925 | 249,525 | 250,125 | 250,725 | 251,325 | 251,925 | 252,525 | 253,125 | 253,725 | 254,325 | 3,012,300 |

(1) Medi-Medi and BCCTP (Other)

| |
|---|
| KERN HEALTH SYSTEMS MEDI-CAL 2018 REVENUE BUDGET |
|---|

| |
|-----------------------------|
| ENROLLMENT |
| Family and Other |
| SPD Members |
| MCAL Expansion |
| Total Members - MCAL |

| |
|-----------|
| 2,047,950 |
| 168,600 |
| 700,500 |
| 2,917,050 |

| |
|---|
| REVENUES |
| Title XIX - Medicaid Adult & Child |
| Title XIX - Medicaid Seniors & Persons w/Disabilities |
| Title XIX - Medicaid Expansion |
| SUBTOTAL PREMIUM REVENUE |
| Title XIX - Medicaid - MCO TAX |
| TOTAL MEDICAID REVENUE |
| Interest /Dividends |
| Reinsurance Recoveries |
| COB/Subrogation Collections |
| TOTAL REVENUES |

| |
|-------------|
| PMPM |
| 126.19 |
| 783.68 |
| 346.69 |
| 217.14 |
| 31.47 |
| 248.61 |
| 1.12 |
| 0.47 |
| 13.89 |
| 264.09 |

| |
|-------------|
| \$ |
| 258,421,624 |
| 132,128,258 |
| 242,855,283 |
| 633,405,166 |
| 91,803,048 |
| 725,208,214 |
| 3,257,536 |
| 1,371,014 |
| 40,519,226 |
| 770,355,989 |

REVENUE ASSUMPTIONS

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

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

FAMILY & OTHER

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

SENIORS & PERSONS WITH DISABILITIES (SPD)*

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

EXPANSION

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

Notes:

All trends are rounded to the nearest 1%.

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

ASSUMPTIONSCOMPENSATION

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

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

PURCHASED SERVICES

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

SUPPLIES

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

OTHER ADMINISTRATIVE EXPENSES

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

ATTACHMENT 6

KERN HEALTH SYSTEMS
2018 BUDGETED FTE BY DEPARTMENT

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

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

Staffing changes are required for the following departments:

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

2 of 3

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

**KERN HEALTH SYSTEMS
2018 CAPITAL BUDGET**

| ITEM | CORPORATE PROJECTS | QTR | QUANTITY | COST PER ITEM | TOTAL |
|--|--------------------------------------|---------|----------|---------------|-------------------|
| 1 | ClaimCheck Software | 1,2,3,4 | | \$ 2,631,128 | \$ 2,631,128 |
| 2 | Medical Management ZeOmega | 1,2,3,4 | | \$ 3,007,961 | \$ 3,007,961 |
| 3 | Alternative Payment Methodology | 1,2,3,4 | | \$ 1,123,768 | \$ 1,123,768 |
| 4 | Claims Audit Tool | 3,4 | | \$ 376,173 | \$ 376,173 |
| 5 | QI Site Review Automation | 2,3,4 | | \$ 191,128 | \$ 191,128 |
| 6 | Internal and External Dashboards | 1,2,3,4 | | \$ 655,408 | \$ 655,408 |
| 7 | Electronic Data Interchange | 1,2,3,4 | | \$ 758,900 | \$ 758,900 |
| 8 | Document Repository Migration | 1,2,3,4 | | \$ 243,187 | \$ 243,187 |
| 9 | Provider and Member Portal | 2,3,4 | | \$ 567,147 | \$ 567,147 |
| CORPORATE PROJECTS SUBTOTAL | | | | \$ | 9,554,799 |
| ITEM | NEW BUILDING | QTR | QUANTITY | COST PER ITEM | TOTAL |
| 10 | New Building Development | 1,2,3,4 | 1 | \$ 22,000,000 | \$ 22,000,000 |
| 11 | Alarm and Access Control | 4 | 1 | \$ 175,000 | \$ 175,000 |
| 12 | Uninterruptable Power Supplies | 4 | 1 | \$ 50,000 | \$ 50,000 |
| NEW BUILDING SUBTOTAL | | | | \$ | 22,225,000 |
| ITEM | OFFICE FURNITURE & EQUIPMENT | QTR | QUANTITY | COST PER ITEM | TOTAL |
| 13 | Company Vehicle | 1 | 1 | \$ 28,000 | \$ 28,000 |
| 14 | Department Copiers | 2,3,4 | 4 | \$ 9,000 | \$ 36,000 |
| OFFICE FURNITURE & EQUIPMENT SUBTOTAL | | | | \$ | 64,000 |
| ITEM | TECHNOLOGY | QTR | QUANTITY | COST PER ITEM | TOTAL |
| 15 | Cloud Technology | 1,2,3,4 | 1 | \$ 100,000 | \$ 100,000 |
| 16 | Virtual Desktop Environment (VDI) | 1,2,3,4 | 1 | \$ 150,000 | \$ 150,000 |
| 17 | System Log Monitoring System | 1,2,3,4 | 1 | \$ 50,000 | \$ 50,000 |
| 18 | Technology Asset Management Solution | 1,2,3,4 | 1 | \$ 50,000 | \$ 50,000 |
| 19 | Information Security Software | 1,2,3,4 | 1 | \$ 100,000 | \$ 100,000 |
| 20 | Member Kiosks | 1,2,3,4 | 20 | \$ 5,000 | \$ 100,000 |
| 21 | Networking Hardware | 4 | 1 | \$ 960,000 | \$ 960,000 |
| 22 | Uninterruptable Power Supply | 4 | 1 | \$ 295,000 | \$ 295,000 |
| 23 | Portable Laptops/Tablets | 1,2,3,4 | 25 | \$ 2,600 | \$ 65,000 |
| TECHNOLOGY SUBTOTAL | | | | \$ | 1,870,000 |
| TOTAL 2018 CAPITAL ITEMS | | | | \$ | 33,713,799 |

2018 Capital Summary

Corporate Projects

1. *ClaimCheck Software*

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

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

2. *Medical Management ZeOmega*

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

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

3. *Alternative Payment Methodology (APM)*

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

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

2018 Capital Summary

4. Claims Audit Tool

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

(Budgetary Impact: \$376,173)

5. QI Site Review Automation

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

(Budgetary Impact: \$191,128)

6. Internal and External Dashboards

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

(Budgetary Impact: \$655,408.)

7. Electronic Data Interchange (EDI)

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

(Budgetary Impact: \$758,900.)

2018 Capital Summary

8. Document Repository Migration

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

(Budgetary Impact: \$243,187.)

9. Provider and Member Portal

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

(Budgetary Impact: \$567,147.)

New Building

10. New Building Development

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

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

11. Alarm and Access Infrastructure

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

(Budgetary Impact: \$175,000)

12. Uninterruptable Power Supply

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

(Budgetary Impact: \$50,000)

2018 Capital Summary

Office Furniture & Equipment

13. Company Vehicle

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

(Budgetary Impact: \$28,000)

14. Department copiers

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

(Budgetary Impact: \$36,000)

Technology

15. Cloud Technology

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

(Budgetary Impact: \$100,000)

16. Virtual Desktop Infrastructure (VDI)

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

(Budgetary Impact: \$150,000)

2018 Capital Summary

17. System Log Monitoring System

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

(Budgetary Impact: \$50,000)

18. Technology Asset Management Solution

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

(Budgetary Impact: \$50,000)

19. Information Security Software

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

(Budgetary Impact: \$100,000)

20. Member Kiosks

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

(Budgetary Impact: \$100,000)

2018 Capital Summary

21. Networking Hardware

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

(Budgetary Impact: \$960,000)

22. Uninterruptable Power Supply

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

(Budgetary Impact: \$295,000)

23. Portable Laptops and Tablets

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

(Budgetary Impact: \$65,000)



To: KHS Board of Directors
From: Robert Landis, CFO
Date: December 14, 2017
Re: Annual Renewal of the Reinsurance Policy

Background

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

Discussion

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

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

Fiscal Impact

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

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

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

Risk Assessment

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

Requested Action

Approve annual renewal of the reinsurance policy with Optum at a blended rate of \$.47 pmpm with a current deductible of \$250,000 per enrollee and a \$.24 pmpm aggregate deductible for an overall expected annual reinsurance premium cost of \$1,371,014.



To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: December 14, 2017

Re: 2018 Marketing and Advertising Campaign

Background

The objective of our 2018 Marketing Plan is to remain the Health Plan of choice for the low income population of Kern County.

Our Marketing Goals in 2018 are:

1. Member Retention (at 2017 current membership level approximating 247,500 enrollees)
2. Member Growth (approximating 6,800 new enrollees)
3. Continued outreach to expanded enrollment gateway through KFHC providers, Community Based Organizations and Kern County Department of Human Services
4. Retain current member voluntary health plan selection ratio of 4 of every 5 eligible Medical beneficiaries selecting KFHC over Health Net.

The enclosed PowerPoint presentation covers historical campaign strategies and resulting enrollment stemming from these campaigns, the premise and theme for the proposed new 2018 advertising campaign and key areas KHS's Marketing Department will undertake or become involved with if we are to achieve our 2018 Marketing Goals.

Requested Action

Receive and File.



2018 Marketing Plan and Advertising Campaign

By: Jacquelyn S. Jans, MBA
and
Louis Iturriria, Marketing Director



Marketing Objective

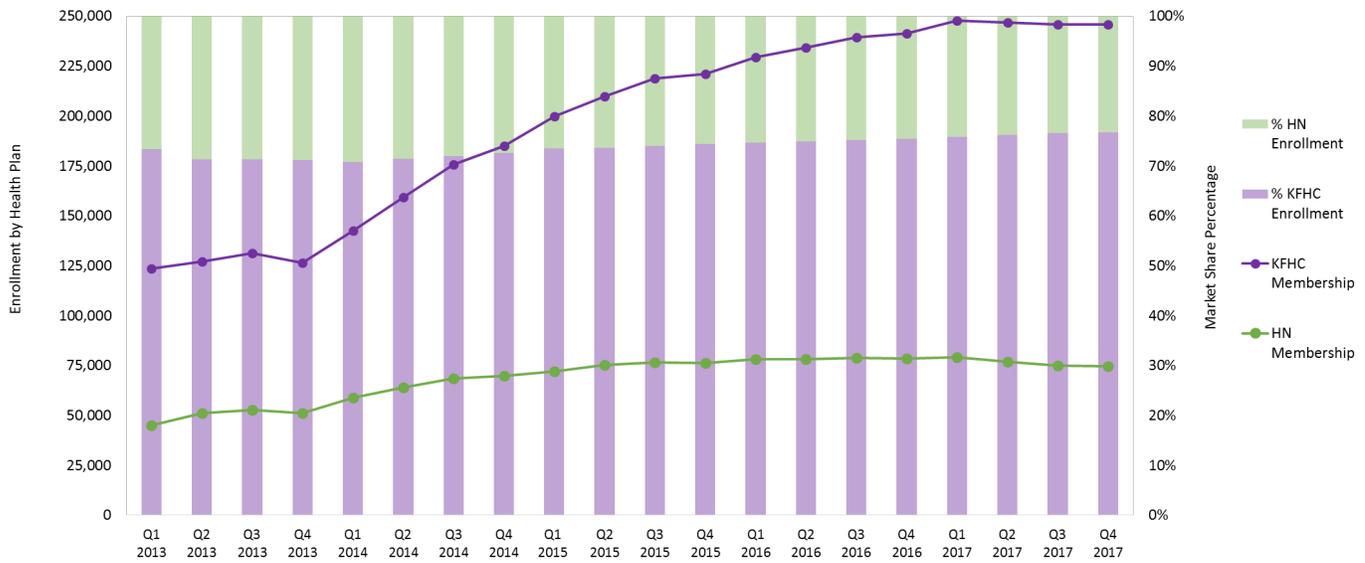
Remain the Health Plan of choice for the low income population of Kern County

Demonstrated through:

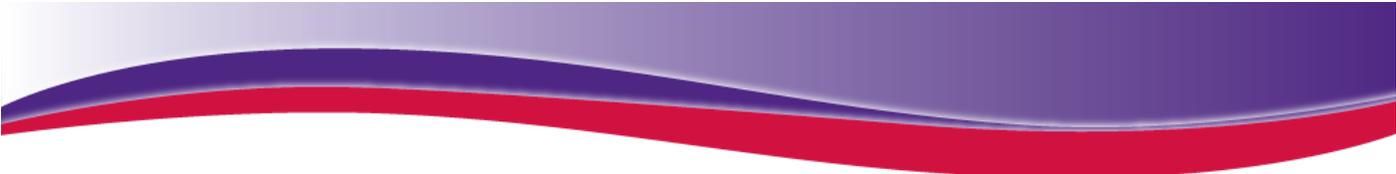
- ❖ Kern Family Health Care serves one of four Kern County citizens
- ❖ Kern Family Health Care is the largest health plan in Kern County with enrollment of over 247,000 members

Enrollment Performance

Medi-Cal Managed Care Enrollment
Kern County
between 2013 - 2017

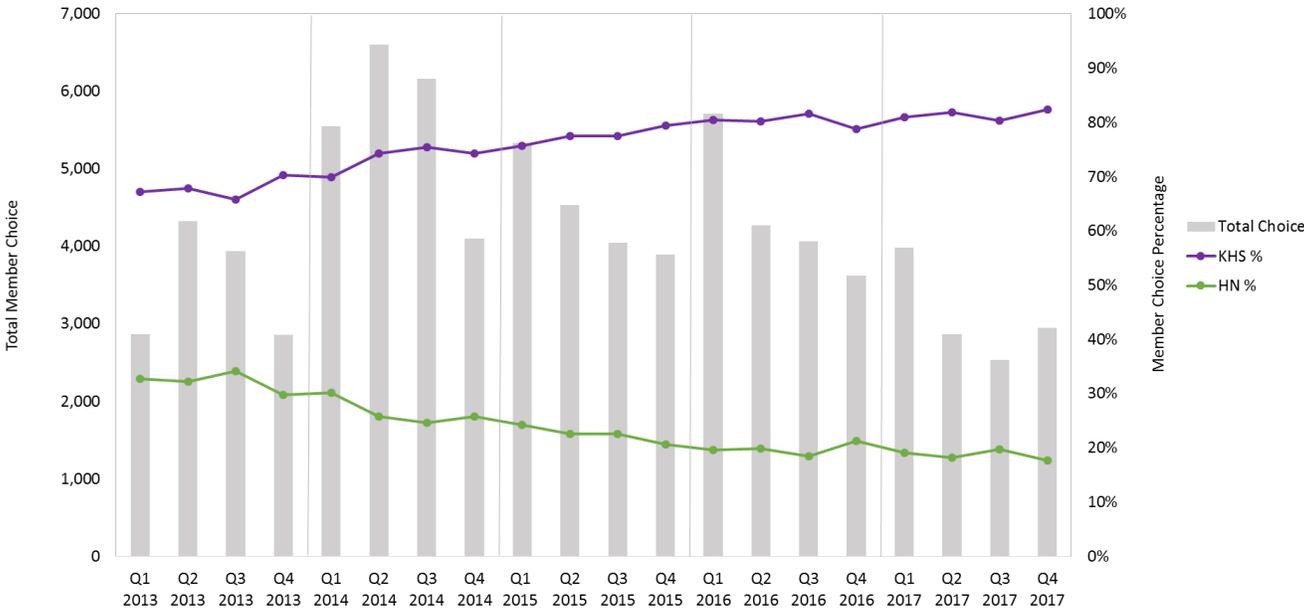


4 of every 5 Medi-Cal managed care enrollees are KFHC members



Enrollment Performance

Percentage of Members Who Chose a Health Plan
KFHC vs. HN
between 2013 - 2017



Annual Enrollment Changes

On average, members are enrolled in KFHC for 4 years. Thus, every year, we have a turnover of 25% of our membership.

- Nearly 62,000 Medi-Cal eligibles enroll or reenroll in KFHC each year
 - 80% are new enrollees – never enrolled or dis-enrolled for more than 6 months
 - 20% are re-enrolled members – previously enrolled within the last 6 months

Although our total enrollment has stabilized, our membership can still change drastically each year.



2018 Marketing Plan

Four Marketing Goals in 2018:

1. Member Retention (at 2017 current membership level approximating 247,500 enrollees)
2. Member Growth (approximating 6,800 new enrollees)
3. Continued outreach to expanded enrollment gateway through providers, CBOs and KCDHS
4. Retain current member voluntary health plan selection ratio of 4 of every 5 eligible Medi-Cal beneficiaries selecting KFHC over Health Net.

2018 Ad Campaign Highlights



Build on our success using proven strategies:

2013/14

- Feature **collaboration** between Plan, Members and Providers... “Together in...”/Unity Circle
- Portray an image and message that our target population could **identify** with and **relate** to

2015/16

- Progressive Ad Campaign using “life changing testimonials” to **validate** our public message while **maintaining** positive KHS Brand and Image



2018 Ad Campaign to Highlight

KFHC's success through 20+ years of providing high quality, comprehensive and personalized health care to the MCAL population of Kern County:

Advertising Campaign Premise (Building on Our Legacy):

"For over 20 years, KFHC is the health plan that members have come to rely on...that each member is seen as a unique individual...that they can expect the care they need will be there for them and...that their Doctor will provide the personal care they desire".

Advertising Campaign Message will:

- Protect KFHC's positive reputation among our constituents (providers, members and community)
- Reinforce our brand of being a local, responsive and caring health plan
- Emphasize our Kern County roots...as an organization uniquely positioned to recognize and design health care benefits and programs specific to the needs and circumstances of Kern County's Medi-Cal population.

Key Areas of Involvement for Achieving our 2018 Marketing Goals

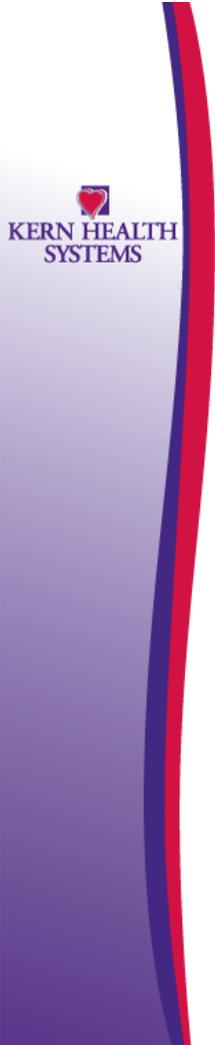


Area 1. Create the new Advertising Campaign building on our legacy and reputation featuring KFHC as the local and innovative health plan uniquely positioned to serve the health care needs of low income families in Kern County.

Area 2. Continue to work with and support outside influencers and non-profit community partners serving our same population through nominal community based organization grants.

Area 3. Sponsor health related events and charitable fund raising activities which promote health, address disease or improve the quality of life of Kern County's low income population.

Area 4. Continue our Public Relation's effort (including Press Releases) promoting community involvement, provider alliances, and other KHS and KFHC achievements occurring throughout 2018.



Thank you!



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: December 14, 2017

Re: Update on KHS Strategic Plan

Background

With the conclusion of the 2015-2017 Strategic Plan period, Management has provided an update to the Board of Directors on KHS' progress. The team accomplished a multitude of initiatives in support of the overall Strategic Goals. 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 and items in gray have been completed. Items in white will carry over into 2018 and will be captured in the future Strategic Plan, including the following:

- Value Based Purchasing milestone timelines 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.
- 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.

Also included is a summary of the Board and Executive discussion from the 2018-2020 Strategic Planning Session held in November.

Requested Action

Receive and file



Q4 2017 Strategic Plan Update

December 14, 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 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 | 100.00% | 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 | 90.00% | Jeremy McGuire |
| 1.21 | Determine the impact of changes to KHS | 7/1/2015 | 12/31/2017 | 95.00% | 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 | 85.00% | 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 | 12/29/2018 | 50.00% | Jeremy McGuire |
| 1.233 | NEMT | 1/2/2017 | 12/29/2017 | 90.00% | Jeremy McGuire |
| 1.24 | Post implementation audit to ensure installation and performance meets expectations | 5/31/2016 | 12/31/2017 | 90.00% | 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 |



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 | 100.00% | Robert Landis |
| 4.12 | Annually develop an operating budget enabling KHS to achieve its annual goals | 6/1/2017 | 12/14/2017 | 100.00% | Robin Plumb |
| 4.121 | Develop Utilization and Unit Cost Assumptions for Medical Expenses | 8/1/2017 | 10/13/2017 | 100.00% | Robin Plumb |
| 4.122 | Determine Significant Budget Assumptions | 8/1/2017 | 10/13/2017 | 100.00% | 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 | 100.00% | Veronica Barker |
| 4.14 | Administrative Expense Budget | 8/1/2017 | 10/13/2017 | 100.00% | Veronica Barker |
| 4.141 | Determine FTE Requirements and administrative costs by department | 8/1/2017 | 10/13/2017 | 100.00% | Veronica Barker |
| 4.15 | Retain sufficient reserves to protect KHS from unexpected events | 1/1/2017 | 12/31/2017 | 100.00% | Robert Landis |
| 4.16 | Continue an on-going dialogue with DHCS and DMHC to convey concerns over reimbursement | 1/1/2017 | 12/31/2017 | 100.00% | 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 |



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

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



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

| Task ID | Task Name | Start Date | Due Date | % Complete | Assigned To |
|---------|--|------------|------------|------------|----------------|
| 5 | Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale | | | | |
| 5.3 | Increase data communication between the provider, member, and health plan to promote health information exchange and/or impact access, quality, or costs | 1/1/2015 | 12/31/2017 | 100.00% | Richard Pruitt |
| 5.31 | Identify opportunities/products in the market | 1/1/2015 | 12/31/2017 | 100.00% | Richard Pruitt |
| 5.311 | Kern County Mental Health Data Exchange | 7/1/2015 | 6/30/2016 | 100.00% | Deborah Murr |
| 5.312 | Provider Portal | 7/1/2015 | 6/30/2016 | 100.00% | Emily Duran |
| 5.313 | Member Portal | 7/1/2015 | 12/31/2016 | 100.00% | Louie Iturria |
| 5.314 | CAHQ CORE Transactions | 1/1/2015 | 12/31/2015 | 100.00% | Richard Pruitt |
| 5.315 | Member Data Dashboard | 1/1/2017 | 3/31/2017 | 100.00% | Louie Iturria |
| 5.316 | Provider Data Dashboard (P4P, Scorecard, etc) | 1/1/2017 | 12/31/2017 | 100.00% | Deborah Murr |
| 5.317 | Participation in a Global Health Information Exchange | 9/1/2017 | 12/31/2017 | 100.00% | Richard Pruitt |
| 5.32 | Analyze and evaluate opportunities/products for effectiveness and compatibility | 1/1/2015 | 6/30/2017 | 100.00% | 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 Iturria |
| 5.33 | Complete cost analysis for Return on Investment/Cost Benefit | 1/1/2015 | 12/31/2017 | 100.00% | Richard Pruitt |
| 5.34 | Presentations to Board of Directors | 1/1/2015 | 12/31/2017 | 100.00% | 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 Iturria |
| 5.35 | Create plan for implementation | 1/1/2015 | 12/31/2017 | 100.00% | Richard Pruitt |
| 5.351 | Provider Portal Implementation | 6/1/2016 | 11/1/2017 | 100.00% | Emily Duran |
| 5.352 | Member Portal Implementation | 6/1/2016 | 1/27/2017 | 100.00% | Louie Iturria |
| 5.353 | Medical Management Platform Implementation | 1/1/2017 | 12/31/2017 | 100.00% | Deborah Murr |
| 5.354 | Member Rewards Implementation | 10/3/2016 | 6/30/2017 | 100.00% | Louie Iturria |
| 5.4 | Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR) | 1/1/2015 | 12/31/2017 | 100.00% | 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 | 90.00% | Jeremy McGuire |
| 5.47 | Continuously monitor and control for operational effectiveness | 1/1/2015 | 12/31/2017 | 100.00% | Execs |



KERN HEALTH SYSTEMS
BOARD OF DIRECTORS STRATEGIC PLANNING SESSION
November 9, 2017
SUMMARY OF DISCUSSIONS
DRAFT – FOR DISCUSSION ONLY

Overarching Goal for the Strategic Plan: 2018 – 2020

Align KHS efforts to improve the delivery system with the Triple Aim

Proposed Strategic Priority Areas:

1. Value-based payments
2. Member engagement with a focus on prevention services for the 28% of members who never use the health system as well as new incentives and improved satisfaction
3. Expansion of access with the provider networks through alternative visits and e-health technologies
4. Coordination and integration of care with county behavioral health (both mental health and substance use services) as well as with community-based organizations, homeless providers and new partnerships
5. Data sharing and exchange among providers

Possible Anticipated Results and Outcomes:

- Reduce the number of members who do not use services
- Expand the continuum of services that current providers offer
- Identify procedures that do not need prior authorization
- Create portable medical information for members that they can access and/or carry with them to different providers

- New partnerships with community-based organizations, school-based clinics, etc.
- New incentives for using preventive services by members
- Increased services that can be accessed at the point of care
- Easier access to specialists
- Improved use of telehealth and other e-health approaches
- 50% of provider network involved in some form of alternative value-based payments
- Incentives for alternative visits that do not include physicians

Key Strategies for Priority Areas that were identified:

1. Value-based payments
 - a. Identify alternative payment methodologies
 - b. Engage providers in discussions of new payment approaches
 - c. Implement new value-based payment arrangements including incentives for high performance
 - d. Create metrics to measure value-based outcomes and compensate providers based on them
2. Member engagement with a focus on prevention services for the 28% of members who never use the health system as well as new incentives and improved satisfaction
 - a. Expand efforts to remind members keep appointments
 - b. Expand efforts to have members access transportation benefit to keep appointments
 - c. Expand member empowerment by giving members better access to their own health information
 - d. Develop and implement systems of member accountability
 - e. Provide incentives to members for using prevention services
 - f. Stratify and better understand members that do not use services
 - g. Continue to focus on high cost members
3. Expansion of access with the provider networks through alternative visits and e-health technologies
 - a. Offer payment for alternative types of visits that are not physician-centric (i.e. nutrition visits, nurse visits, etc.)

- b. Assist providers to expand sites of services, particularly in difficult to access geographic areas
 - c. Expand e-health approaches like e-consult, telehealth services, etc.
 - d. Explore how providers can offer a wider continuum of services on site
4. Coordination and integration of care with county behavioral health (both mental health and substance use services) as well as with community-based organizations
- a. Take a leadership role in organizing conversations with providers and others about better coordination of care
 - b. Focus on improving integration with county behavioral services
 - c. Develop new partnerships with community-based organizations
 - d. Understand the members of KHS who are homeless and who the providers are that serve them
 - e. Identify new approaches to referral management to non-KHS providers
 - f. Develop a method of compensating non-traditional KHS providers for services
5. Data sharing and exchange among providers
- a. Educate providers (hospitals, physicians, clinics, pharmacies, etc.) about the importance of data sharing to reduce health care costs and duplication of services
 - b. Develop approaches that KHS can implement with its provider network to achieve some level of data sharing
 - c. Explore how the Emergency Department Information Exchange (EDIE) could be used among KHS provider network

Next Step:

KHS Executive Management will further refine these strategies and analyze additional strategies based on other factors that need to be addressed over the next 3 years.



To: KHS Board of Directors

From: Emily Duran, Director of Provider Relations

Date: December 14, 2017

Re: 2016 Provider Satisfaction Survey

Background:

On an annual basis, Kern Health Systems (KHS) performs a provider satisfaction survey. The intent is not only to comply with our regulatory body but to transparently evaluate the overall performance of KHS and satisfaction of the provider network.

This year, KHS engaged a third party vendor who had baseline survey data that was considered beneficial when benchmarking our plan with other Medi-Cal plans. SPH Analytics was the company who was retained and also previously performed the KHS member satisfaction survey.

Overall, Kern Health Systems performed at an 84.1% satisfaction. The Medicaid Line of Business satisfaction rate for like plans surveyed by SPH Analytics was an overall 64.6% satisfaction. KHS scored much higher than our local competitors and was rated favorably in all areas of KHS operations. For your review, a presentation is included as well as a summary of the satisfaction survey results.

Requested Action:

Receive and File.



KERN HEALTH SYSTEMS

PROVIDER SATISFACTION SURVEY RESULTS - 2016 BOARD OF DIRECTORS

DECEMBER 14, 2017



Background & Timeline

- KHS conducts an annual provider satisfaction survey to evaluate the satisfaction & access standards defined in California Code of Regulations (Title 28 Section 1300.67.2.2 & 1300.67.2.2) and in accordance with KHS policy 4.30.
- For 2016 survey year, KHS retained a third party (SPH Analytics) to perform the survey and include industry benchmarks.

Survey Panel

- Surveys were sent to:
 - Primary Care Providers
 - Specialists
 - Skilled Nursing Facilities
 - Hospitals
 - Urgent Care Facilities
- 364 total surveys were received
 - compared to 131 surveys received prior year



1-800-391-2000

kernfamilyhealthcare.com

Report Highlights

| Composites/Attributes | 2016 Summary Rates | 2016 SPHA Medicaid BoB Summary Rates |
|---------------------------------|--------------------|--------------------------------------|
| Overall Satisfaction – KHS | 84.1% | 64.6% |
| All Other Plans | 60.2% | 33.6% |
| Finance Issues | 55.7% | 31.7% |
| UM & Quality | 53.5% | 31.7% |
| Network/COC | 47.6% | 28.5% |
| Pharmacy | 40.9% | 20.4% |
| Health Plan Call Center | 63.7% | 37.4% |
| Provider Relations | 56.4% | 35.6% |
| Recommend to Other MD Practices | 94.0% | 80.9% |



The Friends
Of Kern Health Systems

1-800-391-2000

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2017 Provider Relations Projects

1. Provider Relations held quarterly trainings.
2. Provider Relations held numerous meetings with provider network and KHS clinical teams.
3. Implemented new Provider Portal to address:
 - P4P Concerns
 - Authorization Submissions
 - Online TAR Submissions
 - Provided 6 weeks of training for new portal

2018 Provider Relations Projects

1. Continue regular provider trainings.
2. Continue close communication and collaborative projects with provider network.
 - Special clinics
 - Joint Operations Committee meetings with key providers
 - Promote Pay for Performance program
 - Implement alternate payment methodology contracts
3. Support enhancements to Provider Portal
4. Support local providers with grants focused on network adequacy

Questions

For additional information, please contact:

Emily Duran

Director of Provider Relations

(661) 664-5000



2016 Provider Satisfaction Report



Kern Family Health Care

Project Number(s): 9126914

1965 Evergreen Boulevard Suite 100, Duluth, Georgia 30096



Introduction

Your Sales Executive is Alisa Simpson (678-689-0303), and your Account Project Manager is Courtney Howard (770-978-3173 ext. 1322). Should you have any questions or comments regarding any aspect of the survey or reporting process, please feel free to call either your Sales Executive or Account Project Manager.

Many organizations conduct the SPHA Provider Satisfaction Survey to monitor provider satisfaction levels and to respond to one or more NCQA Health Plan Accreditation Standards. The 2017 SPHA Provider Satisfaction Survey template was designed to support the following NCQA standards.

- ✓ NCQA Standard QI 4 (Member Experience) currently directs managed care organizations, at least annually, to assess the practitioner's experience with the UM process. Organizations are expected to collect and analyze data and provider feedback in an effort to drive quality improvements.
- ✓ NCQA Standard QI 8 (Continuity and Coordination of Medical Care) looks to managed care organizations to gather information, at least annually, to assess and identify opportunities to improve coordination of medical care across its delivery system. This includes conducting quantitative analysis of data and feedback.
- ✓ To enhance the value of the survey to organizations providing behavioral healthcare services, SPHA developed a supplemental survey module (3 questions) which was implemented to address NCQA Standard QI 9 (Continuity and Coordination Between Medical Care and Behavioral Health Care). Similar to QI 8, this standard looks to the organization to demonstrate evidence of collaboration between medical care delivery system and its behavioral healthcare network.

The Provider Satisfaction Survey targets providers to measure their satisfaction with Kern Family Health Care. For comparison purposes, results are presented by Summary Rates. The Summary Rate is the sum of the proportion of respondents who selected the most positive response options ('Well above average' or 'Somewhat above average,' 'Yes,' and 'Completely satisfied' or 'Somewhat satisfied') for the attribute.

Composite scores are calculated by taking the average Summary Rates of the attributes in the specified section. The following composites are included in the Kern Family Health Care survey:

- Overall Satisfaction
- All Other Plans (Comparative Rating)
- Finance Issues
- Utilization and Quality Management
- Network/Coordination of Care
- Pharmacy
- Health Plan Call Center Service Staff
- Provider Relations

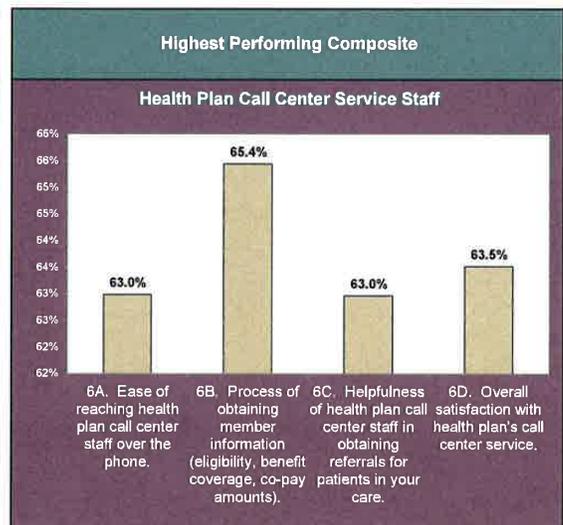
Chart 1 highlights key results from Kern Family Health Care's Provider Satisfaction Survey.

Chart 1

Provider Satisfaction Report Highlights

Kern Family Health Care

| Highest and Lowest Performing Questions | 2017 | | 2017 Mean Scores** | | 2016 SPHA B.o.B.*** | |
|--|------|-------|-------------------------|-------------|---------------------|-----------|
| | n* | SRS* | Kern Family Health Care | SPHA B.o.B. | Medicaid | Aggregate |
| Highest Scoring Questions | | | | | | |
| 7B. Provider Relations representative's ability to answer questions and resolve problems. | 212 | 66.5% | 4.00 | 3.52 | 47.1% | 49.6% |
| 6B. Process of obtaining member information (eligibility, benefit coverage, co-pay amounts). | 301 | 65.4% | 4.00 | 3.48 | 41.5% | 42.1% |
| 6D. Overall satisfaction with health plan's call center service. | 307 | 63.5% | 3.90 | 3.38 | 37.8% | 39.2% |
| Lowest Scoring Questions | | | | | | |
| 5D. Ease of prescribing your preferred medications within formulary guidelines. | 268 | 40.7% | 3.40 | 3.05 | 21.5% | 23.2% |
| 5C. Variety of branded drugs on the formulary. | 266 | 37.6% | 3.33 | 2.98 | 18.2% | 19.7% |
| 5E. Availability of comparable drugs to substitute those not included in the formulary. | 267 | 37.1% | 3.34 | 3.01 | 19.1% | 20.9% |

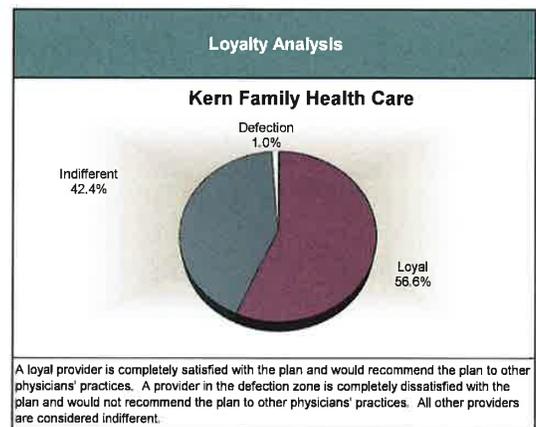


Priority Matrix

| Composite | Correlation**** | Percentile |
|---------------------------------------|-----------------|------------|
| Strength | | |
| Pharmacy | 0.579 | 97th |
| Health Plan Call Center Service Staff | 0.521 | 99th |
| Finance Issues | 0.538 | 99th |
| Utilization and Quality Management | 0.587 | 95th |

Strength: Composite is highly correlated with overall satisfaction and ranks at or above the 75th percentile when compared to the SPH Analytics Book of Business benchmark.

Top Priority: Composite is highly correlated with overall satisfaction and ranks below the 75th percentile when compared to the SPH Analytics Book of Business benchmark.



* The Valid n represents the number of responses to the question. Summary Rate Scores (SRS) represent the top two response percentages ("Well above average" and "Somewhat above average," "Yes," and "Completely satisfied" and "Somewhat satisfied").

** Mean scores are the average of all responses. SPHA B.o.B. is represented by the Medicaid Book of Business.

*** SPH Analytics's 2016 Medicaid Book of Business benchmark consists of data from 58 plans representing 14957 respondents, while the Aggregate Book of Business benchmark consists of data from 83 plans representing 22418 respondents in Primary Care, Specialty, and Behavioral Health areas of medicine.

**** A correlation coefficient approaching a value of 1,000 represents an increasing association of the composite with overall satisfaction.

Note: Significance Testing - Cells highlighted in red denote current year plan percentage is significantly lower when compared to benchmark data; cells highlighted in green denote current year plan percentage is significantly higher when compared to benchmark data; no shading denotes that there was no significant difference between the percentages, there is no comparable data, or that there was insufficient sample size to conduct the statistical test. All significance testing is performed at the 95% significance level.



1. Executive Summary

SPH Analytics (SPHA), a National Committee for Quality Assurance (NCQA) Certified Survey Vendor, was selected by Kern Family Health Care to conduct its 2016 Provider Satisfaction Survey. Information obtained from these surveys allows plans to measure how well they are meeting their providers' expectations and needs. Based on the data collected, this report summarizes the results and assists in identifying plan strengths and opportunities.

SPHA followed a two-wave mail and Internet¹ with phone follow-up survey methodology to administer the Provider Satisfaction Survey from May to July of 2016. A total of 364 surveys were completed (234 mail, 42 Internet, and 88 phone), yielding a response rate of 21.4% for the mail/Internet data component and 8.1% for the phone data component. Please refer to the *Methodology* (Section 2) for further detail on the calculation of response rates.

The chart below presents 2016 Summary Rates² for Kern Family Health Care's composites and key attributes. Data and significance testing for trend years (if applicable) and the 2016 SPH Analytics Medicaid Book of Business are also provided for comparison.

| Composites/Attributes | 2016 Summary Rates | 2016 SPHA Medicaid BoB Summary Rates ³ | ** |
|--|--------------------|---|----|
| Overall Satisfaction with Kern Family Health Care | 84.1% | 64.6% | ↑ |
| All Other Plans (Comparative Rating) | 60.2% | 33.6% | ↑ |
| Finance Issues | 55.7% | 31.7% | ↑ |
| Utilization and Quality Management | 53.5% | 31.7% | ↑ |
| Network/Coordination of Care | 47.6% | 28.5% | ↑ |
| Pharmacy | 40.9% | 20.4% | ↑ |
| Health Plan Call Center Service Staff | 63.7% | 37.4% | ↑ |
| Provider Relations | 56.4% | 35.6% | ↑ |
| Recommend to Other Physicians' Practices | 94.0% | 80.9% | ↑ |

*↓↑ Indicates a significant difference when compared to previous years (if applicable).

**↓↑ Indicates a significant difference when compared to the 2016 SPH Analytics Medicaid Book of Business.

¹ Both waves of mail included the web address, along with a user ID and password, to complete the survey online.

² The Summary Rate represents the most favorable response percentage(s).

³ SPH Analytics' 2016 Medicaid Book of Business consists of data from 58 plans representing 14,957 respondents in Primary Care, Specialty, and Behavioral Health areas of medicine.



Presentation of Results

- **Summary Rate** is the proportion of respondents who selected the most positive response options ('Well above average' or 'Somewhat above average;' 'Yes;' and 'Completely satisfied' or 'Somewhat satisfied') for the attribute.
- **Attributes** are the individual questions that focus on specific characteristics of the health plan.
- **Composites** are calculated by taking the average of the Summary Rates of the attributes in the specified section.
- **2016 SPH Analytics Medicaid Book of Business** consists of data from 58 plans representing 14,957 respondents in Primary Care, Specialty, and Behavioral Health areas of medicine.
- **2016 SPH Analytics Aggregate Book of Business** consists of data from 83 plans representing 22,418 respondents in Primary Care, Specialty, and Behavioral Health areas of medicine.

2016 Provider Satisfaction Composites

All Other Plans (Comparative Rating)

This item asks the respondent to rate Kern Family Health Care compared to all other plans with which the provider contracts.

Finance Issues

This composite addresses the consistency of reimbursement fees with contract rates, accuracy and timeliness of claims processing, and resolution of claims payment problems or disputes.

Utilization and Quality Management

This composite measures access to knowledgeable Utilization Management staff, procedures and timeliness for obtaining pre-certification/referral/authorization information, the health plan's facilitation/support of appropriate clinical care for patients, access to Case/Care Managers from this health plan, and the degree to which the plan covers and encourages preventive care and wellness.

Network/Coordination of Care

This composite addresses the number and quality of specialists, as well as the timeliness and frequency of feedback/reports from specialists and Behavioral Health Clinicians, in this health plan's provider network.

Pharmacy

This composite assesses the consistency of the formulary over time, the extent to which the formulary reflects current standards of care, the variety of branded drugs on the formulary, the ease of prescribing preferred medications within formulary guidelines, and the availability of comparable drugs to substitute those not included in the formulary.



Health Plan Call Center Service Staff

This composite measures the ease of reaching health plan call center staff over the phone, the process of obtaining member information (eligibility, benefit coverage, co-pay amounts), the helpfulness of health plan call center staff in obtaining referrals for patients in their care, and overall satisfaction with the health plan's call center service.

Provider Relations

This composite addresses the quality of the provider orientation process and of written communications, policy bulletins, and manuals. If a Provider Relations representative from the health plan is assigned to the practice, providers are also asked about the representative's ability to answer questions and resolve problems.

Overall Satisfaction

Respondents are asked if they would recommend Kern Family Health Care to other physicians' practices. They are also asked to rate their overall satisfaction with each of the following health plans:

- Kern Family Health Care
- Health Net (Kern County)
- Gold Coast
- Health Net of San Joaquin
- Cal-Viva

One open-ended question allows respondents to comment on what Kern Family Health Care can do to improve its service to their organization.



3. Summary of Benchmark Comparisons

Questions are combined into composite categories comprising a particular service area managed by your plan. These composites, the questions that make up the composites (attributes), and rating questions are shown on the following benchmark pages.

- Page 3A Summary of Benchmark Comparisons
Displays a comparison of Kern Family Health Care's Summary Rates to the Summary Rates of the 2016 SPH Analytics Medicaid and Aggregate Books of Business. Significant differences are highlighted.
- Page 3B Trend Comparisons – Graphical Representation
Graphical presentation comparing Kern Family Health Care's 2016 composite Summary Rates to trend results (if applicable).
- Page 3C Benchmark Comparisons – Percentiles
Displays a comparison of Kern Family Health Care's Summary Rates to the Summary Rate Percentiles of the 2016 SPH Analytics Medicaid Book of Business Percentiles. Attributes at or above the 75th percentile are shaded green, attributes at or above the 50th percentile but below the 75th percentile are shaded yellow, and attributes below the 25th percentile are shaded red. Attributes at or above the 25th percentile but below the 50th percentile and those attributes without a comparable benchmark are not shaded.
- Page 3D Benchmark Comparisons – Physician and Office Manager Respondents
The chart on page 3D compares Kern Family Health Care's Summary Rates from Physician and Office Manager respondents as defined by question E, *'Please mark who is completing this survey'* (response options: Physician, Behavioral Health Clinician, Office Manager, Nurse, Other staff) to the Summary Rates of Physician and Office Manager respondents from the 2016 SPH Analytics Medicaid Respondent-Level Benchmark. Significant differences are highlighted.
- Page 3E Benchmark Comparisons – Primary Care and Specialty Respondents
The chart on page 3E compares Kern Family Health Care's Summary Rates from respondents in the Primary Care and Specialty areas of medicine as defined by question A, *'Please indicate your area of medicine'* (response options: Primary Care, Specialty, and Behavioral Health Clinician) to the Summary Rates of Primary Care and Specialty area of medicine respondents from the 2016 SPH Analytics Medicaid Respondent-Level Benchmark. Significant differences are highlighted.



A brief description of each benchmark is included in the below table:

| Benchmark | Definition | Contains Data From |
|--|---|--|
| 2016 SPH Analytics Medicaid Book of Business | Contains data from all eligible Medicaid Provider Satisfaction surveys for which SPHA collected data. Calculated on the plan level. | <ul style="list-style-type: none"> • 58 plans |
| 2016 SPH Analytics Medicaid Respondent-Level Benchmark | Contains data from all eligible Medicaid Provider Satisfaction surveys for which SPHA collected data. Calculated on the respondent level. | <ul style="list-style-type: none"> • 14,957 respondents |
| 2016 SPH Analytics Aggregate Book of Business | Contains data from all eligible Aggregate Provider Satisfaction surveys for which SPHA collected data. Calculated on the plan level. | <ul style="list-style-type: none"> • 83 plans • 22,418 respondents |

Charts 3A – 3E

Summary of Benchmark Comparisons
Composites and Attributes - Summary Rate Scores

Kern Family Health Care
Provider Satisfaction Survey

364 Total Respondents

| Composites and Key Questions | Current | | 2016 | | 2015 | | 2016 SPHA Book of Business Benchmarks** | |
|---|---------|---------------|---------|---------------|---------|--------------|---|--------------|
| | Valid n | Summary Rate* | Valid n | Summary Rate* | Valid n | Summary Rate | Medicaid | Aggregate |
| | | | | | | | | |
| Overall Satisfaction | | 84.1% | | | | | 64.6% | 64.4% |
| 8A. Would you recommend Kern Health Systems to other physicians' practices? | 299 | 94.0% | | | | | 80.9% | 83.0% |
| 8B. Please rate your overall satisfaction with Kern Health Systems. | 320 | 84.1% | | | | | 64.6% | 64.4% |
| 8C. Please rate your overall satisfaction with Health Net (Kern County). | 262 | 73.3% | | | | | NA | NA |
| 8D. Please rate your overall satisfaction with Gold Coast. | 51 | 43.1% | | | | | NA | NA |
| 8E. Please rate your overall satisfaction with Health Plan of San Joaquin. | 51 | 43.1% | | | | | NA | NA |
| 8F. Please rate your overall satisfaction with Cal-Viva. | 54 | 37.0% | | | | | NA | NA |
| All Other Plans (Comparative Rating) | | | | | | | | |
| 1A. How would you rate Kern Health Systems compared to all other health plans you contract with? | 344 | 60.2% | | | | | 33.6% | 34.9% |
| Finance Issues | | 55.7% | | | | | 31.7% | 32.4% |
| 2A. Consistency of reimbursement fees with your contract rates. | 296 | 54.1% | | | | | 29.5% | 30.0% |
| 2B. Accuracy of claims processing. | 302 | 55.3% | | | | | 33.7% | 34.8% |
| 2C. Timeliness of claims processing. | 301 | 58.6% | | | | | 35.1% | 35.1% |
| 2D. Resolution of claims payment problems or disputes. | 291 | 55.0% | | | | | 28.4% | 29.7% |
| Utilization and Quality Management | | 53.5% | | | | | 31.7% | 32.5% |
| 3A. Access to knowledgeable UM staff. | 310 | 50.6% | | | | | 29.9% | 30.7% |
| 3B. Procedures for obtaining pre-certification/referral/authorization information. | 316 | 51.9% | | | | | 31.1% | 32.3% |
| 3C. Timeliness of obtaining pre-certification/referral/authorization information. | 314 | 53.2% | | | | | 31.1% | 32.3% |
| 3D. The health plan's facilitation/support of appropriate clinical care for patients. | 302 | 52.6% | | | | | 30.1% | 31.2% |
| 3E. Access to Case/Care Managers from this health plan. | 297 | 53.5% | | | | | 29.2% | 30.1% |
| 3F. Degree to which the plan covers and encourages preventive care and wellness. | 294 | 58.8% | | | | | 38.5% | 38.6% |
| Network/Coordination of Care | | 47.6% | | | | | 28.5% | 29.5% |
| 4A. The number of specialists in this health plan's provider network. | 313 | 46.0% | | | | | 25.4% | 26.5% |
| 4B. The quality of specialists in this health plan's provider network. | 310 | 50.0% | | | | | 32.3% | 33.4% |
| 4C. The timeliness of feedback/reports from specialists in this health plan's provider network. | 297 | 46.8% | | | | | 27.9% | 28.7% |
| 4D. The number of behavioral health providers in this health plan's provider network. | 267 | 41.6% | | | | | 23.0% | 22.5% |
| 4E. The quality of behavioral health providers in this health plan's provider network. | 266 | 42.9% | | | | | 22.4% | 22.7% |
| 4F. The timeliness of feedback/reports from behavioral health providers in this health plan's provider network. | 262 | 42.7% | | | | | 19.5% | 19.3% |
| Pharmacy | | 40.9% | | | | | 20.4% | 21.9% |
| 5A. Consistency of the formulary over time. | 280 | 45.7% | | | | | 21.0% | 22.3% |
| 5B. Extent to which formulary reflects current standards of care. | 285 | 43.5% | | | | | 22.1% | 23.4% |
| 5C. Variety of branded drugs on the formulary. | 266 | 37.6% | | | | | 18.2% | 19.7% |
| 5D. Ease of prescribing your preferred medications within formulary guidelines. | 268 | 40.7% | | | | | 21.5% | 23.2% |
| 5E. Availability of comparable drugs to substitute those not included in the formulary. | 267 | 37.1% | | | | | 19.1% | 20.9% |
| Health Plan Call Center Service Staff | | 63.7% | | | | | 37.4% | 38.5% |
| 6A. Ease of reaching health plan call center staff over the phone. | 308 | 63.0% | | | | | 35.1% | 36.5% |
| 6B. Process of obtaining member information (eligibility, benefit coverage, co-pay amounts). | 301 | 65.4% | | | | | 41.5% | 42.1% |
| 6C. Helpfulness of health plan call center staff in obtaining referrals for patients in your care. | 297 | 63.0% | | | | | 35.3% | 36.2% |
| 6D. Overall satisfaction with health plan's call center service. | 307 | 63.5% | | | | | 37.8% | 39.2% |
| Provider Relations | | 56.4% | | | | | 35.6% | 37.2% |
| 7A. Do you have a Provider Relations representative from this health plan assigned to your practice? | 279 | 77.8% | | | | | 50.4% | 46.2% |
| 7B. Provider Relations representative's ability to answer questions and resolve problems. | 212 | 66.5% | | | | | 47.1% | 49.6% |
| 7C. Quality of provider orientation process. | 233 | 62.4% | | | | | 28.0% | 29.0% |
| 7D. Quality of written communications, policy bulletins, and manuals. | 258 | 50.4% | | | | | 31.7% | 33.1% |

* Summary Rates represent the most favorable response percentage(s).

** SPH Analytics's 2016 Medicaid Book of Business consists of data from 58 plans representing 14957 respondents, while the Aggregate Book of Business consists of data from 83 plans representing 22418 respondents in Primary Care, Specialty, and Behavioral Health areas of medicine. See Technical Notes for more information.

Note 1: Significance Testing - Cells highlighted in red denote current year plan percentage is significantly lower when compared to trend or benchmark data; Cells highlighted in green denote current year plan percentage is significantly higher when compared to trend or benchmark data; No shading denotes that there was no significant difference between the percentages, there is no benchmark, or that there was insufficient sample size to conduct the statistical test. All significance testing is performed at the 95% significance level.

Note 2: The Overall Satisfaction Summary Rate includes only 8B. It does not include 8A or 8C through 8F.

Note 3: The Provider Relations composite is the average of 7B through 7D. It does not include 7A.

Note 4: The Network/Coordination of Care composite is the average of 4A through 4C. It does not include 4D through 4F.

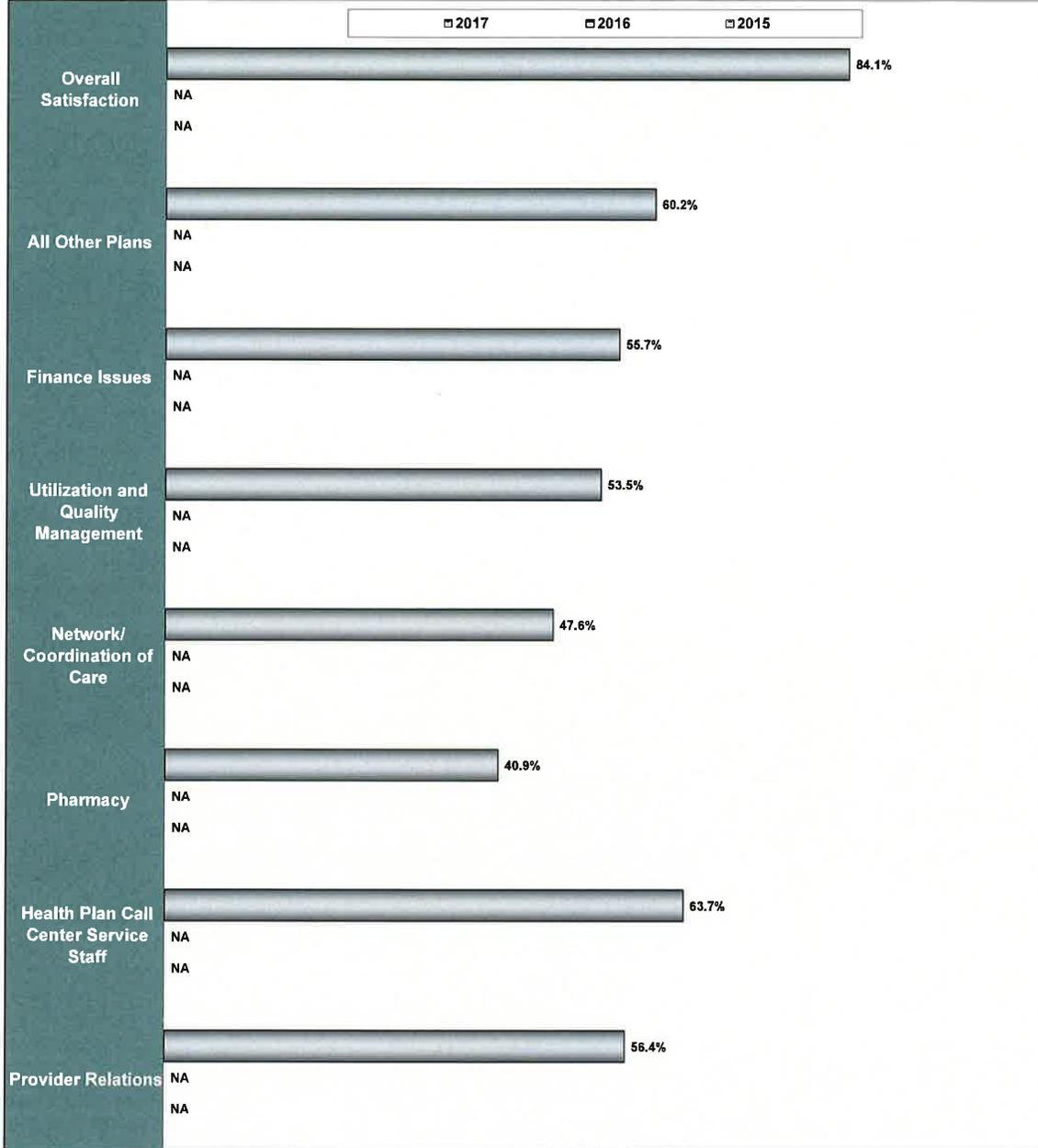
Trend Comparisons

Composites

Kern Family Health Care

Provider Satisfaction Survey

364 Total Respondents



Note 1: The Overall Satisfaction composite represents only Q8B, 'Please rate your overall satisfaction with: Kern Family Health Care'.

Note 2: The Provider Relations composite is the average of Q7B through Q7D. It does not include Q7A, 'Do you have a Provider Relations representative from this health plan assigned to your practice?'

Benchmark Comparisons
2016 SPH Analytics Medicaid Book of Business Percentiles

Kern Family Health Care
Provider Satisfaction Survey

364 Total Respondents

| Composite/Attribute | 2017 Kern Family Health Care Summary Rate Score* | Percentile Ranking | 2016 SPHA B.o.B. Summary Rate** | 2016 SPHA Medicaid B.o.B. Percentiles | | | |
|---|--|--------------------|---------------------------------|---------------------------------------|--------------|--------------|--------------|
| | | | | 25th | 50th | 75th | 90th |
| Overall Satisfaction | 84.1% | 98th | 64.6% | 56.2% | 65.3% | 71.4% | 76.4% |
| 8A. Would you recommend Kern Health Systems to other physicians' practices? | 94.0% | 96th | 80.9% | 76.1% | 82.7% | 87.0% | 91.0% |
| 8B. Please rate your overall satisfaction with Kern Health Systems. | 84.1% | 98th | 64.6% | 56.2% | 65.3% | 71.4% | 76.4% |
| 8C. Please rate your overall satisfaction with Health Net (Kern County). | 73.3% | NA | NA | NA | NA | NA | NA |
| 8D. Please rate your overall satisfaction with Gold Coast. | 43.1% | NA | NA | NA | NA | NA | NA |
| 8E. Please rate your overall satisfaction with Health Plan of San Joaquin. | 43.1% | NA | NA | NA | NA | NA | NA |
| 8F. Please rate your overall satisfaction with Cal-Viva. | 37.0% | NA | NA | NA | NA | NA | NA |
| All Other Plans (Comparative Rating) | | | | | | | |
| 1A. How would you rate Kern Health Systems compared to all other health plans you contract with? | 60.2% | 96th | 33.6% | 26.2% | 32.5% | 37.8% | 44.5% |
| Finance Issues | 56.7% | 99th | 31.7% | 25.0% | 31.0% | 36.3% | 42.0% |
| 2A. Consistency of reimbursement fees with your contract rates. | 54.1% | 98th | 29.5% | 22.9% | 28.3% | 34.4% | 41.2% |
| 2B. Accuracy of claims processing. | 55.3% | 97th | 33.7% | 26.5% | 34.7% | 39.6% | 43.2% |
| 2C. Timeliness of claims processing. | 58.5% | 99th | 35.1% | 28.6% | 35.6% | 41.6% | 44.8% |
| 2D. Resolution of claims payment problems or disputes. | 55.0% | 99th | 28.4% | 22.9% | 27.6% | 33.1% | 41.1% |
| Utilization and Quality Management | 53.5% | 95th | 31.7% | 25.6% | 30.5% | 35.6% | 42.1% |
| 3A. Access to knowledgeable UM staff. | 50.6% | 94th | 29.9% | 23.7% | 29.0% | 32.9% | 42.3% |
| 3B. Procedures for obtaining pre-certification/referral/authorization information. | 51.9% | 95th | 31.1% | 25.0% | 29.3% | 35.0% | 43.7% |
| 3C. Timeliness of obtaining pre-certification/referral/authorization information. | 53.2% | 97th | 31.1% | 24.1% | 29.8% | 35.6% | 41.6% |
| 3D. The health plan's facilitation/support of appropriate clinical care for patients. | 52.6% | 96th | 30.1% | 24.4% | 29.2% | 33.3% | 40.7% |
| 3E. Access to Case/Care Managers from this health plan. | 53.5% | 99th | 29.2% | 23.7% | 28.9% | 33.2% | 39.8% |
| 3F. Degree to which the plan covers and encourages preventive care and wellness. | 58.8% | 95th | 38.5% | 30.6% | 38.8% | 42.3% | 51.7% |
| Network/Coordination of Care | 47.6% | 96th | 28.5% | 22.4% | 27.8% | 32.3% | 39.6% |
| 4A. The number of specialists in this health plan's provider network. | 46.0% | 97th | 25.4% | 19.1% | 23.4% | 28.9% | 38.0% |
| 4B. The quality of specialists in this health plan's provider network. | 50.0% | 94th | 32.3% | 26.0% | 31.0% | 36.1% | 43.4% |
| 4C. The timeliness of feedback/reports from specialists in this health plan's provider network. | 46.8% | 98th | 27.9% | 23.0% | 28.4% | 32.0% | 34.9% |
| 4D. The number of behavioral health providers in this health plan's provider network. | 41.6% | 99th | 23.0% | 15.6% | 20.9% | 23.8% | 29.2% |
| 4E. The quality of behavioral health providers in this health plan's provider network. | 42.9% | 99th | 22.4% | 16.6% | 21.3% | 24.8% | 33.4% |
| 4F. The timeliness of feedback/reports from behavioral health providers in this health plan's provider network. | 42.7% | 99th | 19.5% | 12.5% | 17.3% | 22.1% | 29.9% |
| Pharmacy | 40.9% | 97th | 20.4% | 15.7% | 19.9% | 22.7% | 31.4% |
| 5A. Consistency of the formulary over time. | 45.7% | 99th | 21.0% | 15.6% | 20.9% | 23.8% | 29.2% |
| 5B. Extent to which formulary reflects current standards of care. | 43.5% | 98th | 22.1% | 16.6% | 21.3% | 24.8% | 33.4% |
| 5C. Variety of branded drugs on the formulary. | 37.6% | 99th | 18.2% | 12.6% | 17.3% | 22.1% | 29.9% |
| 5D. Ease of prescribing your preferred medications within formulary guidelines. | 40.7% | 95th | 21.5% | 14.2% | 21.2% | 24.5% | 33.3% |
| 5E. Availability of comparable drugs to substitute those not included in the formulary. | 37.1% | 96th | 19.1% | 13.8% | 18.7% | 21.9% | 29.3% |
| Health Plan Call Center Service Staff | 63.7% | 98th | 37.4% | 32.2% | 36.6% | 41.1% | 48.3% |
| 6A. Ease of reaching health plan call center staff over the phone. | 63.0% | 99th | 35.1% | 28.3% | 33.7% | 39.1% | 46.7% |
| 6B. Process of obtaining member information (eligibility, benefit coverage, co-pay amounts). | 65.4% | 98th | 41.5% | 36.0% | 40.0% | 44.1% | 51.5% |
| 6C. Helpfulness of health plan call center staff in obtaining referrals for patients in your care. | 63.0% | 98th | 35.3% | 29.7% | 33.8% | 39.4% | 44.6% |
| 6D. Overall satisfaction with health plan's call center service. | 63.5% | 99th | 37.8% | 30.7% | 36.1% | 42.5% | 50.0% |
| Provider Relations | 56.4% | 96th | 35.6% | 29.8% | 32.3% | 41.7% | 45.5% |
| 7A. Do you have a Provider Relations representative from this health plan assigned to your practice? | 77.8% | 93rd | 50.4% | 37.8% | 51.7% | 57.1% | 71.7% |
| 7B. Provider Relations representative's ability to answer questions and resolve problems. | 66.5% | 98th | 47.1% | 40.9% | 46.7% | 53.9% | 61.5% |
| 7C. Quality of provider orientation process. | 52.4% | 97th | 28.0% | 21.3% | 26.6% | 34.4% | 38.0% |
| 7D. Quality of written communications, policy bulletins, and manuals. | 50.4% | 93rd | 31.7% | 26.0% | 28.1% | 35.6% | 42.9% |

- At or above the 75th percentile.
- At or above the 50th percentile, but below the 75th percentile.
- At or above the 25th percentile, but below the 50th percentile; or no benchmark.
- Below the 25th percentile.

* Summary Rate Scores represent the most favorable response percentage(s).
 ** SPH Analytics's 2016 Medicaid Book of Business consists of data from 58 plans representing 14957 respondents in Primary Care, Specialty, and Behavioral Health areas of medicine. See Technical Notes for more information.
 Note 1: The Overall Satisfaction Summary Rate includes only 8B. It does not include 8A or 8C through 8F.
 Note 2: The Provider Relations composite is the average of 7B through 7D. It does not include 7A.

Benchmark Comparisons
2016 SPH Analytics Medicaid Respondent-Level Benchmark
Survey Respondent (E)

Kern Family Health Care
Provider Satisfaction Survey

60 Total Physician Respondents

181 Total Office Manager Respondents

| Composite/Attribute | 2017 Kern Family Health Care Physicians Only | | 2016 SPHA Medicaid Respondent-Level Benchmark** (Physicians Only) SRS* | 2017 Kern Family Health Care Office Managers Only | | 2016 SPHA Medicaid Respondent-Level Benchmark** (Office Managers Only) SRS* |
|---|--|--------------|--|---|--------------|---|
| | Valid n | SRS* | | Valid n | SRS* | |
| Overall Satisfaction | | 74.5% | 53.5% | 90.4% | 68.1% | |
| 8A. Would you recommend Kern Health Systems to other physicians' practices? | 54 | 96.3% | 70.8% | 146 | 97.3% | 83.8% |
| 8B. Please rate your overall satisfaction with Kern Health Systems. | 55 | 74.5% | 53.5% | 167 | 90.4% | 68.1% |
| 8C. Please rate your overall satisfaction with Health Net (Kern County). | 41 | 46.3% | NA | 143 | 85.3% | NA |
| 8D. Please rate your overall satisfaction with Gold Coast. | 16 | 18.8% | NA | 15 | 46.7% | NA |
| 8E. Please rate your overall satisfaction with Health Plan of San Joaquin. | 18 | 27.8% | NA | 17 | 64.7% | NA |
| 8F. Please rate your overall satisfaction with Cal-Viva. | 15 | 20.0% | NA | 17 | 52.9% | NA |
| All Other Plans (Comparative Rating) | | | | | | |
| 1A. How would you rate Kern Health Systems compared to all other health plans you contract with? | 57 | 52.6% | 36.0% | 177 | 72.3% | 33.4% |
| Finance Issues | | 45.1% | 33.7% | 67.4% | 32.2% | |
| 2A. Consistency of reimbursement fees with your contract rates. | 46 | 45.7% | 30.9% | 165 | 64.8% | 29.9% |
| 2B. Accuracy of claims processing. | 46 | 43.5% | 35.2% | 168 | 66.7% | 34.4% |
| 2C. Timeliness of claims processing. | 46 | 47.8% | 37.7% | 168 | 69.6% | 36.2% |
| 2D. Resolution of claims payment problems or disputes. | 46 | 43.5% | 30.8% | 164 | 68.3% | 28.4% |
| Utilization and Quality Management | | 49.0% | 31.2% | 62.2% | 31.8% | |
| 3A. Access to knowledgeable UM staff. | 49 | 42.9% | 29.8% | 162 | 63.0% | 29.6% |
| 3B. Procedures for obtaining pre-certification/referral/authorization information. | 54 | 46.3% | 29.0% | 163 | 61.3% | 31.1% |
| 3C. Timeliness of obtaining pre-certification/referral/authorization information. | 54 | 50.0% | 29.5% | 162 | 59.3% | 31.5% |
| 3D. The health plan's facilitation/support of appropriate clinical care for patients. | 50 | 50.0% | 30.4% | 160 | 60.0% | 30.0% |
| 3E. Access to Case/Care Managers from this health plan. | 50 | 48.0% | 29.0% | 157 | 61.8% | 29.7% |
| 3F. Degree to which the plan covers and encourages preventive care and wellness. | 49 | 57.1% | 39.3% | 159 | 67.9% | 38.9% |
| Network/Coordination of Care | | 44.5% | 31.8% | 54.8% | 27.6% | |
| 4A. The number of specialists in this health plan's provider network. | 55 | 47.3% | 27.2% | 164 | 51.8% | 24.9% |
| 4B. The quality of specialists in this health plan's provider network. | 54 | 48.1% | 37.0% | 165 | 57.6% | 30.8% |
| 4C. The timeliness of feedback/reports from specialists in this health plan's provider network. | 55 | 38.2% | 31.1% | 158 | 55.1% | 27.2% |
| 4D. The number of behavioral health providers in this health plan's provider network. | 47 | 31.9% | 28.0% | 144 | 50.0% | 24.5% |
| 4E. The quality of behavioral health providers in this health plan's provider network. | 47 | 29.8% | 23.1% | 143 | 51.7% | 23.8% |
| 4F. The timeliness of feedback/reports from behavioral health providers in this health plan's provider network. | 45 | 24.4% | 22.2% | 145 | 54.5% | 21.2% |
| Pharmacy | | 29.4% | 22.0% | 51.1% | 20.7% | |
| 5A. Consistency of the formulary over time. | 53 | 35.8% | 22.4% | 143 | 55.9% | 21.1% |
| 5B. Extent to which formulary reflects current standards of care. | 53 | 35.8% | 22.9% | 146 | 53.4% | 22.0% |
| 5C. Variety of branded drugs on the formulary. | 53 | 24.5% | 20.2% | 135 | 48.1% | 19.0% |
| 5D. Ease of prescribing your preferred medications within formulary guidelines. | 54 | 27.8% | 22.4% | 136 | 50.7% | 21.8% |
| 5E. Availability of comparable drugs to substitute those not included in the formulary. | 52 | 23.1% | 22.1% | 137 | 47.4% | 19.5% |
| Health Plan Call Center Service Staff | | 53.8% | 33.7% | 75.3% | 37.5% | |
| 6A. Ease of reaching health plan call center staff over the phone. | 47 | 53.2% | 31.2% | 164 | 73.8% | 35.1% |
| 6B. Process of obtaining member information (eligibility, benefit coverage, co-pay amounts). | 45 | 57.8% | 36.7% | 164 | 76.8% | 42.4% |
| 6C. Helpfulness of health plan call center staff in obtaining referrals for patients in your care. | 47 | 48.9% | 32.4% | 161 | 75.2% | 35.3% |
| 6D. Overall satisfaction with health plan's call center service. | 47 | 55.3% | 34.3% | 163 | 75.5% | 37.5% |
| Provider Relations | | 41.4% | 36.4% | 64.6% | 39.0% | |
| 7A. Do you have a Provider Relations representative from this health plan assigned to your practice? | 48 | 66.7% | 43.8% | 144 | 89.6% | 58.4% |
| 7B. Provider Relations representative's ability to answer questions and resolve problems. | 30 | 53.3% | 46.3% | 129 | 72.1% | 51.7% |
| 7C. Quality of provider orientation process. | 41 | 34.1% | 30.8% | 117 | 63.2% | 31.4% |
| 7D. Quality of written communications, policy bulletins, and manuals. | 41 | 36.6% | 32.0% | 132 | 58.3% | 33.9% |

* Summary Rate Scores (SRS) represent the most favorable response option(s).

** The 2016 SPH Analytics Medicaid Book of Business Benchmark consists of Primary Care Physicians, Specialists, and Behavioral Health Clinicians. These benchmark comparisons are based on respondent-level results. Please see the Technical Notes for further detail.

Note 1: Significance Testing - Cells highlighted in red denote current year plan percentage is significantly lower when compared to benchmark data; Cells highlighted in green denote current year plan percentage is significantly higher when compared to benchmark data; No shading denotes that there was no significant difference between the percentages, there is no benchmark, or that there was insufficient sample size to conduct the statistical test. All significance testing is performed at the 95% significance level.

Note 2: The Overall Satisfaction Summary Rate includes only 8B. It does not include 8A or 8C through 8F.

Note 3: The Provider Relations composite is the average of 7B through 7D. It does not include 7A.

Benchmark Comparisons
2016 SPH Analytics Medicaid Respondent-Level Benchmark
Area of Medicine (A)

Kern Family Health Care
Provider Satisfaction Survey

148 Total Primary Care Respondents
 179 Total Specialty Respondents

| Composite/Attribute | 2017 Kern Family Health Care Primary Care Only | | 2016 SPHA Medicaid Respondent-Level Benchmark** (Primary Care Only) SRS* | 2017 Kern Family Health Care Specialty Only | | 2016 SPHA Medicaid Respondent-Level Benchmark** (Specialty Only) SRS* |
|---|--|--------------|--|---|--------------|---|
| | Valid n | SRS* | | Valid n | SRS* | |
| Overall Satisfaction | | 87.3% | 67.3% | 85.5% | 64.9% | |
| 8A. Would you recommend Kern Health Systems to other physicians' practices? | 127 | 95.3% | 83.3% | 142 | 94.4% | 81.0% |
| 8B. Please rate your overall satisfaction with Kern Health Systems. | 134 | 87.3% | 67.3% | 159 | 85.5% | 64.9% |
| 8C. Please rate your overall satisfaction with Health Net (Kern County). | 120 | 84.2% | NA | 133 | 72.9% | NA |
| 8D. Please rate your overall satisfaction with Gold Coast. | 13 | 38.5% | NA | 27 | 51.9% | NA |
| 8E. Please rate your overall satisfaction with Health Plan of San Joaquin. | 11 | 36.4% | NA | 28 | 53.6% | NA |
| 8F. Please rate your overall satisfaction with Cal-Viva. | 12 | 41.7% | NA | 28 | 46.4% | NA |
| All Other Plans (Comparative Rating) | | | | | | |
| 1A. How would you rate Kern Health Systems compared to all other health plans you contract with? | 140 | 61.4% | 35.7% | 172 | 64.5% | 32.0% |
| Finance Issues | | 61.9% | 33.7% | 59.2% | 30.2% | |
| 2A. Consistency of reimbursement fees with your contract rates. | 122 | 59.8% | 31.7% | 148 | 58.8% | 27.4% |
| 2B. Accuracy of claims processing. | 125 | 60.8% | 36.0% | 148 | 58.8% | 32.2% |
| 2C. Timeliness of claims processing. | 125 | 64.0% | 37.3% | 148 | 60.8% | 34.7% |
| 2D. Resolution of claims payment problems or disputes. | 121 | 62.8% | 29.9% | 145 | 58.6% | 26.6% |
| Utilization and Quality Management | | 58.5% | 32.9% | 59.5% | 31.1% | |
| 3A. Access to knowledgeable UM staff. | 133 | 60.9% | 31.2% | 157 | 57.3% | 28.4% |
| 3B. Procedures for obtaining pre-certification/referral/authorization information. | 139 | 54.0% | 30.9% | 160 | 56.9% | 32.0% |
| 3C. Timeliness of obtaining pre-certification/referral/authorization information. | 139 | 54.0% | 31.0% | 160 | 57.5% | 32.0% |
| 3D. The health plan's facilitation/support of appropriate clinical care for patients. | 136 | 60.3% | 31.7% | 156 | 59.0% | 29.5% |
| 3E. Access to Case/Care Managers from this health plan. | 129 | 58.1% | 30.3% | 153 | 58.8% | 28.5% |
| 3F. Degree to which the plan covers and encourages preventive care and wellness. | 137 | 63.5% | 42.1% | 144 | 67.4% | 36.3% |
| Network/Coordination of Care | | 51.3% | 28.4% | 52.4% | 29.3% | |
| 4A. The number of specialists in this health plan's provider network. | 143 | 53.1% | 25.9% | 156 | 48.7% | 25.8% |
| 4B. The quality of specialists in this health plan's provider network. | 142 | 53.5% | 31.6% | 153 | 56.9% | 33.3% |
| 4C. The timeliness of feedback/reports from specialists in this health plan's provider network. | 140 | 47.1% | 27.7% | 145 | 51.7% | 28.8% |
| 4D. The number of behavioral health providers in this health plan's provider network. | 135 | 46.7% | 25.7% | 122 | 43.4% | 26.2% |
| 4E. The quality of behavioral health providers in this health plan's provider network. | 135 | 47.4% | 24.1% | 124 | 44.4% | 25.9% |
| 4F. The timeliness of feedback/reports from behavioral health providers in this health plan's provider network. | 130 | 45.4% | 22.1% | 123 | 45.5% | 24.3% |
| Pharmacy | | 43.5% | 22.5% | 42.8% | 21.6% | |
| 5A. Consistency of the formulary over time. | 138 | 45.7% | 22.7% | 138 | 47.1% | 22.0% |
| 5B. Extent to which formulary reflects current standards of care. | 140 | 45.7% | 24.2% | 142 | 46.5% | 23.0% |
| 5C. Variety of branded drugs on the formulary. | 135 | 41.5% | 20.8% | 139 | 39.6% | 19.4% |
| 5D. Ease of prescribing your preferred medications within formulary guidelines. | 137 | 43.8% | 23.1% | 138 | 42.0% | 22.8% |
| 5E. Availability of comparable drugs to substitute those not included in the formulary. | 137 | 40.9% | 21.6% | 137 | 38.7% | 20.8% |
| Health Plan Call Center Service Staff | | 67.6% | 37.4% | 70.3% | 37.8% | |
| 6A. Ease of reaching health plan call center staff over the phone. | 129 | 68.2% | 34.7% | 150 | 68.0% | 35.2% |
| 6B. Process of obtaining member information (eligibility, benefit coverage, co-pay amounts). | 124 | 67.7% | 42.4% | 149 | 72.5% | 42.3% |
| 6C. Helpfulness of health plan call center staff in obtaining referrals for patients in your care. | 127 | 66.1% | 34.9% | 147 | 71.4% | 35.6% |
| 6D. Overall satisfaction with health plan's call center service. | 129 | 68.2% | 37.5% | 150 | 69.3% | 38.0% |
| Provider Relations | | 51.3% | 40.4% | 63.1% | 35.6% | |
| 7A. Do you have a Provider Relations representative from this health plan assigned to your practice? | 122 | 90.2% | 63.5% | 133 | 78.2% | 49.0% |
| 7B. Provider Relations representative's ability to answer questions and resolve problems. | 107 | 59.8% | 52.1% | 102 | 77.5% | 47.3% |
| 7C. Quality of provider orientation process. | 87 | 49.4% | 33.8% | 121 | 57.0% | 27.7% |
| 7D. Quality of written communications, policy bulletins, and manuals. | 96 | 44.8% | 35.3% | 133 | 54.9% | 31.8% |

* Summary Rate Scores (SRS) represent the most favorable response option(s).

** The 2016 SPH Analytics Medicaid Book of Business Benchmark consists of Primary Care Physicians, Specialists, and Behavioral Health Clinicians. These benchmark comparisons are based on respondent-level results. Please see the Technical Notes for further detail.

Note 1: Significance Testing - Cells highlighted in red denote current year plan percentage is significantly lower when compared to benchmark data. Cells highlighted in green denote current year plan percentage is significantly higher when compared to benchmark data. No shading denotes that there was no significant difference between the percentages, there is no benchmark, or that there was insufficient sample size to conduct the statistical test. All significance testing is performed at the 95% significance level.

Note 2: The Overall Satisfaction Summary Rate includes only 8B. It does not include 8A or 8C through 8F.

Note 3: The Provider Relations composite is the average of 7B through 7D. It does not include 7A.



TO: KHS Board of Directors

FROM: Richard M. Pruitt, CIO

DATE: December 14, 2017

RE: 2018 Professional Services

Background

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

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

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

Requested Action

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



2018 Project Consulting
Professional Services
December 14, 2017

Richard M. Pruitt

Agenda

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

General Overview

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

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

Sequence of Events

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

Professional Services Vendors

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

| | |
|-----|----------------------------------|
| PM | PMI Project Manager |
| DEV | Application Developer |
| DBA | Microsoft Database Administrator |

| | |
|----|--------------------------|
| TA | Technical Analyst |
| DA | Data Analytics Developer |
| BA | Business Analyst |

2017 Corporate Projects

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



2018 Corporate Projects

| Calendar | | | | | | | | | | | | |
|----------|---------------------------------|-----|-----|-----|-----|------|------|-----|-----|-----|-----|-----|
| # | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec |
| 1 | Medical Management Enhancements | | | | | | | | | | | |
| 2 | Medical Management ZeOmega | | | | | | | | | | | |
| 3 | Document Repository Migration | | | | | | | | | | | |
| 4 | Electronic Data Interchange | | | | | | | | | | | |
| 5 | Health Home Program Expansion | | | | | | | | | | | |
| 6 | Claimcheck Software | | | | | | | | | | | |
| 7 | Internal Dashboards | | | | | | | | | | | |
| 8 | Alternative Payment Methodology | | | | | | | | | | | |
| 9 | QNXt Upgrade Q1 | | | | | | | | | | | |
| 10 | Palliative Care | | | | | | | | | | | |
| 11 | COBA | | | | | | | | | | | |
| 12 | External Dashboards | | | | | | | | | | | |
| 13 | Provider and Member Portal | | | | | | | | | | | |
| 14 | QI Site Review Automation | | | | | | | | | | | |
| 15 | Claims Audit Tool | | | | | | | | | | | |
| 16 | QNXt Upgrade Q4 | | | | | | | | | | | |

2018 Resource Planning

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



Expenditures

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

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

TOTAL: \$708K

Benefits of Outsourcing

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

Board of Directors Request

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

Questions

Please contact:

Richard M. Pruitt

661-664-5078

richard.pruitt@khs-net.com



TO: KHS Board of Directors

FROM: Alan Avery, COO

DATE: December 14, 2017

RE: Claims Editing Software

Background

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

The KHS management team undertook an exhaustive search for companies providing claims editing software programs culminating with a formal Request for Proposals so that KHS may examine available platforms that would meet our immediate and future requirements. Included in this examination were several steps leading to the recommendation to select Optum Claims Editing Software (CES) to replace the current end of life McKesson Claimcheck software.

The Optum CES product is recommended based on four major findings:

- **System:** specific experience with Medi-Cal regulatory edits and QNXT real time integration.
- **Technology:** compatible with the Microsoft platform used by KHS.
- **Experience:** existing, stable product used by other Medi-Cal Plans
- **Price:** low cost vendor including implementation, software and professional services.

Requested Action

Recommend Board of Directors approve purchasing Optum Inc.'s Claims Edit Software and corresponding hardware, software and professional services as well as to authorize the CEO to execute such contracts associated with the Optum claims editing system purchase and installation in the amount not to exceed \$2,631,128 for three years.



Claims Editing Software

December 14, 2017

Alan Avery
Chief Operating Officer

Agenda

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

Why Replace

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

Review Request for Proposal Process

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

Vendor Selection Criteria

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

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

Pricing

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

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

Recommendation & Board Request

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

Questions

For additional questions, please contact:

Alan Avery, Chief Operating Officer

661-664-5005

alan.avery@khs-net.com



To: KHS Board of Directors
From: Deborah Murr, RN, Administrative Director of Health Services
Date: December 14, 2017
Re: ZeOmega Medical Management Platform Phase 3 and Enhancements

Background

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

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

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

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

Requested Action

Approve.



Medical Management Platform 2018 Phase 3 and Enhancement Proposal

Deborah Murr RN, BS HCM
Administrative Director of Health Services
December 14, 2017

Agenda

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



ZeOmega Project Timeline

Phase 1 Implementation

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



Phase 2 Timeline

Phase 2 Development (current work effort)

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

- Parallel work for anticipated Phase 3

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

Go live Q1 2018



Phase 3 Timeline

Phase 3 -Integrate Health Homes and Quality Improvement

HHP:

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

QI:

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

Argus Interface for Pharmacy data

Member Portal Integration

Healthwise Member Education Material

Prior auth Appeal process integration into current UM module

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



Enhancements Timeline

JIVA Phase 1 &2 Enhancements

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



Benefits of Complete Medical Management System

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



Anticipated FTE Savings

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



Board Request

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

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



Questions

Contact:

Deborah Murr

661-664-5141

deborah.murr@khs-net.com





To: KHS Board of Directors
From: Robert Landis, CFO
Date: December 14, 2017
Re: September 2017 Financial Results

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

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

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

The results for the 9 months ended September 30, 2017 reflects a Net Increase in Net Position of \$22,140,218. This is a \$15,041,643 favorable variance to budget and includes approximately \$8.0 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.5% which is favorable to the 91.9% budgeted amount. The year-to-date Administrative Expense Ratio is 4.6% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems
Financial Packet
September 2017**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

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

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

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

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED SEPTEMBER 30, 2017 | YEAR-TO-DATE | | |
|--|---------|---------|--|------------------|------------------|----------------|
| | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | |
| 163,919 | 167,300 | (3,381) | Family Members | 1,472,993 | 1,484,100 | (11,107) |
| 57,180 | 56,100 | 1,080 | Expansion Members | 513,731 | 497,700 | 16,031 |
| 14,035 | 13,900 | 135 | SPD Members | 122,931 | 123,300 | (369) |
| 5,430 | 4,200 | 1,230 | Other Members | 46,758 | 36,900 | 9,858 |
| 7,782 | 7,200 | 582 | Kaiser Members | 68,401 | 63,900 | 4,501 |
| 248,346 | 248,700 | (354) | Total Members - MCAL | 2,224,814 | 2,205,900 | 18,914 |
| REVENUES | | | | | | |
| 129.26 | 129.65 | (0.39) | Title XIX - Medicaid - Family and Other | 126.05 | 128.20 | (2.16) |
| 350.11 | 345.17 | 4.94 | Title XIX - Medicaid - Expansion Members | 368.66 | 363.20 | 5.46 |
| 754.83 | 775.46 | (20.63) | Title XIX - Medicaid - SPD Members | 746.19 | 766.02 | (19.83) |
| 33.62 | 30.13 | 3.49 | Premium - MCO Tax | 31.66 | 30.13 | 1.53 |
| 1.26 | 0.65 | 0.61 | Interest /Dividends | 1.13 | 0.65 | 0.49 |
| 0.00 | 0.44 | (0.44) | Reinsurance Recoveries | 0.00 | 0.44 | (0.44) |
| 14.26 | 11.80 | 2.46 | COB/Subrogation Collections | 15.82 | 11.80 | 4.02 |
| 39.39 | 0.00 | 39.39 | Rate/Income Adjustments | 5.86 | 0.00 | 5.86 |
| (0.77) | 0.00 | (0.77) | Other Income (Expense) | (0.10) | 0.00 | (0.10) |
| 306.01 | 259.90 | 46.10 | TOTAL REVENUES | 273.58 | 262.54 | 11.04 |
| EXPENSES | | | | | | |
| Medical Costs: | | | | | | |
| 59.19 | 50.45 | (8.74) | Physician Services | 57.04 | 50.46 | (6.58) |
| 11.85 | 11.13 | (0.73) | Other Professional Services | 11.35 | 11.13 | (0.23) |
| 19.52 | 19.66 | 0.14 | Emergency Room | 18.74 | 19.66 | 0.92 |
| 57.62 | 56.50 | (1.12) | Inpatient | 59.50 | 56.51 | (3.00) |
| 0.44 | 0.44 | 0.00 | Reinsurance Expense | 0.44 | 0.44 | 0.00 |
| 25.83 | 23.49 | (2.34) | Outpatient Hospital | 24.60 | 23.49 | (1.11) |
| 7.83 | 10.54 | 2.71 | Other Medical | 9.14 | 10.56 | 1.43 |
| 34.21 | 38.94 | 4.74 | Pharmacy | 35.96 | 38.95 | 2.99 |
| 2.35 | 2.35 | 0.00 | Pay for Performance Quality Incentive | 2.35 | 2.35 | (0.00) |
| 33.15 | 0.00 | (33.15) | IBNR, Incentive, Paid Claims Adjustment | 2.16 | 0.00 | (2.16) |
| 251.99 | 213.50 | (38.49) | Total Medical Costs | 221.29 | 213.54 | (7.75) |
| 54.02 | 46.40 | 7.62 | GROSS MARGIN | 52.30 | 49.00 | 3.30 |
| Administrative: | | | | | | |
| 7.32 | 8.05 | 0.72 | Compensation | 7.41 | 8.14 | 0.72 |
| 2.17 | 2.24 | 0.06 | Purchased Services | 1.65 | 2.37 | 0.72 |
| 0.70 | 0.62 | (0.08) | Supplies | 0.36 | 0.62 | 0.26 |
| 1.35 | 2.38 | 1.03 | Other Administrative Expenses | 1.63 | 2.33 | 0.70 |
| 11.55 | 13.29 | 1.73 | Total Administrative Expenses | 11.05 | 13.46 | 2.40 |
| 263.54 | 226.79 | (36.75) | TOTAL EXPENSES | 232.34 | 227.00 | (5.34) |
| 42.47 | 33.11 | 9.35 | OPERATING INCOME (LOSS) BEFORE TAX | 41.24 | 35.54 | 5.70 |
| 33.50 | 30.13 | (3.37) | MCO TAX | 30.94 | 30.13 | (0.81) |
| 8.96 | 2.98 | 5.98 | OPERATING INCOME (LOSS) NET OF TAX | 10.30 | 5.41 | 4.89 |
| NONOPERATING REVENUE (EXPENSES) | | | | | | |
| (0.10) | (2.07) | (1.97) | Reserve Fund Projects/Community Grants | (0.04) | (18.63) | (18.60) |
| (0.10) | (2.07) | (1.97) | TOTAL NONOPERATING REVENUES (EXPENSES) | (0.04) | (18.63) | (18.60) |
| 8.87 | 0.91 | 7.95 | NET INCREASE (DECREASE) IN NET POSITION | 10.27 | 3.31 | 6.95 |
| 92.5% | 92.9% | 0.4% | MEDICAL LOSS RATIO | 91.5% | 91.9% | 0.4% |
| 4.2% | 5.8% | 1.5% | ADMINISTRATIVE EXPENSE RATIO | 4.6% | 5.8% | 1.2% |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH SEPTEMBER 30, 2017 | | | | | | | | | | | | | |
|--|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|-------------------|
| SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | 13 MONTH TOTAL |
| 232,053 | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 240,308 | 241,178 | 241,282 | 241,716 | 239,716 | 239,363 | 240,564 | 3,091,167 |
| ENROLLMENT | | | | | | | | | | | | | |
| Members - MCAL | | | | | | | | | | | | | |
| R E V E N U E S | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | | | | | | | | | | | | | |
| 20,219,075 | 19,620,974 | 20,146,360 | 20,105,660 | 20,905,352 | 21,131,189 | 22,045,879 | 21,650,071 | 21,843,761 | 21,316,549 | 20,420,390 | 20,087,872 | 20,019,384 | 269,483,505 |
| Title XIX - Medicaid - SPD Members | | | | | | | | | | | | | |
| 10,007,635 | 10,231,800 | 10,209,218 | 9,940,753 | 9,966,872 | 9,935,770 | 10,055,780 | 9,972,611 | 10,383,503 | 10,591,404 | 10,667,756 | 10,594,072 | 13,219,605 | 132,119,605 |
| Premium - MCO Tax | | | | | | | | | | | | | |
| 21,614,834 | 7,184,130 | 7,198,399 | 10,065,534 | 7,491,128 | 7,405,842 | 7,470,552 | 7,507,968 | 7,504,758 | 7,517,457 | 7,674,906 | 7,622,484 | 8,087,180 | 114,345,171 |
| Interest/Dividends | | | | | | | | | | | | | |
| 186,999 | 236,189 | 223,035 | 194,711 | 181,883 | 176,794 | 245,909 | 264,732 | 376,466 | 265,238 | 243,800 | 385,982 | 302,348 | 3,284,086 |
| Reinsurance Recoveries | | | | | | | | | | | | | |
| 30,454 | 205,689 | - | (210,968) | - | - | - | - | - | - | - | - | - | 25,175 |
| COB/Subrogation Collections | | | | | | | | | | | | | |
| 2,787,116 | 3,407,813 | 2,069,154 | 2,839,103 | 4,060,955 | 3,306,877 | 4,696,164 | 2,789,187 | 3,514,662 | 3,988,257 | 3,234,724 | 5,392,339 | 3,431,408 | 45,277,759 |
| Rate/Income Adjustments | | | | | | | | | | | | | |
| 13,093 | (333,319) | (541) | 2,736,951 | - | 2,016,975 | 413,545 | 93,756 | (3,949) | (340,730) | (84,108) | 1,061,917 | 9,476,726 | 15,050,316 |
| (407,993) | 215 | 41 | (1,262,113) | 37,570 | 41 | 46,740 | (1,110) | 9 | (88,814) | (18,408) | 104 | (185,865) | (1,879,413) |
| 75,990,414 | 62,271,090 | 61,192,211 | 64,838,821 | 63,704,425 | 66,799,408 | 64,178,550 | 64,312,190 | 64,266,102 | 63,064,185 | 63,064,185 | 66,345,512 | 73,614,708 | 854,248,570 |
| EXPENSES | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | |
| Physician Services | | | | | | | | | | | | | |
| 12,407,247 | 11,839,584 | 11,693,173 | 11,369,024 | 12,342,816 | 12,684,849 | 13,156,118 | 13,305,167 | 13,797,185 | 15,174,897 | 14,423,866 | 13,877,006 | 14,239,482 | 170,310,414 |
| Other Professional Services | | | | | | | | | | | | | |
| 2,329,736 | 1,836,321 | 2,425,983 | 2,850,615 | 2,642,041 | 2,426,962 | 2,926,217 | 2,479,295 | 2,584,649 | 3,292,395 | 2,903,026 | 2,989,387 | 2,851,866 | 33,928,493 |
| Emergency Room | | | | | | | | | | | | | |
| 4,327,181 | 4,374,358 | 4,182,880 | 4,106,435 | 4,687,780 | 4,450,889 | 4,100,250 | 4,012,665 | 3,942,442 | 4,764,752 | 4,665,069 | 5,099,658 | 4,696,197 | 57,410,556 |
| Inpatient | | | | | | | | | | | | | |
| 10,660,875 | 11,423,068 | 11,783,439 | 12,926,841 | 13,999,552 | 14,812,384 | 15,281,823 | 14,524,702 | 14,725,286 | 14,193,273 | 13,361,803 | 13,546,637 | 13,862,008 | 175,101,691 |
| Reinsurance Expense | | | | | | | | | | | | | |
| 183,648 | 185,643 | 187,188 | 187,380 | 103,176 | 103,384 | 103,399 | 105,316 | 107,515 | 106,164 | 106,355 | 105,475 | 105,230 | 1,690,383 |
| Outpatient/Hospital | | | | | | | | | | | | | |
| 3,990,250 | 5,114,588 | 4,698,013 | 6,388,140 | 5,477,940 | 5,813,468 | 6,116,559 | 5,765,474 | 5,787,937 | 6,293,878 | 5,430,584 | 6,154,715 | 6,213,267 | 73,244,833 |
| Other Medical | | | | | | | | | | | | | |
| 1,143,970 | 1,801,979 | 1,296,759 | 2,097,824 | 2,007,506 | 2,214,713 | 2,373,420 | 2,734,420 | 2,730,233 | 2,620,808 | 1,975,195 | 1,800,207 | 1,883,596 | 25,461,268 |
| Pharmacy | | | | | | | | | | | | | |
| 8,096,666 | 7,680,935 | 8,147,020 | 8,098,176 | 8,128,455 | 7,616,323 | 8,149,210 | 8,955,628 | 9,035,094 | 8,935,833 | 9,525,333 | 8,228,934 | 8,228,934 | 109,560,713 |
| Pay for Performance Quality Incentive | | | | | | | | | | | | | |
| 560,172 | 564,834 | 565,417 | 566,068 | 552,163 | 559,709 | 564,724 | 566,768 | 567,013 | 568,032 | 563,332 | 562,503 | 563,332 | 7,336,061 |
| Expansion Risk Corridor Expense | | | | | | | | | | | | | |
| 1,059,120 | 853,019 | 137,358 | 413,346 | - | - | - | - | - | - | - | - | - | 2,462,843 |
| IBNR, Incentive, Paid Claims Adjustment | | | | | | | | | | | | | |
| 128,791 | 162,526 | (444,334) | 1,045,552 | (141,866) | 111,013 | (585,473) | (232,581) | (744,814) | (744,814) | (2,727,790) | 1,034,615 | 7,973,649 | 5,551,015 |
| Total Medical Costs | | | | | | | | | | | | | |
| 44,887,656 | 45,836,855 | 44,672,896 | 49,466,635 | 49,889,881 | 50,406,468 | 52,511,453 | 51,049,856 | 52,353,094 | 53,321,503 | 52,336,793 | 54,695,536 | 60,619,644 | 662,048,270 |
| GROSS MARGIN | | | | | | | | | | | | | |
| 31,102,758 | 16,434,235 | 16,519,315 | 15,372,186 | 13,780,544 | 13,298,486 | 14,287,955 | 13,128,694 | 11,913,008 | 10,990,687 | 10,727,392 | 11,649,976 | 12,995,064 | 192,200,300 |
| Administrative: | | | | | | | | | | | | | |
| Compensation | | | | | | | | | | | | | |
| 1,589,763 | 1,621,722 | 1,717,307 | 1,748,853 | 1,667,274 | 1,550,593 | 1,806,555 | 1,650,173 | 1,904,742 | 1,869,066 | 1,816,065 | 1,962,751 | 1,762,043 | 22,466,907 |
| Purchased Services | | | | | | | | | | | | | |
| 343,359 | 478,654 | 607,200 | 470,957 | 268,436 | 450,657 | 436,052 | 442,046 | 344,437 | 364,323 | 354,712 | 371,842 | 522,883 | 5,455,558 |
| Supplies | | | | | | | | | | | | | |
| 70,613 | 62,414 | 42,864 | 53,867 | 66,872 | 36,371 | 86,926 | 99,813 | 89,505 | 30,984 | 65,825 | 131,877 | 168,244 | 1,006,175 |
| Other Administrative Expenses | | | | | | | | | | | | | |
| 368,192 | 663,609 | 265,740 | 423,090 | 359,822 | 363,606 | 484,727 | 365,239 | 432,721 | 492,918 | 298,544 | 393,233 | 325,962 | 5,237,403 |
| Administrative Expense Adjustment | | | | | | | | | | | | | |
| (190,729) | - | - | (1,960,549) | - | - | - | - | - | - | - | - | - | (2,151,278) |
| Total Administrative Expenses | | | | | | | | | | | | | |
| 2,181,198 | 2,826,399 | 2,633,111 | 736,218 | 3,362,404 | 2,401,227 | 2,814,260 | 2,557,271 | 2,771,405 | 2,757,291 | 2,535,146 | 2,859,703 | 2,779,132 | 32,214,765 |
| TOTAL EXPENSES | | | | | | | | | | | | | |
| 47,068,854 | 48,663,254 | 47,306,007 | 50,202,853 | 52,252,285 | 52,807,695 | 55,325,713 | 53,607,127 | 55,124,499 | 56,078,794 | 54,871,939 | 57,555,239 | 63,398,776 | 694,263,035 |
| OPERATING INCOME (LOSS) BEFORE TAX | | | | | | | | | | | | | |
| 28,921,560 | 13,607,836 | 13,886,204 | 14,635,968 | 11,418,140 | 10,897,259 | 11,473,695 | 10,571,423 | 9,141,603 | 8,233,396 | 8,192,246 | 8,790,273 | 10,215,932 | 159,985,535 |
| MICO TAX | | | | | | | | | | | | | |
| 21,614,834 | 7,184,130 | 7,198,399 | 10,065,534 | 7,491,128 | 6,911,096 | 7,199,396 | 7,204,569 | 7,198,592 | 7,197,359 | 7,674,900 | 7,775,859 | 8,059,738 | 112,775,534 |
| OPERATING INCOME (LOSS) NET OF TAX | | | | | | | | | | | | | |
| 7,306,726 | 6,423,706 | 6,687,805 | 4,570,434 | 3,927,012 | 3,986,163 | 4,274,299 | 3,366,854 | 1,943,011 | 1,036,037 | 517,346 | 1,014,414 | 2,156,194 | 47,210,001 |
| NET NONOPERATING REVENUE (EXPENSES) | | | | | | | | | | | | | |
| - | - | (220,405) | - | - | - | (23,174) | - | - | - | (23,175) | - | (23,175) | (301,517) |
| NET INCREASE (DECREASE) IN NET POSITION | | | | | | | | | | | | | |
| 7,306,726 | 6,423,706 | 6,467,400 | 4,570,434 | 3,927,012 | 3,986,163 | 4,251,125 | 3,366,854 | 1,931,423 | 1,036,037 | 494,171 | 1,014,414 | 2,133,019 | 46,908,484 |
| MEDICAL LOSS RATIO | | | | | | | | | | | | | |
| 82.6% | 83.2% | 82.7% | 88.8% | 89.5% | 89.5% | 88.5% | 90.1% | 92.2% | 93.9% | 94.5% | 93.1% | 92.5% | 89.3% |
| ADMINISTRATIVE EXPENSE RATIO | | | | | | | | | | | | | |
| 4.0% | 5.1% | 4.9% | 4.2% | 4.2% | 4.3% | 4.7% | 4.5% | 4.9% | 4.9% | 4.6% | 4.9% | 4.2% | 4.4% |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH SEPTEMBER 30, 2017 | | | | | | | | | | | | | | |
|---|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|-------------------|
| E N R O L L M E N T | | | | | | | | | | | | | | |
| | SEPTEMBER 2016 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | 13 MONTH TOTAL |
| M e m b e r s - M C A L | 232,053 | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 240,308 | 241,178 | 241,282 | 241,716 | 239,716 | 239,363 | 240,564 | 3,091,167 |
| R E V E N U E S | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 130.94 | 130.83 | 128.46 | 122.95 | 126.64 | 119.60 | 129.31 | 128.39 | 124.01 | 126.74 | 124.89 | 125.53 | 129.26 | 126.73 |
| Title XIX - Medicaid - Expansion Members | 373.84 | 360.02 | 368.90 | 366.70 | 377.32 | 375.41 | 386.18 | 375.46 | 376.19 | 369.16 | 356.43 | 351.84 | 350.11 | 368.27 |
| Title XIX - Medicaid - SFD Members | 743.07 | 758.87 | 759.67 | 736.02 | 736.98 | 717.78 | 734.16 | 740.65 | 743.39 | 749.37 | 764.45 | 772.58 | 754.83 | 747.17 |
| Premium - MCO Tax | 93.15 | 30.70 | 30.73 | 42.93 | 31.88 | 31.21 | 31.09 | 31.13 | 31.10 | 31.10 | 32.02 | 31.84 | 33.62 | 36.99 |
| Interest/Dividends | 0.81 | 1.01 | 0.95 | 0.83 | 0.77 | 0.74 | 1.02 | 1.10 | 1.56 | 1.10 | 1.02 | 1.61 | 1.26 | 1.06 |
| Reinsurance Recoveries | 0.13 | 0.88 | 0.00 | (0.90) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 |
| COB/Subrogation Collections | 12.01 | 14.56 | 8.83 | 12.11 | 17.28 | 13.93 | 19.54 | 11.56 | 14.57 | 15.30 | 13.49 | 22.53 | 14.26 | 14.63 |
| Rate/Income Adjustments | 0.06 | (1.42) | (0.00) | 11.67 | 0.00 | 8.50 | 1.72 | 0.39 | (0.02) | (1.41) | (0.35) | 4.44 | 39.39 | 4.87 |
| Other Income (Expense) | (1.76) | 0.00 | 0.00 | (5.38) | 0.16 | 0.00 | 0.19 | (0.00) | 0.00 | (0.37) | (0.08) | 0.00 | (0.77) | (0.61) |
| TOTAL REVENUES | 327.47 | 266.13 | 261.25 | 276.51 | 270.98 | 268.43 | 277.97 | 266.10 | 266.35 | 266.07 | 263.08 | 277.18 | 306.01 | 276.35 |
| E X P E N S E S | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 53.47 | 50.60 | 49.92 | 48.48 | 52.53 | 53.45 | 54.75 | 55.17 | 57.18 | 62.78 | 60.17 | 57.97 | 59.19 | 55.10 |
| Other Professional Services | 10.04 | 7.85 | 10.36 | 12.16 | 11.24 | 9.47 | 10.39 | 10.28 | 10.71 | 13.62 | 12.11 | 12.49 | 11.85 | 10.98 |
| Emergency Room | 18.65 | 18.70 | 17.86 | 17.51 | 19.95 | 18.75 | 17.06 | 16.64 | 16.34 | 19.71 | 19.46 | 21.31 | 19.52 | 18.57 |
| Inpatient | 45.94 | 48.82 | 50.31 | 55.13 | 59.58 | 62.41 | 63.59 | 60.22 | 61.03 | 58.72 | 55.74 | 56.59 | 57.62 | 56.65 |
| Reinsurance Expense | 6.79 | 0.79 | 0.80 | 0.80 | 0.44 | 0.44 | 0.43 | 0.44 | 0.45 | 0.44 | 0.44 | 0.44 | 0.44 | 0.55 |
| Outpatient Hospital | 17.20 | 21.86 | 20.06 | 27.24 | 23.31 | 24.50 | 25.45 | 23.91 | 23.99 | 26.04 | 22.65 | 25.71 | 23.83 | 23.69 |
| Other Medical | 4.93 | 7.70 | 5.54 | 6.46 | 8.93 | 8.46 | 9.22 | 9.84 | 11.32 | 10.84 | 8.24 | 7.52 | 7.83 | 8.24 |
| Pharmacy | 34.89 | 32.83 | 34.78 | 34.54 | 34.59 | 32.09 | 37.71 | 33.79 | 36.70 | 37.38 | 39.79 | 39.79 | 34.21 | 35.44 |
| Pay for Performance Quality Incentive | 2.41 | 2.41 | 2.41 | 2.41 | 2.35 | 2.36 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.37 |
| Expansion Risk Corridor Expense | 4.56 | 3.65 | 0.59 | 1.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.80 |
| IBNR, Incentive, Paid Claims Adjustment | 0.56 | 0.69 | (1.90) | 4.46 | (0.60) | 0.47 | (2.44) | (0.96) | (3.09) | (11.29) | (0.12) | 4.32 | 33.15 | 1.80 |
| Total Medical Costs | 193.44 | 195.90 | 190.73 | 210.95 | 212.33 | 212.40 | 218.52 | 211.67 | 216.98 | 220.60 | 218.33 | 228.50 | 251.99 | 214.17 |
| GROSS MARGIN | 134.03 | 70.24 | 70.53 | 65.56 | 58.65 | 56.04 | 59.46 | 54.44 | 49.37 | 45.47 | 44.75 | 48.67 | 54.02 | 62.18 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 6.85 | 6.93 | 7.33 | 7.46 | 7.10 | 6.53 | 7.52 | 6.84 | 7.89 | 7.73 | 7.58 | 8.20 | 7.32 | 7.33 |
| Purchased Services | 1.48 | 2.05 | 2.59 | 2.01 | 1.14 | 1.90 | 1.81 | 1.83 | 1.43 | 1.51 | 1.48 | 1.55 | 2.17 | 1.76 |
| Supplies | 0.30 | 0.27 | 0.18 | 0.23 | 0.28 | 0.15 | 0.36 | 0.41 | 0.37 | 0.13 | 0.27 | 0.55 | 0.70 | 0.33 |
| Other Administrative Expenses | 1.59 | 2.84 | 1.13 | 1.80 | 1.53 | 1.53 | 2.02 | 1.51 | 1.79 | 2.04 | 1.25 | 1.64 | 1.35 | 1.69 |
| Administrative Expense Adjustment | (0.82) | 0.00 | 0.00 | (8.36) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.70) |
| Total Administrative Expenses | 9.40 | 12.08 | 11.24 | 13.14 | 10.05 | 10.12 | 11.71 | 10.60 | 11.49 | 11.41 | 10.58 | 11.95 | 11.55 | 10.43 |
| TOTAL EXPENSES | 202.84 | 207.98 | 201.97 | 214.09 | 222.39 | 222.51 | 230.23 | 222.27 | 228.47 | 232.00 | 228.90 | 240.45 | 263.54 | 224.60 |
| OPERATING INCOME (LOSS) BEFORE TAX | 124.63 | 58.16 | 59.29 | 62.42 | 48.60 | 45.92 | 47.75 | 43.83 | 37.89 | 34.06 | 34.17 | 36.72 | 42.47 | 51.76 |
| MCO TAX | 93.15 | 30.70 | 30.73 | 42.93 | 31.88 | 29.12 | 29.96 | 29.87 | 29.83 | 29.78 | 32.02 | 32.49 | 33.50 | 36.48 |
| OPERATING INCOME (LOSS) NET OF TAX | 31.49 | 27.45 | 28.55 | 19.49 | 16.71 | 16.80 | 17.79 | 13.96 | 8.05 | 4.29 | 2.16 | 4.24 | 8.96 | 15.27 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | 31.49 | 0.00 | (0.94) | 0.00 | 0.00 | 0.00 | (0.10) | 0.00 | (0.05) | 0.00 | (0.10) | 0.00 | (0.10) | (1.04) |
| NET INCREASE (DECREASE) IN NET POSITION | 82.6% | 85.2% | 82.7% | 80.3% | 88.8% | 89.5% | 88.5% | 90.1% | 92.2% | 93.9% | 94.5% | 93.1% | 92.5% | 89.5% |
| MEDICAL LOSS RATIO | 4.0% | 5.1% | 4.9% | 4.3% | 4.2% | 4.3% | 4.7% | 4.5% | 4.9% | 4.9% | 4.6% | 4.9% | 4.2% | 4.4% |
| ADMINISTRATIVE EXPENSE RATIO | | | | | | | | | | | | | | |

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

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2017 | | | | YEAR-TO-DATE | | |
|--|-------------------------|-------------|--|--------------|-------------|--------------|
| ACTUAL | CURRENT MONTH BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| 3,037,543 | 3,399,496 | 361,953 | PHYSICIAN SERVICES | 25,953,611 | 30,152,288 | 4,198,677 |
| 10,248,069 | 8,119,026 | (2,129,043) | Primary Care Physician Services | 86,984,555 | 72,016,858 | (14,967,697) |
| 944,870 | 656,789 | (288,081) | Referral Specialty Services | 9,981,320 | 5,825,396 | (4,155,924) |
| 9,000 | 9,209 | 209 | Urgent Care & After Hours Advise Hospital Admitting Team | 81,900 | 81,672 | (228) |
| 14,239,482 | 12,184,520 | (2,054,962) | TOTAL PHYSICIAN SERVICES | 123,001,386 | 108,076,214 | (14,925,172) |
| 239,363 | 248,336 | 8,973 | OTHER PROFESSIONAL SERVICES | 2,151,161 | 2,202,633 | 51,472 |
| 668,598 | 790,155 | 121,557 | Vision Service Capitation | 6,017,023 | 7,070,066 | 1,053,043 |
| 105,744 | 130,241 | 24,497 | 310 - Health Services - Utilization Management - UM Allocation * | 952,786 | 1,109,201 | 156,415 |
| 64,890 | 79,850 | 14,960 | 311 - Health Services - Quality Improvement - UM Allocation * | 537,860 | 700,903 | 163,043 |
| 90,460 | 91,173 | 713 | 312 - Health Services - Education - UM Allocation * | 779,226 | 816,928 | 37,702 |
| 55,832 | 44,427 | (11,405) | 313 - Health Services - Pharmacy - UM Allocation * | 356,327 | 367,258 | 10,931 |
| 60,986 | 68,256 | 7,270 | 314 - Health Homes - UM Allocation * | 488,749 | 611,897 | 123,148 |
| 392,215 | 221,815 | (170,400) | 616 - Disease Management - UM Allocation * | 3,475,831 | 1,967,498 | (1,508,333) |
| 135,353 | 90,627 | (44,726) | Behavior Health Treatment | 1,225,931 | 803,872 | (422,059) |
| 1,038,425 | 922,918 | (115,507) | Mental Health Services | 8,500,944 | 8,186,500 | (314,444) |
| 2,851,866 | 2,687,797 | (164,069) | Other Professional Services | 24,485,838 | 23,836,757 | (649,081) |
| 4,696,197 | 4,747,916 | 51,719 | TOTAL OTHER PROFESSIONAL SERVICES | 40,419,702 | 42,113,119 | 1,693,417 |
| 13,862,008 | 13,644,974 | (217,034) | EMERGENCY ROOM | 128,307,468 | 121,034,299 | (7,273,169) |
| 105,320 | 106,260 | 940 | INPATIENT HOSPITAL | 946,524 | 942,480 | (4,044) |
| 6,213,267 | 5,672,200 | (541,067) | REINSURANCE EXPENSE PREMIUM | 53,053,842 | 50,313,360 | (2,740,482) |
| 318,449 | 334,336 | 15,887 | OUTPATIENT HOSPITAL SERVICES | 2,979,710 | 2,965,428 | (14,282) |
| 340,709 | 366,694 | 25,985 | OTHER MEDICAL | 3,289,538 | 3,252,689 | (36,849) |
| 85,471 | 313,888 | 228,417 | Ambulance | 1,228,616 | 2,832,992 | 1,604,376 |
| 825,618 | 1,001,028 | 175,410 | Home Health Services & CBAS | 8,698,199 | 8,879,727 | 181,528 |
| 359,626 | 241,500 | (287,777) | Utilization and Quality Review Expenses | 115,797 | 2,142,000 | 2,026,203 |
| 1,883,596 | 2,545,085 | 661,489 | Long Term/SNF/Hospice | 3,391,642 | 2,551,393 | (840,249) |
| 7,215,260 | 7,607,488 | 392,228 | Enhanced Medical Benefits | 19,703,502 | 22,624,230 | 2,920,728 |
| 598,614 | 1,369,970 | 771,356 | Non-Medical Transportation | 65,028,605 | 67,481,242 | 2,452,637 |
| 413,925 | 494,913 | 80,988 | TOTAL OTHER MEDICAL | 8,020,161 | 12,152,664 | 4,132,503 |
| 1,135 | (67,272) | (68,407) | PHARMACY SERVICES | 4,898,652 | 4,390,071 | (508,581) |
| 8,228,934 | 9,405,099 | 1,176,165 | RX - Pharmacy Rebates | (409,502) | (596,731) | (187,229) |
| 565,325 | 567,525 | 2,200 | RX - Drugs & OTC | 77,537,916 | 83,427,246 | 5,889,330 |
| 7,973,649 | - | (7,973,649) | RX - HEP-C | 5,069,570 | 5,033,700 | (35,870) |
| 60,619,644 | 51,561,375 | (9,058,269) | RX - DME | 4,658,480 | - | (4,658,480) |
| | | | TOTAL PHARMACY SERVICES | 477,184,228 | 457,401,404 | (19,782,824) |
| | | | PAY FOR PERFORMANCE QUALITY INCENTIVE | | | |
| | | | IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | | | |
| | | | Total Medical Costs | | | |

* Medical costs per DMHC regulations

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED SEPTEMBER 30, 2017 | | | | YEAR-TO-DATE | |
|---|-------------------------|----------|--------|--------------|----------|
| ACTUAL | CURRENT MONTH BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE |
| 12.63 | 14.08 | 1.45 | 12.04 | 14.08 | 2.04 |
| 42.60 | 33.62 | (8.98) | 40.34 | 33.62 | (6.72) |
| 3.93 | 2.72 | (1.21) | 4.63 | 2.72 | (1.91) |
| 0.04 | 0.04 | 0.00 | 0.04 | 0.04 | 0.00 |
| 59.19 | 50.45 | (8.74) | 57.04 | 50.46 | (6.58) |
| PHYSICIAN SERVICES | | | | | |
| 1.00 | 1.03 | 0.03 | 1.00 | 1.03 | 0.03 |
| 2.78 | 3.27 | 0.49 | 2.79 | 3.30 | 0.51 |
| 0.44 | 0.54 | 0.10 | 0.44 | 0.52 | 0.08 |
| 0.27 | 0.33 | 0.06 | 0.25 | 0.33 | 0.08 |
| 0.38 | 0.38 | 0.00 | 0.36 | 0.38 | 0.02 |
| 0.23 | 0.18 | (0.05) | 0.17 | 0.17 | 0.01 |
| 0.25 | 0.28 | 0.03 | 0.23 | 0.29 | 0.06 |
| 1.63 | 0.92 | (0.71) | 1.61 | 0.92 | (0.69) |
| 0.56 | 0.38 | (0.19) | 0.57 | 0.38 | (0.19) |
| 4.32 | 3.82 | (0.50) | 3.94 | 3.82 | (0.12) |
| 11.85 | 11.13 | (0.73) | 11.35 | 11.13 | (0.23) |
| 19.52 | 19.66 | 0.14 | 18.74 | 19.66 | 0.92 |
| 57.62 | 56.50 | (1.12) | 59.50 | 56.51 | (3.00) |
| 0.44 | 0.44 | 0.00 | 0.44 | 0.44 | 0.00 |
| 25.83 | 23.49 | (2.34) | 24.60 | 23.49 | (1.11) |
| EMERGENCY ROOM | | | | | |
| 1.32 | 1.38 | 0.06 | 1.38 | 1.38 | 0.00 |
| 1.42 | 1.52 | 0.10 | 1.53 | 1.52 | (0.01) |
| 0.36 | 1.30 | 0.94 | 0.57 | 1.32 | 0.75 |
| 3.43 | 4.15 | 0.71 | 4.03 | 4.15 | 0.11 |
| (0.19) | 1.00 | 1.19 | 0.05 | 1.00 | 0.95 |
| 1.49 | 1.19 | (0.30) | 1.57 | 1.19 | (0.38) |
| 7.83 | 10.54 | 2.71 | 9.14 | 10.56 | 1.43 |
| INPATIENT HOSPITAL | | | | | |
| 29.99 | 31.50 | 1.51 | 30.16 | 31.50 | 1.35 |
| 2.49 | 5.67 | 3.18 | 3.72 | 5.67 | 1.95 |
| 1.72 | 2.05 | 0.33 | 2.27 | 2.05 | (0.22) |
| 0.00 | (0.28) | (0.28) | (0.19) | (0.28) | (0.09) |
| 34.21 | 38.94 | 4.74 | 35.96 | 38.95 | 2.99 |
| 2.35 | 2.35 | 0.00 | 2.35 | 2.35 | (0.00) |
| 33.15 | 0.00 | (33.15) | 2.16 | 0.00 | -2.16 |
| 251.99 | 213.50 | (38.49) | 221.29 | 213.54 | (7.75) |
| OUTPATIENT HOSPITAL SERVICES | | | | | |
| OTHER MEDICAL | | | | | |
| Ambulance | | | | | |
| Home Health Services & CBAS | | | | | |
| Utilization and Quality Review Expenses | | | | | |
| Long Term/SNF/Hospice | | | | | |
| Enhanced Medical Benefits | | | | | |
| Non-Medical Transportation | | | | | |
| PHARMACY SERVICES | | | | | |
| RX - Drugs & OTC | | | | | |
| RX - HEP-C | | | | | |
| RX - DME | | | | | |
| RX - Pharmacy Rebates | | | | | |
| TOTAL PHARMACY SERVICES | | | | | |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | | | | | |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | | | | | |
| Total Medical Costs | | | | | |

* Medical costs per DMHC regulations

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH SEPTEMBER 30, 2017 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | YEAR TO DATE 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------------|
| PHYSICIAN SERVICES | | | | | | | | | | |
| Primary Care Physician Services | 3,406,859 | 3,070,267 | 2,668,777 | 2,931,046 | 2,648,254 | 2,973,942 | 2,579,973 | 2,637,450 | 3,037,543 | 25,953,611 |
| Referral Specialty Services | 8,091,488 | 8,954,220 | 8,835,432 | 9,279,831 | 9,606,053 | 11,276,157 | 10,807,238 | 9,796,067 | 10,248,069 | 86,984,555 |
| Urgent Care & After Hours Advice | 835,481 | 651,650 | 1,642,609 | 1,085,290 | 1,443,578 | 915,798 | 1,027,855 | 1,434,189 | 944,870 | 9,981,320 |
| Hospital Admitting Team | 8,988 | 8,712 | 9,300 | 9,000 | 9,300 | 9,300 | 9,300 | 9,300 | 9,000 | 81,900 |
| TOTAL PHYSICIAN SERVICES | 12,342,816 | 12,684,849 | 13,156,118 | 13,305,167 | 13,797,185 | 15,174,897 | 14,423,866 | 13,877,006 | 14,229,482 | 123,001,386 |
| OTHER PROFESSIONAL SERVICES | | | | | | | | | | |
| Vision Service Capitation | 234,491 | 234,963 | 238,174 | 240,308 | 241,148 | 241,282 | 241,716 | 239,716 | 239,363 | 2,151,161 |
| 310 - Health Services - Utilization Management - UM Allocation * | 659,425 | 596,974 | 655,378 | 585,083 | 693,556 | 694,688 | 677,141 | 786,180 | 668,598 | 6,017,023 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 101,672 | 94,856 | 112,498 | 102,951 | 110,754 | 116,739 | 104,334 | 116,739 | 105,744 | 952,786 |
| 312 - Health Services - Education - UM Allocation * | 55,993 | 51,352 | 57,865 | 54,139 | 62,598 | 67,046 | 56,777 | 67,200 | 64,890 | 537,860 |
| 313 - Health Services - Pharmacy - UM Allocation * | 86,242 | 76,174 | 87,191 | 81,001 | 90,904 | 86,061 | 90,504 | 90,689 | 90,460 | 779,726 |
| 314 - Health Homes - UM Allocation * | 19,018 | 28,633 | 40,290 | 48,254 | 40,895 | 40,488 | 38,342 | 44,575 | 55,832 | 356,327 |
| 616 - Disease Management - UM Allocation * | 36,728 | 38,265 | 54,201 | 54,201 | 54,201 | 61,123 | 58,411 | 65,553 | 60,986 | 488,749 |
| Behavior Health Treatment | 300,000 | 131,003 | 334,111 | 249,875 | 178,748 | 735,000 | 476,002 | 678,877 | 392,715 | 3,475,931 |
| Mental Health Services | 220,889 | 119,474 | 38,619 | 87,739 | 271,977 | 89,562 | 174,894 | 87,624 | 135,353 | 1,225,931 |
| Other Professional Services | 97,583 | 875,268 | 880,636 | 975,044 | 832,946 | 1,173,903 | 984,905 | 812,234 | 1,038,425 | 8,500,944 |
| TOTAL OTHER PROFESSIONAL SERVICES | 2,642,041 | 2,246,962 | 2,496,217 | 2,479,295 | 2,584,649 | 3,292,395 | 2,903,026 | 2,989,387 | 2,851,866 | 24,485,838 |
| EMERGENCY ROOM | 4,687,780 | 4,450,889 | 4,100,250 | 4,012,665 | 3,942,442 | 4,764,752 | 4,665,069 | 5,099,658 | 4,696,197 | 40,419,702 |
| INPATIENT HOSPITAL | 13,999,552 | 14,812,384 | 15,281,823 | 14,524,702 | 14,725,286 | 14,193,273 | 13,361,803 | 13,546,637 | 13,862,008 | 128,307,468 |
| REINSURANCE EXPENSE PREMIUM | 103,176 | 103,384 | 103,399 | 105,736 | 107,515 | 106,164 | 106,355 | 105,475 | 105,320 | 946,524 |
| OUTPATIENT HOSPITAL SERVICES | 5,477,940 | 5,813,468 | 6,116,559 | 5,765,474 | 5,787,957 | 6,293,878 | 5,430,584 | 6,154,715 | 6,213,267 | 53,053,842 |
| OTHER MEDICAL | | | | | | | | | | |
| Ambulance | 321,788 | 349,619 | 341,345 | 346,373 | 336,918 | 309,509 | 304,335 | 351,374 | 318,449 | 2,979,710 |
| Home Health Services & CBAS | 370,547 | 381,556 | 383,407 | 279,863 | 360,563 | 515,541 | 352,169 | 305,183 | 340,709 | 3,289,538 |
| Utilization and Quality Review Expenses | 67,616 | 115,998 | 142,141 | 133,334 | 155,745 | 141,184 | 207,396 | 179,731 | 85,471 | 1,228,616 |
| Long Term/SNF/Hospice | 1,022,042 | 820,073 | 961,497 | 1,172,612 | 1,443,187 | 1,061,026 | 788,463 | 603,671 | 825,618 | 8,698,199 |
| Enhanced Medical Benefits | - | - | - | - | - | 162,074 | - | - | (46,277) | 115,797 |
| Non-Medical Transportation | 315,831 | 340,260 | 386,323 | 441,238 | 433,820 | 431,464 | 322,832 | 360,248 | 359,626 | 3,391,642 |
| TOTAL OTHER MEDICAL | 2,097,824 | 2,007,506 | 2,214,173 | 2,373,420 | 2,730,233 | 2,620,808 | 1,975,195 | 1,800,207 | 1,883,596 | 19,703,502 |
| PHARMACY SERVICES | | | | | | | | | | |
| RX - Drugs & OTC | 7,157,012 | 6,565,755 | 7,310,438 | 6,736,832 | 7,588,219 | 6,993,768 | 7,059,657 | 7,901,664 | 7,215,260 | 65,028,605 |
| RX - HEP-C | 561,061 | 672,985 | 971,345 | 944,297 | 787,421 | 1,429,338 | 1,072,244 | 982,856 | 598,614 | 8,020,161 |
| Rx - DME | 476,382 | 443,564 | 669,108 | 534,081 | 545,988 | 677,988 | 537,548 | 600,068 | 413,925 | 4,898,652 |
| RX - Pharmacy Rebates | (66,000) | (66,000) | (387,768) | (66,000) | (66,000) | (66,000) | 266,386 | 40,745 | 1,135 | (409,502) |
| TOTAL PHARMACY SERVICES | 8,128,455 | 7,616,304 | 9,063,123 | 8,149,210 | 8,855,628 | 9,035,094 | 8,935,835 | 9,525,333 | 8,228,934 | 77,537,916 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 552,163 | 559,709 | 564,724 | 566,768 | 567,013 | 568,032 | 563,333 | 562,503 | 565,325 | 5,069,570 |
| IBNR INCENTIVE AND PAID CLAIMS ADJUSTMENT | (141,866) | 111,013 | (585,473) | (232,581) | (744,814) | (2,727,790) | (28,273) | 1,034,615 | 7,973,649 | 4,658,480 |
| Total Medical Costs | 49,889,881 | 50,406,468 | 52,511,453 | 51,049,856 | 52,353,094 | 53,321,503 | 52,336,793 | 54,695,536 | 60,619,644 | 477,184,228 |

| KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH SEPTEMBER 30, 2017 | | | | | | | | | | | |
|---|-----------------|------------------|---------------|---------------|--------------|--------------|--------------|----------------|-------------------|-------------------------|--|
| | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | YEAR TO DATE 2017 | |
| PHYSICIAN SERVICES | | | | | | | | | | | |
| Primary Care Physician Services | 14.50 | 12.94 | 11.11 | 12.15 | 10.98 | 12.30 | 10.76 | 11.02 | 12.63 | 12.04 | |
| Referral Specialty Services | 34.44 | 37.73 | 36.77 | 38.48 | 40.19 | 46.65 | 45.08 | 40.93 | 42.60 | 40.34 | |
| Urgent Care & After Hours Advise | 3.56 | 2.75 | 6.84 | 4.50 | 5.98 | 3.79 | 4.29 | 5.99 | 3.93 | 4.63 | |
| Hospital Admitting Team | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | |
| TOTAL PHYSICIAN SERVICES | 52.53 | 53.45 | 54.75 | 55.17 | 57.18 | 62.78 | 60.17 | 57.97 | 59.19 | 57.04 | |
| OTHER PROFESSIONAL SERVICES | | | | | | | | | | | |
| Vision Service Capitation | 1.00 | 0.99 | 0.99 | 1.00 | 1.00 | 1.00 | 1.01 | 1.00 | 1.00 | 1.00 | |
| 310 - Health Services - Utilization Management - UM Allocation * | 2.81 | 2.52 | 2.73 | 2.43 | 2.87 | 2.87 | 2.82 | 3.28 | 2.78 | 2.79 | |
| 311 - Health Services - Quality Improvement - UM Allocation * | 0.43 | 0.40 | 0.47 | 0.43 | 0.46 | 0.43 | 0.44 | 0.49 | 0.44 | 0.44 | |
| 312 - Health Services - Education - UM Allocation * | 0.24 | 0.28 | 0.24 | 0.22 | 0.26 | 0.28 | 0.24 | 0.28 | 0.27 | 0.25 | |
| 313 - Health Services - Pharmacy - UM Allocation * | 0.37 | 0.32 | 0.36 | 0.34 | 0.38 | 0.36 | 0.38 | 0.38 | 0.38 | 0.36 | |
| 314 - Health Homes - UM Allocation * | 0.08 | 0.12 | 0.17 | 0.20 | 0.17 | 0.17 | 0.16 | 0.19 | 0.23 | 0.17 | |
| 616 - Disease Management - UM Allocation * | 1.28 | 0.55 | 1.39 | 1.04 | 0.74 | 3.04 | 1.99 | 2.84 | 1.63 | 1.61 | |
| Behavior Health Treatment | 0.94 | 0.50 | 0.16 | 0.36 | 1.13 | 0.37 | 0.73 | 0.37 | 0.56 | 0.57 | |
| Mental Health Services | 3.95 | 3.69 | 3.66 | 4.04 | 3.45 | 4.86 | 4.11 | 3.39 | 4.32 | 3.94 | |
| Other Professional Services | 11.24 | 9.47 | 10.39 | 10.28 | 10.71 | 13.62 | 12.11 | 12.49 | 11.85 | 11.35 | |
| TOTAL OTHER PROFESSIONAL SERVICES | 19.95 | 18.75 | 17.06 | 16.64 | 16.34 | 19.71 | 19.46 | 21.31 | 19.52 | 18.74 | |
| EMERGENCY ROOM | 59.58 | 62.41 | 63.59 | 60.22 | 61.03 | 58.72 | 55.74 | 56.59 | 57.62 | 59.50 | |
| INPATIENT HOSPITAL | 0.44 | 0.44 | 0.43 | 0.44 | 0.45 | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | |
| REINSURANCE EXPENSE PREMIUM | 23.31 | 24.50 | 25.45 | 23.91 | 23.99 | 26.04 | 22.65 | 25.71 | 25.83 | 24.60 | |
| OUTPATIENT HOSPITAL SERVICES | | | | | | | | | | | |
| OTHER MEDICAL | | | | | | | | | | | |
| Ambulance | 1.37 | 1.47 | 1.42 | 1.44 | 1.40 | 1.28 | 1.27 | 1.47 | 1.32 | 1.38 | |
| Home Health Services & CBAS | 1.58 | 1.61 | 1.60 | 1.16 | 1.49 | 2.13 | 1.47 | 1.27 | 1.42 | 1.53 | |
| Utilization and Quality Review Expenses | 0.29 | 0.49 | 0.59 | 0.55 | 0.65 | 0.58 | 0.87 | 0.75 | 0.36 | 0.57 | |
| Long Term/SNF/Hospice | 4.35 | 3.46 | 4.00 | 4.86 | 5.98 | 4.39 | 3.29 | 2.52 | 3.43 | 4.03 | |
| Enhanced Medical Benefits | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.67 | 0.00 | 0.00 | (0.19) | 0.05 | |
| Non-Medical Transportation | 1.34 | 1.43 | 1.61 | 1.83 | 1.80 | 1.79 | 1.35 | 1.51 | 1.49 | 1.57 | |
| TOTAL OTHER MEDICAL | 8.93 | 8.46 | 9.22 | 9.84 | 11.32 | 10.84 | 8.24 | 7.52 | 7.83 | 9.14 | |
| PHARMACY SERVICES | | | | | | | | | | | |
| RX - Drugs & OTC | 30.46 | 27.67 | 32.50 | 27.93 | 31.45 | 28.93 | 29.45 | 33.01 | 29.99 | 30.16 | |
| RX - HEP-C | 2.39 | 2.84 | 4.04 | 3.92 | 3.26 | 5.91 | 4.47 | 4.11 | 2.49 | 3.72 | |
| RX - DME | 2.03 | 1.87 | 2.78 | 2.21 | 2.26 | 2.80 | 2.24 | 2.51 | 1.72 | 2.27 | |
| RX - Pharmacy Rebates | (0.28) | (0.28) | (1.61) | (0.27) | (0.27) | (0.27) | 1.11 | 0.17 | 0.00 | (0.19) | |
| TOTAL PHARMACY SERVICES | 34.59 | 32.09 | 37.71 | 33.79 | 36.70 | 37.38 | 37.28 | 39.79 | 34.21 | 35.96 | |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | | | | | | | | | | | |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (0.60) | 0.47 | (2.44) | (0.96) | (3.09) | (11.29) | (0.12) | 4.32 | 33.15 | 2.16 | |
| Total Medical Costs | 212.33 | 212.40 | 218.52 | 211.67 | 216.98 | 220.60 | 218.33 | 228.50 | 251.99 | 221.29 | |

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

| KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF SEPTEMBER 30, 2017 | | | |
|--|-----------------------|---------------------|-----------------|
| ASSETS | SEPTEMBER 2017 | AUGUST 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,427,167 | \$ 1,427,167 | - |
| Interest Receivable | 3,776 | 2,000 | 1,776 |
| Prepaid Expenses & Other Current Assets | 2,500 | 3,333 | (833) |
| TOTAL CURRENT ASSETS | \$ 1,433,443 | \$ 1,432,500 | \$ 943 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | 6,615 | 6,615 | - |
| Other Liabilities | 353,849 | 353,849 | - |
| TOTAL CURRENT LIABILITIES | \$ 360,464 | \$ 360,464 | \$ - |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,070,040 | 1,070,040 | - |
| Increase (Decrease) in Net Position - Current Year | 2,939 | 1,996 | 943 |
| Total Net Position | \$ 1,072,979 | \$ 1,072,036 | \$ 943 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,433,443 | \$ 1,432,500 | \$ 943 |

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

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

MEDI-CAL

2017 MEMBER MONTHS

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

| | | | | | | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|---|---|
| MEDICAL EXPANSION | | | | | | | | | | | | |
| LIHP Transition Pre-ACA | 54,856 | 55,872 | 56,493 | 57,020 | 57,401 | 57,096 | 56,661 | 56,342 | 56,568 | | | |
| ACA Expansion Adult-Citizen | 9 | 1 | 4 | 5 | 5 | 7 | 7 | 6 | 6 | | | |
| ACA Expansion CAL Fresh Adult | 514 | 500 | 532 | 573 | 594 | 560 | 561 | 601 | 551 | | | |
| LIHP Transition Pre-ACA | 55,405 | 56,442 | 57,087 | 57,663 | 58,065 | 57,743 | 57,291 | 57,009 | 57,180 | 0 | 0 | 0 |
| SUB-TOTAL MANDATORY | | | | | | | | | | | | |

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

| | | | | | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|----------|
| OTHER MEMBERS | | | | | | | | | | | | |
| BCCTP-TOBACCO SETTLEMENT | 29 | 30 | 27 | 28 | 26 | 30 | 29 | 31 | 33 | | | |
| DUALS | | | | | | | | | | | | |
| PA - FAMILY DUALS | 31 | 17 | 15 | 21 | 15 | 37 | 31 | 28 | 28 | | | |
| PART D SSI-AGED | 615 | 628 | 625 | 673 | 666 | 677 | 704 | 697 | 722 | | | |
| PART D MIN - AGED | 1,127 | 1,116 | 1,134 | 1,173 | 1,229 | 1,194 | 1,164 | 1,205 | 1,236 | | | |
| PART D SSI - BLIND & DIS-ABLED | 2,067 | 2,011 | 2,081 | 2,085 | 2,128 | 2,102 | 2,149 | 2,151 | 2,164 | | | |
| PART D MIN - BLIND & DIS-ABLED | 762 | 780 | 740 | 751 | 735 | 772 | 818 | 820 | 864 | | | |
| PART D BCCTP-TOBACCO SETTLEMENT | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | | | |
| PART D MI - ADULT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| PART D MI - CHILD | 316 | 360 | 417 | 427 | 472 | 411 | 415 | 389 | 381 | | | |
| SUB-TOTAL DUALS | 4,919 | 4,913 | 5,013 | 5,132 | 5,247 | 5,195 | 5,283 | 5,292 | 5,397 | 0 | 0 | 0 |
| TOTAL OTHERS | 4,948 | 4,943 | 5,040 | 5,160 | 5,273 | 5,225 | 5,312 | 5,323 | 5,430 | 0 | 0 | 0 |
| TOTAL KAISER | 7,103 | 7,365 | 7,466 | 7,619 | 7,714 | 7,745 | 7,796 | 7,811 | 7,792 | | | |
| TOTAL MEDI-CAL MEMBERS | 242,066 | 245,539 | 247,774 | 248,797 | 248,996 | 249,461 | 247,512 | 247,174 | 248,346 | 0 | 0 | 0 |



To: KHS Board of Directors
From: Robert Landis, CFO
Date: December 14, 2017
Re: October 2017 Financial Results

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

- 1) Total Revenues reflect a \$.2 million unfavorable variance primarily due to:
 - A) \$1.7 million unfavorable variance relating to Family and Other primarily due to lower than expected enrollment (\$.6 million), a lower than expected budgeted rate increase from the State effective July 1, 2017 (\$.9 million), lower than expected Maternity revenue (\$.1 Million) and lower than expected HEP-C revenue (\$.1 million).
 - B) \$.6 million favorable variance relating to Expansion primarily due to higher than expected enrollment (\$.1 million) and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.7 million) and lower than expected Maternity revenue (.2 million).
 - C) \$.2 million favorable variance relating to SPD primarily due to higher than expected enrollment.
 - D) \$.3 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
- 2) Total Medical Costs reflect a \$.2 million favorable variance primarily due to:
 - A) \$.8 million favorable variance in Emergency Room primarily due to lower than expected utilization.
 - B) \$.6 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services.

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

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

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

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

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

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

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

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

**Kern Health Systems
Financial Packet
October 2017**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

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

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

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

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

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH OCTOBER 31, 2017 | | | | | | | | | | | | | | |
|---|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------|--------------|--------------|----------------|-------------------|-----------------|-------------------|
| | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | OCTOBER 2017 | 13 MONTH TOTAL |
| ENROLLMENT | | | | | | | | | | | | | | |
| Members - MCAL | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 240,308 | 241,178 | 241,282 | 241,716 | 239,716 | 239,363 | 240,564 | 240,556 | 3,099,670 |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 21,717,599 | 21,346,545 | 20,429,201 | 21,026,665 | 20,048,215 | 21,940,850 | 21,818,166 | 21,057,784 | 21,560,930 | 21,061,787 | 21,157,058 | 21,889,455 | 20,639,049 | 275,693,304 |
| Title XIX - Medicaid - Expansion Members | 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 | 20,430,390 | 20,057,872 | 20,019,384 | 20,016,706 | 269,280,136 |
| Title XIX - Medicaid - SPD Members | 10,231,800 | 10,209,218 | 9,940,753 | 9,966,872 | 9,618,941 | 9,939,770 | 10,055,780 | 9,972,611 | 10,383,303 | 10,531,094 | 10,667,756 | 10,594,072 | 10,978,591 | 133,090,561 |
| Premium - MCO Tax | 7,184,130 | 7,198,399 | 10,065,534 | 7,491,128 | 7,405,842 | 7,470,551 | 7,507,968 | 7,504,758 | 7,571,487 | 7,674,906 | 7,622,484 | 8,087,180 | 7,402,479 | 100,132,816 |
| Interest/Dividends | 236,189 | 223,035 | 194,711 | 181,883 | 176,794 | 245,909 | 264,732 | 376,466 | 265,238 | 243,800 | 385,982 | 302,348 | 340,932 | 3,400,962 |
| Reinsurance Recoveries | 205,689 | - | (210,968) | - | - | - | - | - | - | - | - | - | - | 119,535 |
| COB/Subrogation Collections | 3,407,813 | 2,069,154 | 2,839,103 | 4,060,955 | 3,306,877 | 4,696,164 | 2,789,187 | 3,514,662 | 3,698,257 | 3,234,724 | 5,392,339 | 3,431,408 | 3,148,842 | 45,889,485 |
| Rate/Income Adjustments | (333,319) | (541) | 2,736,951 | - | 2,016,975 | 43,545 | 93,756 | (3,949) | (340,730) | (84,108) | 1,061,917 | 9,476,726 | 126,333 | 15,163,556 |
| Other Income (Expense) | 215 | 41 | (1,262,113) | 37,570 | 121 | 46,740 | (1,110) | 9 | (88,814) | (18,408) | 104 | (185,865) | 378 | (1,471,132) |
| TOTAL REVENUES | 62,271,090 | 61,192,211 | 64,838,821 | 63,670,425 | 63,704,954 | 66,799,408 | 64,178,550 | 64,266,102 | 64,312,190 | 63,064,185 | 66,345,512 | 73,614,708 | 62,741,067 | 840,999,223 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 11,839,584 | 11,693,173 | 11,369,024 | 12,342,816 | 12,684,849 | 13,156,118 | 13,305,167 | 13,797,185 | 15,174,897 | 14,423,866 | 13,877,006 | 14,239,482 | 12,862,609 | 170,765,776 |
| Other Professional Services | 1,836,321 | 2,425,983 | 2,850,615 | 2,642,041 | 2,246,962 | 2,496,217 | 2,479,295 | 2,584,649 | 3,292,395 | 2,903,026 | 2,989,387 | 2,851,866 | 2,970,876 | 34,519,633 |
| Emergency Room | 4,374,358 | 4,182,880 | 4,106,435 | 4,687,780 | 4,450,889 | 4,100,250 | 4,012,665 | 3,942,442 | 4,764,752 | 4,665,069 | 5,099,658 | 4,696,197 | 3,995,827 | 57,079,202 |
| Inpatient | 11,423,068 | 11,783,439 | 12,976,841 | 13,999,552 | 14,812,384 | 15,281,823 | 14,524,702 | 14,725,286 | 14,193,273 | 13,361,803 | 13,546,637 | 13,862,008 | 13,574,463 | 178,016,279 |
| Reinsurance Expense | 185,643 | 187,188 | 187,380 | 103,176 | 103,384 | 103,399 | 105,736 | 107,515 | 106,164 | 106,355 | 105,475 | 105,230 | 105,848 | 1,612,583 |
| Outpatient Hospital | 5,114,588 | 4,698,013 | 6,388,140 | 5,477,940 | 5,813,468 | 6,116,559 | 5,765,474 | 5,787,957 | 6,293,878 | 5,430,584 | 6,154,715 | 6,213,267 | 5,886,144 | 75,140,727 |
| Other Medical | 1,801,979 | 1,296,759 | 1,515,058 | 2,097,824 | 2,007,506 | 2,214,713 | 2,373,420 | 2,730,233 | 2,670,808 | 1,975,195 | 1,800,207 | 1,883,596 | 2,367,997 | 26,680,229 |
| Pharmacy | 7,680,935 | 8,147,020 | 8,098,176 | 8,128,455 | 7,616,304 | 9,063,123 | 8,149,210 | 8,855,628 | 9,035,094 | 8,935,835 | 9,525,333 | 8,228,934 | 8,958,655 | 110,422,702 |
| Pay for Performance Quality Incentive | 564,834 | 565,417 | 566,068 | 552,163 | 559,709 | 564,774 | 566,768 | 567,013 | 568,032 | 563,333 | 562,503 | 565,325 | 565,307 | 7,331,196 |
| Expansion Risk Corridor Expense | 853,019 | 137,258 | 413,346 | - | - | - | - | - | - | - | - | - | - | 1,403,723 |
| IBNR, Incentive, Paid Claims Adjustment | 162,526 | (444,334) | 1,045,552 | (141,866) | 111,013 | (585,473) | (232,581) | (744,814) | (2,727,790) | (28,273) | 1,034,615 | 7,973,649 | 332,212 | 5,754,436 |
| Total Medical Costs | 45,836,855 | 44,672,896 | 49,466,635 | 49,889,881 | 50,406,468 | 52,511,453 | 51,049,856 | 52,535,094 | 53,321,503 | 52,336,793 | 54,695,536 | 60,619,644 | 51,565,938 | 668,726,552 |
| GROSS MARGIN | 16,434,235 | 16,519,315 | 15,372,186 | 13,780,544 | 13,298,486 | 14,287,955 | 13,128,694 | 11,913,008 | 10,990,687 | 10,727,392 | 11,649,976 | 12,995,064 | 11,175,129 | 172,272,671 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 1,621,722 | 1,717,307 | 1,748,853 | 1,667,274 | 1,550,593 | 1,806,555 | 1,650,173 | 1,904,742 | 1,869,066 | 1,816,065 | 1,962,751 | 1,762,043 | 1,869,031 | 22,946,175 |
| Purchased Services | 478,654 | 607,200 | 470,957 | 268,436 | 450,657 | 436,052 | 442,046 | 344,437 | 364,323 | 354,712 | 371,842 | 522,883 | 539,809 | 5,652,008 |
| Supplies | 62,414 | 42,864 | 53,867 | 66,872 | 36,371 | 86,926 | 99,813 | 89,505 | 30,984 | 65,825 | 131,877 | 168,244 | 208,982 | 1,144,584 |
| Other Administrative Expenses | 663,609 | 265,740 | 423,090 | 359,822 | 363,606 | 484,727 | 365,239 | 432,721 | 492,918 | 298,544 | 393,233 | 325,962 | 394,228 | 5,263,439 |
| Administrative Expense Adjustment | - | - | (1,960,549) | - | - | - | - | - | - | - | - | - | - | (1,960,549) |
| Total Administrative Expenses | 2,826,399 | 2,633,111 | 736,218 | 2,362,404 | 2,401,227 | 2,814,260 | 2,557,271 | 2,771,405 | 2,757,291 | 2,535,146 | 2,859,703 | 2,779,132 | 3,012,050 | 33,045,617 |
| TOTAL EXPENSES | 48,663,254 | 47,306,007 | 50,202,853 | 52,252,285 | 52,807,695 | 55,325,713 | 53,607,127 | 55,124,499 | 56,078,794 | 54,871,939 | 57,555,239 | 63,398,776 | 54,577,988 | 701,772,169 |
| OPERATING INCOME (LOSS) BEFORE TAX | 13,607,836 | 13,886,204 | 14,635,968 | 11,418,140 | 10,897,259 | 11,473,695 | 10,571,223 | 9,141,603 | 8,235,396 | 8,192,246 | 8,790,273 | 10,215,932 | 8,163,079 | 139,227,054 |
| NET OF TAX | 7,184,130 | 7,198,399 | 10,065,534 | 7,491,128 | 6,911,096 | 7,199,396 | 7,204,569 | 7,198,592 | 7,197,359 | 7,674,900 | 7,775,859 | 8,059,738 | 7,454,395 | 98,615,095 |
| OPERATING INCOME (LOSS) NET OF TAX | 6,423,706 | 6,687,805 | 4,570,434 | 3,927,012 | 3,986,163 | 4,274,299 | 3,366,854 | 1,943,011 | 1,036,037 | 517,346 | 1,014,414 | 2,156,194 | 708,684 | 40,611,959 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | - | (220,405) | - | - | (23,174) | - | (11,588) | - | - | (23,175) | - | (23,175) | (662,708) | (964,225) |
| NET INCREASE (DECREASE) IN NET POSITION | 6,423,706 | 6,467,400 | 4,570,434 | 3,927,012 | 3,986,163 | 4,251,125 | 3,366,854 | 1,931,423 | 1,036,037 | 494,171 | 1,014,414 | 2,133,019 | 45,976 | 39,647,734 |
| MEDICAL LOSS RATIO | 83.2% | 82.7% | 90.3% | 88.8% | 89.5% | 88.5% | 90.1% | 92.2% | 93.9% | 94.5% | 93.1% | 92.5% | 93.2% | 90.3% |
| ADMINISTRATIVE EXPENSE RATIO | 5.1% | 4.9% | 1.3% | 4.2% | 4.3% | 4.7% | 4.5% | 4.9% | 4.9% | 4.6% | 4.9% | 4.2% | 4.2% | 4.5% |

| KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH OCTOBER 31, 2017 | OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | OCTOBER 2017 | 13 MONTH TOTAL |
|---|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------------|-----------------|-------------------|
| | 233,985 | 234,225 | 234,491 | 234,963 | 237,323 | 240,308 | 241,178 | 241,382 | 241,716 | 239,716 | 239,363 | 240,564 | 240,556 | 3,099,670 |
| ENROLLMENT | | | | | | | | | | | | | | |
| Members - MCAL | | | | | | | | | | | | | | |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 130.83 | 128.46 | 122.95 | 126.64 | 119.60 | 129.31 | 128.39 | 124.01 | 126.74 | 124.89 | 125.53 | 129.26 | 122.06 | 126.05 |
| Title XIX - Medicaid - Expansion Members | 360.02 | 368.90 | 366.70 | 377.32 | 375.41 | 386.18 | 375.46 | 376.19 | 369.16 | 356.43 | 351.84 | 350.11 | 352.46 | 366.64 |
| Title XIX - Medicaid - SPD Members | 758.87 | 759.67 | 736.02 | 717.78 | 736.98 | 717.78 | 740.65 | 743.39 | 749.37 | 754.16 | 772.58 | 754.83 | 748.37 | 747.58 |
| Premium - MCO Tax | 30.70 | 30.73 | 42.93 | 31.88 | 31.21 | 31.09 | 31.13 | 31.10 | 31.10 | 32.02 | 31.84 | 33.62 | 30.77 | 32.30 |
| Interest/Dividends | 1.01 | 0.95 | 0.83 | 0.77 | 0.74 | 0.74 | 1.02 | 1.56 | 1.10 | 1.02 | 1.61 | 1.26 | 1.26 | 1.10 |
| Reinsurance Recoveries | 0.88 | 0.00 | (0.90) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.52 | 0.04 |
| COB/Subrogation Collections | 14.56 | 8.83 | 12.11 | 17.28 | 13.93 | 19.54 | 11.56 | 14.57 | 15.30 | 13.49 | 22.53 | 14.26 | 13.09 | 14.71 |
| Rate/Income Adjustments | (1.42) | (0.00) | 11.67 | 0.00 | 8.50 | 1.72 | 0.39 | (0.02) | (1.41) | (0.08) | 4.44 | 39.39 | 0.53 | 4.89 |
| Other Income (Expense) | 0.00 | 0.00 | (5.38) | 0.16 | 0.00 | 0.19 | (0.00) | 0.00 | (0.37) | (0.08) | 0.00 | (0.77) | 0.00 | (0.47) |
| TOTAL REVENUES | 266.13 | 261.25 | 276.51 | 270.98 | 268.43 | 277.97 | 266.10 | 266.35 | 266.07 | 263.08 | 277.18 | 306.01 | 260.82 | 271.32 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 50.60 | 49.92 | 48.48 | 52.53 | 53.45 | 54.75 | 55.17 | 57.18 | 62.78 | 60.17 | 57.97 | 59.19 | 53.47 | 55.09 |
| Other Professional Services | 7.85 | 10.36 | 12.16 | 11.24 | 9.47 | 10.39 | 10.28 | 10.71 | 13.62 | 12.11 | 12.49 | 11.85 | 12.14 | 11.14 |
| Emergency Room | 18.70 | 17.86 | 17.51 | 19.95 | 18.75 | 17.06 | 16.34 | 16.64 | 16.61 | 19.46 | 21.31 | 19.52 | 16.61 | 18.41 |
| Inpatient | 48.82 | 50.31 | 55.13 | 59.58 | 62.41 | 63.59 | 60.22 | 61.03 | 58.72 | 55.74 | 56.59 | 57.62 | 56.43 | 57.43 |
| Reinsurance Expense | 0.79 | 0.80 | 0.80 | 0.44 | 0.44 | 0.43 | 0.44 | 0.45 | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | 0.52 |
| Outpatient Hospital | 21.86 | 20.06 | 27.24 | 23.31 | 24.50 | 25.45 | 23.91 | 23.99 | 26.04 | 22.65 | 25.71 | 25.83 | 24.47 | 24.24 |
| Other Medical | 1.70 | 5.54 | 6.46 | 8.93 | 8.46 | 9.22 | 9.84 | 11.32 | 10.84 | 8.24 | 7.52 | 7.83 | 9.82 | 8.61 |
| Pharmacy | 32.83 | 34.78 | 34.54 | 34.59 | 37.09 | 37.71 | 33.79 | 36.70 | 37.38 | 39.79 | 39.79 | 34.21 | 37.24 | 35.62 |
| Pay for Performance Quality Incentive | 2.41 | 2.41 | 2.41 | 2.35 | 2.36 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.35 | 2.37 |
| Expansion Risk Corridor Expense | 3.65 | 0.59 | 1.76 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.45 |
| IBNR, Incentive, Paid Claims Adjustment | 0.69 | (1.90) | 4.46 | (2.60) | 0.47 | (2.44) | (0.96) | (3.09) | (11.29) | (0.12) | 4.32 | 33.15 | 1.38 | 1.86 |
| Total Medical Costs | 195.90 | 190.73 | 210.95 | 212.33 | 212.40 | 218.52 | 211.67 | 216.98 | 220.60 | 218.33 | 228.50 | 251.99 | 214.36 | 215.74 |
| GROSS MARGIN | 70.24 | 70.53 | 65.56 | 58.65 | 56.04 | 59.46 | 54.44 | 49.37 | 45.47 | 44.75 | 48.67 | 54.02 | 46.46 | 55.58 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 6.93 | 7.33 | 7.46 | 7.10 | 6.53 | 7.52 | 6.84 | 7.89 | 7.73 | 7.58 | 8.20 | 7.32 | 7.77 | 7.40 |
| Purchased Services | 2.05 | 2.59 | 2.01 | 1.14 | 1.90 | 1.81 | 1.83 | 1.43 | 1.51 | 1.48 | 1.55 | 2.17 | 2.24 | 1.82 |
| Supplies | 0.27 | 0.18 | 0.23 | 0.28 | 0.15 | 0.36 | 0.41 | 0.37 | 0.13 | 0.27 | 0.55 | 0.70 | 0.87 | 0.37 |
| Other Administrative Expenses | 2.84 | 1.13 | 1.80 | 1.53 | 1.53 | 2.02 | 1.51 | 1.79 | 2.04 | 1.25 | 1.64 | 1.35 | 1.64 | 1.70 |
| Administrative Expense Adjustment | 0.00 | 0.00 | (8.36) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.63) |
| Total Administrative Expenses | 12.08 | 11.24 | 3.14 | 10.05 | 10.12 | 11.71 | 10.60 | 11.49 | 11.41 | 10.58 | 11.95 | 11.55 | 12.52 | 10.60 |
| TOTAL EXPENSES | 207.98 | 201.97 | 214.09 | 222.39 | 222.51 | 230.23 | 222.27 | 228.47 | 232.00 | 218.91 | 240.45 | 263.54 | 226.88 | 226.40 |
| OPERATING INCOME (LOSS) BEFORE TAX | 58.16 | 59.29 | 62.42 | 48.60 | 45.92 | 47.75 | 43.83 | 37.89 | 34.06 | 34.17 | 36.72 | 42.47 | 35.93 | 44.92 |
| MCO TAX | 30.70 | 30.73 | 42.93 | 31.88 | 29.12 | 29.96 | 29.87 | 29.83 | 29.78 | 32.02 | 32.49 | 33.50 | 30.99 | 31.81 |
| OPERATING INCOME (LOSS) NET OF TAX | 27.45 | 28.55 | 19.49 | 16.71 | 16.80 | 17.79 | 13.96 | 8.05 | 4.29 | 2.16 | 4.24 | 8.96 | 2.95 | 13.10 |
| TOTAL NONOPERATING REVENUE (EXPENSES) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.10) | 0.00 | (0.05) | 0.00 | (0.10) | 0.00 | (0.10) | (0.10) | (1.04) |
| NET INCREASE (DECREASE) IN NET POSITION | 27.45 | 27.61 | 19.49 | 16.71 | 16.80 | 17.69 | 13.96 | 8.00 | 4.29 | 2.06 | 4.24 | 8.87 | 0.19 | 12.06 |
| MEDICAL LOSS RATIO | 83.2% | 82.7% | 90.5% | 88.8% | 89.5% | 88.5% | 90.1% | 92.2% | 93.9% | 94.5% | 93.1% | 92.5% | 93.2% | 90.3% |
| ADMINISTRATIVE EXPENSE RATIO | 5.1% | 4.9% | 1.3% | 4.2% | 4.3% | 4.7% | 4.5% | 4.9% | 4.9% | 4.6% | 4.9% | 4.2% | 5.4% | 4.5% |

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

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

* Medical costs per DMHC regulations

| CURRENT MONTH | | | YEAR-TO-DATE | | |
|---|--------|----------|--------------|--------|----------|
| ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE |
| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED OCTOBER 31, 2017 | | | | | |
| PHYSICIAN SERVICES | | | | | |
| 10.28 | 14.08 | 3.80 | 11.86 | 14.08 | 2.22 |
| 39.58 | 33.62 | (5.96) | 40.26 | 33.62 | (6.64) |
| 3.58 | 2.72 | (0.86) | 4.52 | 2.72 | (1.80) |
| 0.04 | 0.04 | (0.00) | 0.04 | 0.04 | 0.00 |
| 53.47 | 50.45 | (3.02) | 56.68 | 50.46 | (6.23) |
| OTHER PROFESSIONAL SERVICES | | | | | |
| 1.00 | 1.03 | 0.03 | 1.00 | 1.03 | 0.03 |
| 2.98 | 3.26 | 0.28 | 2.81 | 3.30 | 0.49 |
| 0.49 | 0.54 | 0.05 | 0.45 | 0.52 | 0.07 |
| 0.29 | 0.33 | 0.04 | 0.25 | 0.33 | 0.07 |
| 0.39 | 0.38 | (0.02) | 0.36 | 0.38 | 0.02 |
| 0.21 | 0.18 | (0.02) | 0.17 | 0.17 | 0.00 |
| 1.68 | 0.92 | (0.77) | 1.62 | 0.92 | (0.70) |
| 1.10 | 0.38 | (0.72) | 0.62 | 0.38 | (0.25) |
| 3.76 | 3.82 | 0.06 | 3.92 | 3.82 | (0.10) |
| 12.14 | 11.11 | (1.03) | 11.43 | 11.13 | (0.31) |
| 16.61 | 19.66 | 3.05 | 18.53 | 19.66 | 1.13 |
| 56.43 | 56.50 | 0.07 | 59.19 | 56.50 | (2.69) |
| 0.44 | 0.44 | (0.00) | 0.44 | 0.44 | 0.00 |
| 24.47 | 23.49 | (0.98) | 24.59 | 23.49 | (1.10) |
| OTHER MEDICAL | | | | | |
| 1.51 | 1.38 | (0.13) | 1.39 | 1.38 | (0.01) |
| 1.85 | 1.52 | (0.34) | 1.56 | 1.52 | (0.04) |
| 0.72 | 1.30 | 0.57 | 0.59 | 1.32 | 0.73 |
| 4.39 | 4.14 | (0.24) | 4.07 | 4.15 | 0.08 |
| 0.00 | 1.00 | 1.00 | 0.05 | 1.00 | 0.95 |
| 1.35 | 1.19 | (0.16) | 1.55 | 1.19 | (0.36) |
| 9.82 | 10.53 | 0.71 | 9.21 | 10.56 | 1.35 |
| PHARMACY SERVICES | | | | | |
| 32.43 | 31.50 | (0.93) | 30.38 | 31.50 | 1.12 |
| 2.54 | 5.67 | 3.13 | 3.60 | 5.67 | 2.07 |
| 2.54 | 2.05 | (0.49) | 2.30 | 2.05 | (0.25) |
| (0.27) | (0.28) | (0.00) | (0.20) | (0.28) | (0.08) |
| 37.24 | 38.94 | 1.70 | 36.09 | 38.95 | 2.86 |
| 2.35 | 2.35 | (0.00) | 2.35 | 2.35 | (0.00) |
| 1.38 | 0.00 | (1.38) | 2.08 | 0.00 | -2.08 |
| 214.36 | 213.48 | (0.88) | 220.59 | 213.53 | (7.06) |

* Medical costs per DMHC regulations

| KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH OCTOBER 31, 2017 | JANUARY 2017 | FEBRUARY 2017 | MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | OCTOBER 2017 | YEAR TO DATE 2017 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|
| PHYSICIAN SERVICES | | | | | | | | | | | |
| Primary Care Physician Services | 3,406,859 | 3,070,267 | 2,668,777 | 2,931,046 | 2,648,254 | 2,973,942 | 2,579,473 | 2,637,450 | 3,037,543 | 3,471,832 | 28,425,443 |
| Referral Specialty Services | 8,091,488 | 8,954,220 | 8,835,432 | 9,279,931 | 9,096,053 | 11,276,157 | 10,807,238 | 9,796,057 | 10,248,069 | 9,520,564 | 96,405,119 |
| Urgent Care & After Hours Advice | 835,481 | 651,650 | 1,642,609 | 1,085,290 | 1,443,578 | 915,298 | 1,027,855 | 1,434,189 | 944,870 | 860,913 | 10,842,233 |
| Hospital Admitting Team | 8,938 | 8,712 | 9,300 | 9,000 | 9,300 | 9,000 | 9,300 | 9,300 | 9,000 | 9,300 | 91,200 |
| TOTAL PHYSICIAN SERVICES | 12,342,816 | 12,694,949 | 13,156,118 | 13,305,167 | 13,797,185 | 15,174,897 | 14,423,866 | 13,877,006 | 14,239,482 | 12,862,609 | 135,863,995 |
| OTHER PROFESSIONAL SERVICES | | | | | | | | | | | |
| Vision Service Capitation | 234,491 | 234,963 | 238,174 | 240,308 | 241,148 | 241,232 | 241,716 | 239,716 | 239,363 | 240,564 | 2,391,725 |
| 310 - Health Services - Utilization Management - UM Allocation * | 659,425 | 596,974 | 655,378 | 585,083 | 693,556 | 694,688 | 677,141 | 786,180 | 668,598 | 717,504 | 6,734,527 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 101,672 | 94,856 | 112,498 | 102,951 | 110,754 | 103,238 | 104,334 | 116,739 | 105,744 | 116,761 | 1,069,547 |
| 312 - Health Services - Education - UM Allocation * | 55,993 | 51,352 | 57,865 | 54,139 | 62,598 | 67,046 | 56,777 | 67,200 | 64,890 | 69,760 | 607,580 |
| 313 - Health Services - Pharmacy - UM Allocation * | 86,242 | 76,174 | 87,191 | 81,001 | 90,904 | 86,061 | 90,504 | 90,689 | 90,460 | 94,849 | 874,075 |
| 314 - Health Homes - UM Allocation * | 19,018 | 28,633 | 40,290 | 48,254 | 40,895 | 40,488 | 38,342 | 44,575 | 55,832 | 49,497 | 405,824 |
| 616 - Disease Management - UM Allocation * | 36,728 | 38,265 | 51,455 | 54,901 | 61,123 | 61,327 | 58,411 | 65,553 | 60,986 | 57,024 | 545,733 |
| Behavior Health Treatment | 300,000 | 131,003 | 334,111 | 249,925 | 178,748 | 735,000 | 476,002 | 678,877 | 392,215 | 405,181 | 3,881,017 |
| Mental Health Services | 270,889 | 119,474 | 38,619 | 87,539 | 271,977 | 89,863 | 174,894 | 87,624 | 135,353 | 284,328 | 1,490,259 |
| Other Professional Services | 927,583 | 875,268 | 880,636 | 975,044 | 832,946 | 1,173,993 | 984,985 | 812,234 | 1,038,423 | 905,448 | 9,406,392 |
| TOTAL OTHER PROFESSIONAL SERVICES | 2,642,041 | 2,246,962 | 2,496,217 | 2,479,295 | 2,584,649 | 3,292,395 | 2,903,026 | 2,939,387 | 2,851,866 | 2,920,876 | 27,406,714 |
| EMERGENCY ROOM | 4,687,790 | 4,450,889 | 4,100,250 | 4,012,665 | 3,942,442 | 4,764,752 | 4,665,069 | 5,099,658 | 4,696,197 | 3,995,827 | 44,415,529 |
| INPATIENT HOSPITAL | 13,999,552 | 14,812,384 | 15,281,323 | 14,524,702 | 14,725,286 | 14,193,273 | 13,361,803 | 13,546,637 | 13,862,008 | 13,575,463 | 141,882,931 |
| REINSURANCE EXPENSE PREMIUM | 103,176 | 103,384 | 103,399 | 105,736 | 107,515 | 106,164 | 106,355 | 105,475 | 105,320 | 105,848 | 1,052,372 |
| OUTPATIENT HOSPITAL SERVICES | 5,477,940 | 5,813,468 | 6,116,559 | 5,765,474 | 5,787,957 | 6,293,878 | 5,430,584 | 6,154,715 | 6,213,267 | 5,836,144 | 58,939,986 |
| OTHER MEDICAL | | | | | | | | | | | |
| Ambulance | 321,788 | 349,619 | 341,345 | 346,373 | 336,918 | 309,509 | 304,335 | 351,374 | 318,449 | 363,734 | 3,343,444 |
| Home Health Services & CBAS | 370,547 | 381,556 | 383,407 | 279,663 | 360,563 | 515,541 | 352,169 | 305,183 | 340,709 | 446,058 | 3,735,596 |
| Utilization and Quality Review Expenses | 67,616 | 115,998 | 142,141 | 133,334 | 155,745 | 141,184 | 207,396 | 179,231 | 85,471 | 173,286 | 1,402,502 |
| Long Term/SNF/Hospice | 1,022,042 | 820,073 | 961,497 | 1,172,612 | 1,443,187 | 1,061,036 | 788,463 | 603,671 | 825,618 | 1,054,845 | 9,753,044 |
| Enhanced Medical Benefits | - | - | - | - | - | 102,074 | - | - | (46,277) | - | 115,997 |
| Non-Medical Transportation | 315,831 | 340,260 | 386,323 | 441,238 | 433,820 | 431,464 | 322,832 | 360,248 | 359,626 | 324,574 | 3,716,216 |
| TOTAL OTHER MEDICAL | 2,097,824 | 2,007,806 | 2,214,473 | 2,373,420 | 2,730,233 | 2,620,808 | 1,975,195 | 1,800,207 | 1,883,596 | 2,362,997 | 22,066,499 |
| PHARMACY SERVICES | | | | | | | | | | | |
| RX - Drugs & OTC | 7,157,012 | 6,565,755 | 7,810,438 | 6,736,832 | 7,588,219 | 6,993,768 | 7,059,657 | 7,901,664 | 7,215,260 | 7,801,406 | 72,830,611 |
| RX - HEP-C | 561,061 | 672,985 | 971,345 | 944,297 | 787,421 | 1,429,338 | 1,072,244 | 982,856 | 598,614 | 611,425 | 8,631,586 |
| Rx - DME | 476,382 | 443,564 | 669,108 | 534,081 | 545,988 | 677,988 | 537,548 | 600,008 | 413,925 | 611,824 | 5,510,476 |
| RX - Pharmacy Rebates | (66,000) | (66,000) | (387,768) | (66,000) | (66,000) | (66,000) | 266,386 | 40,745 | 1,135 | (66,000) | (475,502) |
| TOTAL PHARMACY SERVICES | 8,128,455 | 7,616,304 | 9,063,123 | 8,149,210 | 8,855,628 | 9,035,094 | 8,935,835 | 9,525,333 | 8,228,934 | 8,958,655 | 86,496,571 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 552,163 | 559,709 | 564,724 | 567,768 | 567,013 | 568,032 | 563,333 | 565,325 | 565,325 | 565,307 | 5,634,877 |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (141,866) | 111,013 | (585,473) | (232,881) | (744,814) | (2,727,790) | (28,273) | 1,034,615 | 7,973,649 | 332,212 | 4,990,692 |
| Total Medical Costs | 49,889,881 | 50,406,468 | 52,511,453 | 51,049,856 | 52,353,094 | 53,321,403 | 52,336,793 | 54,695,536 | 60,619,644 | 51,565,938 | 528,750,166 |

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

| CURRENT MONTH | | YEAR-TO-DATE | |
|---------------|-----------|--------------|------------|
| ACTUAL | BUDGET | VARIANCE | |
| 264,103 | 306,316 | 42,213 | 2,143,101 |
| 132,384 | 138,697 | 6,313 | 1,261,600 |
| 488,983 | 570,160 | 81,177 | 4,673,283 |
| 123,413 | 212,501 | 89,088 | 1,223,709 |
| 517,795 | 495,260 | (22,535) | 4,676,314 |
| 86,687 | 83,913 | (2,774) | 650,894 |
| - | 44,975 | 44,975 | 11,054 |
| 3,404 | 3,931 | 527 | 17,279 |
| 62,444 | - | (62,444) | 130,968 |
| 93,385 | 80,300 | (13,085) | 856,131 |
| 10,070 | 7,550 | (2,520) | 29,623 |
| - | - | - | 102 |
| 178,314 | 194,556 | 16,242 | 1,690,307 |
| 487,318 | 501,105 | 13,787 | 4,008,374 |
| 290,936 | 477,461 | 186,525 | 2,891,928 |
| 51,961 | 52,062 | 101 | 532,444 |
| 26,488 | 44,350 | 17,862 | 257,399 |
| 69,018 | 56,140 | (12,878) | 505,276 |
| 125,347 | 151,976 | 26,629 | 1,290,103 |
| 3,012,050 | 3,421,253 | 409,203 | 26,849,889 |
| | | | 32,244,302 |
| | | | 5,394,413 |

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

| CURRENT MONTH | | YEAR-TO-DATE | |
|---------------|--------|--------------|-----------|
| ACTUAL | BUDGET | VARIANCE | |
| | | | 2,560,728 |
| | | | 179,409 |
| | | | 983,207 |
| | | | 901,300 |
| | | | 375,946 |
| | | | 185,546 |
| | | | 438,696 |
| | | | 22,019 |
| | | | (124,168) |
| | | | (9,721) |
| | | | 45,877 |
| | | | 48 |
| | | | 249,299 |
| | | | 988,187 |
| | | | 461,858 |
| | | | (28,681) |
| | | | 186,101 |
| | | | 54,887 |
| | | | 66,976 |
| | | | 5,394,413 |

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

| KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF OCTOBER 31, 2017 | | | |
|--|---------------------|-----------------------|-----------------|
| ASSETS | OCTOBER 2017 | SEPTEMBER 2017 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,440,050 | \$ 1,427,167 | 12,883 |
| Interest Receivable | 1,250 | 3,776 | (2,526) |
| Prepaid Expenses & Other Current Assets | 1,667 | 2,500 | (833) |
| TOTAL CURRENT ASSETS | \$ 1,442,967 | \$ 1,433,443 | \$ 9,524 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accounts Payable | 6,754 | 6,615 | 139 |
| Other Liabilities | 353,849 | 353,849 | - |
| TOTAL CURRENT LIABILITIES | \$ 360,603 | \$ 360,464 | \$ 139 |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,070,040 | 1,070,040 | - |
| Increase (Decrease) in Net Position - Current Year | 12,324 | 2,939 | 9,385 |
| Total Net Position | \$ 1,082,364 | \$ 1,072,979 | \$ 9,385 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,442,967 | \$ 1,433,443 | \$ 9,524 |

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

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

MEDI-CAL

2017 MEMBER MONTHS

| | JAN'17 | FEB'17 | MAR'17 | APR'17 | MAY'17 | JUN'17 | JUL'17 | AUG'17 | SEP'17 | OCT'17 | NOV'17 | DEC'17 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|
| ADULT AND FAMILY | | | | | | | | | | | | |
| PA - FAMILY | 36,123 | 36,255 | 36,565 | 35,376 | 34,185 | 34,130 | 34,024 | 34,925 | 34,845 | 33,671 | | |
| MIN - FAMILY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | | |
| REFUGEE - FAMILY | 1 | 1 | 0 | 2 | 2 | 4 | 4 | 9 | 7 | 6 | | |
| FOSTER CARE | 493 | 498 | 508 | 536 | 594 | 608 | 588 | 749 | 693 | 707 | | |
| POVERTY-133/200% | 2 | 2 | 2 | 2 | 0 | 1 | 1 | 1 | 1 | 1 | | |
| POVERTY-100% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| MI - CHILD | 104,391 | 105,746 | 107,285 | 108,562 | 109,014 | 109,096 | 107,948 | 106,527 | 106,999 | 107,251 | | |
| CHILD-ACA | -127 | 430 | 405 | 415 | 422 | 426 | 316 | 379 | 362 | 365 | | |
| FAMILY - UNDER 19 | 20,203 | 20,297 | 19,877 | 19,885 | 20,312 | 20,627 | 20,456 | 20,632 | 21,012 | 21,482 | | |
| SUB-TOTAL ADULT & FAMILY | 161,086 | 163,229 | 164,642 | 164,778 | 164,529 | 164,892 | 163,337 | 163,223 | 163,919 | 163,483 | 0 | 0 |

| | | | | | | | | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|----------|
| MEDICAL EXPANSION | | | | | | | | | | | | |
| LIHP Transition Pre-ACA | 26 | 69 | 58 | 65 | 65 | 60 | 62 | 60 | 55 | 61 | | |
| ACA Expansion Adult-Citizen | 54,856 | 55,872 | 56,493 | 57,020 | 57,401 | 57,096 | 56,661 | 56,342 | 56,568 | 56,235 | | |
| ACA Expansion CAL Fresh Adult | 9 | 1 | 4 | 5 | 5 | 7 | 7 | 6 | 6 | 6 | | |
| LIHP Transition Pre-ACA | 514 | 500 | 532 | 573 | 594 | 580 | 561 | 601 | 551 | 489 | | |
| SUB-TOTAL MANDATORY | 55,405 | 56,442 | 57,087 | 57,663 | 58,065 | 57,743 | 57,291 | 57,009 | 57,180 | 56,791 | 0 | 0 |

| | | | | | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|----------|
| SPD MEMBERS | | | | | | | | | | | | |
| SSI-AGED | 158 | 185 | 191 | 194 | 174 | 162 | 193 | 173 | 187 | 228 | | |
| MIN - AGED | 1,338 | 1,359 | 1,388 | 1,357 | 1,322 | 1,443 | 1,443 | 1,446 | 1,489 | 1,440 | | |
| SSI - BLIND & DIS-ABLED | 11,702 | 11,623 | 11,614 | 11,701 | 11,631 | 11,934 | 11,852 | 11,808 | 12,030 | 12,985 | | |
| MIN - BLIND & DIS-ABLED | 326 | 393 | 346 | 325 | 288 | 317 | 288 | 381 | 329 | 17 | | |
| SUB-TOTAL IMANDATORY SPD | 13,524 | 13,560 | 13,539 | 13,577 | 13,415 | 13,866 | 13,776 | 13,808 | 14,036 | 14,670 | 0 | 0 |

| | | | | | | | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|
| TOTAL MANDATORY | 230,015 | 233,231 | 235,268 | 236,018 | 236,009 | 236,491 | 234,404 | 234,040 | 235,134 | 234,944 | 0 | 0 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|

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

| | | | | | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|----------|
| DUALS | | | | | | | | | | | | |
| PA - FAMILY DUALS | 31 | 17 | 15 | 21 | 15 | 37 | 31 | 28 | 28 | 19 | | |
| PART D SSI-AGED | 615 | 628 | 625 | 673 | 666 | 677 | 704 | 697 | 722 | 704 | | |
| PART D MN - AGED | 1,127 | 1,116 | 1,134 | 1,173 | 1,229 | 1,194 | 1,164 | 1,205 | 1,236 | 1,283 | | |
| PART D SSI - BLIND & DIS-ABLED | 2,067 | 2,011 | 2,081 | 2,085 | 2,128 | 2,102 | 2,149 | 2,151 | 2,164 | 2,291 | | |
| PART D MN - BLIND & DIS-ABLED | 762 | 780 | 740 | 751 | 735 | 772 | 818 | 820 | 864 | 890 | | |
| PART D BCCTP-TOBACCO SETTLEMENT | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | | |
| PART D MI - ADULT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| PART D MI - CHILD | 316 | 360 | 417 | 427 | 472 | 411 | 415 | 389 | 381 | 390 | | |
| SUB-TOTAL DUALS | 4,919 | 4,913 | 5,013 | 5,132 | 5,247 | 5,195 | 5,283 | 5,292 | 5,397 | 5,579 | 0 | 0 |

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

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

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

KERN·HEALTH SYSTEMS

SEPTEMBER AP Vendor Report
Amount over \$10,000.00

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

KERN·HEALTH SYSTEMS

SEPTEMBER AP Vendor Report
Amount over \$10,000.00

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



SEPTEMBER AP Vendor Report
Amount over \$10,000.00

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

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

KERN • HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|---|--|
| T1045 | KAISER FOUNDATION HEALTH | 3,182,108.47 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4695 | EDIFECs, INC. | 1,148,594.72 | PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION | CAPITAL PROJECT IN PROCESS |
| T4699 | ZeOMEGA, INC. | 1,114,765.17 | IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM | CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT |
| T1408 | DELL MARKETING L.P. | 984,309.61 | HARDWARE- 15- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLX 3040 W/ MONITORS, 16- 23" MONITORS, 5-OPTIPLX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL, 9 DELL LATITUDE E5470, 1 DELL XPS 13 | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T2726 | DST PHARMACY SOLUTIONS, INC | 828,931.86 | PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T1071 | CLINICA SIERRA VISTA | 812,993.41 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & MEDICAL RESPITE PROGRAM | COMMUNITY GRANTS |
| T4654 | DELAWIE | 789,281.50 | ARCHITECTURE SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T2704 | MCG HEALTH LLC | 705,846.01 | 2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5 | HE-UM |
| T4237 | FLUIDEDGE CONSULTING | 691,957.81 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T4392 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 596,916.17 | 2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION | MIS INFRASTRUCTURE |
| T4327 | MCKESSON TECHNOLOGIES INC. | 494,938.46 | ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3 | CLAIMS |



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

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



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|----------------------------------|--------------|---|-----------------------------|
| T4546 | LEVEL 3 COMMUNIATIONS, LLC | 148,556.59 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T3011 | OFFICE ALLY, INC. | 148,485.25 | EDI CLAIM PROCESSING | CLAIMS |
| T2597 | FUSION STORM INC. | 141,663.01 | HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR | MIS INFRASTRUCTURE |
| T4467 | MEDISOFTRX, LLC. | 131,400.00 | PROFESSIONAL SERVICES-HOME HEALTH PROJECT | CAPITAL PROJECT IN PROGRESS |
| T4168 | RELAYHEALTH | 126,802.61 | EDI CLAIM PROCESSING | CLAIMS |
| T2918 | STINSON'S | 124,577.06 | OFFICE SUPPLIES & EQUIP UNDER \$1,000 | VARIOUS |
| T4460 | PAYSPAN, INC | 122,214.82 | EXTERNAL CLAIMS PAYMENT PROCESSING | FINANCE |
| T2933 | SIERRA PRINTERS, INC. | 116,488.62 | PROVIDER DIRECTORIES | PROVIDER RELATIONS |
| T1272 | COFFEY COMMUNICATIONS INC. | 112,443.01 | NEWSLETTER PUBLICATION/MAILING | VARIOUS |
| T1861 | CEREDIAN BENEFITS SERVICES | 106,963.23 | DAYFORCE HUMAN CAPITAL MANAGEMENT | HUMAN RESOURCES |
| T4686 | CENTRIC HEALTH | 104,286.54 | COMMUNITY BENEFIT PROGRAM GRANT | COMMUNITY GRANTS |
| T4478 | AMERICAN FIDELITY ASSURANCE CO. | 103,806.09 | EMPLOYEE PAID VOLUNTARY INSURANCE | PAYROLL DEDUCTION |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 103,008.47 | EDI CLAIM PROCESSING | CLAIMS |
| T3473 | PACIFIC HEALTH CONSULTING GROUP | 99,000.00 | CONSULTING SERVICES | PROJECT MANAGEMENT |
| T1960 | LOCAL HEALTH PLANS OF CA, INC | 96,810.36 | 2016/2017 FLAT YEARLY ASSESSMENT | ADMINISTRATION |



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

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



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|------------------------------------|--------------|---|------------------------------|
| T4587 | MCINTOSH & ASSOCIATE | 49,854.40 | PROFESSIONAL SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T4678 | XEROX STATE HEALTHCARE, LLC | 48,975.00 | CONSULTING SERVICES | PROVIDER RELATIONS |
| T2469 | DST HEALTH SOLUTIONS, INC. | 48,310.49 | MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM | MIS INFRASTRUCTURE |
| T4405 | SMARTERP SOLUTIONS, INC. | 47,305.84 | 2017 CONSULTING FEES | CAPITAL PROJECTS IN PROCESS |
| T4415 | DANIELLS PHILLIPS VAUGHAN AND BOCK | 47,250.00 | 2016 AUDIT FEES | ADMINISTRATION |
| T4653 | FORMS ON FIRE, INC. | 44,865.75 | SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT | HE-QI |
| T4563 | SPH ANALYTICS | 43,535.00 | 2017 MEMBER/PROVIDER SATISFACTION | MEMBER SERVICES |
| T1183 | MILLIMAN USA | 42,633.25 | CY2015 RDT & IBNP CONSULTING - ACTUARIAL | ADMINISTRATION |
| T4694 | KELLY SERVICES, INC. | 41,176.14 | TEMP HELP 1 - QI. DIRECT HIRE FEES- GARNOT DEAL FOR SYSTEM CONFIGURATION SUPERVISOR | VARIOUS |
| T4688 | VANGUARD MEDICAL CORPORATION | 41,136.09 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4386 | STACY POEHLMAN | 41,013.00 | PROFESSIONAL SERVICES | PROVIDER RELATIONS |
| T4483 | PREMIER VALLEY MEDICAL GROUP | 40,000.00 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2446 | AT&T MOBILITY | 39,609.86 | CELLULAR PHONE | MIS INFRASTRUCTURE |
| T4059 | KERN VALLEY HEALTH CARE DISTRICT | 39,474.45 | 2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4561 | SRI & SHARMA, LLC | 39,375.00 | PARKING SPACE RENTAL | CORPORATE SERVICES |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|---|----------------------------|
| T4737 | TEKSYSTEMS, INC. | 39,198.72 | DIRECT HIRE-K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR | HUMAN RESOURCES |
| T3449 | CDW GOVERNMENT | 38,364.49 | HARDWARE AND LICENSES | MIS INFRASTRUCTURE |
| T2580 | GOLDEN EMPIRE TRANSIT DISTRICT | 37,880.00 | DAILY AND MONTHLY PASSES GET BUS PASSES | MEMBER SERVICES |
| T4294 | J. SERVICES JANITORIAL | 37,380.00 | MAINTENANCE--JANITORIAL SERVICES | CORPORATE SERVICES |
| T4652 | BAKERSFIELD SYMPHONY ORCHESTRA | 36,572.00 | SPONSORSHIP & BOARD MEETING LUNCH | MARKETING |
| T2941 | KERN PRINT SERVICES INC. | 36,345.38 | OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD | VARIOUS |
| T4607 | AGILITY RECOVERY SOLUTIONS INC.***** | 36,288.00 | DISASTER RECOVERY AND BUSINESS CONTINUITY | AS |
| T1404 | CALIFORNIA ASSOCIATION OF HEALTH PLANS | 35,194.00 | 2017 ANNUAL DUES ASSESSMENT & ANNUAL CONFERENCE REGISTRATION | ADMINISTRATION |
| T1128 | HALL LETTER SHOP, INC | 34,433.48 | NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PKT. | VARIOUS |
| T4634 | EXECUTIVE STAFFING SOLUTIONS | 34,000.00 | RECRUITMENT FEES | HUMAN RESOURCES |
| T3986 | JACQUELYN S. JANS | 33,945.00 | CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN | MARKETING |
| T4812 | COMPREHENSIVE WOUND CARE***** | 33,426.18 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4646 | LOOKINGPOINT, INC. | 33,337.57 | CONSULTING SERVICES | CAPITAL PROJECT IN PROCESS |
| T4685 | NATIONAL GIFT CARD CORP | 33,091.96 | HOME HEALTH INCENTIVE PROGRAM | HOME HEALTH |
| T3076 | SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY***** | 32,895.80 | 2016-2017 ANNUAL WORKERS' COMPENSATION | VARIOUS |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|--|--------------------|
| T2676 | WEST COAST MAINTENANCE | 32,433.80 | JANITORIAL SERVICES | CORPORATE SERVICES |
| T2790 | KERN COUNTY DEPT OF PUBLIC HEALTH | 32,248.00 | FLU CLINIC SPONSORSHIPS | MARKETING |
| T2955 | DELTA ELECTRIC INC. | 31,800.29 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T4501 | ALLIED UNIVERSAL SECURITY SERVICES | 31,166.00 | BUILDING SECURITY & PATROLLING SERVICES | CORPORATE SERVICES |
| T2441 | LAURA J. BREZINSKI | 31,032.00 | MATERIAL DESIGN | VARIOUS |
| T4503 | VISION SERVICE PLAN | 30,925.80 | EMPLOYEE BENEFITS-VISION | VARIOUS |
| T4707 | SHAFTER PEDIATRICS | 30,250.23 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T4479 | BAKERSFIELD PEDIATRICS, A MEDICAL GROUP | 30,100.26 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T1032 | THE BAKERSFIELD CALIFORNIAN | 29,674.48 | EMPLOYMENT AD | HUMAN RESOURCES |
| T3378 | CARRIER CORPORATION | 29,418.04 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T2755 | VELOCITY PARTNERS, LLC | 29,376.00 | CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT | MIS INFRASTRUCTURE |
| T1180 | LANGUAGE LINE SERVICES INC. | 29,173.74 | INTERPRETATION SERVICES | MEMBER SERVICES |
| T4433 | MICRO-DYN MEDICAL SYSTEMS, INC. | 28,580.00 | APR-DRG GROUPER SOFTWARE/LICENSE | MIS INFRASTRUCTURE |
| T4690 | RONNIE CLAIBORNE A PROFESSIONAL CORPORATION | 28,175.05 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T4183 | LAMAR ADVERTISING OF BAKERSFIELD | 25,000.00 | OUTDOOR ADVERTISEMENT-BILLBOARDS | ADVERTISING |



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

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

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|--------------------|
| T4640 | REGAL CINEMEDIA CORP | 17,882.00 | MEMBER INCENTIVE PROGRAM | HE-QI |
| T4708 | HEALTH MANAGEMENT ASSOCIATES, INC | 17,600.00 | CONSULTING FEES | PROVIDER RELATIONS |
| T4585 | DELANO UNION SCHOOL DISTRICT | 17,500.00 | WELLNESS PROGRAM GRANT | HEALTH EDUCATION |
| T4605 | KERNVILLE UNION SCHOOL DISTRICT**** | 17,500.00 | WELLNESS PROGRAM GRANT | HEALTH EDUCATION |
| T4611 | LAMONT SCHOOL DISTRICT | 17,500.00 | WELLNESS PROGRAM GRANT | HEALTH EDUCATION |
| T4798 | KERN HIGH SCHOOL DISTRICT | 17,500.00 | WELLNESS PROGRAM GRANT | HEALTH EDUCATION |
| T4802 | KERN COUNTY SUPERINTENDENT OF SCHOOLS | 17,500.00 | WELLNESS PROGRAM GRANT | HEALTH EDUCATION |
| T4739 | SECURITAS SECURITY SERVICES USA, INC. | 17,317.68 | SECURITY SERVICES | CORPORATE SERVICES |
| T4778 | CLINICA LA VICTORIA A MEDICAL CORP | 16,700.00 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T4239 | COAST TO COAST COMPUTER | 16,345.48 | OFFICE SUPPLIES - TONERS | CORPORATE SERVICES |
| T4768 | HEALTHCARE SUPPORT STAFFING, INC | 16,224.00 | DIRECT HIRE- ANDREA TYSON UM MEDICAL CLAIMS & DISPUTES REVIEW RN | HUMAN RESOURCES |
| T4385 | EARLA E. QUISIDO MD DBA CLINICA DEL PUEBLO | 15,512.68 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T1644 | BRIGHT HOUSE NETWORK | 15,109.12 | INTERNET SERVICES | MIS INFRASTRUCTURE |
| T4016 | FIRST DATABANK, INC | 14,770.00 | NATIONAL DRUG CODE SOFTWARE SUBSCRIPTION LICENSE | MIS INFRASTRUCTURE |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|------------------------------|
| T2840 | ATALASOFT, INC. | 14,040.00 | SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE | MIS INFRASTRUCTURE |
| T4610 | EVERBRIDGE, INC | 13,950.00 | TEXTING SOLUTION FOR HEALTH EDUCATION AND DISEASE MANAGEMENT MEMBERS | MIS INFRASTRUCTURE |
| T4425 | PRO RESTORATION SERVICES INC. | 13,726.05 | BUILDING IMPROVEMENT - STRUCTURAL REPAIRS | CORPORATE SERVICES |
| T4732 | COFFEE SURGERY CENTER, LLC | 12,929.50 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4663 | DEVELOPMENT DIMENSIONS INTERNATIONAL, INC. | 12,820.54 | TRAINING MATERIAL | HUMAN RESOURCES |
| T4747 | SYED ALAM, M.D. INC. | 12,500.00 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2796 | TELERIK INC | 12,497.29 | DEVCRRAFT DEVELOPER LICENSE/SUBSCRIPTION | MIS INFRASTRUCTURE |
| T3010 | CORE BUSINESS INTERIORS | 12,344.48 | FURNITURE---(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION | CORPORATE SERVICES |
| T2938 | SAP AMERICA, INC | 12,308.32 | 2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE | MIS INFRASTRUCTURE |
| T4230 | COFFEE BREAK SERVICE, INC. | 12,181.70 | MISC. SUPPLIES-COFFEE, CREAMER, WATER | CORPORATE SERVICES |
| T4742 | SIERRA WEST CONSULTING GROUP, INC. | 11,240.00 | SCHIMATIC DESIGN PHASE | CAPITAL PROJECT-NEW BUILDING |
| T4417 | KAISER FOUNDATION HEALTH PLAN | 11,237.94 | EMPLOYEE HEALTH BENEFITS | HE-UM |
| T1263 | THE GAS COMPANY | 11,047.10 | UTILITIES | CORPORATE SERVICES |
| T3065 | CAREERBUILDER, LLC | 10,500.00 | EMPLOYEE RECRUITMENT - JOB POSTING | HUMAN RESOURCES |
| T2505 | DERREL'S MINI STORAGE, INC. ***** | 10,423.40 | OFF SITE STORAGE | CORPORATE SERVICES |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|----------------------|---|----------------------------|
| T4268 | TRENDWAY CORPORATION | 10,398.30 | 3RD FLOOR ADD ON WALLS-HE & CLAIMS | CORPORATE SERVICES |
| T2787 | SAGE SOFTWARE, INC | 10,395.00 | SAGE 300 ACCOUNTING SOFTWARE | FINANCE |
| T4297 | PREGMATIC WORKS SOFTWARE | 10,203.75 | 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 |
| T1996 | SEQUOIA SANDWICH CO**** | 10,109.73 | MEETING FOOD EXPENSES | VARIOUS |
| T4748 | HANY AZIZ, M.D. INC. | 10,027.86 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2844 | MARCH OF DIMES | 10,000.00 | 2017 MARCH OF DIMES SPONSORSHIP | VARIOUS |
| | | <u>20,723,188.39</u> | | |
| | TOTAL VENDORS OVER \$10,000 | 20,723,188.39 | | |
| | TOTAL VENDORS UNDER \$10,000 | 762,234.10 | | |
| | TOTAL VENDOR EXPENSES-Sept. | <u>21,485,422.49</u> | | |

Note:

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



OCTOBER AP Vendor Report
 Amount over \$10,000.00

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

KERN·HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amount over \$10,000.00

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

KERN•HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amount over \$10,000.00

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

KERN·HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amount over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---------------------------------------|---------------------|--------------|---|------------------|
| T4460 | PAYSPAN, INC | 12,103.67 | 134,318.49 | SEPT. EXTERNAL CLAIMS PAYMENT PROCESSING | FINANCE |
| T4707 | SHAFTER PEDIATRICS**** | 10,862.72 | 41,102.95 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T1861 | CERIDIAN HCM, INC. | 10,499.61 | 117,462.84 | OCT..DAYFORCE HUMAN CAPITAL MANAGEMENT | HUMAN RESOURCES |
| T3454 | DEPARTMENT OF MANAGED HEALTH CARE**** | 10,000.00 | 17,500.00 | DMCH ENFORCEMENT MATTER 17-558 | ADMINISTRATION |
| T4685 | NATIONAL GIFT CARD CORP**** | 10,000.00 | 43,091.96 | HOME HEALTH INCENTIVE PROGRAM | HOME HEALTH |
| | | <u>5,622,070.69</u> | | | |
| | TOTAL VENDORS OVER \$10,000 | 5,622,070.69 | | | |
| | TOTAL VENDORS UNDER \$10,000 | 265,837.34 | | | |
| | TOTAL VENDOR EXPENSES-Oct. | <u>5,887,908.03</u> | | | |

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

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|------------------------------|--------------|---|--|
| T1045 | KAISER FOUNDATION HEALTH | 3,560,983.00 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T1001 | KERN MEDICAL CENTER***** | 2,327,075.50 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & GROW CLINIC GRANT | COMMUNITY GRANTS |
| T4391 | OMNI FAMILY HEALTH***** | 1,355,280.00 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS-FINAL PAYMENT | COMMUNITY GRANTS |
| T4695 | EDIFECS, INC. | 1,148,594.72 | PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION | CAPITAL PROJECT IN PROCESS |
| T4699 | ZeOMEGA, INC. | 1,128,278.86 | IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM | CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT |
| T1408 | DELL MARKETING L.P. | 997,390.83 | HARDWARE- 15- LATITUDE E5470, 4 BROCADE 6510, 5 SMALL PRINTER, 5 DELL POWEREDGE M630, 5 POWEREDGE M630, 1 DELL M1000E CHASSIS ENCLOSURE, 20 OPTIPLEX 3040 W/ MONITORS, 16- 23" MONITORS, 5-OPTIPLEX 3050, KHS VEEAM, SUPPORT & MAINTENANCE, MICROSOFT SYSTEM CENTER, 2ND YR MICROSOFT RENEWAL, 9 DELL LATITUDE E5470, 1 DELL XPS 13 | MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS. |
| T2726 | DST PHARMACY SOLUTIONS, INC. | 913,537.41 | PHARMACY AND CLAIMS PROCESSING | PHARMACY |
| T4654 | DELAWIE | 888,491.99 | ARCHITECTURE SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T1071 | CLINICA SIERRA VISTA | 837,682.80 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & MEDICAL RESPITE PROGRAM | COMMUNITY GRANTS |
| T4237 | FLUIDEDGE CONSULTING | 760,404.24 | CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING. | VARIOUS |
| T2704 | MCG HEALTH LLC | 705,846.01 | 2017 MILLIMAN MAINTENANCE-LICENSE FEE- YEAR 3 OF 5 | HE-UM |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|---|--|
| T4392 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 598,916.17 | 2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION | MIS INFRASTRUCTURE |
| T4350 | COMPUTER ENTERPRISE INC. | 581,602.20 | 2017 CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T4696 | ZNALYTICS, LLC | 566,377.16 | CONSULTING SERVICES | CAPITAL PROJECT IN PROGRESS |
| T4327 | MCKESSON TECHNOLOGIES INC. | 494,938.46 | ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3 | CLAIMS |
| T3460 | THE GUARDIAN LIFE INSURANCE CO. | 433,263.07 | VOLUNTARY LIFE AD&D, DENTAL INSURANCE | VARIOUS |
| T2686 | ALLIANT INSURANCE SERVICES INC | 415,243.80 | 2017/2018 INSURANCE RENEWALS | ADMIN |
| T4582 | HEALTHX, INC | 353,600.00 | PROVIDER AND MEMBER PORTAL | CAPITAL PROJECT - MEMBER & PROVIDER PORTAL |
| T4308 | TRUXTUN PLACE PARTNERS | 296,061.73 | TRUXTUN- LEASE AND UTILITIES EXPENSE | CORPORATE SERVICES |
| T2707 | ACT 1 PERSONNEL SERVICES, INC. | 288,571.13 | TEMPORARY HELP | VARIOUS |
| T2167 | PG&E | 277,687.99 | ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES | CORPORATE SERVICES |
| T4193 | TECHNOSOCIALWORK.COM | 250,426.01 | OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT | CLAIMS |
| T2413 | TREK IMAGING INC | 223,144.77 | PROMOTIONS - MEMBER GIVEAWAYS & EMPLOYEE PROGRAMS | VARIOUS |
| T1845 | DEPARTMENT OF MANAGED HEALTH CARE | 222,721.77 | MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2 | ADMINISTRATION |
| T1597 | BAKERSFIELD MEMORIAL HOSP | 200,000.00 | BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST, 2ND, & 3RD QTR. | HE-DISEASE MANAGEMENT |
| T1189 | APPLE ONE INC. | 185,583.67 | TEMPORARY HELP | VARIOUS |



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

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



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

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



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|------------------------------|
| T4609 | GREGORY D. BYNUM AND ASSOCIATES, INC | 63,227.17 | NEW BUILDING DEVELOPMENT OVERHEAD FEES | CAPITAL PROJECT-NEW BUILDING |
| T4054 | ASSOCIATION FOR COMMUNITY AFFILIATED PLANS | 60,976.00 | 2017 ACAP DUES | ADMINISTRATION |
| T3084 | KERN COUNTY-COUNTY COUNSEL | 60,773.40 | LEGAL FEES | ADMINISTRATION |
| T4537 | BURKE, WILLIAMS & SORENSEN, LLP | 56,398.01 | LEGAL FEES | CAPITAL PROJECT-NEW BUILDING |
| T4587 | MCINTOSH & ASSOCIATE | 55,653.95 | PROFESSIONAL SERVICES | CAPITAL PROJECT-NEW BUILDING |
| T4740 | HEALTHCARE SCOUTS, INC | 55,298.26 | RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I | HUMAN RESOURCES |
| T4653 | FORMS ON FIRE, INC. | 50,993.75 | SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT | HE-QI |
| T4678 | XEROX STATE HEALTHCARE, LLC | 48,975.00 | CONSULTING SERVICES | PROVIDER RELATIONS |
| T2469 | DST HEALTH SOLUTIONS, INC. | 48,310.49 | MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM | MIS INFRASTRUCTURE |
| T4405 | SMARTERP SOLUTIONS, INC. | 47,305.84 | 2017 CONSULTING FEES | CAPITAL PROJECTS IN PROCESS |
| T4415 | DANIELLS PHILLIPS VAUGHAN AND BOCK | 47,250.00 | 2016 AUDIT FEES | ADMINISTRATION |
| T4688 | VANGUARD MEDICAL CORPORATION | 45,981.89 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4386 | STACY POEHLMAN | 45,241.00 | PROFESSIONAL SERVICES | PROVIDER RELATIONS |



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

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



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

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

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|--|-----------------------------|
| T2676 | WEST COAST MAINTENANCE | 32,433.80 | JANITORIAL SERVICES | CORPORATE SERVICES |
| T2850 | QUEST SOFTWARE INC.***** | 32,296.50 | SPOTLIGHT ON SQL SERVER-LICENSE MAINTENANCE | CAPITAL PROJECT-IN PROGRESS |
| T2790 | KERN COUNTY DEPT OF PUBLIC HEALTH | 32,248.00 | FLU CLINIC SPONSORSHIPS | MARKETING |
| T1032 | THE BAKERSFIELD CALIFORNIAN | 31,014.00 | EMPLOYMENT AD | HUMAN RESOURCES |
| T4503 | VISION SERVICE PLAN | 30,925.80 | EMPLOYEE BENEFITS-VISION | VARIOUS |
| T4479 | BAKERSFIELD PEDIATRICS, A MEDICAL GROUP | 30,100.26 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP | COMMUNITY GRANTS |
| T3378 | CARRIER CORPORATION | 29,986.04 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T4496 | VOX NETWORK SOLUTIONS***** | 29,976.00 | WORKFORCE MANAGEMENT ADVANCED PACKAGE | MIS INFRASTRUCTURE |
| T2755 | VELOCITY PARTNERS, LLC | 29,376.00 | CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT | MIS INFRASTRUCTURE |
| T4433 | MICRO-DYN MEDICAL SYSTEMS, INC. | 28,580.00 | APR-DRG GROUPER SOFTWARE/LICENSE | MIS INFRASTRUCTURE |
| T4722 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 28,543.81 | CONSULTING SERVICES | MIS INFRASTRUCTURE |
| T2234 | HASMUKH AMIN MD | 27,867.75 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T4228 | THE SSI GROUP, LLC | 25,800.20 | EDI CLAIM PROCESSING | CLAIMS |
| T4183 | LAMAR ADVERTISING OF BAKERSFIELD | 25,000.00 | OUTDOOR ADVERTISEMENT-BILLBOARDS | ADVERTISING |
| T4683 | CLAUDIA M. BACA | 24,818.01 | CONSULTING SERVICES | PROJECT MANAGEMENT |



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

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

KERN·HEALTH SYSTEMS

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

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

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|------------------------------|
| T3010 | CORE BUSINESS INTERIORS | 13,871.38 | FURNITURE--(3) DESK FOR TRUXTUN, (16) CHAIRS, (1) STAND WORKSTATION | CORPORATE SERVICES |
| T4230 | COFFEE BREAK SERVICE, INC. | 13,868.20 | MISC. SUPPLIES-COFFEE, CREAMER, WATER | CORPORATE SERVICES |
| T4801 | Z STAFFING***** | 13,437.89 | TEMPORARY HELP | VARIOUS |
| T1694 | KERN COUNTY FAIR***** | 13,230.00 | 2017 EMPLOYEE EVENT | ADMINISTRATION |
| T4417 | KAISER FOUNDATION HEALTH PLAN | 13,039.11 | EMPLOYEE HEALTH BENEFITS | HE-UM |
| 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 |
| T2938 | SAP AMERICA, INC | 12,308.32 | 2017/2018 BUSINESS OBJECTS ANNUAL MAINTENANCE | MIS INFRASTRUCTURE |
| T1263 | THE GAS COMPANY | 11,611.24 | UTILITIES | CORPORATE SERVICES |
| T4742 | SIERRA WEST CONSULTING GROUP, INC. | 11,240.00 | SCHIMATIC DESIGN PHASE | CAPITAL PROJECT-NEW BUILDING |
| T2407 | KAISER FOUNDATION HEALTH***** | 11,118.34 | COBRA-INSURANCE | PAYROLL DEDUCTION |
| T3065 | CAREERBUILDER, LLC | 10,500.00 | EMPLOYEE RECRUITMENT - JOB POSTING | HUMAN RESOURCES |
| T1996 | SEQUOIA SANDWICH CO | 10,455.83 | MEETING FOOD EXPENSES | VARIOUS |
| T2505 | DERREL'S MINI STORAGE, INC. | 10,423.40 | OFF SITE STORAGE | CORPORATE SERVICES |

KERN • HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---------------------------------------|----------------------|---|----------------------------|
| T4268 | TRENDWAY CORPORATION | 10,398.30 | 3RD FLOOR ADD ON WALLS-HE & CLAIMS | CORPORATE SERVICES |
| T2787 | SAGE SOFTWARE, INC | 10,395.00 | SAGE 300 ACCOUNTING SOFTWARE | FINANCE |
| T1152 | MICHAEL K. BROWN LANDSCAPE INC. ***** | 10,207.66 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T4297 | PREGMATIC WORKS SOFTWARE | 10,203.75 | BiXPRESS SOFTWARE LICENSE, SUPPORT, & MAINTENANCE | CAPITAL PROJECT IN PROCESS |
| T4748 | HANY AZIZ, M.D. INC. | 10,027.86 | 2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS | COMMUNITY GRANTS |
| T2844 | MARCH OF DIMES | 10,000.00 | 2017 MARCH OF DIMES SPONSORSHIP | VARIOUS |
| | | <u>26,589,914.28</u> | | |
| | TOTAL VENDORS OVER \$10,000 | 26,589,914.28 | | |
| | TOTAL VENDORS UNDER \$10,000 | 783,416.24 | | |
| | TOTAL VENDOR EXPENSES-Oct. | <u>27,373,330.52</u> | | |

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

| Vendor Name | Contract Amount | Budgeted | Department | Department Head | Services that this vendor will provide to KHS | Effective Date | Termination Date |
|-------------------------|-----------------|----------|------------|-----------------|--|----------------|------------------|
| January | | | | | | | |
| Velocity Partners | \$48,672.00 | Yes | IT | Richard Pruitt | (2) Two remote technical resources to support ZeOmega | 1/1/2017 | 3/31/2017 |
| CEI | \$54,818.40 | Yes | IT | Richard Pruitt | 2,008 Professional services hours | 1/1/2017 | 12/31/2017 |
| West Coast Maintenance | \$83,820.00 | Yes | CS | Alonso Hurtado | Janitorial Services | 1/1/2017 | 12/31/2017 |
| Jacquelyn S. Jans | \$45,360.00 | Yes | MK | Louie Iturrria | Marketing and Corporate Image Consulting | 1/1/2017 | 12/31/2017 |
| Popprock 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 | 1/3/2017 | 1/30/2019 |
| February | | | | | | | |
| Solution Bench | \$52,250.00 | Yes | IT | Richard Pruitt | 40 Concurrent licenses, 1 server test and 10 concurrent licenses | 2/24/2017 | 2/23/2018 |
| Solution Bench | \$32,100.00 | Yes | IT | Richard Pruitt | 30 Scanfinity licenses | 2/24/2017 | 2/23/2018 |
| March | | | | | | | |
| LifeSigns, Inc. | \$45,000.00 | Yes | HE | Isabel Silva | ASL interpretation services | 3/2/2017 | 3/1/2018 |
| SPH Analytics | \$43,010.00 | No | PR | Emily Duran | 2017 Member Survey and 2016 Provider Satisfaction Survey | 3/2/2017 | 3/27/2018 |
| May | | | | | | | |
| J Services | \$61,000.00 | Yes | CS | Alonso Hurtado | Janitorial services for Stockdale and Truxtun | 5/8/2017 | 12/31/2017 |
| DPV&B | \$49,000.00 | Yes | ACCT | Robin Plumb | Financial auditing services | 5/4/2017 | 5/3/2018 |
| Sierra Printers | \$30,960.85 | Yes | PR | Emily Duran | Provider directories | 5/4/2017 | 5/3/2018 |
| Language Line Services | \$56,000.00 | Yes | MS | Nate Scott | Translation services | 5/29/2017 | 5/28/2018 |
| June | | | | | | | |
| Solution Bench | \$30,008.00 | Yes | IT | Richard Pruitt | 10 Test licenses and 1 UAT server with 10 licenses | 6/15/2017 | 6/14/2018 |
| July | | | | | | | |
| Medversant | \$66,750.00 | Yes | PR | Emily Duran | Provider Directory Solution to comply with SB 137 | 7/1/2017 | 6/30/2018 |
| Dell | \$81,108.05 | Yes | IT | Richard Pruitt | PowerEdge blade servers (5) M630 | 7/22/2017 | 7/22/2021 |
| Bakersfield Californian | \$33,000.00 | Yes | HR | Anita Martin | Marketing advertising and job postings | 7/8/2017 | 7/7/2018 |
| Symplr | \$48,750.00 | Yes | IT | Richard Pruitt | SaaS Software license and consulting services for three years. | 7/6/2017 | 7/5/2020 |
| Spectrum | \$34,164.00 | Yes | IT | Richard Pruitt | Stockdale internet services with 14 Static IP Addresses | 7/1/2017 | 6/30/2020 |
| ABM | \$35,107.87 | Yes | IT | Richard Pruitt | Purchase of three new multi-functional printers | 7/6/2017 | 9/30/2018 |
| Milliman | \$96,500.00 | Yes | PR | Emily Duran | Data analytics for KHS strategic plan on Value-Based Payment | 7/6/2017 | 7/5/2018 |
| August | | | | | | | |
| Milliman | \$88,000.00 | Yes | ACCT | Robin Plumb | Actuarial Services | 8/1/2017 | 7/31/2018 |
| September | | | | | | | |
| Ecfirst | \$49,995.00 | Yes | IT | Richard Pruitt | HIPPA/HITECH Privacy & Security Analysis | 9/7/2017 | 12/31/2017 |
| DME | \$49,000.00 | Yes | UM | Deb Murr | Residential evaluation visits for medical equipment | 9/25/2017 | 9/24/2018 |
| Znalytics | \$49,600.00 | Yes | IT | Richard Pruitt | Professional technical resource shift from FluidEdge | 9/7/2017 | 12/31/2017 |
| CEI | \$58,800.00 | Yes | IT | Richard Pruitt | Professional technical resource shift from FluidEdge | 9/7/2017 | 12/31/2017 |
| Quest | \$32,296.50 | Yes | IT | Richard Pruitt | (3) SOL Optimizer and (20) Spotlight licenses | 9/28/2017 | 10/6/2018 |
| Dell | \$94,805.16 | Yes | IT | Richard Pruitt | (4) Power Edge M630 Blade Servers, maintenance & Support | 9/28/2017 | 9/27/2022 |
| Editics | \$70,120.00 | Yes | IT | Richard Pruitt | Editics professional resources | 9/1/2017 | 12/31/2017 |
| Symplr | \$33,600.00 | Yes | IT | Richard Pruitt | Cactus-Symplr API software | 9/28/2017 | 9/28/2020 |
| October | | | | | | | |
| Agility | \$72,576.00 | Yes | Comp | Carl Breining | Disaster recovery and business continuity | 10/3/2017 | 10/2/2019 |
| Dell | \$98,228.96 | Yes | IT | Richard Pruitt | Broadcast channel switches replacements | 10/17/2016 | 10/16/2021 |
| ABM | \$75,532.74 | Yes | IT | Richard Pruitt | Copy machines and printers maintenance renewal | 10/1/2017 | 9/30/2019 |
| Lamar | \$32,875.00 | Yes | MRK | Louie Iturrria | (5) Billboard signs advertisement | 10/9/2017 | 10/7/2018 |
| FluidEdge | \$92,800.00 | Yes | PM | Jeremy McGuire | Professional consulting services | 10/2/2017 | 12/31/2017 |



To: KHS Board of Directors

From: Martha Tasinga M.D, MPH, MBA, Chief Medical Officer

Date: December 14, 2017

Re: Health Services Trend Report

Physician Services: (PCPs, Specialist, Hospitalist and Ancillary Services)

The utilization of physician services for Seniors and Persons with Disabilities (SPDs) is leveling off even though it is still higher than budget.

The number of physician visits and the cost of those visits per SPD member utilization continue to be higher than budget. The Family Aid category and Expansion category are within budget. SPDs are over budget in both utilization of Physician Services and average cost per visit.

We continue to do in-depth analysis to determine why SPD members continue to exceed budget. The data shows approximately 7000 members account for most of the budget variance. Knowing who these members are and reasons for higher than expected utilization will enable us to case manage these members to ensure appropriate, timely and consistent care which should help reverse this negative trend in cost and utilization for these members.

Pharmacy

The monthly cost and utilization per enrollee for all aid categories is at or below budget for October 2017. The cost per script is below budget for SPDs and is trending upwards for the Family and Expansion Aid groups. We are going to do further analysis to identify the cause of this upward trend in unit cost in the Family Aid group.

Inpatient Services

The aggregate or combined (all Aid categories) PMPM cost of the inpatient services is over budget. The number of admits for the SPD population is still running higher than budget but it is starting to level off. The severity of illness in this population is leading to higher than budget admissions. The cost per day is trending down. We continue to work closely with our hospital partners and the hospitalists to identify alternatives levels of care that are safe and less costly for



our members. Addressing the psychosocial issues that our members have will reduce the frequency of admission to acute hospitals. The top inpatient diagnosis for the Family Aid code members is healthy newborns from full-term uncomplicated deliveries.

The top hospital used for inpatient services remains Bakersfield Memorial with San Joaquin second and Kern Medical third. The C/Section rate continues to trend down wards from 16% in July 2017 to 11 % in September 2017; which is lower than the same month in 2016 (21%).

Hospital Outpatient

Hospital outpatient service utilization is stable. In aggregate, the PMPM cost is below budget. Only for SPDs does unit cost exceed expectation while all other Aid categories are well below expectation.

Type II diabetes and End Stage Renal disease are now the first and second diagnoses for outpatient encounters. Encounters for routine child health examinations are now the 3rd with encounters antineoplastic chemotherapy and hypertension as close 4th and 5th. This supports the changing demographics of the membership. To this end, we are redesigning our Care Management Programs to align with the needs of our current population demographics.

Emergency Room (ER)

The number of ER visits appears to have stabilized at most of the hospital. There is an increase in use of ER at Bakersfield Memorial Hospital. We continue to explore the use of technology such as Telemedicine to improve access to primary care services in less costly locations such as office and home. The most frequent diagnosis associated with an ED visit in the all combined Aid codes is acute upper respiratory infection, unspecified.

Quarter 3, 2017 Grievance Summary

Enclosed is the Quarterly Member Grievance Report for 3rd Quarter, 2017. The report delineates by category, types of grievances members formally file with the health plan relating to provider or Health Plan complaints. In total, 349 complaints were filed in the Quarter up from 243 from Quarter 2, 2017. The distribution of complaints among categories was consistent quarter to quarter with the highest number (51%), 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.



Quarter 3, 2017 saw a sharp increase in disputes for “Access to Care”, “Coverage Disputes” and “Medical Necessity” relating to the new Federal Regulation tracking and reporting guidelines adopted by DHCS and implemented 07/01/2017. These new rules redefined disputes and grievances requiring plans to document and report all concerns members or providers raise regardless of whether the health plan resolved them informally. In all instances, no extraordinary measures needed to be taken following the investigation and addressing of these types of grievances.



Governed Reporting System

Attachment A

Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

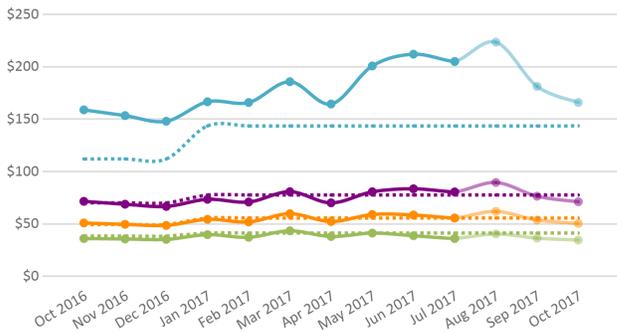


Physician Services

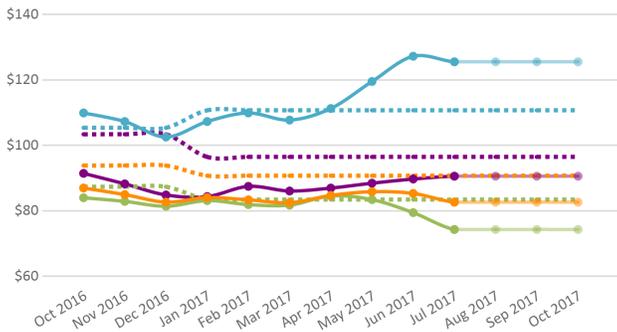
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

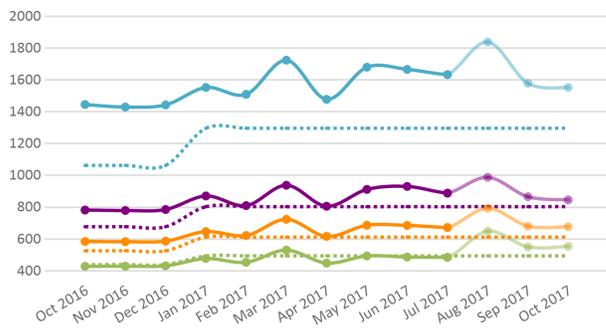
Professional Services Incurred by Aid Group PMPM



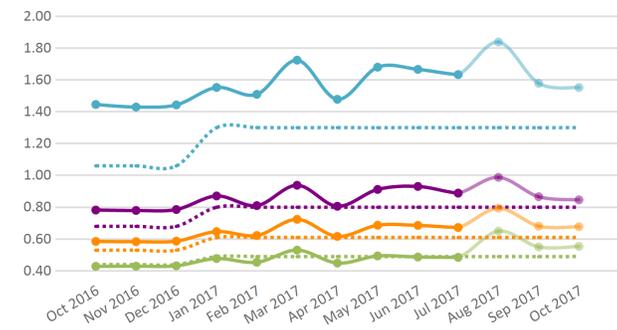
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





Governed Reporting System

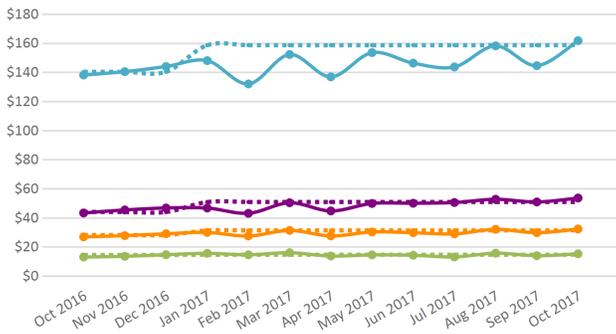


Pharmacy

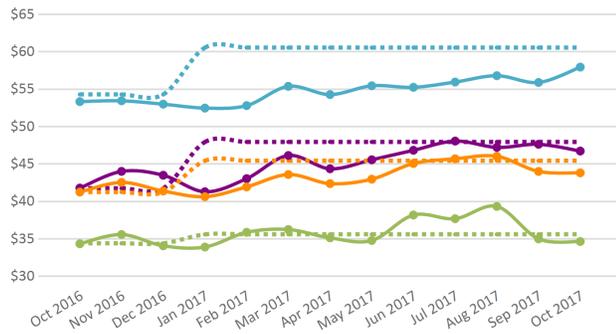
(Includes: Claims paid by PBM)

- 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

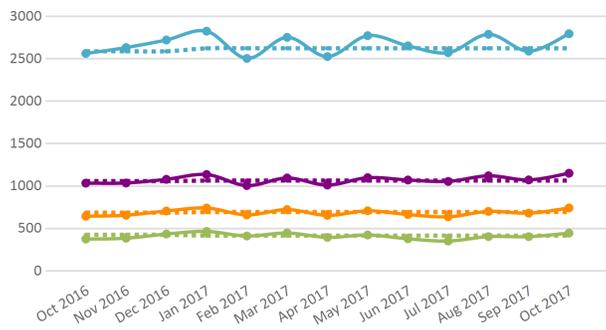
Pharmacy Services Incurred by Aid Group PMPM



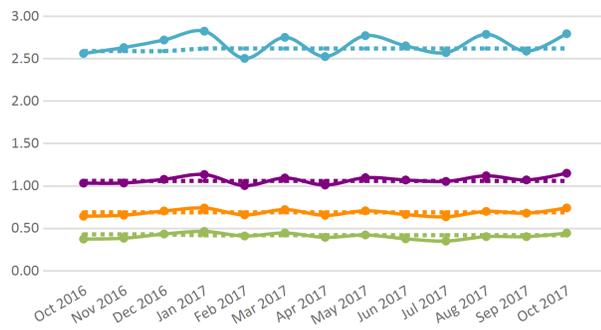
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





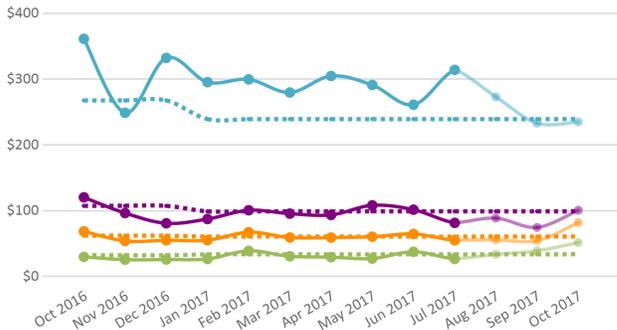
Governed Reporting System

Inpatient

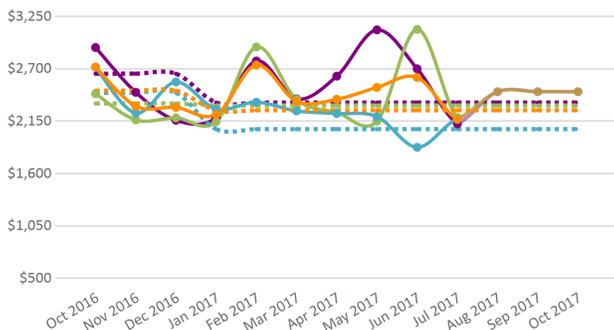
(Includes: Inpatient Hospital Claims)

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

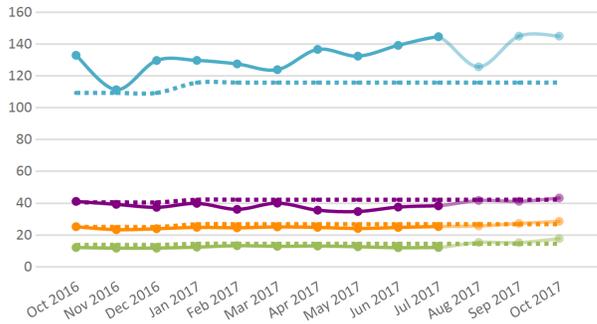
Inpatient Services Incurred by Aid Group PMPM



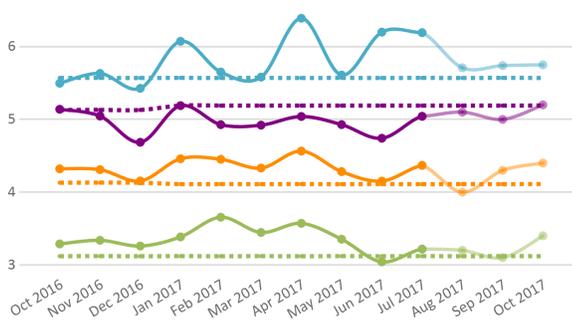
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





Governed Reporting System

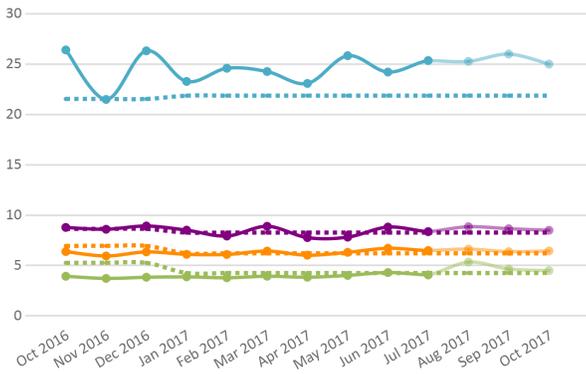


Inpatient

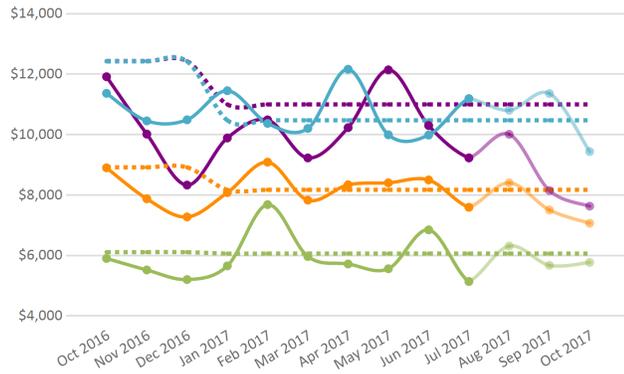
(Includes: Inpatient Hospital Claims)

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

Incurred Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

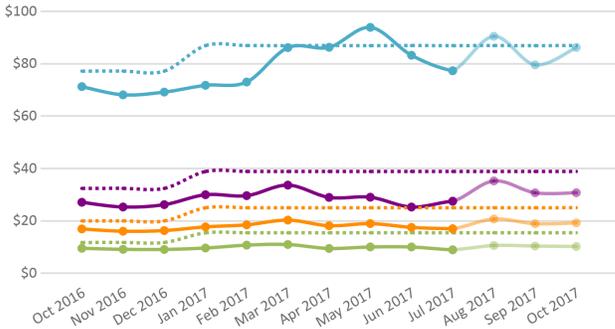


Outpatient Hospital

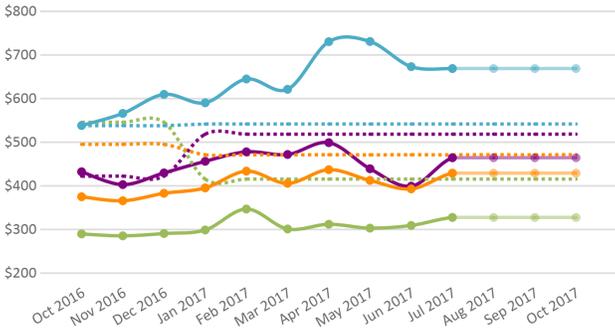
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

- MCAL Expansion - Actual
- MCAL 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

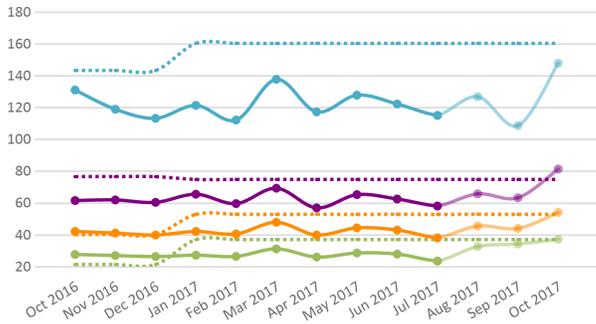
Outpatient Services Incurred by Aid Group PMPM



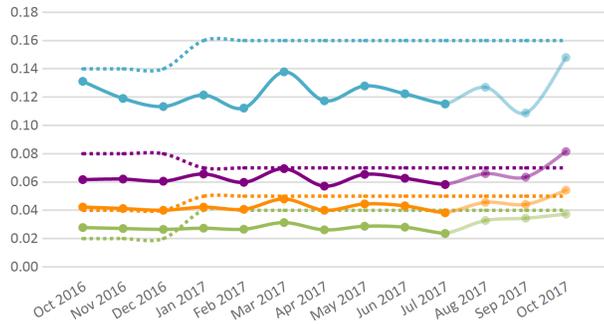
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





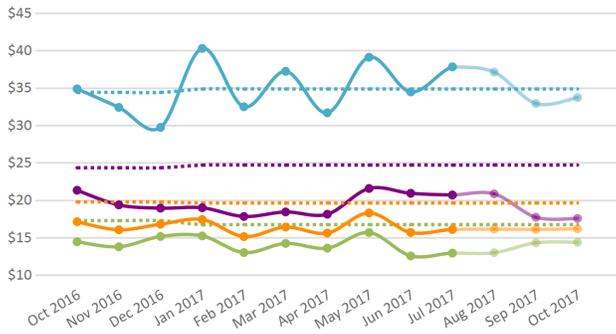
Governed Reporting System



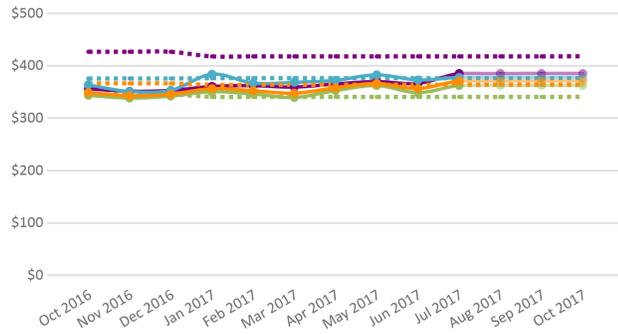
Emergency Room

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

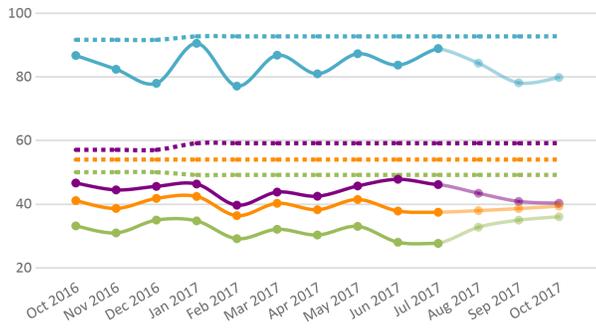
ER Services Incurred by Aid Group PMPM



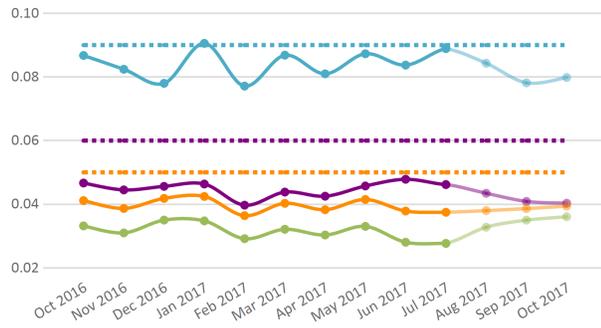
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



ER Visits per Member per Month by Aid Group

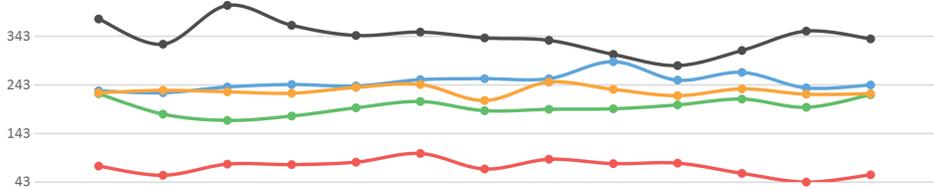




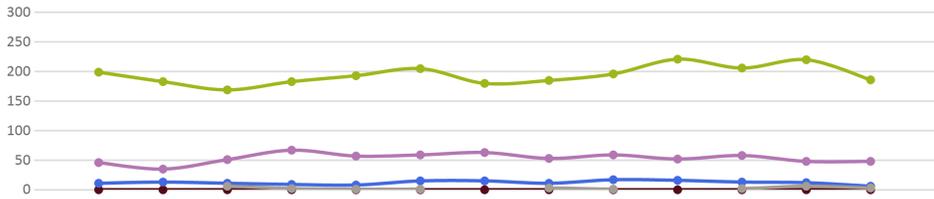
Governed Reporting System

Inpatient Admits by Hospital

Attachment B



| | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BAKERSFIELD MEMORIAL | 379 | 327 | 407 | 366 | 345 | 352 | 340 | 335 | 306 | 283 | 314 | 354 | 338 |
| SAN JOAQUIN COMMUNITY | 231 | 227 | 239 | 244 | 241 | 254 | 256 | 256 | 291 | 253 | 269 | 237 | 243 |
| KERN MEDICAL | 227 | 232 | 229 | 226 | 238 | 244 | 211 | 249 | 234 | 221 | 235 | 224 | 225 |
| MERCY HOSPITAL | 225 | 183 | 170 | 179 | 196 | 209 | 190 | 193 | 194 | 202 | 214 | 197 | 223 |
| GOOD SAMARITAN HOSPITAL | 76 | 57 | 80 | 79 | 84 | 102 | 70 | 90 | 81 | 82 | 61 | 43 | 58 |



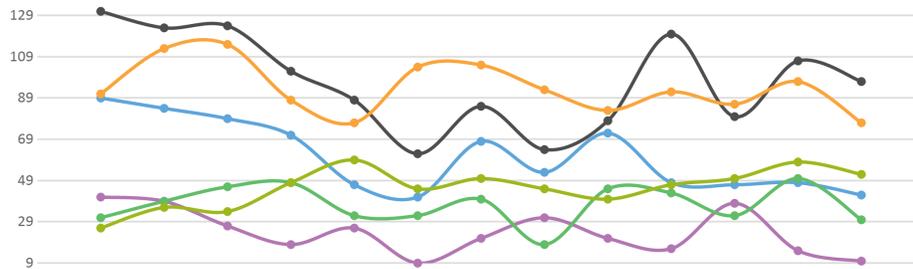
| | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| OUT OF AREA | 199 | 183 | 169 | 183 | 193 | 205 | 180 | 185 | 196 | 221 | 206 | 220 | 186 |
| DELANO REGIONAL HOSPITAL | 46 | 35 | 51 | 67 | 57 | 59 | 63 | 53 | 59 | 52 | 58 | 48 | 48 |
| BAKERSFIELD HEART HOSP | 12 | 17 | 12 | 17 | 17 | 14 | 10 | 13 | 43 | 44 | 49 | 47 | 52 |
| KERN VLY HLTHCRE HOSP | 11 | 13 | 11 | 9 | 8 | 15 | 15 | 11 | 17 | 16 | 13 | 12 | 6 |
| ADVENTIST HEALTH MEDICAL CENTER | 0 | 0 | 6 | 2 | 1 | 1 | 0 | 3 | 1 | 0 | 2 | 6 | 3 |



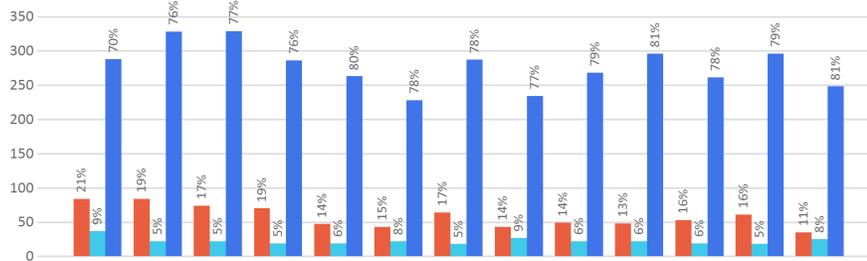
Governed Reporting System

Attachment C

Obstetrics Metrics



| | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BAKERSFIELD MEMORIAL | 131 | 123 | 124 | 102 | 88 | 62 | 85 | 64 | 78 | 120 | 80 | 107 | 97 |
| KERN MEDICAL | 91 | 113 | 115 | 88 | 77 | 104 | 105 | 93 | 83 | 92 | 86 | 97 | 77 |
| SAN JOAQUIN COMMUNITY | 89 | 84 | 79 | 71 | 47 | 41 | 68 | 53 | 72 | 48 | 47 | 48 | 42 |
| MERCY HOSPITAL | 31 | 39 | 46 | 48 | 32 | 32 | 40 | 18 | 45 | 43 | 32 | 50 | 30 |
| DELANO REGIONAL HOSPITAL | 41 | 39 | 27 | 18 | 26 | 9 | 21 | 31 | 21 | 16 | 38 | 15 | 10 |
| OTHER | 26 | 36 | 34 | 48 | 59 | 45 | 50 | 45 | 40 | 47 | 50 | 58 | 52 |



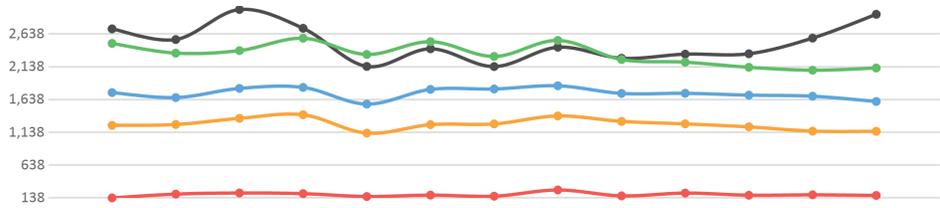
| | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| VAGINAL DELIVERY | 288 | 328 | 329 | 286 | 263 | 228 | 287 | 234 | 268 | 296 | 261 | 296 | 248 |
| C-SECTION DELIVERY | 84 | 84 | 74 | 70 | 47 | 43 | 64 | 43 | 49 | 48 | 53 | 61 | 35 |
| PREVIOUS C-SECTION DELIVERY | 37 | 22 | 22 | 19 | 19 | 22 | 18 | 27 | 22 | 22 | 19 | 18 | 25 |



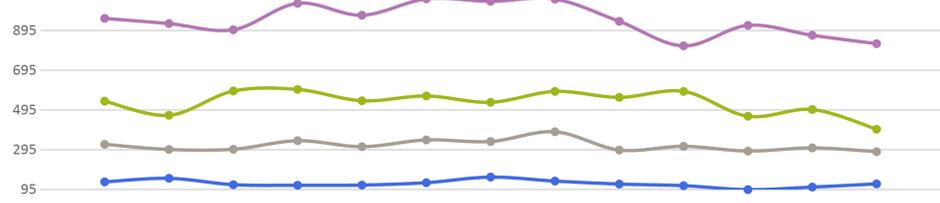
Governed Reporting System

Attachment D

Emergency Visits by Hospital



| | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BAKERSFIELD MEMORIAL | 2,716 | 2,553 | 3,011 | 2,725 | 2,143 | 2,412 | 2,141 | 2,436 | 2,268 | 2,330 | 2,336 | 2,575 | 2,938 |
| MERCY HOSPITAL | 2,494 | 2,346 | 2,384 | 2,573 | 2,326 | 2,521 | 2,295 | 2,540 | 2,248 | 2,208 | 2,130 | 2,085 | 2,119 |
| SAN JOAQUIN COMMUNITY | 1,744 | 1,668 | 1,808 | 1,823 | 1,569 | 1,793 | 1,799 | 1,848 | 1,731 | 1,733 | 1,705 | 1,689 | 1,609 |
| KERN MEDICAL | 1,244 | 1,257 | 1,351 | 1,406 | 1,126 | 1,255 | 1,266 | 1,388 | 1,305 | 1,267 | 1,222 | 1,156 | 1,154 |
| BAKERSFIELD HEART HOSP | 138 | 196 | 213 | 203 | 159 | 181 | 164 | 259 | 169 | 212 | 179 | 185 | 175 |



| | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| DELANO REGIONAL HOSPITAL | 956 | 930 | 899 | 1,032 | 972 | 1,054 | 1,042 | 1,053 | 941 | 818 | 921 | 871 | 829 |
| OUT OF AREA | 540 | 469 | 591 | 599 | 542 | 566 | 534 | 589 | 559 | 589 | 464 | 498 | 399 |
| ADVENTIST HEALTH MEDICAL CENTER | 323 | 297 | 298 | 341 | 311 | 345 | 337 | 386 | 294 | 313 | 289 | 305 | 286 |
| KERN VLY HLTHCRE HOSP | 134 | 152 | 120 | 117 | 118 | 130 | 158 | 138 | 123 | 115 | 95 | 108 | 124 |

Attachment E



2017 3rd Quarter Member Grievance Report

2017 3rd Quarter Grievance Report

- 3rd Quarter Formal Grievance Summary:

| Category | Q3 2017 | Issue | Q2 2017 | Q1 2017 | Q4 2016 |
|--------------------|---------|--|---------|---------|---------|
| Access to Care | 26* | Appointment Availability | 7 | 9 | 7 |
| Coverage Dispute | 44* | Authorizations and Pharmacy | 13 | 19 | 19 |
| Medical Necessity | 53* | Questioning denial of service | 14 | 18 | 24 |
| Other Issues | 2 | Miscellaneous | 8 | 7 | 2 |
| Quality of Care | 46 | Questioning services provided. All cases forwarded to Quality Dept. | 38 | 36 | 31 |
| Quality of Service | 178 | Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department | 163 | 119 | 150 |
| Grievances | 349 | | 243 | 208 | 233 |

***Impact of CMS Final Rule Implementation effective 7/1/17**

-**Access to Care:** Includes Member complaints regarding access. Previously resolved informally. Now required to be formally investigated, reported and trended.

-**Coverage Disputes & Medical Necessity** now includes both member complaints and provider disputes. Pre third quarter, provider Coverage Disputes and Medical Necessity were not included on this Member Grievance Reporting.



Questions?

For additional questions, please contact

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

**KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
For December 14th, 2017
BOARD OF DIRECTORS MEETING**

REGULATORY AND COMPLIANCE ACTIVITIES

Regulatory and Compliance Monthly Activities Report

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

Regulatory Compliance Audit Program (quarterly review)

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

The list of APLs/PLs for 2017 (new) & 2016 (older) along with findings and recommendations are included under Attachment B and C. 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.

Kern Health Systems
Board of Directors Meeting
CEO Report – December, 2017
Page 2 of 9

PROGRAM DEVELOPMENT SUMMARY UPDATE

CMS Managed Care Regulation

DHCS and KHS have been working to implement a variety of items that were due in 2017. Additional requirements are being reviewed and discussed relative to upcoming 2018 changes. Specifically, DHCS recently released a final APL providing guidance on new provider screening and enrollment requirements to be implemented in early 2018. Additionally, two bills in the State legislature codified requirements related to network adequacy, public hospital pass-through payments, and medical loss ratio (MLR). KHS will work with DHCS on the implementation of these items. CMS is currently still reviewing the 2017 Plan Contract Amendment submitted by DHCS.

Palliative Care

DHCS released the final policy outlining KHS' responsibilities to provide Palliative Care services to covered individuals effective January 2018. The KHS Palliative Care project team is working internally to update policies and procedures, procure a provider network, notify members, and satisfy other DHCS readiness requirements.

Health Homes Program

Since awarding Health Home Program grants to CSV, OMNI and Dignity, discussions have moved to operational preparations. The first OMNI Health Home Clinic launched in October and has already enrolled around 100 members. Dignity is aiming to launch their clinic in Q1 2018 and operational preparation meetings are underway. CSV is working to hire a provider for their Health Home and the launch date is tentative for later in 2018. Additionally, regular meetings with Kern Medical are occurring to improve operational processes and data sharing for their two existing Health Homes. KHS staff intends to open up the grant process in Q1 2018 for another clinic location to launch late in 2018.

Non-Emergency Medical Transportation

KHS continues to systematically inform all enrollees of the changes to their transportation benefit. The following shows the member notice schedule and methodology used to communicate with enrollees (households):

Kern Health Systems
 Board of Directors Meeting
 CEO Report – December, 2017
 Page 3 of 9

Direct Member Notification Letters (addressing highest utilizing members first):

6/15/17 1,800 members- those currently receiving NEMT transportation services
 10/10/17 10,000 households-highest medical encounter during 2017
 10/23/17 10,000 households-second highest encounter volume
 11/7/17 10,000 households-third highest encounter volume
 11/14/17 10,000 households-fourth highest encounter volume
 12/11/17 20,000 households-final mailing. All members informed.

Other Member Communication (general notification to all members):

-New Member packets beginning 7/1/17
 -Fall Member Newsletter sent 10/6/17

KHS staff continues to monitor service usage during the roll-out period to measure the month to month increase in volume. As indicated below, the transportation benefit continues to be very popular.

KHS NEMT & NMT Transportation Update

| Operational Statistics | 10/2017 Utilization | 9/2017 Utilization | 8/2017 Utilization | 7/2017 Utilization | KHS Pre-July Experience |
|--------------------------------|------------------------|-----------------------|-----------------------|-----------------------|-------------------------------|
| ALC Calls | 8667 | 6033 | 5,141 | 2,883 | 727 |
| One Way Rides Scheduled | 12,353 | 8,569 | 6,263 | 2,611 | 2,600 |
| NMT | 4,078 | 2,353 | 1,551 | 699 | 0 |
| Bus Passes Distributed | 952 | 524 | 235 | 278 | |
| Lyft Rides Delivered | 3126 | 1829 | 1316 | 421 | |
| Lyft No Shows | 524 | 317 | 206 | 60 | |
| NEMT | 8275 | 6,216 | 4,712 | 1,912 | 2,600 |
| Van Rides Scheduled | 8131 | 6,040 | 4,642 | 1,902 | |
| Gurney Rides Scheduled | 144 | 176 | 70 | 10 | |

Kern Health Systems
Board of Directors Meeting
CEO Report – December, 2017
Page 4 of 9

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. DHCS is awaiting CMS approval of their methodology, once approved KHS will work with DHCS on the implementation of these items.

LEGISLATIVE SUMMARY UPDATE

California's 2017 Legislation Session Ends

The State legislative session is over for 2017. A summary of the approved bills impacting KHS was shared with the Board of Directors at the October meeting. The effort internally now shifts to working with DHCS and DMHC to implement items as required.

Affordable Care Act Repeal and Replacement

Congress has shifted most of its attention to Tax Reform in Q4 2017. KHS Staff are still monitoring the session to keep an eye out for any impacts to Medicaid. Currently the Tax Reform changes impacting healthcare are limited to the individual insurance markets. There is some general concern that raising federal deficits could trigger cuts to safety net programs like Medicaid or Medicare, but there are no specific plans to do so.

Staff are also monitoring the legislative re-authorization of Children's Health Insurance Program (CHIP) funding which expired this fall. In California CHIP has been rolled into Medi-Cal, but the state still relies on this funding to cover a portion of the program's costs. California is required to continue covering CHIP-eligible beneficiaries, but would have to address a budget shortfall should the funding not be re-authorized. The House has passed their version of CHIP re-authorization but the Senate is still working out how to offset costs. The current expectation is that CHIP re-authorization could be included in a year-end spending package expected in late December.

Kern Health Systems
 Board of Directors Meeting
 CEO Report – December, 2017
 Page 5 of 9

KHS DECEMBER ENROLLMENT

Medi-Cal Enrollment

As of DECEMBER 1, 2017, Medi-Cal enrollment is 168,999, which represents an increase of 0.2% from NOVEMBER enrollment.

Seniors and Persons with Disabilities (SPDs)

As of DECEMBER 1, 2017, SPD enrollment is 12,986, which represents an increase of 0.3% from NOVEMBER enrollment.

Expanded Eligible Enrollment

As of DECEMBER 1, 2017, Expansion enrollment is 57,738 which represents an increase of 0.6% from NOVEMBER enrollment.

Kaiser Permanente (KP)

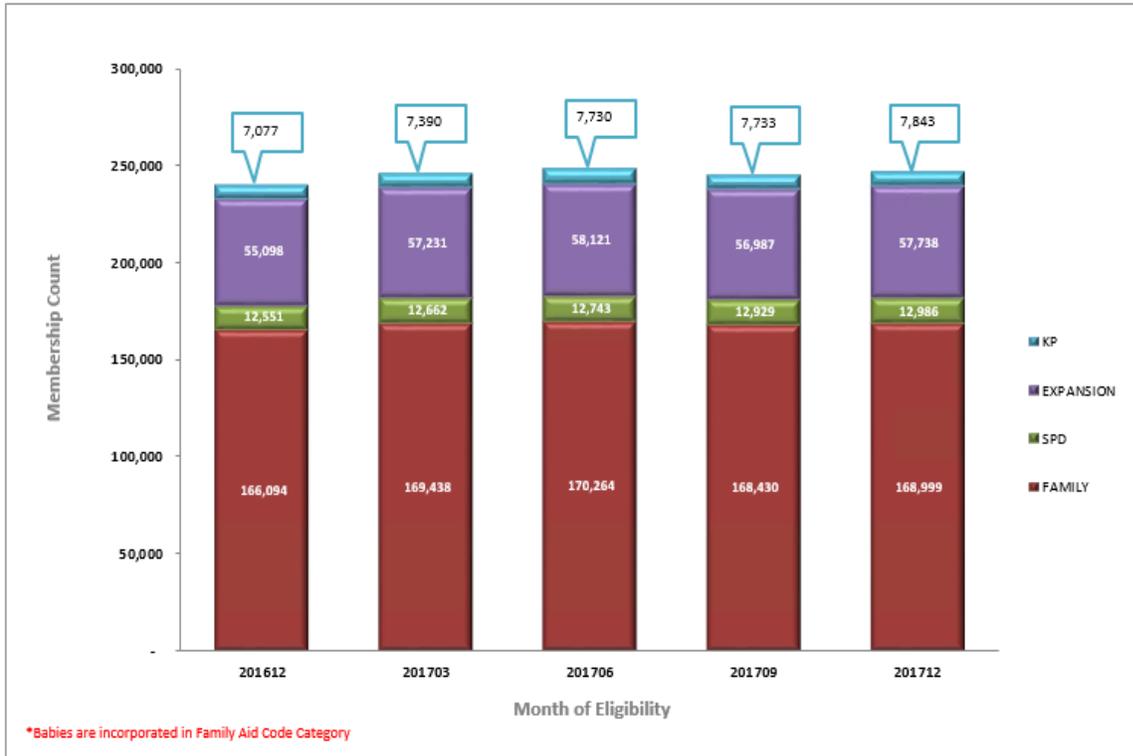
As of DECEMBER 1, 2017, Kaiser enrollment is 7,843, which represents an increase of 0.2% from NOVEMBER enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of DECEMBER 1, 2017, total Medi-Cal enrollment is 247,566 which represents an increase of 0.3% from NOVEMBER 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 |
| 201712 | 168,568 | 12,986 | 57,738 | 7,843 | 431 | 247,566 |

Kern Health Systems
 Board of Directors Meeting
 CEO Report – December, 2017
 Page 6 of 9



KHS ADMINISTRATIVE INITIATIVES

Provider Relations Update

Provider Contracting:

Provider contract agreements and amendments highlighted for October and November are as follows:

- San Joaquin Valley Health Group – UC
- Good Kids Pediatric – ABA & Speech Therapy
- Valley’s Best Hospice
- Sendas NW Urgent Care
- Shafter Urgent Care dba: APEX

Kern Health Systems
Board of Directors Meeting
CEO Report – December, 2017
Page 7 of 9

Credentialing Activities:

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

Grant Programs:

2016-17 KHS Provider Recruitment and Retention Grants

- Developing Presentation for Feb. 2018 BOD with year 1 results of 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

2014-15 KHS ER Diversion Grants:

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

Marketing/Public Relations Update

Sponsorships:

KHS will share sponsorship in the following events in December and January:

- KHS is proud to sponsor the 3rd Annual “Christmas with the Cranktones” on December 13th by donating \$2,500 benefitting the Kern County Cancer Fund.
- KHS donated \$2,000 to the CBCC Foundation for Community Wellness Pediatric Christmas Party on Saturday, December 16th at CBCC. Our donation will allow the Foundation to provide sweatshirts to all the children and food for the children and

Kern Health Systems
Board of Directors Meeting
CEO Report – December, 2017
Page 8 of 9

family members in attendance. KHS employees will serve as volunteers at this rewarding annual event and our Christmas Carolers will provide entertainment.

- KHS employees are supporting Operation Soulwinner’s Toy Giveaway. All the toys collected at our buildings will be donated to needy families in Oildale – last year this toy drive benefitted over 600 families. The toys will be distributed at Covenant Coffee on Saturday, December 16th.
- KHS donated \$2,500 to the Community Health Initiative and Outreach, Enrollment, Retention, Utilization Committee (OERUC) to be a “Platinum sponsor” of the 4th Annual Health Coverage Enrollment Days (listed below). Many of the provider sites and community based organizations that make up the “expanded enrollment gateway” are collaborating to organize these enrollment days.
- KHS donated \$1,500 to Houchin Community Blood Bank for their promotion in January – “iGive so Others Live...Resolve to Get Fit and Save Lives!” The goal is to encourage blood donations and to promote exercise and good health while also benefiting a patient in need. One lucky blood donor each week throughout the month of January will win an Apple iWatch sponsored by KHS.

Community Events:

In December and January, KHS will participate in:

- 12/1 World Aids Day @ Self-Help Credit Union
- 12/9 Health Coverage Enrollment Day @ Valley Plaza Mall
- 1/27 Health Coverage Enrollment Day @ Valley Plaza Mall

Dashboard Presentation

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

Kern Health Systems
Board of Directors Meeting
CEO Report – December, 2017
Page 9 of 9

KHS OFFICES RELOCATION PROJECT UPDATE

The activities undertaken since the last report include:

- Ground Breaking Ceremony held in October.
- Site “Coming Soon” signs installed
- Held Public Bid Process in October and requests for notice of awards to be approved by BOD in December. Phase 1 & 2 are complete.
- Working on Phase 3 of bid process
- Binding Owner Controlled Insurance Program for Dec 2017
- Working with cubicle vendor and final design
- Regular meetings with GC, Developer and Architect

Project Status: Green

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Attachment A

Board of Directors Meeting

December 14, 2017

STATE

Department of Health Care Services (DHCS)

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

The DHCS issued five (5) APLs during the months of October through December to provide guidance for Managed Care Plans (MCP).

All Plan Letters (APL)

APL 17-015 - The purpose of this APL is to inform MCPs of their obligation to provide palliative care to their beneficiaries pursuant to Senate Bill (SB) 1004 (Hernandez, Chapter 574, Statutes of 2014).¹ The requirements discussed in this APL specifically apply to Medi-Cal managed care beneficiaries who are not Medicare/Medi-Cal, dually-eligible beneficiaries.

KHS currently has deemed this initiative one of its corporate goals for 2017-18 as and such it is currently be managed by the project management office.

APL 17-016 - The purpose of this APL is to explain the obligations of Medi-Cal MCPs to provide Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care, also known as Alcohol Misuse Screening and Counseling (AMSC), services for MCP members ages 18 and older who misuse alcohol. This APL also provides guidance to MCPs to ensure compliance with the Medicaid Managed Care for Mental Health Parity requirements included in the Final Rule (CMS-2333-F) issued by the Centers for Medicare and Medicaid Services (CMS) on March 30, 2016.

DRAFT

APL 17-017 - The purpose of this APL is to clarify the requirement that all Medi-Cal MCPs coordinate the care and placement of beneficiaries requiring long term care (LTC) and to clarify the requirement that MCPs initiate disenrollment for beneficiaries requiring LTC when the provision of LTC is no longer a contractual obligation for the MCP. MCPs operating in County Organized Health System (COHS) counties or as part of the Coordinated Care Initiative (CCI) are exempt from the disenrollment process for beneficiaries ages 21 years and over because LTC is a contractual obligation for MCPs operating within those counties regardless of the length of stay in a facility. This APL supersedes APL 03-003.

APL 17-018 - The purpose of this APL is to explain the contractual responsibilities of Medi-Cal MCPs for the provision of medically necessary outpatient mental health services and the regulatory requirements for the Medicaid Mental Health Parity Final Rule (CMS-2333-F). MCPs must provide specified services to adults diagnosed with a mental health disorder, as defined by the current Diagnostic and Statistical Manual of Mental Disorders (DSM) that results in mild to moderate distress or impairment¹ of mental, emotional, or behavioral functioning. MCPs must also provide medically necessary non-specialty mental health services² to children under the age of 21. This APL also delineates MCP responsibilities for referring to, and coordinating with, county Mental Health Plans (MHPs) for the delivery of specialty mental health services (SMHS).

This letter supersedes APL 13-021 and provides updates to the responsibilities of the MCPs for providing mental health services. Mental Health and Substance Use Disorder Services (MHSUDS) Information Notice 16-0613 describes existing requirements regarding the provision of SMHS by MHPs, which have not changed as a result of coverage of non-specialty, outpatient mental health services by MCPs and the fee-for-service (FFS) Medi-Cal program. The requirements outlined in Information Notice 16-061 remain in effect.

APL 17-019 - The purpose of this APL is to inform Medi-Cal MCPs of their responsibilities related to the screening and enrollment of all network providers pursuant to the Centers for Medicare and Medicaid Services' (CMS) Medicaid and Children's Health Insurance Program Managed Care Final Rule (Final Rule), CMS-2390-F, 1 dated May 6, 2016. Additionally, this APL clarifies MCPs' contractual obligations related to credentialing and re-credentialing as required in Title 42 Code of Federal Regulations (CFR), Section 438.214.2 This APL supersedes APL 16-012.

All MCP network providers must enroll in the Medi-Cal Program. MCPs have the option to develop and implement a managed care provider screening and enrollment process that meets the requirements of this APL, or they may direct their network providers to enroll through the Department of Health Care Services (DHCS). MCPs electing to establish their own enrollment process are expected to have their infrastructure in place by January 1, 2018.

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COMPLIANCE

All Plan & Policy Letter Reviews

The following matrices are included with the month's BOD packet: Prospective audits [Attachment A], Retrospective audits [Attachment B], Internal Policy Audits [Attachment C], and Internal Audits [Attachment D].

DHCS Medical Audit –2017

Update: The Director of Compliance and Regulatory Affairs received the draft report from the Department. The final report will be shared with the BOD when it becomes available.

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.

Final Rule (Mega Reg.)

On April 25, 2016, the Centers for Medicare & Medicaid Services (CMS) issued the Medicaid and CHIP Managed Care Final Rule (Final Rule), which aligns the Medicaid managed care program with other health insurance coverage programs in several key areas:

- Modernizes how states purchase managed care for beneficiaries;
- Adds key consumer protections to improve the quality of care and beneficiary experience; and
- Improves state accountability and transparency.

The Final Rule was the first significant overhaul of the federal Medicaid managed care regulations since 2002, which was a response to the predominant shift to managed care delivery system occurring nationwide. The Final Rule is effective July 5, 2016 with a phased implementation over several years, starting with the July 1, 2017 health plan contract year.

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The Compliance Department responded to the Final Rule requirements with its standard operating procedures of implementation and stakeholder management, these procedures include; small and large group stakeholder meetings, policy updates and development, and the creation of strategy documents to ensure smooth implementation of the Final Rules' requirements.

The state issued thirteen Final Rule requirements. Six of the requirements were released with accompanying All Plan Letters. The remaining seven requirements were detailed in an expansive Final Rule document. KHS successfully responded to the States request for Policy and Procedures updates. At this time, KHS is currently updating its Drug Formulary and Provider Directory as part of the Final Rule.

Reporting to government agencies

October

| Report Name/Item | Status |
|---------------------------------|---------|
| Arbitration (DMHC) (Quarterly) | On time |
| BHT Quarterly | On time |
| BHT-CDE Monthly | On time |
| CBAS Report | On time |
| Call Center | On time |
| Dental Anesthesia | On time |
| MER Monthly | On time |
| Provider Network Reports | On time |
| QI/UM Committee Meeting Minutes | On time |
| Safety Net Provider Part #3 | On time |

November

| Report Name/Item | Status |
|--|---------|
| BHT-CDE Monthly | On time |
| Claims Payment & Disputes (DMHC) (Quarterly) | On time |
| Grievance and Appeals | On time |
| MER Monthly | On time |
| Mental Health Report | On time |
| Out-of-Network Report | On time |
| Tabulated Grievance Report (DMHC) (DHCS) (Quarterly) | Late |

**Kern Health Systems
2017 All Plan Letter Index and Status Update**

| MMCD 2017 ALL PLAN LETTERS | | ATTACHMENT B | | | | |
|---------------------------------|---|---|---|-----------------------------|---|-------------------|
| APL Number | Description | Impacted Department(s) | Impacted Functions | Plan Compliance Review Date | Status/Comment | Compliance Status |
| APL 17-001(PDF) | 2017-2018 MEDI-CAL Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule. | IT Member Services Accounting | Enrollment File Uploads | 12/4/2017 | Policies 7.14-I and 7.16-I internal review by Compliance. | |
| APL 17-002(PDF) | Health Education Cultural and Linguistic Group Needs Assessment | Health Education | Annual GNA Survey | 9/1/2017 | Policy 2.11-I has been updated, approved by Stakeholders. Policy is current and approved. | |
| APL 17-003(PDF) | Treatment of Recoveries made by the Managed Care Health Plan of Overpayments to Providers | Claims | Recovery of overpayments | 11/28/2017 | Policy 6.01-P approved by DHCS. Signatures secured, awaiting implementation. | |
| APL 17-004(PDF) | Subcontractual Relationships and Delegation | Health Services Provider Relations | Oversight of Delegated Entities | 9/28/2017 | Policy 2.45-I approved by DHCS. Policy is current and approved. | |
| APL 17-005(PDF) | Certification of Document and Data Submissions | Claims Health Services Provider Relations Accounting Member Services Compliance Executive | Certification of data submissions to DHCS | 9/28/2017 | Policy 14.57-I approved by DHCS. Policy is current and approved. | |

**Kern Health Systems
2017 All Plan Letter Index and Status Update**

| APL Number | Description | Impacted Department(s) | Impacted Functions | Plan Compliance Review Date | Status/Comment | Compliance Status |
|---------------------------------|--|--|--------------------------------------|-----------------------------|--|-------------------|
| APL 17-006(PDF) | Grievance and Appeal Requirements and Revised Notice Templates and "Your Rights" Attachments | Health Services Member Services Provider Relations Compliance | Grievance and Appeals Processes | 9/28/2017 | Policy 5.01-P approved by DHCS. has been updated, approved by Stakeholders. Policy is current and approved. Policy 5.01-I has been updated, approved by Stakeholders. Policy is current and approved. | |
| APL 17-007(PDF) | Continuity of Care for New Enrollees Transitioned to Managed Care After Requesting a Medical Exemption and Implementation of Monthly Medical Exemption Review Denial Reporting | Health Services Provider Relations IT Member Services | Continuity of Care for new Members | 9/28/2017 | Policy 3.40 -I policy updated and approved by Stakeholders. Policy current and approved. | |
| APL 17-008(PDF) | 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. Policy has been updated, approved by Stakeholders. Policy is current and approved. | |

**Kern Health Systems
2017 All Plan Letter Index and Status Update**

| APL Number | Description | Impacted Department(s) | Impacted Functions | Plan Compliance Review Date | Status/Comment | Compliance Status |
|---------------------------------|--|--|---|-----------------------------|--|-------------------|
| APL 17-009(PDF) | Reporting Requirements Related to Provider Preventable Conditions | Health Services Claims | Reporting of Provider Preventative Conditions | 9/23/2017 | Policy 3.69-I approved by DHCS. Under revision by Stakeholders, prior to signature. | |
| APL17-010(PDF) | Non-Emergency Medical and Non-Medical Transportation Services. | Member Services Provider Relations Health Services | Non-Emergency medical and Non-Medical Transpiration Services | 11/28/2017 | P&P 5.15-I approved by DHCS. has been updated, approved by Stakeholders. Policy is current and approved. Closing meeting and final strategy documents to be completed in December. | |
| APL17-011(PDF) | Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act | Member Services Provider Relations Health Services | Identifies standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act | 11/28/2017 | P&P 3.70-I & 12.02-I updated. Signatures are currently being secured. | |
| APL17-012(PDF) | Care Coordination Requirements for Managed Long - Term Services and Supports | APL does not apply to KHS current Business operations. | None | N/A | N/A | |

**Kern Health Systems
2017 All Plan Letter Index and Status Update**

| APL Number | Description | Impacted Department(s) | Impacted Functions | Plan Compliance Review Date | Status/Comment | Compliance Status |
|---------------------------------|---|--|--|-----------------------------|---|-------------------|
| APL17-013 (PDF) | Requirements for Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities | Member Services Provider Relations Health Services | Provides requirements for Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities | 11/28/2017 | Policy 2.41-I renumbered to 3.75-I as requested by UM. Stakeholders are reviewing prior to signature. Policy 3.61-I approved and signed by Stakeholders Policy 5.08-I Currently under revision. Closing meeting scheduled for 12/8/17 | |
| APL17-014 (PDF) | Quality and Performance Improvement Requirements | Health Services Quality Improvement | Outlines changes to the Quality and Performance Improvement Program | 11/26/2017 | P&P 20.50-I approved by DHCS. Closing meeting to be completed in December for final P&P approval. | |
| APL17-015 (PDF) | Palliative Care and Medi-Cal Managed Care | Health Services Provider Relations Member Services Health Homes | Outlines the obligations of MCPs to provide palliative care to their beneficiaries. | 11/28/2017 | New Policy sent to DHCS on 11/7/17 for review and comment. Project meetings are underway and reporting requirements are under evaluation. | |
| APL17-016 (PDF) | Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care | Health Services Provider Relations Member Services | Outlines the obligations of MCPs to provide Alcohol Misuse Screening and Counseling. | 11/28/2017 | P&P 3.14-P Breakout meeting to discuss issues related to monitoring, control, and delegates scheduled for 12/7. | |
| APL17-017 (PDF) | Long Term Care Coordination and Disenrollment | Health Services Provider Relations Member Services | Clarifies the requirements for coordination of care and placement of Members in LTC and disenrollment requirements of the program. | 11/28/2017 | P&P 3.42-P updated. Large Stakeholder meeting scheduled for Prospective Review and discussion scheduled for 12/8/17. KHS currently meeting APL requirements. | |

**Kern Health Systems
2017 All Plan Letter Index and Status Update**

| APL Number | Description | Impacted Department(s) | Impacted Functions | Plan Compliance Review Date | Status/Comment | Compliance Status |
|---------------------------------|---|--|--|-----------------------------|---|-------------------|
| APL17-018 (PDF) | Medi-Cal Management Care Health Plan Responsibilities for Outpatient Mental Health Services | Health Services Provider Relations Member Services | Explains the contractual responsibilities of MCPs for the provision of medically necessary outpatient mental health services and the regulatory requirements for the Medicaid Mental Health Parity Final Rule. | 12/4/2017 | Policy 3.14-P updated. Large Stakeholder meeting in December to review the policy changes and All Plan Letter. | |
| APL17-019(PDF) | Provider Credentialing/Recredentialing and Screening /Enrollment | Provider Relations Quality Improvement | Updates the Plan's requirements related to screening, enrollment, credentialing, and Recredentialing of Providers. | 11/28/2017 | Stakeholders are updating existing P&Ps. Stakeholders are working on a new Provider Enrollment Policy and conducting analytics. | |
| | | KEY | | | | |
| | | | Compliance - YES | | | |
| | | | Compliance - NO | | | |
| | | | Outcome Pending | | | |
| | | | N/A - informational document | | | |

| MMCD 2016 ALL PLAN LETTERS | | Attachment B | | | | | Initial Compliance Status | Current Status/Comment | Current Compliance Review Status |
|----------------------------------|---|---|--|----------------------------|---------------------------------|---|---------------------------|---|----------------------------------|
| APL Number | Description | Impacted Department(s) | Impacted Functions | Plan Compliance Start Date | Plan Compliance Completion Date | Initial Status/Comment | | | |
| APL 16-001 (PDF) | 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. | |
| APL 16-002 (PDF) | 2016-2017 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule | Information Technology Member Services | Eligibility MED File Processes | N/A | N/A | 2016-2017 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule | N/A | Informational- no material change | N/A |
| APL 16-003 (PDF) | 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. | |
| APL 16-004 (PDF) | Medi-Cal Managed Care Plans Carved-Out Drugs | Health Services Pharmacy | KFHC Formulary | 5/15/2017 | 5/22/2017 | Medi-Cal Managed Care Health Plans Carved-Out Drugs | | Compliance requirement met. | |
| APL 16-005 (PDF) | Requirements For Use of Non-Monetary Member Incentives For Incentive Programs, Focus Groups, and Member Surveys | Health Services Member Services Marketing Compliance | Non-Monetary Member 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 implemented a robust Tracking Mechanism. | |
| APL 16-006 (PDF) | End of Life Option Act | No impact All related services are carved out | No Impact | N/A | N/A | End of Life Option Act | N/A | N/A | N/A |
| APL 16-007 (PDF) | Designated Public Hospitals: Billing For Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care | Health Services Claims | Adjudication of Claims Referral Authorizations | 5/16/2017 | 9/25/2017 | Designated Public Hospitals: Billing for Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care | | Compliance requirement met. Liability Reporting mechanisms are functioning correctly. | |
| APL 16-008 (PDF) | Diagnosis Related Groups: Billing For Beneficiaries With California Children's Services Eligible Conditions and/or Medi-Cal Managed Care | Health Services Claims | Adjudication of Claims Referral Authorizations | 5/17/2016 | 9/25/2017 | Diagnoses Related Groups: Billing for Beneficiaries with California Children's Services Eligible Conditions and/or Medi-Cal Managed Care | | Compliance requirement met. Liability Reporting mechanisms are functioning correctly. | |
| APL 16-009 (PDF) | Adult Immunizations As A Pharmacy Benefit | Pharmacy | Pharmacy Benefit Manager Formulary | 5/16/2017 | 7/31/2017 | Adult Immunizations as a Pharmacy Benefit | | Compliance requirement met. | |
| APL 16-010 (PDF) | Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement | Pharmacy | Formulary Regulatory Reporting | 5/17/2017 | 7/31/2017 | Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement | | Compliance requirement met. | |
| APL 16-011 (PDF) | Reporting Requirements Related to Provider Preventable Conditions | Health Services Claims | Utilization Review Claims Data | 5/23/2017 | 5/24/2017 | Reporting Requirements Related to Provider Preventable Conditions | N/A | APL 17-009 supersedes APL 16-011. | N/A |
| APL 16-012 (PDF) | Provider Credentialing and Recredentialing | Provider Relations Member Services | Provider Credentialing Application Process | 5/26/2017 | 10/31/2017 | Provider Credentialing and Recredentialing | N/A | APL 17-019 supersedes APL 16-012. | N/A |
| APL 16-013 (PDF) | Ensuring Access To Medi-Cal Services for Transgender Beneficiaries | Health Services Quality Improvement Pharmacy Claims | Utilization Review Claims Processing Pharmacy | 5/26/2017 | 7/31/2017 | Ensuring Access to Medi-Cal Services for Transgender Beneficiaries | | Compliance requirement met. | |
| APL 16-014 (PDF) | Comprehensive Tobacco Prevention and Cessation Services for Medi-Cal Beneficiaries | Provider Relations Health Education Pharmacy Disease Management | Utilization Review Coordination of Care Pharmacy Benefit Manager | 5/30/2017 | 9/26/2017 | Plan Providers identify and track Members' tobacco use. Medical Record Reviews will ensure Providers have a Tracking Mechanism in place within the Member's Medical Record. | | Compliance requirement met. The Plan's Tobacco Cessation Program implemented a mechanism to track Members' 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 |
|-------------------------------|--|--|--|----------------------------|---------------------------------|---|---------------------------|--|----------------------------------|
| APL16-015.pdf | 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 was revised and fully implemented. | |
| APL16-016.pdf | Rate Changes for Emergency and Post Stabilization Services Provided By Out of Network "Border" Hospitals Under the Diagnosis Related Group Payment Methodology | Health Services Claims Information Technology Provider Relations | Claims Adjudication OON Provider Payments | 6/5/2017 | 6/21/2017 | Claims Adjudication and OON Provider Payments | | Compliance requirement met. | |
| APL16-017.pdf | Provision of Certified Nurse Midwife and Alternative Birth Center Facility Services | Health Services Claims Provider Relations Information Technology | Coverage of Alternative Birthing Centers | 5/31/2017 | 9/21/2017 | Coverage of Alternative Birthing Centers | | Compliance requirement met. Policy 3.24- P was revised and fully implemented. | |
| APL16-018.pdf | 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 20.504, was revised and fully implemented. | |
| APL16-019.pdf | Managed Care Provider Data Reporting | Provider Relations Information Technology | Provider Data Submission | 6/15/2017 | 9/27/2017 | Provider Data Submission | | Compliance requirement met. The IT Dept. is in the process of revising all policies. | |
| | | Key | | | | | | | |
| | | Compliance - YES | | | | | | | |
| | | Compliance - NO | | | | | | | |
| | | Outcome Pending | | | | | | | |
| | | N/A-Informational document | | | | | | | |

| Internal Policy Audits | | Attachment C | | | | | | | |
|------------------------|--|--|--|----------------------------|---------------------------------|--|---------------------------|---|----------------------------------|
| Policy Number | Title | Owner | Impacted Functions | Plan Compliance Start Date | Plan Compliance Completion Date | Initial Status/Comment | Initial Compliance Status | Current Status/Comment | Current Compliance Review Status |
| 2.41-I | Health Risk Assessments (HRAs) | Administrative Director of Health Services | Case Management Member Services | 10/20/2017 | 12/15/2017 | In Process: Pending data for random audit samples. | | | |
| 3.09-P | Second Opinions | Administrative Director of Health Services | Utilization Management | 9/27/2017 | 11/6/2017 | Non Compliant: Improper use of Referral Adjudication Codes. | | Compliance requirement met: LIM Team was educated to properly code Second Opinions. | |
| 3.61-I | Comprehensive Case Management and Coordination of Care | Administrative Director of Health Services | Coordination of Care Utilization Management | 10/20/2017 | 12/15/2017 | In Process: Pending data for random audit samples. | | | |
| 3.70-I | Cultural and Linguistic Services | Director of Health Education | Health Education Member Services | 9/29/2017 | 11/6/2017 | Non Compliant: Minor Policy revisions required. | | Compliance requirement met: 3.70-I has been revised. | |
| 4.01-P | Credentialing | Director of Provider Relations | Provider Relations Quality Improvement | 9/29/2017 | 11/21/2017 | Compliance requirement met. | | | |
| 4.04-P | Non-Physician Medical Practitioners | Director of Provider Relations | Provider Relations | 9/29/2017 | 12/15/2017 | Minor Policy revisions required and validation of MG-Level Ratios. | | | |
| 4.23-P | Provider Education | Director of Provider Relations | Provider Relations | 9/25/2017 | 11/8/2017 | Non Compliant: Minor Policy revisions required. | | Compliance requirement met: Policy has been revised. | |
| 4.32-P | Delegated Credentialing | Director of Provider Relations | Provider Relations | 9/29/2017 | 12/30/2017 | In Process: Delegation Oversight Mechanism required. | | | |
| 5.08-I | New Member Entry | Director of Member Services | Member Services | 10/20/2017 | 11/28/2017 | Compliance requirement met. | | | |
| 5.12-I | Disenrollment of Medi-Cal Members | Director of Member Services | Member Services | 9/27/2017 | 12/15/2017 | Non Compliant: Policy revisions required. | | | |
| 5.18-P | Termination of PCP-Member Relationships | Director of Member Services | Member Services Provider Relations | 9/22/2017 | 12/15/2017 | Non Compliant: Policy revisions required. | | | |
| 13.01-I/P | Drug Utilization and Non-Formulary Treatment | Director of Pharmacy | Treatment Authorization Requests | 10/23/2017 | 11/30/2017 | Compliance requirement met. | | | |
| | | Key Compliance - YES Compliance - NO Outcome Pending N/A-Informational document | | | | | | | |

Kern Health Systems Attachment D

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

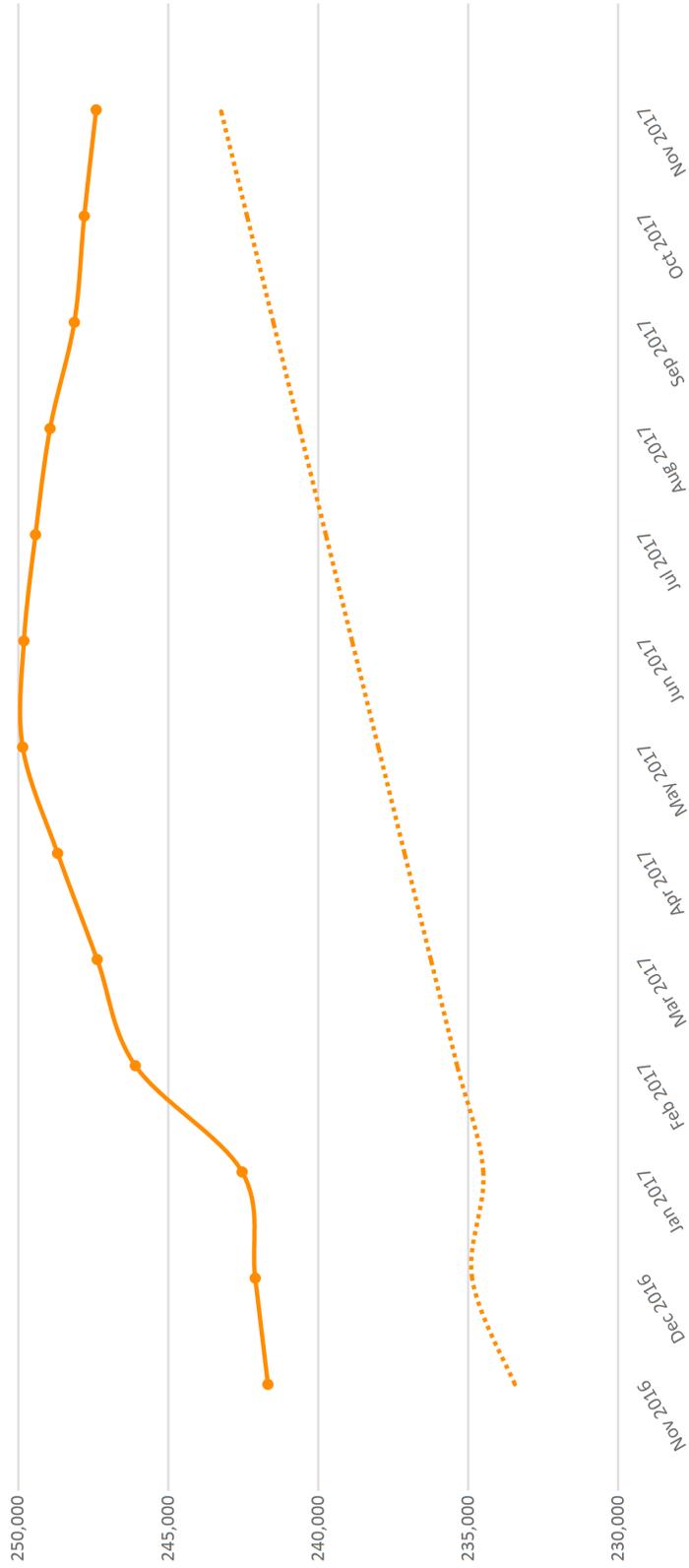


Governed Reporting System

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

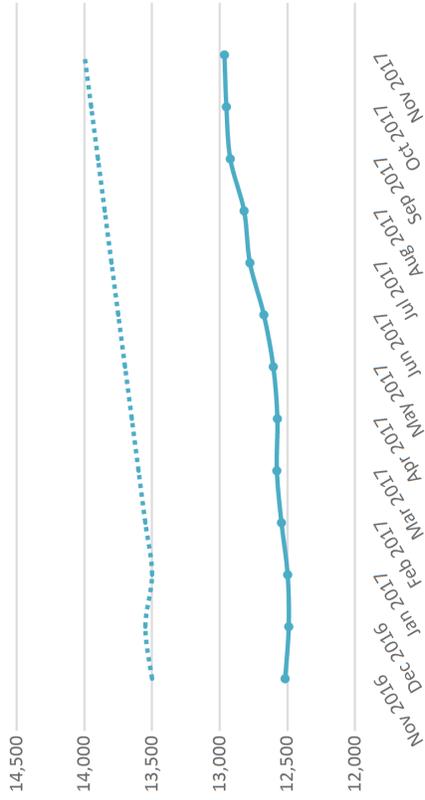
Membership

- 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

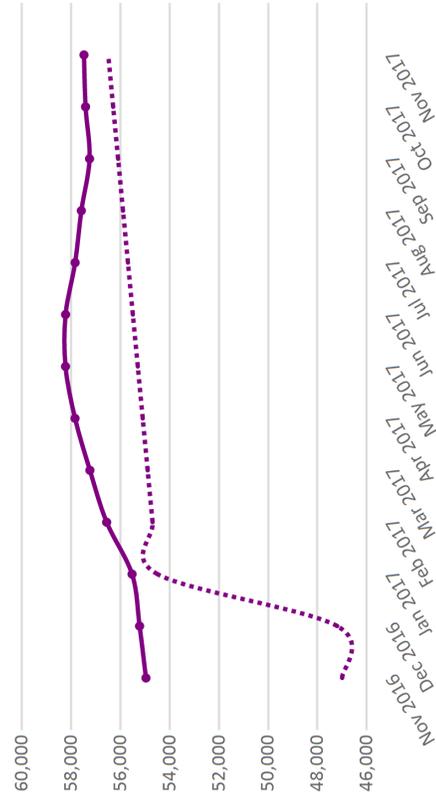
MCAL Family/Other Membership



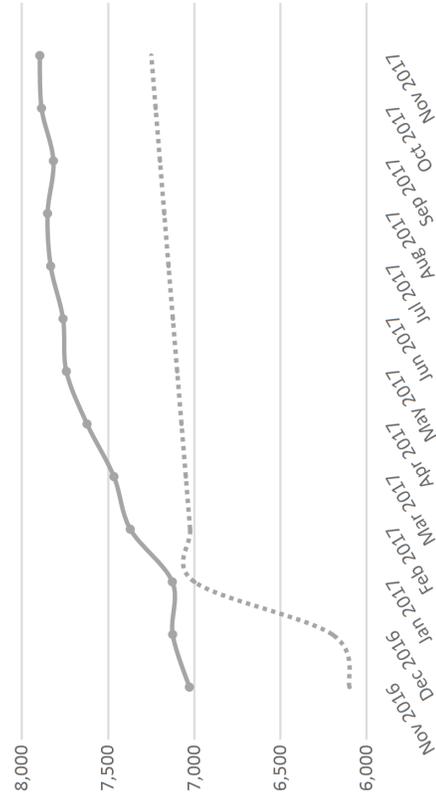
MCAL SPD Membership



MCAL Expansion Membership



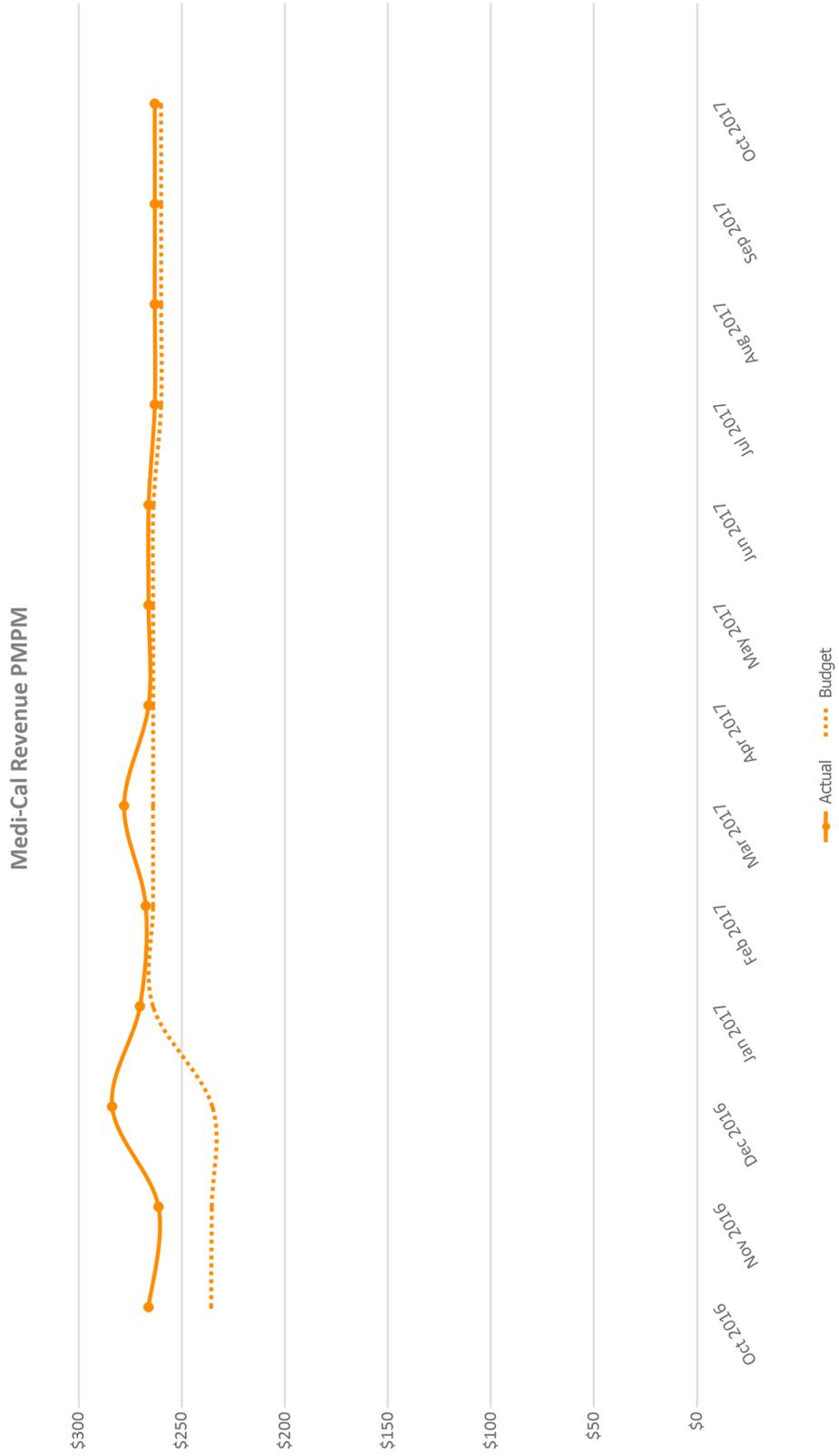
KP Membership





Governed Reporting System

Revenue





Governed Reporting System

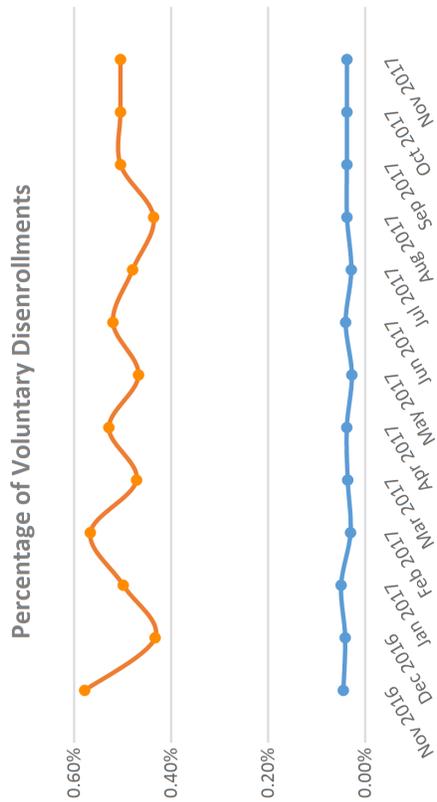
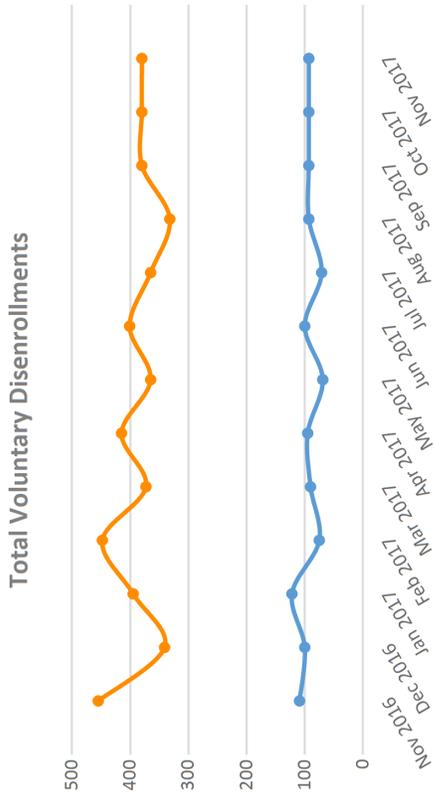
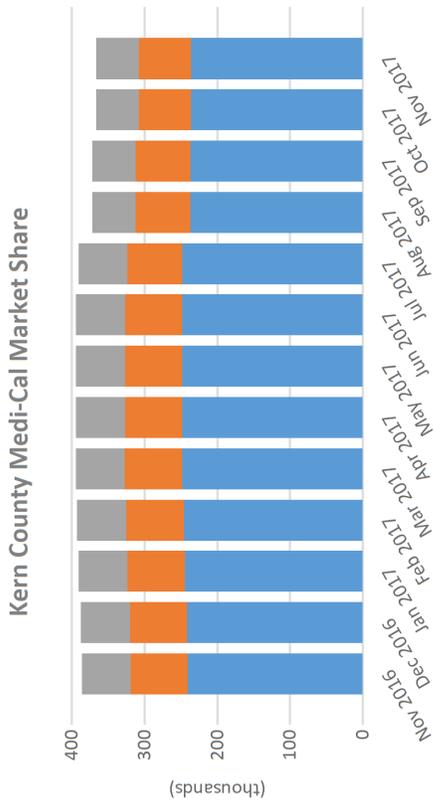
Kern Health Systems

Performance Reports
Operations Metrics



Governed Reporting System

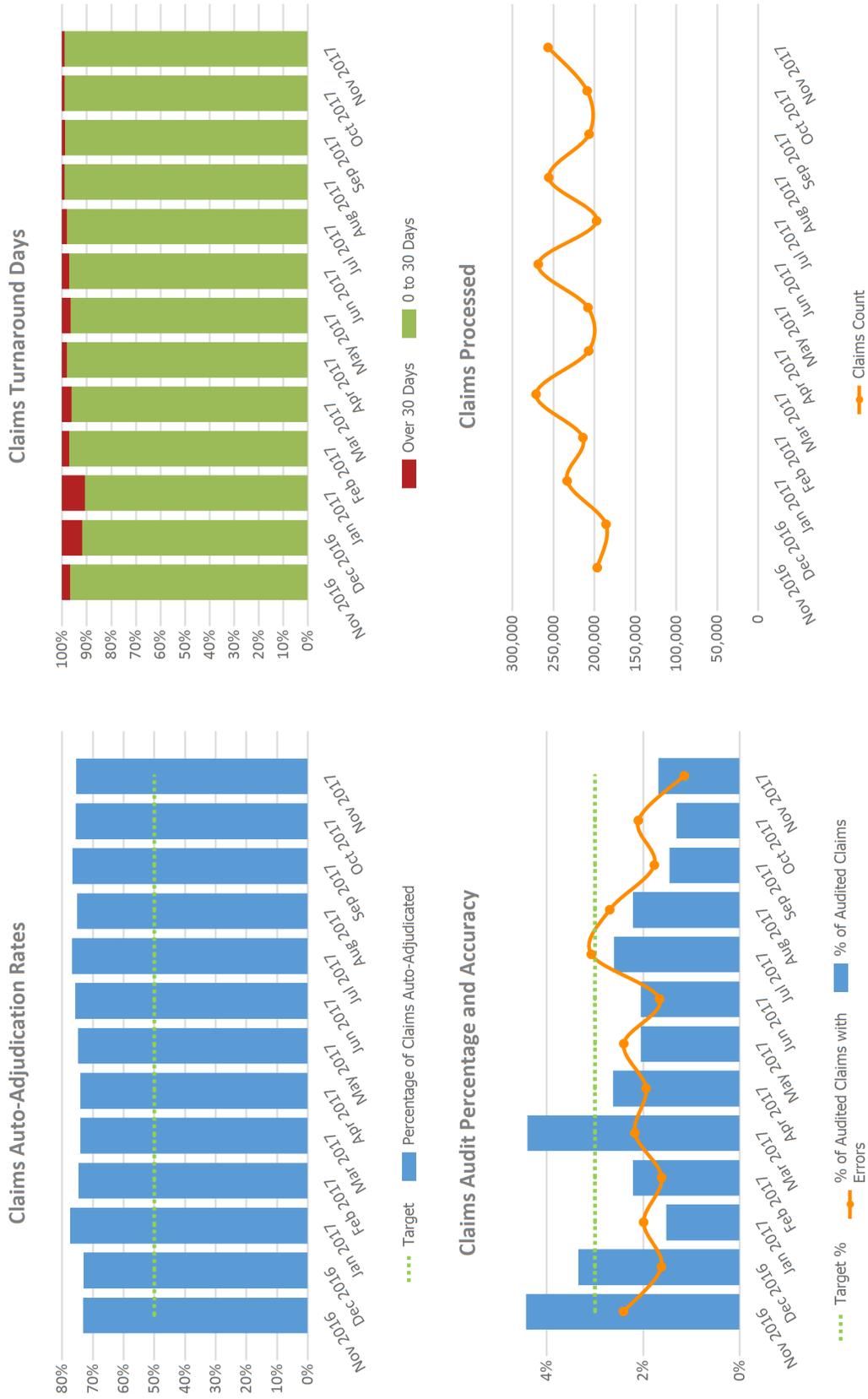
Enrollment - Market Share





Governed Reporting System

Claims Efficiency and Quality

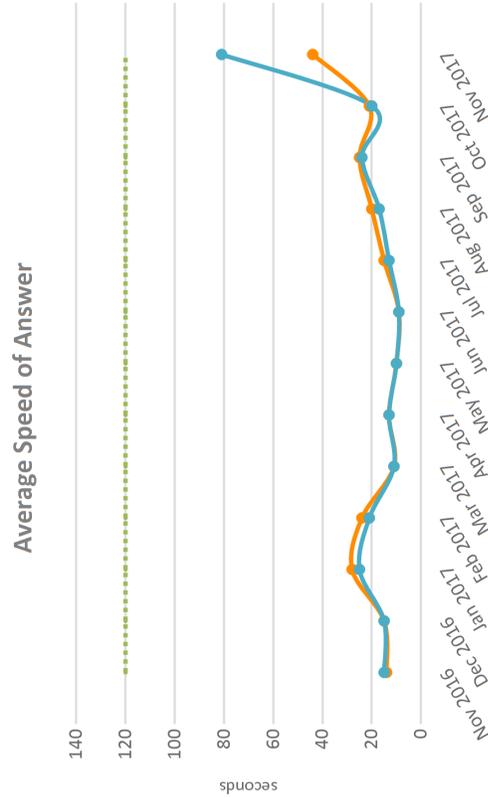
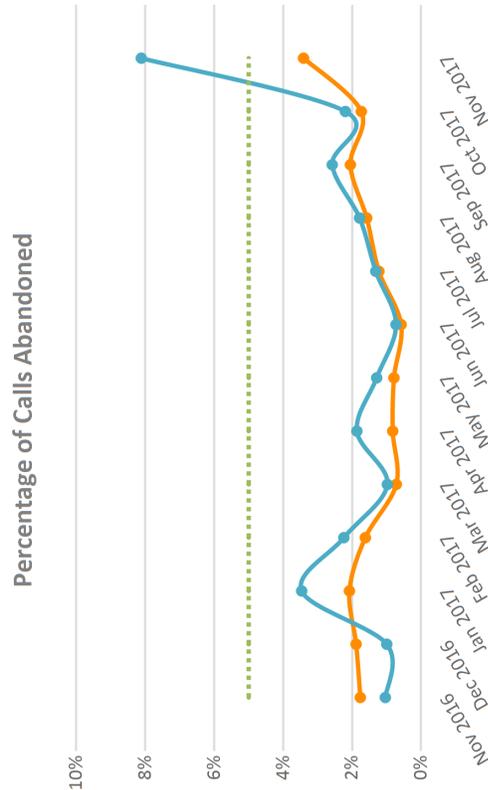
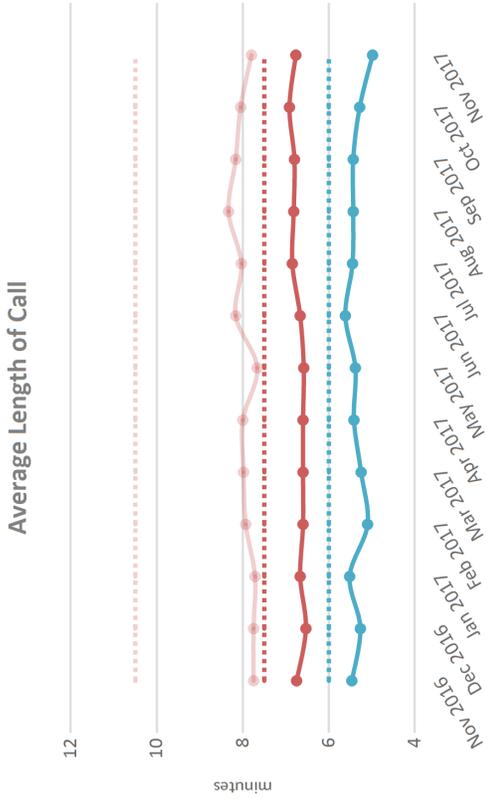
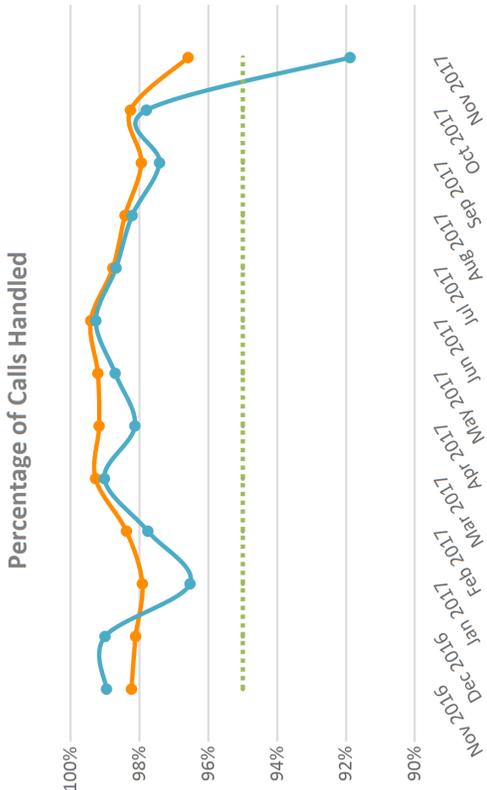




Governed Reporting System

Member Services

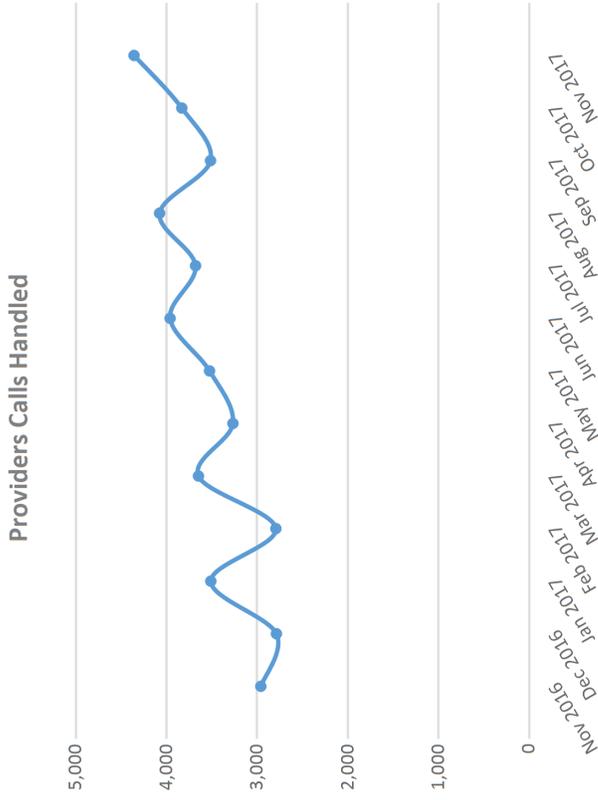
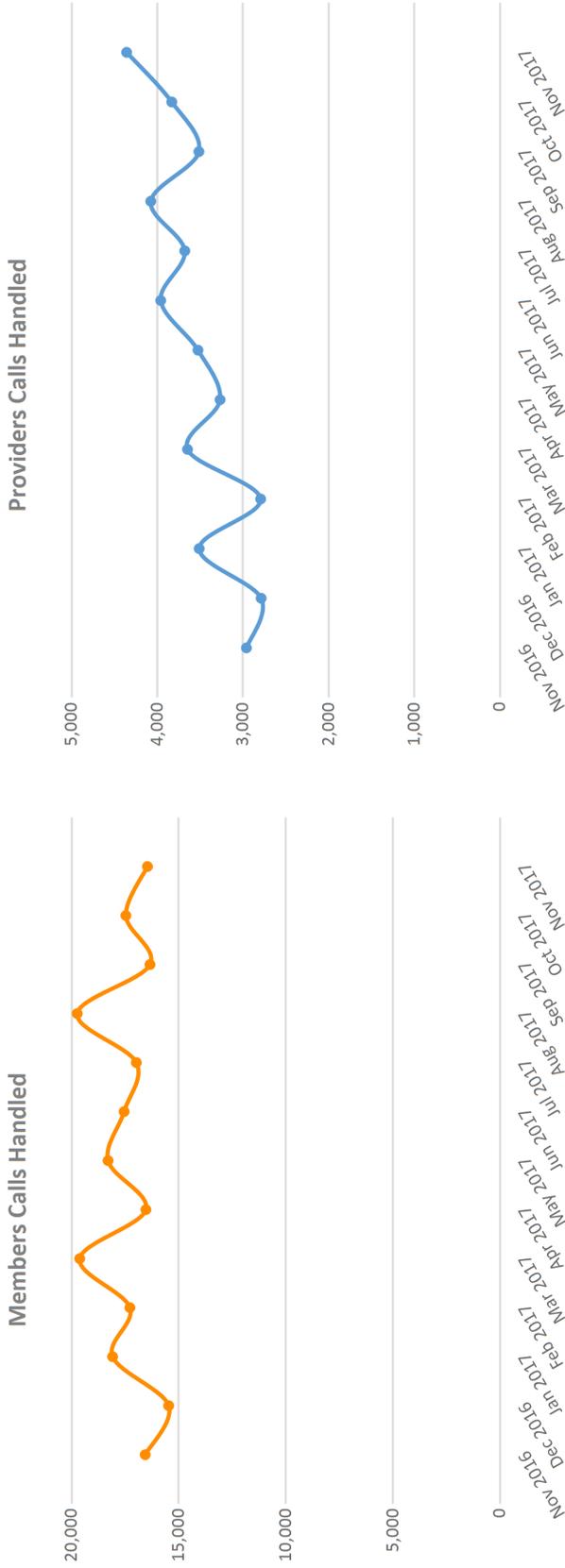
—●— Members - English
 —●— Providers
 - - - Target
 - - - Members - Spanish



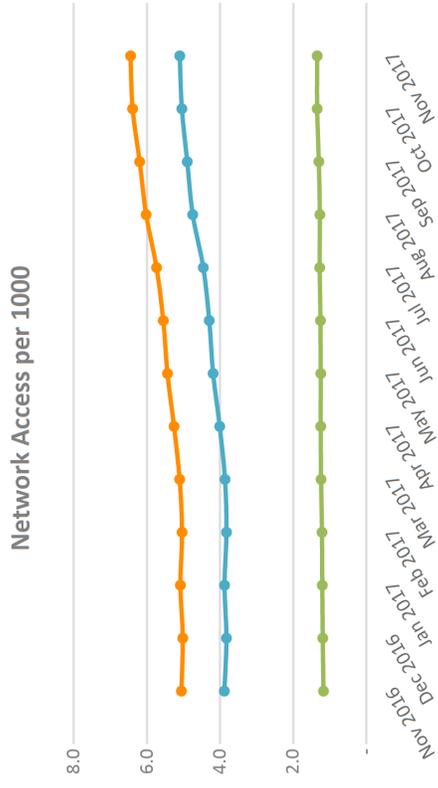
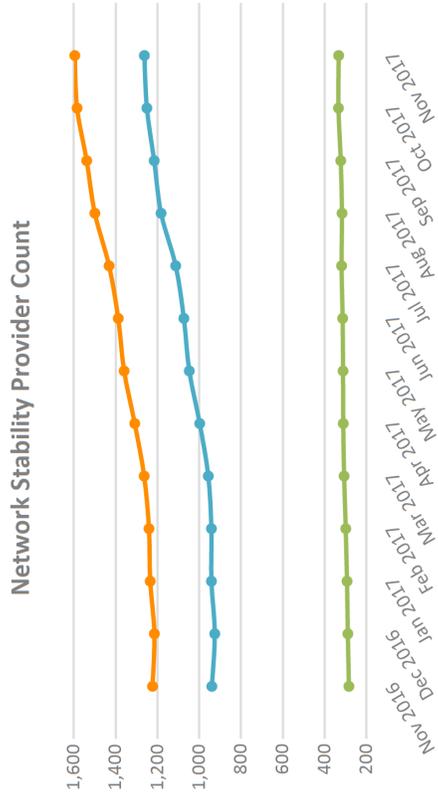


Governed Reporting System

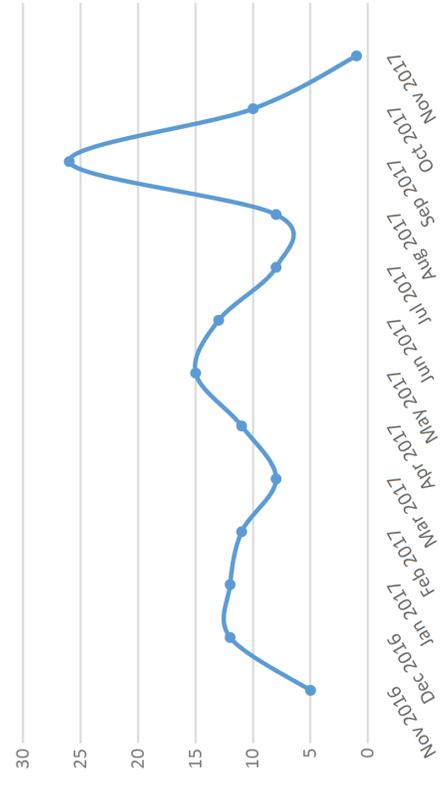
Member Services Calls Handled



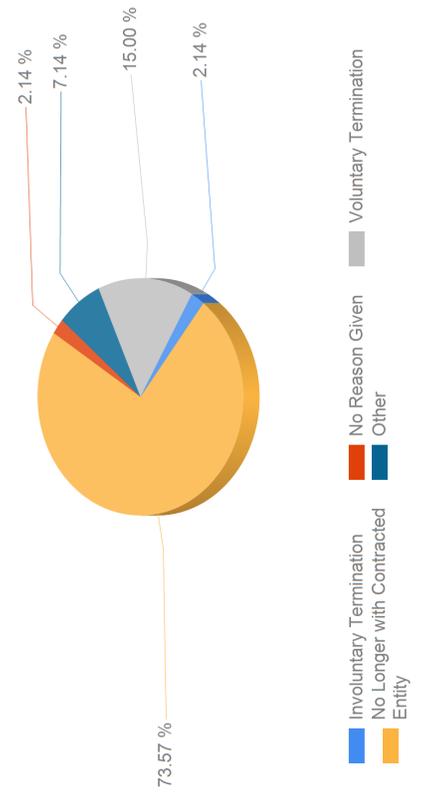
Provider Network and Terminations



Provider Terminations



Provider Terminations by Reason



**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
DECEMBER 14, 2017**

| Name | DBA | Specialty | Address | Comments | Contract Effective Date |
|------------------------------|--------------------------------------|-------------------------------|--|---|--------------------------------|
| Araujo, Luis BCBA | Good Kids Pediatric | ABA Provider & Speech Therapy | 615 S. Lexington Street, Ste. 24 Delano CA 93215 | | 1/1/2018 |
| Brimhall Pharmacy Inc. | Brimhall Pharmacy | Pharmacy & DME | 8305 Brimhall Road Ste. 1603 Bakersfield CA 93312 | | Retro Eff Date 12/1/2017 |
| Healing Arts Surgery Center | Healing Arts Surgery Center | Surgery Center | 2700 F Street Suite 101 Bakersfield CA 93301 | Received AAAHC Accreditation | Retro Eff Date 11/1/2017 |
| Kaya Hospice, Inc | Valley's Best Hospice - AV | Hospice | 43805 15th Street West Lancaster CA 93534 | | 1/1/2018 |
| Sendas Northwest Urgent Care | Sendas NW Urgent Care | Urgent Care Center | 9450 Ming Avenue Bakersfield CA 93311 | | 1/1/2018 |
| Shafter Urgent Care | Shafter Urgent Care dba: APEX | Urgent Care Center | 501 Munzer Street Ste. A Shafter CA 93263 | Chan Park & Ayodeji A. Ayeni, MD already credentialed. | 1/1/2018 |
| John E Heess MD Inc | John Heess, MD Inc | Anesthesiology | 2400 Bahamas Dr., Bakersfield, CA 93309 | Provider is already credentialed and is adding individual contract. | 1/1/2018 |
| Sassan Kesavarzi MD Inc | California Brain and Spine Institute | Neurosurgery | 2701 Chester Ave Suite 102 Bakersfield CA 93301 | | 1/1/2018 |

12/7/2017



To: KHS Board of Directors

From: Bruce Wearda, R.Ph.

Date: December 14, 2017

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

Background

In accordance to KHS Policy 10.01-I, candidates nominated to sit on clinical committees are to be presented to the Board of Directors for approval. All committee members serve two-year terms.

Two current members Of the Pharmacy and Therapeutic Committee are scheduled for reappointment. Dilbaugh Gehlawat, M.D., currently serves as the Pediatrician Representative and Sarabjeet Singh, M.D., FACC, FAHA, FACP currently serves as the General Medicine Representative.

- Dr. Gehlawat has had a long standing relationship with KHS serving as Pediatrician from the Delano. Besides his care and provision of services to improving the health of the KHS members, he has dedicated many years of valuable input to the P&T Committee.
- Dr. Singh has been providing specialty care in Cardiology to KHS members for a number of years. Besides his outstanding clinical skills, Dr. Singh has extensive research and has published several articles stemming from his research. His input to the P&T Committee these past two years has been valuable and appreciated.

Other physicians currently on the Committee include Saman Ratnayake, M.D, Internist, and Vasanthi Srinivas, M.D., OB/GYN.

In addition to physicians, the Pharmacy and Therapeutic Committee includes Pharmacist and KHS staff. Pharmacy is represented by Allison Bell, Pharm. D and Jeremiah Josen, Pharm. D, CGP, BCPS, BC-ADM.

KHS Committee member representation includes:

- Kimberly Hoffmann, Pharmacy Representative to KHS Board of Directors
- Martha Tasinga, M.D. Chief Medical Officer
- Bruce Wearda, R.Ph. Pharmacy Director

Requested Action

Approve re-appointment of Dr. Gehlawat and Dr. Singh to another term as members of the Pharmacy and Therapeutic Committee.



To: KHS Board of Directors

From: Bruce Wearda, R.Ph.

Date: December 14, 2017

Re: Kern Health Systems Medi-Cal Drug Formulary Recommended Modifications

Background:

The P&T Committee determines whether Kern Health Systems Medi-Cal Drug Formulary includes all required drug classes. The goal of the review is to ensure the KHS Drug Formulary includes a representation of medically necessary and appropriate drug classes, in alignment with national guidelines, in the manner and form prescribed by physicians for treatment of their patients.

The Committee solicited opinions for consideration from local experts. The Formulary was evaluated not just for upcoming therapies and medicines, but also scrutinized older medications to ensure their relevance. When evaluating new pharmaceuticals, the Committee sees to it that all available medications are efficacious, affordable and safe.

As a result of their latest review, some modifications were made due to new products and standard of care coming to the market. Other drug utilization review (DUR) actions were taken based on safety concerns and regulatory requirements.

Requested Action:

The P & T Committee recommends Board approval for the following changes to the Kern Health Systems Medi-Cal Drug Formulary:

(1) Kern Health Systems Medi-Cal Drug Formulary Additions:

- **Linezolid tablets** - Prior authorization required.
- **Cresemba** - Prior authorization required.
- **Voriconazole** - Prior authorization required.
- **Benznidazole** - Prior authorization required.
- **Vancomycin (oral)** - Prior authorization required.
- **Ketoconazole** - 2% shampoo.
- **Differin 0.1% gel** - OTC formulation. 15 gm per dispensing per month.
- **Sotalol 120 mg** - line extension of existing formulary medication.
- **Fosrenol** - Prior authorization required for doses greater than 3000 mg daily.

(2) Kern Health Systems Medi-Cal Drug Formulary Modifications:

- **Amoxicillin and Augmentin** - Remove age edits for suspension formulation.
- **Erythromycin** - Allow only the 200mg strength with prior authorization. Other strengths will be removed.
- **Nitrofurantoin suspension** - Allow for members up to age 6 years.
- **Eurax cream** - Prior authorization required.
- **Clotrimazole 1% solution** - OTC formulation only.
- **Retin-A cream** - Step therapy after Differin gel.
- **Anucort 25 mg Suppository** - Allow up to twice a day, not to exceed a week's supply per month.

(3) Kern Health Systems Medi-Cal Drug Formulary Removals:

- **Augmentin** - Chewable formulation.

SUMMARY OF PROCEEDINGS

PUBLIC POLICY/COMMUNITY ADVISORY COMMITTEE

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

Regular Meeting
Tuesday, January 24, 2017
12:00 P.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.

COMMITTEE RECONVENED

Members Present: Janet Hefner, Jennifer Wood, Juan Vega, Maria Jaime, Andrea V. Gomez, Cecilia Hernandez-Colin, Beatriz Basulto

Members Absent: Pam Townsend, Jenny Albert

Meeting called to order at 12:05 P.M. by Louie Iturriria, Director of Marketing and Member Services

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

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Gov. Code Sec. 54954.2[a]) **NO ONE HEARD.**
- CA-3) Minutes for Public Policy/Community Advisory Committee meeting on September 27, 2016 (Attachment) – APPROVED
- CA-4) Membership Enrollment Report - Medi-Cal – (Attachment) – APPROVED
- CA-5) 2016 3rd Quarter Health Education Activities Report–(Attachment) – APPROVED
- CA-6) 2016 3rd Quarter Disease Management Report – (Attachment) – APPROVED

All Consent Agenda Items Approved (CA-3 through CA-6)
Vega-Hefner: All Ayes

- 5) Member Services Report – (Nate Scott – Manager, Member Services)
 - a. 2016 3rd Quarter Grievance Summary Report
 - b. 2016 3rd Quarter Tabulated Grievance Report(Attachments) – APPROVED
Wood-Vega: All Ayes
- 6) Health Education and Disease Management Reports – (Isabel Silva – Health Education & Disease Management Manager, Carlos Bello – Member Health Educator and Deborah Murr, RN – Administrative Director of Health Services)
 - a. Group Needs Assessment Report
 - b. Urgent Care Brochure – Field Test
 - c. New Benefit Enhancement – Presentation (Handout)

(Attachments) – APPROVED

Vega-Hefner: All Ayes

- 7) Provider Relations Report– (Leslie Scerbo – Provider Relations Program Manager)

a. 2016 3rd Quarter After Hours Calls Survey Report

(Attachments) – APPROVED

Wood-Basulto: All Ayes

**MEETING ADJOURNED @ 1:14 P.M. BY LOUIE ITURRIRIA,
DIRECTOR OF MARKETING AND MEMBER SERVICES TO
TUESDAY, APRIL 25, 2017 AT 12:00 P.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 OF PROCEEDINGS

PUBLIC POLICY/COMMUNITY ADVISORY COMMITTEE

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

Regular Meeting
Tuesday, April 25, 2017
12:00 P.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.

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COMMITTEE RECONVENED

Members Present: Janet Hefner, Juan Vega, Pam Townsend, Andrea V. Gomez, Beatriz Basulto

Members Absent: Jennifer Wood, Jenny Albert, Cecilia Hernandez-Colin

Meeting called to order at 12:04 P.M. by Isabel Silva, Director of Health Education, Cultural & Linguistics Services

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

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SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Gov. Code Sec. 54954.2[a]) **NO ONE HEARD.**
- CA-3) Minutes for Public Policy/Community Advisory Committee meeting on January 24, 2017 (Attachment) – APPROVED
Vega-Hefner: All Ayes
- CA-4) Membership Enrollment Report - Medi-Cal – (Attachment) – APPROVED
Vega-Hefner: All Ayes
- CA-5) 2016 4th Quarter Disease Management Report – (Attachment) – APPROVED
Vega-Hefner: All Ayes
- 6) Member Services Report – (Nate Scott – Manager of Member Services)
 - a. 2016 4th Quarter Grievance Summary Report
 - b. 2016 4th Quarter Tabulated Grievance Report(Attachments) – APPROVED
Hefner-Vega: All Ayes
- 7) Marketing Report – (Louis Iturriria – Director of Marketing and Member Services)
Member Materials:
 - a. Winter 2017 Member Newsletter(Attachment) – APPROVED
Gomez-Basulto: All Ayes
- 8) Health Education Report – (Isabel Silva, MPH – Health Education & Disease Management Manager)

- a. 2016 4th Quarter Health Education Activities Report
(Attachment) – APPROVED
Gomez-Vega: All Ayes
- 9) Disease Management Reports – (Joe Clark, RN – Supervisor of Disease Management)
 - a. 2017 1st Quarter Disease Management Report
(Attachment) – APPROVED
Gomez-Hefner: All Ayes
- 10) Case Management Report – (Diane Lay, RN – Manager of Case Management)
 - a. Roadmap Identifying KHS Homeless Members Offering Referral Resources
(Attachment) – APPROVED
Hefner-Gomez: All Ayes

MEETING ADJOURNED @ 1:09 P.M. BY ISABEL SILVA,
DIRECTOR OF HEALTH EDUCATION, CULTURAL & LINGUISTICS SERVICES TO
TUESDAY, JULY 25, 2017 AT 12:00 P.M.

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

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SUMMARY OF PROCEEDINGS

PUBLIC POLICY/COMMUNITY ADVISORY COMMITTEE

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

Regular Meeting
Tuesday, July 25, 2017
12:00 P.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.

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COMMITTEE RECONVENED

Members Present: Janet Hefner, Pam Townsend, Cecilia Hernandez-Colin, Beatriz Basulto

Members Absent: Jennifer Wood, Juan Vega, Andrea V. Gomez, Jenny Albert

Meeting called to order at 12:07 P.M. by Isabel Silva, Director of Health Education, Cultural & Linguistics Services

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

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COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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- CA-3) Minutes for Public Policy/Community Advisory Committee meeting on April 25, 2017 (Attachment) – APPROVED
Hefner- Hernandez Colin: All Ayes
- CA-4) Membership Enrollment Report - Medi-Cal – (Attachment) – APPROVED
Hefner- Hernandez Colin: All Ayes
- 5) Member Services Report – (Nate Scott – Director of Member Services)
 - a. 2017 1st Quarter Grievance Summary Report
 - b. 2017 1st Quarter Tabulated Grievance Report(Attachments) – APPROVED
Hernandez Colin-Hefner: All Ayes
- 6) Marketing Report – (Louis Iturriria – Director of Marketing and Public Relations)
Member Materials:
 - a. Summer 2017 Member Newsletter
 - b. Member Transportation Benefit Guide(Attachment) – APPROVED
Hernandez Colin-Basulto: All Ayes
- 7) Health Education Report – (Isabel Silva, MPH – Director of Health Education & Linguistics Services)
 - a. 2017 1st Quarter Health Education Activities Report

(Attachment) – APPROVED

Hernandez Colin-Hefner: All Ayes

- 9) Disease Management Reports – (Joe Clark, RN – Supervisor of Disease Management)
- a. 2017 2nd Quarter Disease Management Report
(Attachment) – APPROVED
Hefner-Townsend: All Ayes

MEETING ADJOURNED @ 12:57 P.M. BY ISABEL SILVA,
DIRECTOR OF HEALTH EDUCATION, CULTURAL & LINGUISTICS SERVICES TO
TUESDAY, OCTOBER 24, 2017 AT 12:00 P.M.

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

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SUMMARY OF PROCEEDINGS

QUALITY IMPROVEMENT (QI) / UTILIZATION MANAGEMENT (UM) COMMITTEE

KERN HEALTH SYSTEMS
1st Floor-Conference Room
9700 Stockdale Highway
Bakersfield, California 93311

Regular Meeting
Thursday, March 2, 2017
7:00 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.

Members Present: Satya Arya, M.D.; Felicia Crawford, RN; Maridette Schloe MS, LSSBB; Dr. Irwin Harris, M.D., Associate Medical Director

Members Absent: Jennifer Ansolabehere; Danielle C Colayco, PharmD, MS P.H.N; Bruce Taylor, DO

Meeting called to order by Dr. Irwin Harris, M.D. @ 7:24 A.M.

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 COMMITTEE MEMBER OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE COMMITTEE MEMBERS CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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- 3) Announcements:
 - Form 700
 - **Felicia Crawford announced that Hoffmann Hospice opened the first Hospice Home here in Kern County.**
- 4) Closed Session: **N/A**

CA-5) QI/UM Committee Summary of Proceedings December 1st, 2016 – RECEIVED AND FILED

CA-6) Physician Advisory Committee (PAC) Summaries of Proceedings – RECEIVED AND FILED

- October 5, 2016
- November 2, 2016
- December 7, 2016

CA-7) Pharmacy 2016 TAR Log Statistics 4th Quarter – RECEIVED AND FILED

- October 2016
- November 2016
- December 2016

CA-8) Focus Review Report 4th Quarter 2016 – RECEIVED AND FILED

- Critical Elements Monitoring Ending December 31st, 2016
- IHEBA Monitoring Ending December 31st, 2016
- IHA Monitoring Ending December 31st, 2016
- KRC Monitoring Ending December 31st, 2016
- CCS Monitoring Ending December 31st, 2016
- Perinatal Care Monitoring Ending December 31st, 2016

CA-9) Site Review Summary Report 4th Quarter 2016 – RECEIVED AND FILED

Summary of Proceedings – QI/UM Committee
 Kern Health Systems
 Regular Meeting

Page 3
 03/02/2017

CA-10) Asthma & Diabetes Care Monitoring Report 4th Quarter 2016 – RECEIVED AND FILED

CA-11) VSP Medical Data Collection Summary Reports 2016 – RECEIVED AND FILED

- November 2015-October 2016
- December 2015-November 2016
- January 2016-December 2016

CA-12) Kaiser UM DME Authorization Denial Reports – RECEIVED AND FILED

- 3rd Quarter 2016

CA-13) Kaiser 2016 Grievance Reports – RECEIVED AND FILED

- 3rd Quarter 2016
- 4th Quarter 2016

CA-14) Kaiser 2016 Pending and Unresolved Grievance Reports – RECEIVED AND FILED

- 3rd Quarter 2016
- 4th Quarter 2016

CA-15) Kaiser KHS Call Center Reports– RECEIVED AND FILED

- 3rd Quarter 2016
- 4th Quarter 2016

CA-16) Kaiser 2016 KHS Health Plan Dental Reports– RECEIVED AND FILED

- 3rd Quarter 2016
- 4th Quarter 2016

Member Services

CA-17) 2016 Q4 Call Center Report – RECEIVED AND FILED

Provider Relations

CA-18) 4th Q 2016 Re-credentialing Report – RECEIVED AND FILED

CA-19) Board Approved New Contracts – RECEIVED AND FILED

- October 13, 2016
- November 10, 2016
- December 15, 2016

CA-20 Board Approved Providers Reports – RECEIVED AND FILED

- December 1, 2017
- January 1, 2017

CA-21) 4th Q 2016 After-Hours Calls Survey Results – RECEIVED AND FILED

QI Department Reports

CA-22) Policy and Procedure 20.50-I – RECEIVED AND FILED

- 20.50-I Medi-Cal Quality and Performance 2016-07
- 20.50-I Attachment A 2016-09
- 20.50-I Attachment B 2016-08

CA-23) Policy and Procedures CP 230-231– RECEIVED AND FILED

- CP 230-Facility Site Review-Survey 2016-10
- CP 230 Attachment A FSR Tool (Updated 2014)
- CP 230 Attachment B Medical Record Survey Tool 2014
- CP 231 Facility Site Review - Medical Record Review 2016-10

CA-24) Policy and Procedures CP 232-235 – RECEIVED AND FILED

- CP 232 Facility Site Review - Scoring of Facility and Record Review

Summary of Proceedings – QI/UM Committee
Kern Health Systems
Regular Meeting

Page 4
03/02/2017

- CP 233 Facility Site Review - Corrective Action Plans 2016-10
- CP 234 Facility Site Review - Inter Rater Reliability 2016-10
- CP 235 Facility Site Review - Site Evaluation

UM Department Reports

25) 4th Q 2016 Combined UM Reporting – APPROVED

Arya-Crawford: All Ayes

**Meeting adjourned by Dr. Irwin Harris, M.D. @ 8:02 A.M.
to Thursday, May 25, 2017**

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

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SUMMARY OF PROCEEDINGS

QUALITY IMPROVEMENT (QI) / UTILIZATION MANAGEMENT (UM) COMMITTEE

KERN HEALTH SYSTEMS
1st Floor-Conference Room
9700 Stockdale Highway
Bakersfield, California 93311

Regular Meeting
Thursday, May 25, 2017
7:00 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.

Members Present: Jennifer Ansolabehere, P.H.N; Satya Ayra, M.D.; Bruce Taylor, DO; Maridette Schloe MS, LSSBB; Danielle C Colayco, PharmD, MS

Members Absent: Felicia Crawford, RN

Meeting called to order by Dr. Irwin Harris, M.D. @ 7:02 A.M.

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 COMMITTEE MEMBER OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE COMMITTEE MEMBERS CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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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 (Gov. Code Sec. 54954.2[a])
- 3) Announcements:
 - **Form 700**
 - **Introduction-Special Guests, Allen Kennedy from Quality Team and Dr. Chan Park from GMA Healthcare**
- 4) Closed Session: **Closed session began 7:05 A.M. – Committee discussed and agreed that both nominations will be accepted, and each nominee will need to attend 3 QI-UM meetings.**

CA-5) QI/UM Committee Summary of Proceedings March 2nd, 2017 – RECEIVED AND FILED

CA-6) Physician Advisory Committee (PAC) Summaries of Proceedings – RECEIVED AND FILED

- February 2017
- March 2017

CA-7) Pharmacy 2017 TAR Log Statistics 1st Quarter – RECEIVED AND FILED

- January 2017
- February 2017
- March 2017

CA-8) Focus Review Report 1st Quarter 2017 – RECEIVED AND FILED

- Critical Elements Monitoring Ending March 31st, 2016
- IHEBA Monitoring Ending March 31st, 2017
- IHA Monitoring Ending March 31st, 2017
- KRC Monitoring Ending March 31st, 2017

Summary of Proceedings – QI/UM Committee
 Kern Health Systems
 Regular Meeting

Page 3
 05/25/2017

- CCS Monitoring Ending March 31st, 2017
- Perinatal Care Monitoring Ending March 31st, 2017
- CA-9) Site Review Summary Report 1st Quarter 2017 – RECEIVED AND FILED
- CA-10) SHA Monitoring Report 1st Quarter 2017 – RECEIVED AND FILED
- CA-11) VSP Medical Data Collection Summary Reports – RECEIVED AND FILED
 - January 2016-December 2016
 - February 2016-January 2017
 - March 2016-February 2017
 - April 2016- March 2017
- CA-12) VSP QI Work Plan Evaluation 2016 – RECEIVED AND FILED
- CA-13) VSP QI Program Description 2016 – RECEIVED AND FILED
- CA-14) Kaiser UM DME Authorization Denial Reports – RECEIVED AND FILED
 - 4th Quarter 2016
- CA-15) Kaiser KHS Health Plan Dental Reports– RECEIVED AND FILED
 - 1st Quarter 2017
- CA-16) Kaiser Grievance Reports – RECEIVED AND FILED
 - 1st Quarter 2017
- CA-17) Kaiser KHS SPD Reports – RECEIVED AND FILED
 - 4th Quarter 2016
 - 1st Quarter 2017
- CA-18) Kaiser KHS CBA Reports – RECEIVED AND FILED
 - 4th Quarter 2016
 - 1st Quarter 2017

Member Services

- CA-19) 2017 Q1 Call Center Report – RECEIVED AND FILED
 - Kern Health Systems/Kaiser
 - 2017 Health Dialog Health Information Line Summary
 - 2017 Health Coach Call Listening Report - Q1
- CA-20) Comparative Tabulated Grievance Reports – RECEIVED AND FILED
 - 4th Quarter 2016
- CA-21) 2016 Grievance Summary Reports – RECEIVED AND FILED
 - 4th Quarter 2016

Provider Relations

- CA-22) 1st Q 2017 Re-credentialing Report – RECEIVED AND FILED
- CA-23) Board Approved New Contracts – RECEIVED AND FILED
 - January 2017
 - February 2017
- CA-24) Board Approved Providers Reports – RECEIVED AND FILED
 - March1, 2017
 - April 1, 2017
- CA-25) 1st Q 2017 After-Hours Calls Survey Results – RECEIVED AND FILED
- CA-26) 1st Q 2017 Appointment Availability Survey Results – RECEIVED AND FILED

Disease Management

- CA-27) Disease Management Reports – RECEIVED AND FILED
 - 4th Quarter 2016

Summary of Proceedings – QI/UM Committee
Kern Health Systems
Regular Meeting

Page 4
05/25/2017

- 1st Quarter 2017

Health Education Reports

- 28) Health Education Activities Reports
- 1st Quarter 2017 - APPROVED
 - 4th Quarter 2016 - RECEIVED AND FILED
- Arya- Ansolabehere: All Ayes**

QI Department Reports

- 29) 2016 QI Program Evaluation Executive Summary – APPROVED
30) 2016 QI Program Evaluation – RECEIVED AND FILED
31) 2017 QI Program Description – RECEIVED AND FILED
32) 2017 QI Work Plan – RECEIVED AND FILED
33) Policy and Procedure 2.22-P – RECEIVED AND FILED
- 2.22-P Attachment D Ancillary Services
 - 2.22-P Attachment E CBAS
- 34) Policies and Procedures 217-235– RECEIVED AND FILED
- 2.17-P Access - Treatment of a Minor 2017-01
 - 2.29-P Emergency Protocol and Disaster Plan 2017-01
 - 2.30-I Health Education 2017-01
 - 2.35-P Disease Management 2017-01
- Arya- Ansolabehere: All Ayes**

UM Department Reports

- 35) 2017 1st Q Combined UM Reporting – APPROVED
36) 2017 UM Program Description – RECEIVED AND FILED
37) 2016 UM Program Evaluation – RECEIVED AND FILED
38) Policies and Procedures– RECEIVED AND FILED
- 3.33-P Admission-Discharge Notification 2017-01
 - 3.36-P Asthma Treatment and Management 2017-01
 - 3.37-P Specialty Nutrition Consultation 2017-01
- Arya-Taylor: All Ayes**

**Meeting adjourned by Dr. Irwin Harris, M.D. @ 8:11 A.M.
to Thursday, August 24, 2017**

**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 OF PROCEEDINGS

QUALITY IMPROVEMENT (QI) / UTILIZATION MANAGEMENT (UM) COMMITTEE

KERN HEALTH SYSTEMS
1st Floor-Conference Room
9700 Stockdale Highway
Bakersfield, California 93311

Regular Meeting
Thursday, August 24th, 2017

7:00 A.M.

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Members Present: Satya Arya, M.D.; Maridette Schloe MS, LSSBB; Danielle C Colayco, PharmD, MS

Members Absent: Jennifer Ansolabehere, P.H.N; Felicia Crawford, RN; Bruce Taylor, DO

Meeting called to order by Dr. Irwin Harris, M.D. @ 7:03 A.M.

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 COMMITTEE MEMBER OR AUDIENCE WISHES TO COMMENT OR ASK QUESTIONS. IF COMMENT OR DISCUSSION IS DESIRED BY ANYONE, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND WILL BE CONSIDERED IN LISTED SEQUENCE WITH AN OPPORTUNITY FOR ANY MEMBER OF THE PUBLIC TO ADDRESS THE COMMITTEE MEMBERS CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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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 (Gov. Code Sec. 54954.2[a])
- 3) Announcements:
 - **Introduction – Dr. Martha Tasinga, M.D. Chief Medical Officer of KHS**
 - **Special Guests: Dr. Philipp Melendez, attending his first of 3 meetings to become a QI-UM Committee member. Dr. Chan Park, and Allen Kennedy from Quality Team Inc. are both here for their second meeting.**
- 4) Closed Session: **N/A**

CA-5) QI/UM Committee Summary of Proceedings May 25th, 2017 – RECEIVED AND FILED - **Arya-Schloe: All Ayes (Items CA-5 though CA-29)**

CA-6) Physician's Advisory Committee (PAC) Summary of Proceedings – RECEIVED AND FILED

- April 05, 2017
- May 03, 2017
- May 31, 2017

CA-7) Pharmacy 2017 TAR Log Statistics 1st Quarter – RECEIVED AND FILED

- April 2017
- May 2017
- June 2017

CA-8) Focus Review Report 2nd Quarter 2017 – RECEIVED AND FILED

- Critical Elements Monitoring Ending June 30th, 2017
- IHEBA Monitoring Ending June 30th, 2017
- IHA Monitoring Ending June 30th, 2017
- KRC Monitoring Ending June 30th, 2017
- CCS Monitoring Ending June 30th, 2017

Summary of Proceedings – QI/UM Committee
 Kern Health Systems
 Regular Meeting

Page 3
 08/24/2017

- Perinatal Care Monitoring Ending June 30th, 2017
- CA-9) Site Review Summary Report 2nd Quarter 2017 – RECEIVED AND FILED
- CA-10) SHA Monitoring Report 2nd Quarter 2017 – RECEIVED AND FILED
- CA-11) Kaiser UM DME Authorization Denial Report – RECEIVED AND FILED
 - 1st Quarter 2017
- CA-12) Kaiser KHS Health Plan Dental Report– RECEIVED AND FILED
 - 2nd Quarter 2017
- CA-13) Kaiser APL Grievance Report – RECEIVED AND FILED
 - 2nd Quarter 2017
- CA-14) Kaiser KHS CBA Report – RECEIVED AND FILED
 - 2nd Quarter 2017
- CA-15) Kaiser KHS Mental Health Report – RECEIVED AND FILED
 - 2nd Quarter 2017
- CA-16) Kaiser 2016 QI Program Evaluation – RECEIVED AND FILED (287 pp) Color
 Full document can be accessed on the KHS Website at the following link:
<http://www.kernfamilyhealthcare.com/page.asp/csasp/DepartmentID.1478/cs/SectionID.2967/cs/PageID.15850/csasp.html>
- CA-17) Kaiser 2017 QI Program Description – RECEIVED AND FILED (399 pp) Color
 Full document can be accessed on the KHS Website at the following link:
<http://www.kernfamilyhealthcare.com/page.asp/csasp/DepartmentID.1478/cs/SectionID.2967/cs/PageID.15850/csasp.html>
- CA-18) Kaiser 2017 Quality Improvement Work Plan– RECEIVED AND FILED (86 pp)
 Full document can be accessed on the KHS Website at the following link:
<http://www.kernfamilyhealthcare.com/page.asp/csasp/DepartmentID.1478/cs/SectionID.2967/cs/PageID.15850/csasp.html>
- CA-19) VSP Medical Data Collection Summary Reports – RECEIVED AND FILED
 - May 2016-April 2016
 - June 2016-May 2017
 - July 2016-June 2017
 - August 2016- July 2017

Member Services

- CA-20) 2017 Q1 Call Center Report – RECEIVED AND FILED
 - Kern Health Systems/Kaiser
- CA-21) Comparative Tabulated Grievance Reports – RECEIVED AND FILED
 - 1st Quarter 2017
- CA-22) Grievance Summary Reports – RECEIVED AND FILED
 - 1st Quarter 2017

Provider Relations

- CA-23) 2nd Q 2017 Re-Credentialing Report – RECEIVED AND FILED
- CA-24) Board Approved New Contracts – RECEIVED AND FILED
 - Effective May 2017
 - Effective June 2017
- CA-25 Board Approved Providers Reports – RECEIVED AND FILED
 - May 1, 2017
 - June 1, 2017

Summary of Proceedings – QI/UM Committee
Kern Health Systems
Regular Meeting

Page 4
08/24/2017

CA-26) 2017 Full Time Equivalency (FTE) & Provider to Enrollee Ratios Report –
RECEIVED AND FILED

CA-27) 1st Q 2017 Access Grievance Review Report – RECEIVED AND FILED

CA-28) 2nd Q 2017 Access Monitoring Report – RECEIVED AND FILED

Disease Management

CA-29) Disease Management Report – RECEIVED AND FILED

- 2nd Quarter 2017

Health Education Reports

30) Health Education Activities Reports

- 2nd Quarter 2017 – APPROVED

Colayco-Arya: All Ayes

QI Department Reports

31) HEDIS 2017 Rate Tracking-Final Rates June 14, 2017- RECEIVED AND FILED

32) HEDIS 2017 Compliance Audit Final Report of Findings for KFHC – RECEIVED
AND FILED

Arya-Colayco: All Ayes

UM Department Reports

33) 2nd Q 2017 Combined UM Reporting – APPROVED

Arya-Colayco: All Ayes

34) Policies and Procedures 3.10-3.26 – RECEIVED AND FILED

- 3.10-P Alcohol and Substance Abuse Treatment
- 3.14-P Mental Health Services
- 3.26-P New Medical Technology

35) Policies and Procedures 3.73-3.50 – RECEIVED AND FILED

- 3.73-I Medical Decision Making
- 3.40-I Continuity of Care for New Members
- 3.50-P Medical Transportation Services

**Meeting adjourned by Dr. Irwin Harris, M.D. @ 8:03 A.M.
to Thursday, November 16, 2017**

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SUMMARY

FINANCE COMMITTEE MEETING

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

Friday, October 6, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: McGlew, Melendez, Rhoades

Members absent: Deats, Casas

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

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

COMMITTEE ACTION SHOWN IN CAPS

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NO ONE HEARD

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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NO ONE HEARD

SUMMARY

Finance Committee Meeting
Kern Health Systems

Page 2
10/6/2017

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

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

