



**KERN HEALTH
SYSTEMS**

**REGULAR MEETING OF THE
BOARD OF DIRECTORS**

Thursday, February 8, 2018

at

8:00 A.M.

At

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

The public is invited.

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

AGENDA

BOARD OF DIRECTORS

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

Regular Meeting
Thursday, February 8, 2018

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 December 14, 2017 (Fiscal Impact: None) –
APPROVE
- CA-5) Report on KHS investment portfolio for the fourth quarter ending December 31, 2017 (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-6) Report on 2017 annual review of KHS Investment Policy (Fiscal Impact: None) –
RECEIVE AND FILE

-
- CA-7) Report on Kern Health Systems 2017 annual travel report (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-8) Proposed Agreement with Level 3 CenturyLink, for voice and data services for the
KHS Stockdale location from February 14, 2018 through February 13, 2019, in an
amount not to exceed \$112,843.20 (Fiscal Impact: \$112,843.20; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 9) Proposed Authorization authorizing the Chief Executive Officers to execute
subcontract agreement and corresponding novation agreement to S.C. Anderson,
Inc. in an amount not to exceed \$3,100,000.00 (Fiscal Impact: \$3,100,000.00;
Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 10) Report on Kern Health Systems financial statements for November 2017 (Fiscal
Impact: None) –
RECEIVE AND FILE
- 11) Report on Kern Health Systems 2017 Employee Work Place Satisfaction Survey
(Fiscal Impact: None) –
RECEIVE AND FILE
- 12) Report on Kern Health Systems Strategic Plan 2018-2020 (Fiscal Impact: None) –
APPROVE
- CA-13) Report on Kern Health Systems 2017 Department Goals and Objectives (Fiscal
Impact: None) –
RECEIVE AND FILE
- CA-14) Report on Kern Health Systems Enhanced Benefits to Medi-Cal Coverage (Fiscal
Impact: \$838,143) –
RECEIVE AND FILE
- 15) Report on Kern Health Systems Operation Performance and Review of the Kern
Health Systems Grievance report (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-16) Report on Accounts Payable Vendor Report, Administrative Contracts under
\$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through
QNXT system for November 2017 (Fiscal Impact: None) –
RECEIVE AND FILE
- 17) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
RECEIVE AND FILE

- 18) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-19) Proposed Kern Health Systems provider contracts (rates confidential per Welfare
and Institutions Code Section 14087.38(m)) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-20) Miscellaneous Documents –
RECEIVE AND FILE
 - A) Minutes for KHS Finance Committee meeting on December 8, 2017

ADJOURN TO THURSDAY, APRIL 12, 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, December 14, 2017

8:00 A.M.

BOARD RECONVENED

Directors present: Rhoades, McGlew, Brar, Judd, Melendez, Patel, Patrick

Directors absent: Deats, Hoffmann, Casas, Hinojosa, 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

Patrick

CLOSED SESSION

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

8:15 A.M.

BOARD RECONVENED AT 8:15 A.M.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION –

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING NOVEMBER 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 BELTAGUI, SHARARAH

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

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING DECEMBER 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 DONALDSON, GHOLAM, LEAL

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

PUBLIC PRESENTATIONS

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

NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 3) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))

NO ONE HEARD

- CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on October 12, 2017 (Fiscal Impact: None) –
 APPROVED
McGlew-Patel: 7 Ayes: 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-5) Minutes for Kern Health Systems Board of Directors special meeting on November 9, 2017 (Fiscal Impact: None) –
 APPROVED
McGlew-Patel: 7 Ayes: 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-6) Report on Structural Steel Bid Award (Fiscal Impact: None) –
 RECEIVED AND FILED
McGlew-Patel: 7 Ayes: 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 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) – GREGORY BYNUM, GREGORY D. BYNUM AND ASSOCIATES, HEARD; THE FISCAL IMPACT AMOUNT WAS AMENDED TO \$17,638,681
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-McGlew: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-8) Report on Kern Health System Investment Portfolio for the third quarter ending September 30, 2017 (Fiscal Impact: None) –
 APPROVED
McGlew-Patel: 7 Ayes: 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart

NOTE: DIRECTOR JUDD ANNOUNCED THAT, DUE TO HIS CONTRACTUAL RELATIONSHIP WITH THE COUNTY OF KERN AND HIS APPOINTMENT AS CHIEF EXECUTIVE OFFICER OF KERN MEDICAL, HE WOULD RECUSE HIMSELF FROM THE DISCUSSION AND VOTE ON ITEM 9 AND LEFT THE DAIS AT 9:05 A.M.

- 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) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick -McGlew: 6 Ayes; 1 Abstention – Judd; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart

NOTE: DIRECTOR JUDD RETURNED TO THE DAIS AT 9:07 A.M. AFTER THE DISCUSSION AND VOTE ON ITEM 9

-
- 10) Proposed Kern Health Systems 2018 Operating and Capital Budgets (Fiscal Impact: None) –
 APPROVED
Brar-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 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) –
 APPROVED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-12) Report on Kern Health Systems 2018 Marketing Plan (Fiscal Impact: None) –
 RECEIVED AND FILED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-13) Report on Kern Health Systems Strategic Planning Meeting; Summary and Next Steps (Fiscal Impact: None) –
 RECEIVED AND FILED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-14) Report on Kern Health Systems 2016 Provider Satisfaction Survey (Fiscal Impact: None) –
 RECEIVED AND FILED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 15) Proposed Budget Request for 2018 Project Consulting Professional Services, from January 1, 2018 through December 31, 2018 (Fiscal Impact: \$2,959,453; Budgeted) –
 APPROVED
Patel-Patrick: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 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) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 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) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart

NOTE – DIRECTOR JUDD LEFT THE DAIS AT 9:24, BEFORE THE DISCUSSION OF ITEM 18 AND DID NOT RETURN

- 18) Report on Kern Health Systems financial statements for September 2017 and October 2017 (Fiscal Impact: None) –
 RECEIVED AND FILED
Melendez-Patel: 6 Ayes; 6 Absent – Deats, Hoffmann, Casas, Hinojosa, Judd, Stewart
- 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) –
 RECEIVED AND FILED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 20) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
 RECEIVED AND FILED
Patrick-Melendez: 6 Ayes; 6 Absent – Deats, Hoffmann, Casas, Hinojosa, Judd, Stewart
- 21) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
 RECEIVED AND FILED
Patel-McGlew: 6 Ayes; 6 Absent – Deats, Hoffmann, Casas, Hinojosa, Judd, Stewart
- CA-22) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
 APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 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) –
 APPOINTMENTS MADE
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-24) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) –
 APPROVED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- CA-25) Miscellaneous Documents –
 RECEIVED AND FILED
McGlew-Patel: 7 Ayes; 5 Absent – Deats, Hoffmann, Casas, Hinojosa, Stewart
- 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

Summary – Board of Directors
Kern Health Systems
Regular Meeting

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- 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.

BRAR

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



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 8, 2018

Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

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

- Preservation of principal
- Liquidity
- Yield

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

Short-Term Portfolio (Under 1 year)

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

Long-Term Portfolio (1-5 years)

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

Requested Action

Receive and File.

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

Short Term Portfolio (under 1 year)

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

<u>Description</u>			<u>Dollar Amount</u>	<u>% of Portfolio</u>	<u>Maximum Allowed Per Policy</u>	<u>Approximate Current Yield</u>	<u>Liquidity</u>	<u>Principal Fluctuation</u>
Wells Fargo - Cash	(A)	(1)	\$ 9,100,000	3.61%	50%	0.50%	1 Day	None
Morgan Stanley Money Market	(B)	(1)	\$ 26,500,000	10.52%	20%	1.14%	1 Day	None
Local Agency Investment Fund (LAIF)	(C)	(2)	\$ 64,700,000	25.67%	50%	1.20%	2 Days	None
US T-Bills at Wells Fargo		(1)	\$ 48,500,000	19.25%	100%	1.12%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)	(1)	\$ 25,500,000	10.12%		1.27%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total			\$ 174,300,000	69.17%		1.14%		

Long Term Port Folio (1 - 5 years)

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

UBS Managed Portfolio	(E)		\$ 71,200,000	28.25%		2.29%	3 Days	Subject to Interest Rate and Credit Fluctuations
KHS Managed Portfolio at Wells Fargo	(D)		\$ 6,500,000	2.58%		1.38%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total			\$ 77,700,000	30.83%		2.21%		
Total Portfolio			\$ 252,000,000	100.00%		1.47%		

Yield Curve

<u>Yield Curve</u>	<u>A</u>			
	<u>Treasuries</u>	<u>AA Corporate Bonds</u>	<u>Corporate Bonds</u>	<u>CD's</u>
1 year	1.80%	1.80%	1.90%	1.65%
2 year	1.90%	1.95%	2.05%	2.15%
3 year	2.00%	2.13%	2.20%	2.25%
5 year	2.35%	2.50%	2.70%	2.60%

- (A) Secured by collateral guaranteed by the US Government or an agency thereof.
- (B) \$18 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 \$68 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 2018 capital projects, which includes building a new office building.



UBS Client Review

as of December 31, 2017

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

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

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

Prepared for

Kern Health Systems
 BOARD REVIEW

Accounts included in this review

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

What's inside

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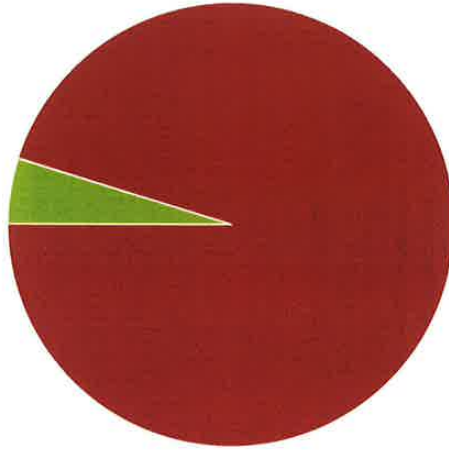
Asset allocation review

as of December 31, 2017

Prepared for Kern Health Systems
 EB 02:120 • BOND PORTFOLIO • Portfolio Management Program
 Risk profile: Conservative
 Return Objective: Current Income

	Market value (\$)	% of portfolio
Cash	3,392,132.82	4.77
Cash	3,392,132.82	4.77
Fixed Income	67,784,622.21	95.23
US	67,784,622.21	95.23
Equity	0.00	0.00
Commodities	0.00	0.00
Non-Traditional	0.00	0.00
Other	0.00	0.00
Total Portfolio	\$71,176,755.03	100%

■ Cash 4.77%
 ■ US Fixed Income 95.23%

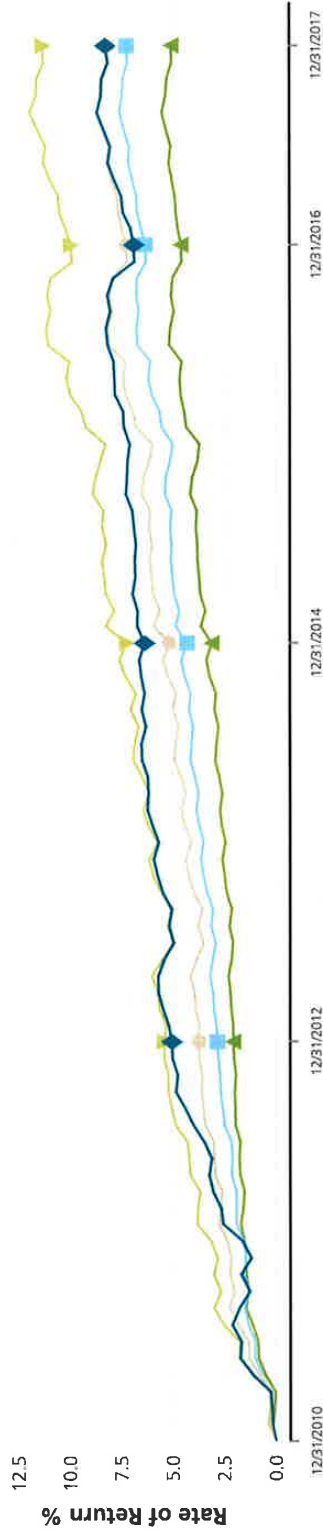


Balanced mutual funds represented in multiple asset classes based on Morningstar allocations



Cumulative performance as of December 31, 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	12/31/2012 to 12/31/2014	12/31/2014 to 12/31/2016	12/31/2016 to 12/31/2017	Annualized 12/31/2010 to 12/31/2017
◆ Net Time-weighted ROR	5.07	6.39	6.90	8.31	1.15

Benchmarks - Time-weighted returns

■ Benchmark 1	3.75	5.16	7.27	8.18	1.13
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	7.26	1.01
▼ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	11.38	1.55
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	5.07	0.71

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



Bond summary

as of December 31, 2017

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

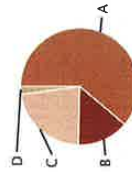
Prepared for Kern Health Systems
 EB 02120 • BOND PORTFOLIO • Portfolio Management Program
 Risk profile: Conservative
 Return Objective: Current Income

Bond overview

Total quantity	67,902,000
Total market value	\$67,413,878.24
Total accrued interest	\$370,743.97
Total market value plus accrued interest	\$67,784,622.21
Total estimated annual bond interest	\$1,499,210.50
Average coupon	2.25%
Average current yield	2.22%
Average yield to maturity	2.29%
Average yield to worst	2.29%
Average modified duration	2.53
Average effective maturity	2.65

Credit quality of bond holdings

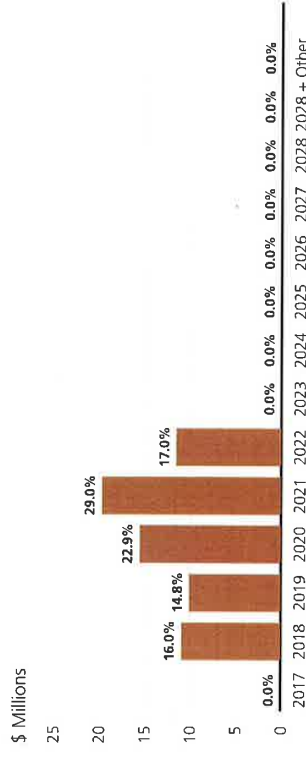
Effective credit rating	Issues	Value on 12/31/2017 (\$)	% of port.
A	16	41,479,059.48	61.28
B	9	9,502,601.83	13.99
C	17	15,292,453.67	22.52
D	2	1,510,507.22	2.21
E	0	0.00	0.00
F	0	0.00	0.00
G	0	0.00	0.00
Total	44	\$67,784,622.21	100%



Investment type allocation

Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Municipals	6,494,519.33	0.00	6,494,519.33	9.58
U.S. corporates	19,811,043.39	0.00	19,811,043.39	29.23
U.S. federal agencies	41,012,858.08	0.00	41,012,858.08	60.50
U.S. treasuries	466,201.40	0.00	466,201.40	0.69
Total	\$67,784,622.20	\$0.00	\$67,784,622.20	100%

Bond maturity schedule



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



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 Return Objective: Current Income

Bond holdings

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

as of December 31, 2017

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	0	0			NA	NA	NA				
2018	12	10,785,000	330,845.00	3.05%	2.00%	2.00%	0.63	10,878,492.5	-36,943.70	10,931,614.59	16.08%
2019	7	9,979,000	203,607.50	2.04%	2.01%	2.01%	1.36	10,067,791.07	-62,836.31	10,050,029.17	14.84%
2020	7	15,629,000	339,277.50	2.19%	2.51%	2.51%	2.37	15,794,743.42	-303,615.51	15,550,058.82	22.98%
2021	12	19,920,000	364,978.00	1.86%	2.32%	2.32%	3.29	20,010,636.21	-412,691.51	19,704,379.65	29.07%
2022	6	11,589,000	260,502.50	2.27%	2.46%	2.46%	4.26	11,601,107.19	-122,805.12	11,548,539.98	17.03%
2023	0	0			NA	NA	NA				
2024	0	0			NA	NA	NA				
2025	0	0			NA	NA	NA				
2026	0	0			NA	NA	NA				
2027	0	0			NA	NA	NA				
2028	0	0			NA	NA	NA				
2029	0	0			NA	NA	NA				
2030	0	0			NA	NA	NA				
2031	0	0			NA	NA	NA				
2032	0	0			NA	NA	NA				
2033	0	0			NA	NA	NA				
2034	0	0			NA	NA	NA				
2035	0	0			NA	NA	NA				
2036	0	0			NA	NA	NA				
2037	0	0			NA	NA	NA				
2038	0	0			NA	NA	NA				
2039	0	0			NA	NA	NA				
2040	0	0			NA	NA	NA				
2041	0	0			NA	NA	NA				
2042	0	0			NA	NA	NA				
2043	0	0			NA	NA	NA				
2044	0	0			NA	NA	NA				
2045	0	0			NA	NA	NA				
2046	0	0			NA	NA	NA				
2046 +	0	0			NA	NA	NA				
Other	0	0			NA	NA	NA				
Total	44	67,902,000	\$1,499,210.50	2.22%	2.29%	2.29%	2.53	\$68,352,770.39	\$-938,892.15	\$67,784,622.21	



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Bond holdings - as of December 31, 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 (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. gfi (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
	67,902,000	2.25%	08/25/2020	NA	\$1,499,210.50 2.22%	2.29% 2.29%	2.53	\$68,352,770.39 \$-938,892.15	NA	\$67,413,878.24 \$370,743.97	100%
											\$67,784,622.21

Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. gfi (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018											
A3/A/BBB+ NR/NR/AR	650,000	5.95%	01/18/2018		38,675.00 5.94%	2.88% 2.88%	0.05	651,383.05 -356.05	100.158	651,027.00 17,511.18	0.97%
GOLDMAN SACHS GROUP INC 05.950% 011818 DTD011808 FC071808 NTS CUSIP: 38141GFG4 Initial Purchase Date: 12/03/2015 Original Maturity: 01/18/2018											
Baa1/A-/BBB+ NR/NR/AR	500,000	5.50%	02/01/2018		27,500.00 5.48%	2.23% 2.23%	0.09	501,477.99 -47.99	100.286	501,430.00 11,458.33	0.74%
AT&T INC CALL @MMW+BP 05.500% 020118 DTD020108 FC080108 CUSIP: 00206RAJ1 Initial Purchase Date: 07/09/2013 Original Maturity: 02/01/2018											
Aa3/AA-/AA- NR/AA-/NR	250,000	5.95%	03/01/2018		14,875.00 5.91%	1.72% 1.72%	0.17	251,874.60 -74.60	100.720	251,800.00 4,958.33	0.37%
ST OF CA VAR GEN OBLI BN TAX BE/R/ 5.950 030118 DTD 040110 /CA CUSIP: 130638FT4 Initial Purchase Date: 03/16/2015 Original Maturity: 03/01/2018											
A2/A+/A NR/NR/AR	1,000,000	1.63%	04/02/2018		16,250.00 1.63%	1.80% 1.80%	0.26	1,000,242.77 -722.77	99.952	999,520.00 4,017.36	1.48%
GENERAL ELEC CAP CORP 01.625% 040218 DTD040213 FC100213 NTS B/E CUSIP: 36962G6W9 Initial Purchase Date: 04/15/2013 Original Maturity: 04/02/2018											
A1/AA-/A NR/NR/AR	335,000	1.35%	05/15/2018		4,522.50 1.35%	1.76% 1.76%	0.38	334,762.15 -284.75	99.844	334,477.40 577.88	0.50%
ST STREET CORP NTS B/E 01.350% 051518 DTD051513 FC111513 CUSIP: 857477AK9 Initial Purchase Date: 11/02/2015 Original Maturity: 05/15/2018											



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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%)/ Modified duration	Adjusted cost basis (\$) Unreal. gain (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2018											
EI DU PONT DE NEMOURS FC011509 CALL@MMW +30BP CUSIP: 263534BT5	A3/A+- NR/NR/NR	450,000	6.00%	07/15/2018		27,000.00 5.88%	2.06% 2.06%	459,760.53 -216.03	102.121	459,544.50 12,450.00	0.68%
Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018											
PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 080118 DTD 020713 /CA CUSIP: 695802MR6	Aa2/NR/A+ Aa2/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.07%	1.78% 1.78%	301,168.29 -655.29	100.171	300,513.00 2,587.50	0.45%
Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018											
SACRAMENTO CA PENSION OB AGC TAX OID99.264 BE/R/ 5.600 080118 DTD 092811 /CA CUSIP: 786056BE0	A2/NR/AA Baa1/NR/A-	500,000	5.60%	08/01/2018		28,000.00 5.51%	2.87% 2.87%	511,537.84 -3,637.84	101.580	507,900.00 11,666.67	0.75%
Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018											
INTERCONTINENTAL EXCHANGE 02.500% 101518 DTD100813 FC041514 CALL@MMW+20BP CUSIP: 45866FAB0	A2/NR/A NR/NR/NR	300,000	2.50%	10/15/2018		7,500.00 2.49%	2.01% 2.01%	301,508.83 -354.43	100.385	301,154.40 1,583.33	0.45%
Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018											
FHLB NTS 01.050 % DUE 102618 DTD 072616 FC 10262016 CUSIP: 3130A8RPO	Aaa/NR/AA+ NR/NR/NR	5,000,000	1.05%	10/26/2018		52,500.00 1.06%	1.81% 1.81%	5,000,000.00 -31,000.00	99.380	4,969,000.00 9,479.17	7.37%
Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018											
BAKER HUGHES INC NTS 07.500% 111518 DTD102808 CALL@MAKE WHOLE +50BPS CUSIP: 057224AY3	A3/NR/A- NR/NR/NR	750,000	7.50%	11/15/2018		56,250.00 7.17%	2.23% 2.23%	783,320.59 819.41	104.552	784,140.00 7,187.50	1.16%
Initial Purchase Date: 11/03/2015 Original Maturity: 11/15/2018											
MERRILL LYNCH GLOBAL NTS 06.875% 111518 DTD112498 FC051599 CUSIP: 590188JN9	A3/A+- NR/NR/NR	750,000	6.88%	11/15/2018		51,562.50 6.60%	2.09% 2.09%	781,455.86 -413.36	104.139	781,042.50 6,588.54	1.16%
Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018											
Total 2018		10,785,000	3.10%	08/02/2018		\$330,845.00 3.05%	2.00% 2.00%	\$10,878,492.50 \$-36,943.70		\$10,841,548.80 \$90,065.79	16.08%



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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. gr (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2019												
FFCB BOND 01.030 % DUE 040519 DTD 070516 FC 10052016 CUSIP: 3133EGJW6 Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019 CALIFORNIA ST TAX BE/R/ 2.250 050119 DTD 050114 /CA	Aaa/AAA/AA+ NR/NR/NR	5,000,000	1.03%	04/05/2019		51,500.00 1.04%	1.90% 1.90%	1.25	4,996,250.00 -50,750.00	98.910	4,945,500.00 12,302.78	7.34%
CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019 FNMA NTS 01.125 % DUE 072619 DTD 072616 FC 01262017 CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019 MORGAN STANLEY 05.625% 092319 DTD 092309 FC032310 MMW+358P CUSIP: 61747YCL2 Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019 CALIFORNIA ST TAX BE/R/ 6.200 100119 DTD 101509 /CA	Aaa/AAA/AA+ NR/NR/NR	594,000	1.13%	07/26/2019	01/26/2018 100.00	6,682.50 1.14%	1.95% 1.95%	1.54	593,109.00 -6,718.14	98.719	586,390.86 2,877.19	0.87%
CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019 FHLMC MED TERM NTS 00.0000% DUE 100119 CUSIP: 3128XZSW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019 UNITED TECHNOLOGIES CORP 08.875% 111519 DTD 111389 FC051590 DEB CUSIP: 913017ARO Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019	Aaa/AAA/AA+ NR/NR/NR	485,000		10/01/2019			2.30% 2.30%	1.69	467,582.65 -1,381.25	96.124	466,201.40 0.00	0.69%
CUSIP: 3128XZSW6 Initial Purchase Date: 06/03/2015 Original Maturity: 10/01/2019 UNITED TECHNOLOGIES CORP 08.875% 111519 DTD 111389 FC051590 DEB CUSIP: 913017ARO Initial Purchase Date: 09/08/2016 Original Maturity: 11/15/2019	A3/A-/ NR/NR/NR	250,000	8.88%	11/15/2019		22,187.50 7.94%	2.44% 2.44%	1.74	284,171.70 -4,824.20	111.739	279,347.50 2,835.07	0.41%
Total 2019		9,979,000	2.20%	05/24/2019		\$203,607.50	2.01%	1.36	\$10,067,791.07		\$10,004,954.76	14.84%
						2.04%	2.01%		\$-62,836.31		\$45,074.41	



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Bond holdings - as of December 31, 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 2020											
ABBOTT LABS NTS B/E 02.000% 031520 DTD031015 FC091515 CALL@MW+10BP CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020	Baa3/WD/BBB NR/NR/NR	1,000,000	2.00%	03/15/2020		20,000.00 2.02%	2.39% 2.39%	999,370.00 -7,640.00	99.173	991,730.00 5,888.89	1.47%
FNMA NTS 01.500 % DUE 032320 DTD 032316 FC 09232016 CUSIP: 31366G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020	Aaa/AAA/AA+ NR/NR/NR	1,750,000	1.50%	03/23/2020	03/23/2018 100.00	26,250.00 1.52%	2.13% 2.13%	1,748,250.00 -22,050.00	98.640	1,726,200.00 7,145.83	2.56%
NBCUNIVERSAL MEDIA LLC 05.150% 043020 DTD043011 CALL@MW+25BP CUSIP: 639468AD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020	A3/A-/A- NR/NR/NR	2,000,000	5.15%	04/30/2020		103,000.00 4.83%	2.26% 2.26%	2,165,640.84 -34,800.84	106.542	2,130,840.00 17,166.67	3.16%
QUALCOMM INC NTS B/E 02.250% 052020 DTD052015 FC112015 CUSIP: 747525AD5 Initial Purchase Date: 02/22/2017 Original Maturity: 05/20/2020	A1/NR/A NR/NR/NR	2,879,000	2.25%	05/20/2020		64,777.50 2.27%	2.58% 2.58%	2,888,802.58 -31,999.67	99.229	2,856,802.91 7,377.44	4.24%
FILM/C MED TERM NTS 01.500 % DUE 062920 DTD 062916 FC 12292016 CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	12/29/2017 100.00	52,500.00 1.55%	2.74% 2.74%	3,500,000.00 -102,130.00	97.082	3,397,870.00 291.67	5.04%
FNMA NTS 01.350 % DUE 082420 DTD 082416 FC 02242017 CUSIP: 31366G3W92 Initial Purchase Date: 08/02/2016 Original Maturity: 08/24/2020	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.35%	08/24/2020	02/24/2018 100.00	47,250.00 1.40%	2.64% 2.64%	3,498,250.00 -113,505.00	96.707	3,384,745.00 16,668.75	5.02%
J P MORGAN CHASE & CO 02.550% 102920 DTD102915 FC042916 NTS B/E CUSIP: 46625HXX4 Initial Purchase Date: 11/04/2015 Original Maturity: 10/29/2020	A3/A-/A- NR/NR/NR	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.54%	2.44% 2.44%	994,430.00 8,510.00	100.294	1,002,940.00 4,391.67	1.49%
Total 2020		15,629,000	2.21%	06/16/2020		\$339,277.50 2.19%	2.51% 2.51%	\$15,794,743.42 \$-303,615.51		\$15,491,127.91 \$58,950.91	22.98%



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

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2021										
E I DU PONT DE NEMOURS 03.625% 011521 DTD092310 CALL@MW+15BP B/E CUSIP: 263534C83 Initial Purchase Date: 06/03/2016 Original Maturity: 01/15/2021 FFCB BOND 01.470 % DUE 021721 DTD 081716 FC 02172017	400,000	3.63%	01/15/2021		14,500.00 3.51%	2.48% 2.48%	419,155.49 -5,767.49	103.347	413,388.00 6,686.11	0.61%
Aaa/AAA/AA+ NR/NR/NR	4,500,000	1.47%	02/17/2021		66,150.00 1.50%	2.19% 2.19%	4,496,625.00 -94,050.00	97.835	4,402,575.00 24,622.50	6.53%
CUSIP: 3133EGRN7 Initial Purchase Date: 08/12/2016 Original Maturity: 02/17/2021										
FHLMC MED TERM NTS 01.500 % DUE 033021 DTD 093016 FC 03302017	3,525,000	1.50%	03/30/2021	12/30/2017 100.00	52,875.00 1.54%	2.27% 2.27%	3,524,118.75 -83,472.00	97.607	3,440,646.75 13,218.75	5.10%
CUSIP: 3134GAE00 Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021										
E I DU PONT DE NEMOURS 04.250% 040121 DTD032511 CALL@MW+15BP CUSIP: 263534CE7	250,000	4.25%	04/01/2021		10,625.00 4.04%	2.56% 2.56%	268,808.55 -5,703.55	105.242	263,105.00 2,656.25	0.39%
CUSIP: 3136G3S97 Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021										
BURLINGTON NTHN SANTA FE 04.100% 060121 DTD051911 CALL@MW +15BP CORP NTS CUSIP: 12189LAD3	1,000,000	4.10%	06/01/2021	03/01/2021 100.00	41,000.00 3.89%	2.48% 2.36%	1,054,096.31 -1,316.31	105.278	1,052,780.00 3,416.67	1.56%
CUSIP: 3136G3S97 Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021										
FNMA NTS 01.530 % DUE 072821 DTD 072816 FC 01282017	3,750,000	1.53%	07/28/2021	01/28/2018 100.00	57,375.00 1.58%	2.45% 2.45%	3,750,000.00 -117,337.50	96.871	3,632,662.50 24,384.38	5.39%
CUSIP: 3136G3S97 Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021										
FHLB NTS 01.550 % DUE 090121 DTD 090116 FC 03012017 CUSIP: 3130A9B19	500,000	1.55%	09/01/2021		7,750.00 1.59%	2.35% 2.35%	499,375.00 -13,425.00	97.190	485,950.00 2,583.33	0.72%
CUSIP: 3130A9B19 Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021										



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2021											
LOS ANG CAL TAX SR A BE/R/ 2.150 090121 DTD 122116 /CA	Aa2/NR/NR NR/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.16%	2.33% 2.33%	994,250.00 -440.00	99.381	993,810.00 7,166.67	1.47%
CUSIP: 544351KQ1 Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021											
CISCO SYSTEMS INC B/E 01.850% 092021 DTD092016 FC032017 CALL@MW+10BP CUSIP: 17275RB/J0	A1/NR/AA- NR/NR/NR	1,000,000	1.85%	09/20/2021	08/20/2021 100.00	18,500.00 1.89%	2.37% 2.37%	993,660.00 -12,250.00	98.141	981,410.00 5,190.28	1.46%
Initial Purchase Date: 09/15/2017 Original Maturity: 09/20/2021											
FHLB BOND 01.520 % DUE 092321 DTD 092316 FC 03232017	Aaa/NR/AA+ NR/NR/NR	2,290,000	1.52%	09/23/2021		34,808.00 1.56%	2.30% 2.30%	2,289,150.00 -62,720.40	97.224	2,226,429.60 9,475.51	3.30%
CUSIP: 3130A9FB2 Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021											
FHLB BOND 01.600 % DUE 092721 DTD 092716 FC 03272017	Aaa/NR/AA+ NR/NR/NR	255,000	1.60%	09/27/2021		4,080.00 1.63%	2.17% 2.17%	255,000.00 -5,235.15	97.947	249,764.85 1,065.33	0.37%
CUSIP: 3130A9JZ5 Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021											
MISSISSIPPI ST TAX SR G BE/R/ 2.470 110121 DTD 120815 /MS	Aa2/AA/AA Aa2/AA/NR	1,450,000	2.47%	11/01/2021		35,815.00 2.46%	2.37% 2.37%	1,466,397.11 -10,974.11	100.374	1,455,423.00 5,969.17	2.16%
CUSIP: 605581GN1 Initial Purchase Date: 02/22/2017 Original Maturity: 11/01/2021											
Total 2021		19,920,000	1.85%	06/12/2021		\$364,978.00 1.86%	2.32% 2.32%	\$20,010,636.21 \$-412,691.51		\$19,597,944.70 \$106,434.95	29.07%
Maturing 2022											
APPLE INC NTS B/E 02.500% 020922 DTD020917 FC080917 CALL@MW+10BP CUSIP: 037833CM0	Aa1/NR/AA+ NR/NR/NR	2,000,000	2.50%	02/09/2022	01/09/2022 100.00	50,000.00 2.50%	2.48% 2.48%	2,004,835.05 -3,075.05	100.088	2,001,760.00 19,722.22	2.97%
Initial Purchase Date: 02/22/2017 Original Maturity: 02/09/2022											



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

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified YTW (%) duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2022											
PEPSICO INC NTS B/E 02.250%	A1/A+/A+	1,089,000	2.25%	05/02/2022	04/02/2022	24,502.50	2.50%	1,087,301.16	98.963	1,077,707.07	1.60%
050222 DTD050217 FC110217	NR/NR/NR				100.00	2.27%	2.50%	-9,594.09		4,015.69	
CALL@MMW+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	2.98%	1,026,070.98	100.091	1,000,910.00	1.48%
03.000% 052022 DTD052015	NR/NR/NR					3.00%	2.98%	-25,160.98		3,416.67	
FC112015 CALL@MMW+15BP											
CUSIP: 747525AE3											
Initial Purchase Date: 09/15/2017											
Original Maturity: 05/20/2022											
FHLB NTS 02.000 % DUE 090122	Aaa/NR/AA+	3,000,000	2.00%	09/01/2022		60,000.00	2.40%	2,988,750.00	98.222	2,946,660.00	4.37%
DTD 090117 FC 03012018	NR/NR/NR					2.04%	2.40%	-42,090.00		20,000.00	
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	2.35%	1,999,000.00	98.887	1,977,740.00	2.93%
092622 DTD 092617 FC	NR/NR/NR				100.00	2.12%	2.35%	-21,260.00		11,083.33	
03262018											
CUSIP: 3133EHZX4											
Initial Purchase Date: 09/26/2017											
Original Maturity: 09/26/2022											
FFCB BOND 02.160 % DUE	Aaa/AAA/AA+	2,500,000	2.16%	10/11/2022	10/11/2018	54,000.00	2.40%	2,495,150.00	98.941	2,473,525.00	3.67%
101122 DTD 101117 FC	NR/NR/NR				100.00	2.18%	2.40%	-21,625.00		12,000.00	
04112018											
CUSIP: 3133EH5E8											
Initial Purchase Date: 10/17/2017											
Original Maturity: 10/11/2022											
Total 2022		11,589,000	2.25%	07/20/2022		\$260,502.50	2.46%	\$11,601,107.19		\$11,478,302.07	17.03%
						2.27%	2.46%	\$-122,805.12		\$70,237.91	
Total Bond Portfolio											
		67,902,000	2.25%	08/25/2020	NA	\$1,499,210.50	2.29%	\$68,352,770.39	NA	\$67,413,878.24	100%
						2.22%	2.29%	\$-938,892.15		\$370,743.97	
										\$67,784,622.21	



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

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

Performance: This report presents accounts activity and performance starting 1/23/02. For accounts opened prior to 1/23/02, 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 returns on a portfolio.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income 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 classified as an annuity. All data is as of the date indicated in the report.

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



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

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

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

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

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

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

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Additional information about your performance

as of December 31, 2017

Benchmark composition

Consolidated

Benchmark_1

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

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

Kern Health Systems
Investment Activity for 4th Quarter 2017

PURCHASES

Trade Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Coupon	YTM	Price	Cost
10/17/2017	BOUGHT	FFCB BOND	Aaa/AAA/AA+	2,500,000	10/11/2022	2.16%	2.20%	99.806	\$ (2,495,150.00)
weighted avg. YTM: 2.20%									
									\$ (2,495,150.00)

MATURITIES / REDEMPTIONS

Date	Activity	Description	Ratings (Mdy/Fitch/S&P)	Quantity	Maturity Date	Proceeds
10/02/2017	MATURITY	NEVADA ST TAX		-425,000	10/01/2017	\$ 425,000.00
10/02/2017	MATURITY	ST of CA GEN OBL		-250,000	10/01/2017	\$ 250,000.00
12/05/2017	MATURITY	CHEVRON CORP		-808,000	12/05/2017	\$ 808,000.00
12/20/2017	MATURITY	FNMA NTS		-2,000,000	12/20/2017	\$ 2,000,000.00
						\$ 3,483,000.00

Bank Account Statement
Wells Fargo Bank, N.A.

Statement Period
12/01/2017 - 12/31/2017

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

Account Number
 1AB84780

KERN HEALTH SYSTEMS
 9700 STOCKDALE HWY

Account Value Summary USD

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

	Amount Last Statement Period	Amount This Statement Period	Portfolio %
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	20,257,238.44	26,488,755.05	25%
Bonds	98,818,854.25	80,453,877.63	75%
Stocks	0.00	0.00	0%
Total Account Value	\$ 119,076,092.69	\$ 106,942,632.68	100%
Value Change Since Last Statement Period		\$ (12,133,460.01)	
Percent Decrease Since Last Statement Period			10%
Value Last Year-End		\$	N/A
Percent Increase Since Last Year-End			N/A

Income Summary USD

	This Period	Year-To-Date
Interest	\$ 186,366.00	\$ 657,569.65
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	20,078.20	133,234.73
Other	0.00	0.00
Income Total	\$ 206,444.20	\$ 790,804.38

Money Market Mutual Funds Summary USD

Description	Amount
Opening Balance	\$ 20,257,238.44
Deposits and Other Additions	130,116,095.01
Distributions and Other Subtractions	(123,904,656.60)
Dividends Reinvested	20,078.20
Change in Value	0.00
Closing Balance	\$ 26,488,755.05

Safetkeeping

Important Information

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

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

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

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

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

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

Free Credit Balances: Any customer free credit balances may be used in the business of WFS subject to limitation of 17 CFR Section 240.15c(3)-3 under the Securities Exchange Act of 1934. In the course of normal business operations, a customer has the right to receive delivery of the following: any free credit balances to which he or she is entitled, any fully paid securities to which he or she is entitled, and any securities purchased on margin upon full payment of indebtedness to WFS.

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

Customers may also report complaints, inaccuracies or discrepancies by calling 1-800-645-3751 option 5. International callers should call 1-877-856-8878. To further protect their rights, including rights under the Securities Investor Protection Act, customers should also reconfirm 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								
912796LC1	UNITED STATES TREASURY BILL	01/04/18	0.000%	25,000,000.000	99.9937	24,998,425.25		
02587CDJ6	AMERICAN EXPRESS FSB INTEREST BEARING CERTIFICATE OF DEPOSIT	01/08/18	1.400%	250,000.000	100.0011	250,002.75		
912828HN3	UNITED STATES TREASURY IDX	01/15/18	1.625%	20,000,000.000	99.9883	23,546,840.22		N
24422EST7	JOHN DEERE CAPITAL CORP	01/16/18	1.350%	2,000,000.000	99.9799	1,999,597.06		N
6541E1AG4	NIKE INC 4(2) DISCOUNTED COMMERCIAL PAPER	01/16/18	0.000%	3,000,000.000	99.9286	2,997,858.00		
94974BFG0	WELLS FARGO & COMPANY	01/16/18	1.500%	1,000,000.000	99.9893	999,892.69		N
94988JA1	WELLS FARGO BANK NA	01/22/18	1.650%	500,000.000	99.9801	499,900.45		N
46625HJF8	JPMORGAN CHASE & CO	01/25/18	2.267%	2,400,000.000	100.0479	2,401,149.43		N
931142CJ0	WAL-MART STORES INC	02/15/18	5.800%	3,000,000.000	100.4418	3,013,252.95		N
24422ESB6	JOHN DEERE CAPITAL CORP	03/12/18	1.300%	1,000,000.000	99.9187	999,187.19		N
06050TLY6	BANK OF AMERICA NA	03/26/18	1.650%	2,000,000.000	100.0048	2,000,095.08		N
191216BA7	COCA-COLA CO/THE	04/01/18	1.150%	2,000,000.000	99.8667	1,997,333.58		N
38141GFM1	GOLDMAN SACHS GROUP INC	04/01/18	6.150%	1,000,000.000	101.0524	1,010,524.45		N
02587DYK8	AMERICAN EXPRESS CENTURION BK INTEREST BEARING CERTIFICATE OF DEPOSIT	06/04/18	1.450%	250,000.000	99.9833	249,958.25		
05580ADH4	BMW BANK NORTH AMERICA INTEREST BEARING CERTIFICATE OF DEPOSIT	06/11/18	1.400%	250,000.000	99.9687	249,921.75		
17275RAY8	CISCO SYSTEMS INC	06/15/18	1.898%	1,000,000.000	100.0991	1,000,991.28		N
738798BG1	POWAY CA REDEV AGY SUCCESSOR A TXBL-REF-PAGUAY REDEV PROJ-SER	06/15/18	1.780%	1,000,000.000	99.9850	999,850.00		N
14912L6L0	CATERPILLAR FINANCIAL SE	06/16/18	1.700%	2,000,000.000	99.9428	1,998,855.84		N
02006LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	99.9744	249,996.00		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	99.9744	249,996.00		
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/16/18	1.100%	250,000.000	99.6086	249,021.50		Y
05581WJ73	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.5988	248,997.00		
254672F86	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.6446	249,111.50		
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	100.1577	1,302,049.49		N

Safekeeping

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
795450ZE8	SALLIE MAE BK/SALT LIKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000,000	99.4722	248,680.50		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000,000	99.5548	995,547.72		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000,000	100.3380	1,314,427.80		N
94888JD5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000,000	99.4443	994,443.04		N
02665WBEO	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000,000	98.6169	986,169.02		N
44890RAD3	HART 2014-A A4	08/15/19	1.320%	155,730,562	99.9942	155,721.54		N
58768MAC5	MBALT 2016-B A3	08/15/19	1.350%	1,000,000,000	99.6600	996,600.30		N
161571HG2	CHAIT 2016-A6 A6	01/15/20	1.100%	1,000,000,000	99.9600	999,600.00		N
				76,915,730.562		80,453,877.63		0.00

*See important information regarding security pricing on Page 2.

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

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
12/07/17	12/07/17	Received	912796MJ5	UNITED STATES TREASURY BILL	30,000,000.00		0.00	0.00	0.00
12/14/17	12/14/17	Receive	912828HN3	UNITED STATES TREASURY IDX	20,000,000.00		0.00	0.00	0.00
12/15/17	12/15/17	Security Receipt	6541E1AG4	NIKE INC 4(2)DISCOUNTED	3,000,000.00		0.00	0.00	0.00
12/27/17	12/27/17	Receive	912796LC1	UNITED STATES TREASURY BILL	25,000,000.00		0.00	0.00	0.00
Income / Payment Activity USD									
12/04/17	12/04/17	Interest	02587DYK8	AMERICAN EXPRESS CENTURIOR BK				1,817.47	1,817.47
12/05/17	12/05/17	Matured	89236TDL6	TOYOTA MOTOR CREDIT CORP			2,422,000.00		2,422,000.00
12/05/17	12/05/17	Interest	89236TDL6	TOYOTA MOTOR CREDIT CORP				9,588.16	9,588.16
12/06/17	12/06/17	Matured	369604BC6	GENERAL ELECTRIC CO			1,500,000.00		1,500,000.00
12/06/17	12/06/17	Interest	369604BC6	GENERAL ELECTRIC CO				39,375.00	39,375.00
12/07/17	12/07/17	Matured	912796LB3	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00

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									
12/11/17	12/11/17	Interest	05560ADH4	BMW BANK NORTH AMERICA				1,754.79	1,754.79
12/12/17	12/12/17	Matured	05531FAM5	BB&T CORPORATION		3,000,000.00	3,000,000.00		3,000,000.00
12/12/17	12/12/17	Interest	05531FAM5	BB&T CORPORATION				18,125.00	18,125.00
12/15/17	12/15/17	Interest	738798BG1	POWAY CA REDEV AGY SUCCESSOR A				8,900.00	8,900.00
12/15/17	12/15/17	Matured	89417EAC3	TRAVELERS COS INC		2,900,000.00	2,900,000.00		2,900,000.00
12/15/17	12/15/17	Interest	89417EAC3	TRAVELERS COS INC				83,375.00	83,375.00
12/15/17	12/15/17	Paydown	44890RAD3	HART 2014-A A4		88,479.01	88,479.01		88,479.01
12/15/17	12/15/17	Interest	44890RAD3	HART 2014-A A4				268.63	268.63
12/15/17	12/15/17	Interest	17275RAY8	CISCO SYSTEMS INC				4,120.28	4,120.28
12/15/17	12/15/17	Interest	161571HG2	CHAIT 2016-A6 A6				916.67	916.67
12/15/17	12/15/17	Interest	58768MAC5	MBALT 2016-B A3				1,125.00	1,125.00
12/18/17	12/18/17	Interest	14912L6L0	CATERPILLAR FINANCIAL SE				17,000.00	17,000.00
12/22/17	12/22/17	Matured	45113UZN5	IBM CREDIT LLC 4(2) DISCOUNTED		4,000,000.00	4,000,000.00		4,000,000.00
12/28/17	12/28/17	Matured	912796MJ5	UNITED STATES TREASURY BILL		50,000,000.00	50,000,000.00		50,000,000.00
12/29/17	12/29/17	Matured	74005HZV7	PRAXAIR INC DISCOUNTED		3,000,000.00	3,000,000.00		3,000,000.00
12/29/17	12/29/17	Matured	2546RZV1	WALT DISNEY COMPANY 4(2)		3,000,000.00	3,000,000.00		3,000,000.00

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
12/05/17	12/05/17	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
12/07/17	12/07/17	Journal	AUTO SK SETTLEMENT	29,980,750.00	
12/12/17	12/12/17	ACH/DDA Transaction	DESIGNATED DDA	9,200,000.00	
12/12/17	12/12/17	ACH/DDA Transaction	DESIGNATED DDA	3,000,000.00	
12/13/17	12/13/17	ACH/DDA Transaction	DESIGNATED DDA		60,000,000.00
12/14/17	12/14/17	Journal	AUTO SK SETTLEMENT	23,713,734.38	
12/15/17	12/15/17	Journal	AUTO SK SETTLEMENT	2,986,533.33	
12/19/17	12/19/17	ACH/DDA Transaction	DESIGNATED DDA	10,000,000.00	
12/20/17	12/20/17	ACH/DDA Transaction	DESIGNATED DDA	5,000,000.00	
12/27/17	12/27/17	Journal	AUTO SK SETTLEMENT	24,994,388.89	
12/28/17	12/28/17	Wires	WIRE TRANSFER TO:	30,000,000.00	

Money Market Fund Activity

Morgan Stan TreasSvc 8314

*As of December 31, 2017

USD

Dividend earned this period	20,078.20
7 day* simple yield	1.130%
30 day* simple yield	1.030%

Safekeeping

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Money Market Fund Activity (Continued)

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	Beginning Balance		1.0000	20,257,238.44		20,257,238.44
12/04/17	Purchase	1,817.47		1,817.47		20,259,055.91
12/05/17	Purchase	2,422,000.00		2,422,000.00		22,681,055.91
12/05/17	Redemption	(15,000,000.00)		(15,000,000.00)		7,681,055.91
12/06/17	Purchase	1,539,375.00		1,539,375.00		9,220,430.91
12/06/17	Purchase	9,588.16		9,588.16		9,230,019.07
12/07/17	Purchase	19,250.00		19,250.00		9,249,269.07
12/11/17	Purchase	1,754.79		1,754.79		9,251,023.86
12/12/17	Purchase	3,018,125.00		3,018,125.00		12,269,148.86
12/12/17	Redemption	(3,000,000.00)		(3,000,000.00)		9,269,148.86
12/12/17	Redemption	(9,200,000.00)		(9,200,000.00)		69,148.86
12/13/17	Purchase	60,000,000.00		60,000,000.00		60,069,148.86
12/14/17	Redemption	(23,713,734.38)		(23,713,734.38)		36,355,414.48
12/15/17	Purchase	3,087,184.59		3,087,184.59		39,442,599.07
12/15/17	Redemption	(2,996,533.33)		(2,996,533.33)		36,446,065.74
12/18/17	Purchase	17,000.00		17,000.00		36,463,065.74
12/19/17	Redemption	(10,000,000.00)		(10,000,000.00)		26,463,065.74
12/20/17	Redemption	(5,000,000.00)		(5,000,000.00)		21,463,065.74
12/22/17	Purchase	4,000,000.00		4,000,000.00		25,463,065.74
12/27/17	Redemption	(24,994,388.89)		(24,994,388.89)		468,676.85
12/28/17	Purchase	50,000,000.00		50,000,000.00		50,468,676.85
12/28/17	Redemption	(30,000,000.00)		(30,000,000.00)		20,468,676.85
12/29/17	Purchase	6,000,000.00		6,000,000.00		26,468,676.85
12/29/17	Reinvest	20,078.20			20,078.20	26,488,755.05
	Ending Balance		1.0000	26,488,755.05		26,488,755.05



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 8, 2018

Re: 2017 Annual Review of Kern Health Systems Investment Policy

Background

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

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

- Preservation of principal
- Liquidity
- Yield

UBS is a national brokerage firm with a Bakersfield office that administers the KHS Board approved investment policy in a segregated account. Investments are in high quality bonds with an average duration of approximately 2 1/2 years. For the 2017 year UBS investments earned the highest returns.

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

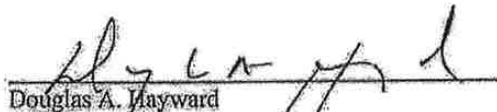
Wells Fargo is KHS' local bank and offers a money market fund. This is beneficial since surplus cash can be easily moved to and from the checking accounts. Money market funds offer preservation of principal, are highly liquid, and currently earn a very low interest rate. Additionally KHS invests directly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

Requested Action


Receive and File.



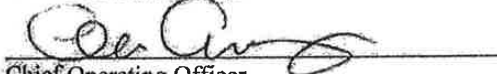
KERN HEALTH SYSTEMS			
POLICY AND PROCEDURES			
SUBJECT: Investment Policy		POLICY #: 80.11-I	
DEPARTMENT: Finance			
Effective Date: 2010-10	Review/Revised Date: 04/20/2015	DMHC	PAC
		DHCS	QI/UM COMMITTEE
		BOD	X FINANCE COMMITTEE


 Douglas A. Hayward
 Chief Executive Officer

Date 4/20/15


 Chief Financial Officer

Date 4/20/15


 Chief Operating Officer

Date 4/17/15


 Controller

Date 4/17/15

POLICY:

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

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

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

II. OBJECTIVES

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

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

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

III. PRUDENCE

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

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

IV. ETHICS AND CONFLICTS OF INTEREST

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

V. DELEGATION OF AUTHORITY

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

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

A. Financial Benchmarks

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

B. Safekeeping

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

C. Periodic Review of the Annual Investment Policy

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

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

D. Chief Financial Officer's Procedures

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

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

E. Duties and Responsibilities of Finance Committee:

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

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

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

VI. DEFINITIONS

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

VII PERMITTED INVESTMENTS

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

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

Permitted investments shall include:

A. U.S. Treasuries

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

U.S. Government securities include:

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

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

Maximum term: Five Years

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

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

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

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

C. State of California and Local Agency Obligations

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

Maximum Term: Five years

D. State and Local Agency Obligations Outside of California

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

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

Maximum Term: Five years

Maximum of 20% of the portfolio

E. Bankers Acceptances

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

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

Maximum Term: 180 days

F. Commercial Paper

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

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

Maximum Term: 270 days

G. Negotiable Certificates of Deposit

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

Maximum term: Five years

H. Repurchase Agreements

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

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

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

Maximum Term: One year

Reverse repurchase agreements are not allowed.

I. Corporate Debt Securities

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

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

Maximum Term: Five years

J. Money Market Funds

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

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

K. Mortgage or Asset-backed Securities

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

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

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

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

Maximum Term: Operating Funds – Five years

L. Variable and Floating Rate Securities

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

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

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

Maximum Term: Operating Funds – Five Years

M. Local Agency Investment Fund (LAIF)

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

Maximum Term: Five Years

VIII. POLICIES

A. Securities Lending

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

B. Leverage

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

C. Other Investments

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

D. Underlying Nature of Investments

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

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

E. Investment Managers

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

F. Derivatives

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

G. Rating Category

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

H. Rating Downgrades

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

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

I. Maximum Stated Term

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

J. Diversification Guidelines

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

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

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

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

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

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

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

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

REFERENCE:

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

Attachment 2

**KERN HEALTH SYSTEMS
2017 INVESTMENT ANALYSIS**

	UBS	LAIF	Wells Fargo Securities
December 31, 2017 Balance	71,168,856	64,858,065	106,942,633
Average Monthly Balance	70,056,753	64,621,650	135,493,042
Total Dividend/Revenue (YTD)	1,492,289	643,817	1,281,588
Percentage	2.13%	1.00%	0.95%



To: KHS Board of Directors
From: Robert Landis, CFO
Date: February 8, 2018
Re: 2017 Annual Report for Travel

Background

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

Discussion

KHS encourages employees to attend conferences and seminars to:

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

During 2017 \$109,771.09 was spent on employee travel, which was approximately \$10,000 more than the prior year. The majority of this amount relates to the increased need of the Information Technology Department to attend vendor conferences. KHS has increased its footprint in large commercial systems such as ZeOmega, TriZetto and Healthx. Attendance at vendor conferences provides KHS with insights into the systems current functionality, a better understanding of the software product roadmaps, and the ability to network with peer health plans that use the products. The Information Technology Department will continue to leverage these conferences in order to maximize the positive impact on the operations of the plan.

Requested Action

Receive and File; for informational purposes only.



EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
1 Chief Executive Officer	LHPC Board Meeting & Strategic Retreat	Out	Redondo Beach, CA	1/23/17-1/25/17	-	724.22	48.00	772.22
2 Chief Operating Officer	QTR COO Meeting	Out	San Francisco, CA	1/18/17-1/19/17	-	604.76	103.50	708.26
3 Chief Financial Officer	QTR CFO Meeting	Out	Los Angeles, CA	2/16/17-2/17/17	-	366.45	48.00	414.45
4 Chief Executive Officer	LHPC Policy MT & 2 Legislative MT	Out	Sacramento, CA	2/12/17-2/15/17	-	324.59	160.00	684.59
5 Chief Operating Officer	ALC Site Visit	OS	St. George, UT	2/22/17-2/23/17	-	693.17	89.25	782.42
6 Chief Executive Officer	CAHP 2017 Seminar-Medi-Cal Financing: Today & Tomorrow	Out	Burbank, CA	2/27/17 - 03/02/17	100.00	1,352.95	112.00	1,564.95
7 Chief Financial Officer	CAHP 2017 Seminar-Medi-Cal Financing: Today & Tomorrow	Out	Burbank, CA	3/2/17-3/2/17	100.00	56.00	-	156.00
8 Chief Executive Officer	LAHP & CAHP PAC 14th Annual	Out	Napa Valley, CA	3/12/17-3/15/17	-	948.21	172.50	1,120.71
9 Chief Executive Officer	ACAP 2017 Spring Board Meeting	Out	Costa Mesa, CA	3/20/17-3/22/17	-	606.09	96.00	702.09
10 Chief Financial Officer	ACAP 2017 CFO Meeting	Out	Costa Mesa, CA	3/22/17-3/24/17	-	633.76	96.00	729.76
11 Chief Operating Officer	COO MT.	Out	Santa Barbara, CA	5/4/17-5/5/17	-	581.25	129.50	710.75
12 Chief Executive Officer	LHPC May Board Meeting	Out	Sacramento, CA	05/14/17 - 05/16/17	-	896.53	112.00	1,008.53
13 Chief Operating Officer	Trizetto/Cognizant Healthcare Conference	OS	San Antonio, TX	5/21/17-5/24/17	-	1,843.69	208.00	2,051.69
14 Chief Executive Officer	CAHP 2017 Seminar : Improving Mental & Behavioral Health Care Services	Out	Burbank, CA	5/23/17-5/24/17	100.00	226.67	80.00	406.67
15 Chief Executive Officer	All Plan CEO Meeting	Out	Sacramento, CA	06/13/17 - 06/14/17	-	250.13	144.00	394.13
16 Chief Executive Officer	ACAP CEO 2017	OS	Washington, DC	06/27/17 - 06/30/17	-	1,402.82	258.75	1,661.57
17 Chief Financial Officer	Local Health Plan CFO Meeting	Out	Campbell, CA	7/13/17-7/15/17	-	479.85	64.00	543.85
18 Chief Operating Officer	COO MT.	Out	Fairfield, CA	8/10/2017-8/11/17	-	606.24	76.50	682.74
19 Chief Executive Officer	CSDA Understanding The Brown Act	In	Bakersfield, CA	8/16/17	25.00	-	-	25.00
20 Chief Operating Officer	CSDA Understanding The Brown Act	In	Bakersfield, CA	8/16/17	25.00	-	-	25.00
21 Chief Financial Officer	QTR All Plan CFO Meeting	Out	Sacramento, CA	9/6/17	-	107.41	48.00	155.41
22 Chief Executive Officer	QTR CEO Meeting	Out	Sacramento, CA	9/5/17-9/6/17	-	417.58	112.00	529.58
23 Chief Executive Officer	LHPC September Board Meeting	Out	Sacramento, CA	9/17/17-9/18/17	-	270.65	112.00	382.65
24 Chief Financial Officer	CAHP Annual Conference	Out	Huntington Beach, CA	10/8/17-10/10/17	-	907.78	48.00	955.78
25 Chief Executive Officer	CAHP Annual Conference	Out	Huntington Beach, CA	10/8/17-10/11/17	475.00	979.90	112.00	1,566.90
26 Chief Operating Officer	CAPH Annual Conference	Out	Huntington Beach, CA	10/8/17-10/11/17	-	1,178.89	144.00	1,322.89

KERN·HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
Various - Data Operations Manager, BI (1), Corp. Training and Development Manager, HR(1), Director of Member Services (1), Provider Relations Manager (1), Administrative Director, JHP(1), 27) Deputy Director of HS-UM(1)	LHPC Medi-Cal Managed Care 101	Out	Sacramento, CA	10/22/17-10/23/17	129.54	1,170.72	592.00	1,892.26
28) Chief Executive Officer	ACAP 2017 Fall Board & Marketplace Meeting	OS	Denver, CO	11/13/17-11/16/17	-	1,891.76	120.75	2,012.51
29) Chief Operating Officer	Cognizant Executive Vision Summit	Out	Dana Point, CA	11/13/17 - 11/15/17	-	684.40	48.00	732.40
Various- Senior Accountant (2), Data Operations Manager, BI (1), Corp. Training and Development Manager, HR(1), Director of Member Services (1), PR Contracting Manager (1), 30) Administrative Director of HS-UM(1)	LHPC Medi-Cal Managed Care 101	Out	Rancho Cucamonga, CA	12/03/17-12/04/17	129.54	831.77	499.50	1,460.81
Executive Total					1,084.08	21,238.24	3,834.25	26,156.57
31) Assistant Controller	Milliman Healthcare Training Seminar - Actuarial Training	Out	San Diego, CA	10/2/17-10/5/17	1,550.00	1,186.14	192.00	2,928.14
32) Accounting Manager Various-Acct. Dept. Assistant Controller (1), Manager (1), Supervisor (1) Senior Accountant (2), Accountant (2) Accounting Clerk(3), 33) Sr. Support Clerk(1)	Milliman Healthcare Training Seminar - Actuarial Training	Out	San Diego, CA	10/2/17-10/5/17	1,400.00	742.44	192.00	2,334.44
Finance Total					3,200.00	1,928.58	384.00	5,512.58
Director of Technical Operations, 34) Information Technology	LHP On-Site CIO Meeting	Out	San Francisco, CA	1/26/17-1/27/17	-	540.12	111.00	651.12
35) Chief Information Officer Director of Technical Operations,	LHP On-Site CIO Meeting	Out	San Francisco, CA	1/26/17-1/27/17	-	267.09	111.00	378.09
36) Information Technology	Tecstro Board of Directors Meeting	OS	Las Vegas, NV	2/5/17-2/9/17	-	1,250.73	272.00	1,522.73
37) Chief Information Officer	ALC Site Visit	OS	St. George, UT	2/22/17-2/23/17	-	518.22	89.25	607.47
38) Technical Analyst II Director of Technical Operations,	2017 Zeomega Client Conference	OS	Plano, TX	5/1/17-5/5/17	299.00	1,404.36	206.50	1,909.86
39) Information Technology Director of Technical Operations,	Women in Healthcare IT Event	Out	San Francisco, CA	5/19/17-5/20/17	-	2,114.72	370.00	2,484.72
40) Information Technology	2017 Cognizant Healthcare Conference	OS	San Antonio, TX	5/20/17-5/24/17	-	609.50	-	609.50



EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
41 Chief Information Officer	LHPC: CIO Meeting (Cal Optima)	Out	Orange, CA	5/4/17-5/3/17	-	153.46	96.00	249.46
42 Data Analyst IV	Sister Plan Analytic Forum-Santa Clara Family Health Plan	Out	Campbell, CA	4/27/17-4/28/17	-	212.21	96.00	308.21
43 IT Configuration Supervisor, MIS	2017 Cognizant Healthcare Conference	OS	San Antonio, TX	5/20/17-5/24/17	1,250.00	1,482.77	192.00	2,924.77
44 Data Operations Manager	Sister Plan Analytic Forum-Santa Clara Family Health Plan	Out	Campbell, CA	4/27/17-4/28/17	-	335.67	96.00	431.67
45 Data Operations Manager VARIOUS - Director of Technical Operations, IT(1), Member Health Educator, Bilingual (1), Claims Systems Process Improvement Program(1), Director Government Affairs & Business Development, 46 PM(1)	LHPC: CIO Meeting (Cal Optima)	Out	Orange, CA	5/4/17-5/5/17	-	271.34	96.00	367.34
VARIOUS - Data Operations Manager, BI (1), Project Manager II, MIS(1), Data Operations Manager, BI, (1), 47 Project Manager Supervisor, MIS(1)	BYP Summit	In	Bakersfield, CA	5/18/17	133.10	-	-	133.10
48 Chief Information Officer	AHIP Institute & Expo 2017	OS	Austin, TX	6/6/17-6/9/17	1,545.00	1,093.53	147.50	2,786.03
49 Data Operations Manager	EDW Meeting - Santa Clara Family Health Plan	Out	Campbell, CA	8/30/17-8/31/17	-	599.76	96.00	695.76
50 Database Administrator IV	EDW Meeting - Santa Clara Family Health Plan	Out	Campbell, CA	8/30/17-8/31/17	-	405.12	-	405.12
51 Data Operations Manager Director of Technical Operations, 52 Information Technology	Healthcare Analytics Summit 2017	OS	Salt Lake City, UT	9/12/17-9/14/17	595.00	1,161.80	177.00	1,933.80
53 IT Configuration Supervisor, MIS	2017 Fall QUsers Conference	OS	New Orleans, LA	9/16/17-9/21/17	-	1,642.35	368.00	2,010.35
54 Chief Information Officer	2017 Fall QUsers Conference	OS	New Orleans, LA	9/17/17-9/20/17	500.00	1,572.69	256.00	2,328.69
55 Chief Information Officer	LHP on-site CIO Meeting	Out	Alameda, CA	9/21/17-9/22/17	-	1,241.70	103.50	1,345.20
56 Programmer	2017 CAHP Annual Conference	Out	Huntington Beach, CA	10/8/17-10/11/17	725.00	1,288.84	128.00	2,141.84
57 Chief Information Officer	IT DEV Connections	Out	San Francisco, CA	10/23/17-10/26/17	1,299.00	1,644.31	222.00	3,165.31
58 Chief Information Officer	Healthx 2017 Customer Conference	OS	Indianapolis, IN	10/23/17-10/25/17	-	2,247.42	121.50	2,368.92
	Transforming Health Information Exchange in California	Out	Sacramento, CA	10/31/17-11/2/17	125.00	114.77	80.00	319.77

KERN • HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
59) Data Operations Manager	Transforming Health Information Exchange in California	Out	Sacramento, CA	10/31/17-11/2/17	125.00	350.58	80.00	555.58
60) Supervisor Database Management	Pass Summit 2017	OS	Seattle, WA	10/31/17 - 11/03/17	2,195.00	924.37	240.50	3,359.87
61) Chief Information Officer	Cognizant Executive Vision Summit	Out	Dana Point, CA	11/13/17 - 11/15/17	-	946.3	48.00	994.30
MIS Total					8,391.10	24,393.93	3,803.75	37,088.78
62) Deputy Director of Claims	2017 Trizetto Healthcare Conference	OS	San Antonio, TX	5/20/17-5/24/17	-	1,451.52	176.00	1,627.52
63) Director of Claims	2017 Trizetto Healthcare Conference	OS	San Antonio, TX	5/20/17-5/24/17	1,250.00	1,391.52	240.00	2,881.52
64) Director of Claims	LHPC Claim Department	Out	Santa Barbara, CA	8/24/2017	-	387.71	92.50	480.21
65) Director of Claims	2017 Cognizant User Conference	OS	New Orleans, LA	9/17/17-9/20/17	500.00	1,508.46	240.00	2,248.46
66) Deputy Director of Claims	2017 Cognizant User Conference	OS	New Orleans, LA	9/17/17-9/20/17	500.00	1,464.46	192.00	2,156.46
67) Director of Claims	Annual Kaiser Claims Audit	Out	Downey, CA	12/04/17 - 12/05/17	-	242.00	96.00	338.00
Claims Total					2,250.00	6,445.67	1,036.50	9,732.17
68) Credential Lead Providers Relations Program Manager	Cactus 2017 Roadshow & Users Group Meeting	Out	Los Angeles, CA	2/20/17-2/22/17	450.00	783.51	32.00	1,265.51
69) Manager	Public Works Workshop	Out	Camarillo, CA	3/15/2017	-	131.10	18.56	149.66
70) Provider Relations Rep I	Visit to ALC (New Transportation Vendor)	OS	Las Vegas, NV & St. George, UT	6/4/17-6/6/17	-	451.54	128.00	579.54
71) Credentialing Lead	CA Medical Staff Services Annual Ed Conf.	Out	Long Beach, CA	6/1/17-6/2/17	550.00	846.50	16.00	1,412.50
72) Provider Relations Manager	Visit to ALC (New Transportation Vendor)	OS	Las Vegas, NV & St. George, UT	6/4/17-6/6/17	-	395.23	128.00	523.23
73) Provider Relations Program Manager	New Buyer Basics Seminar Through CAPPO	Out	Ventura, CA	8/2/2017	99.00	138.57	64.00	301.57



EMPLOYEE TITLE	CONFERENCE TITLE	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
74 Provider Relations Program Manager	Public Works Compliance I01	Out	Fresno, CA	9/19/2017	125.00	-	32.00	157.00
75 Director of Provider Relations	Public Works Compliance I01	Out	Fresno, CA	9/19/2017	125.00	113.42	32.00	270.42
76 Provider Relations Manager	ICE 2017 Annual Conference	Out	San Francisco, CA	12/3/17-12/6/17	625.00	-	-	625.00
77 Senior Provider Network Analyst	ICE 2017 Annual Conference	Out	San Francisco, CA	12/3/17-12/6/17	625.00	-	-	625.00
Provider Relations Total								
78 Director of Procurement and Facilities, Corporate Services	California Assoc. of Public Procurement Officials Annual Conference	Out	Napa, CA	1/23/17-1/27/17	-	1,001.48	327.75	1,329.23
79 Maintenance Coordinator	Six Sigma Training & PMP Training	Out	Los Angeles, CA	4/10/2017	-	117.70	32.00	149.70
80 Director of Procurement and Facilities, Corporate Services	California Assoc. of Public Procurement Officials Prevaling Wage Conference	In	Bakersfield, CA	4/3/2017	39.00	-	-	39.00
81 Maintenance Coordinator	Six Sigma Training & PMP Training	Out	Burbank, CA	5/1/2017 - 5/6/17	-	110.22	192.00	302.22
Corporate Services Total								
82 Director Government Affairs and Business Development	CAHP- State Programs Committee	Out	Sacramento, CA	1/18/17-1/19/17	39.00	1,229.40	551.75	1,820.15
83 Director Government Affairs and Business Development	CHP- Medi-Cal Financing: Today & Tomorrow	Out	Burbank, CA	3/22/2017	75.00	-	-	75.00
84 Lead Project Manager, MIS	LHFC Board Meeting & CAHP State Programs Committee Meeting & CAHP Annual Conference	Out	Huntington Beach, CA	10/9/17-10/11/17	475.00	908.16	80.00	1,463.16
85 Project Management Supervisor	PMI Global Conference	OS	Chicago, IL	10/27/17-10/30/17	1,395.00	1,590.44	203.50	3,188.94
86 Project Manager II, MIS	PMI 4C Chapter	Out	Agoura Hills, CA	8/24/17	35.00	127.24	-	162.24
Project Management Total								
					1,980.00	3,149.69	363.50	5,493.19

KERN·HEALTH SYSTEMS

EMPLOYEE TITLE	CONFERENCE TITLE	In Country (In), Out of Country (Out), or Out of State (Os)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
Director of Compliance & Regulatory Affairs	HCCA Managed Care Compliance Conference	OS	Scottsdale, AZ	1/28/17-1/31/17	749.00	1,297.91	162.25	2,209.16
Director of Compliance & Regulatory Affairs	CAHP- Provider Directory Advances in California	Out	Burbank, CA	4/12/17-4/13/17	75.00	81.60	-	156.60
Compliance Auditor	CAHP- Provider Directory Advances in California	Out	Burbank, CA	4/13/2017	75.00	310.23	-	385.23
Director of Compliance & Regulatory Affairs	CAHP 32nd Annual Conference	Out	Huntington Beach, CA	10/8/17-10/11/17	475.00	921.04	112.00	1,508.04
Director of Compliance & Regulatory Affairs	LHPC Compliance Summit	Out	San Francisco, CA	6/1/17	-	834.40	-	834.40
Director of Compliance & Regulatory Affairs	Managed Care Advisory Group Speaker	Out	Sacramento, CA	6/7/17-6/8/17	-	423.51	80.00	503.51
Compliance Auditor	Annual Kaiser Clinics Audit	Out	Downey, CA	12/04/17-12/05/17	-	115.50	96.00	211.50
AIS Total					1,374.00	3,984.19	450.25	5,808.44
Director of Marketing & Member Services	Provider Directory Advances in California	Out	Los Angeles, CA	4/13/2017	100.00	108.07	18.56	226.63
Member Engagement Program Manager	Visit to ALC (New Transportation Vendor)	OS	Las Vegas, NV & St. George, UT	6/4/17-6/6/17	-	822.60	128.00	950.60
Marketing & Public Affairs Rep	California Partnership of Health Care Advocates	Out	Sacramento, CA	9/5/17-9/6/17	-	526.44	80.00	606.44
Director of Marketing & Member Services	HealthX Conference	OS	Indianapolis, IN	10/23/17-10/24/17	-	1,220.73	81.00	1,301.73
Member Engagement Program Manager	HealthX Conference	OS	Indianapolis, IN	10/23/17-10/24/17	-	570.96	108.00	678.96
Marketing Total					100.00	3,248.80	415.56	3,764.36
Director of Member Service	ALC Site Visit	OS	St. George, UT	2/22/17-2/23/17	-	518.22	-	518.22
Director of Member Service	Member Service Directors Meeting	Out	Fairfield, CA	8/10/2017	-	259.02	76.50	335.52
Member Services Total					-	777.24	76.50	853.74



EMPLOYEE TITLE	CONFERENCE TITLE	In Country (In), Out of Country (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
101 Director or Human Resources	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.29	-	-	24.29
102 Recruiting Supervisor	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.29	-	-	24.29
103 Senior Benefits Administrator	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.29	-	-	24.29
104 Payroll Supervisor	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.29	-	-	24.29
105 Human Resources Assistant	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.29	-	-	24.29
106 Human Resources Assistant	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.28	-	-	24.28
107 HR Senior Support Clerk	KC SHRM Jan. 2017 MT; 2017 Legal Update	In	Bakersfield, CA	1/4/2017	24.27	-	-	24.27
108 Corporate Training & Development Manager	Training & Development Workgroup for Local, not-for-profit, publicly governed managed health care plans	Out	Rancho Cucamonga, CA	1/26/17-1/27/17	-	153.71	-	153.71
109 Director or Human Resources	Training & Development Workgroup for Local, not-for-profit, publicly governed managed health care plans	Out	Rancho Cucamonga, CA	1/26/17-1/27/17	-	329.07	-	329.07
110 Director or Human Resources	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
111 Recruiting Supervisor	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
112 Senior Benefits Administrator	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
113 Payroll Supervisor	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
114 Payroll Administrator	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
115 Human Resources Assistant	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
116 Human Resources Assistant	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
117 HR Senior Support Clerk	KC SHRM Feb. 2017 MT	In	Bakersfield, CA	2/1/2017	21.25	-	-	21.25
118 Director or Human Resources	HR Director Offsite MT.	Out	Santa Barbara, CA	3/22/17-3/27/17	-	745.07	222.00	967.07
119 HR Senior Support Clerk	Wages & Hour Paranoia Conf.	In	Bakersfield, CA	3/1/2017	30.00	-	-	30.00
120 Human Resources Assistant	Wages & Hour Paranoia Conf.	In	Bakersfield, CA	3/1/2017	30.00	-	-	30.00
121 Payroll Supervisor	Wages & Hour Paranoia Conf.	In	Bakersfield, CA	3/1/2017	30.00	-	-	30.00
122 Payroll Administrator	Wages & Hour Paranoia Conf.	In	Bakersfield, CA	3/1/2017	30.00	-	-	30.00
123 Human Resources Assistant	Bakersfield College Job Fair	In	Bakersfield, CA	4/26/2017	27.50	-	-	27.50
124 Recruiting Supervisor	Bakersfield College Job Fair	In	Bakersfield, CA	4/26/2017	27.50	-	-	27.50
125 Corporate Training & Development Manager	KC SHRM April 2017 MT	In	Bakersfield, CA	4/5/2017	20.00	-	-	20.00
126 Human Resources Assistant	KC SHRM April 2017 MT	In	Bakersfield, CA	4/5/2017	20.00	-	-	20.00
127 Human Resources Assistant	KC SHRM April 2017 MT	In	Bakersfield, CA	4/5/2017	20.00	-	-	20.00

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EMPLOYEE TITLE	CONFERENCE TITLE	In Country (In), Out of Country (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
128 HR Senior Support Clerk	KC SHRM April 2017 MT	In	Bakersfield, CA	4/5/2017	20.00	-	-	20.00
129 Recruiting Supervisor	KC SHRM April 2017 MT	In	Bakersfield, CA	4/5/2017	20.00	-	-	20.00
130 Senior Benefits Administrator	KC SHRM April 2017 MT	In	Bakersfield, CA	4/5/2017	20.00	-	-	20.00
131 Recruiting Supervisor	KC SHRM May 2017 MT.	In	Bakersfield, CA	5/3/2017	20.00	-	-	20.00
132 Human Resources Assistant	KC SHRM May 2017 MT.	In	Bakersfield, CA	5/3/2017	20.00	-	-	20.00
133 Payroll Supervisor	KC SHRM May 2017 MT.	In	Bakersfield, CA	5/3/2017	20.00	-	-	20.00
134 Payroll Administrator	KC SHRM May 2017 MT.	In	Bakersfield, CA	5/3/2017	20.00	-	-	20.00
135 HR Senior Support Clerk	KC SHRM May 2017 MT.	In	Bakersfield, CA	5/3/2017	20.00	-	-	20.00
136 Human Resources Assistant	BC Job Fair	In	Bakersfield, CA	8/30/17	15.00	-	-	15.00
137 Recruiting Supervisor	BC Job Fair	In	Bakersfield, CA	8/30/17	15.00	-	-	15.00
138 HR Senior Support Clerk	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
139 Corporate Training & Development Manager	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
140 Director of Human Resources	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
141 Human Resources Assistant	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
142 Payroll Supervisor	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
143 Payroll Administrator	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
144 Recruiting Supervisor	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
145 Benefits Manager	Mid Year Legal Updates	In	Bakersfield, CA	6/7/17	20.00	-	-	20.00
146 Payroll Administrator	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
147 Benefits Manager	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
148 Benefits Assistant	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
149 Director of Human Resources	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
150 Recruiting Supervisor	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
151 Human Resources Assistant	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
152 Human Resources Assistant	KC SHRM Aug. 2017 MT	In	Bakersfield, CA	08/02/17	20.00	-	-	20.00
153 Director of Human Resources	KC SHRM Oct. 2017	In	Bakersfield, CA	10/10/17-10/11/17	199.00	-	-	199.00
154 Recruiting Supervisor	KC SHRM Oct. 2017	In	Bakersfield, CA	10/10/17-10/11/17	199.00	-	-	199.00

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EMPLOYEE TITLE	CONFERENCE TITLE	In County (In, Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
155 Payroll Supervisor Corporate Training & Development Manager	KC SHRM Oct. 2017	In	Bakersfield, CA	10/10/17-10/11/17	199.00	-	-	199.00
156	KC SHRM Oct. 2017	In	Bakersfield, CA	10/10/17-10/11/17	199.00	-	-	199.00
157 Benefits Manager	KC SHRM Oct. 2017	In	Bakersfield, CA	10/10/17-10/11/17	199.00	-	-	199.00
158 Human Resources Assistant	Political Correctness at Work	In	Bakersfield, CA	9/6/17	20.00	-	-	20.00
159 Recruiting Supervisor	Political Correctness at Work	In	Bakersfield, CA	9/6/17	20.00	-	-	20.00
160 Human Resources Assistant	Political Correctness at Work	In	Bakersfield, CA	9/6/17	20.00	-	-	20.00
161 Benefits Assistant	Political Correctness at Work	In	Bakersfield, CA	9/6/17	20.00	-	-	20.00
162 Benefits Assistant	KC SHRM Oct. 2017	In	Bakersfield, CA	10/10/17-10/11/17	199.00	-	-	199.00
163 Benefits Manager	Ceridian Insights 2017	OS	Las Vegas, NV	10/2/17-10/6/17	-	384.24	304.00	688.24
164 Recruiting Supervisor	Ceridian Insights 2017	OS	Las Vegas, NV	10/2/17-10/6/17	-	-	304.00	304.00
165 Payroll Supervisor	Insights 2017	OS	Las Vegas, NV	10/2/17-10/6/17	-	413.86	288.00	701.86
166 Director of Human Resources Corporate Training & Development Manager	Ceridian Conference	OS	Las Vegas, NV	10/2/17-10/6/17	-	588.06	304.00	892.06
167	Ceridian Conference	OS	Las Vegas, NV	10/2/17-10/6/17	-	572.15	304.00	876.15
168 Benefits Assistant	KC SHRM Nov 2017	In	Bakersfield, CA	11/8/17	40.00	-	-	40.00
169 Human Resources Assistant	KC SHRM Nov 2017	In	Bakersfield, CA	11/8/17	40.00	-	-	40.00

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EMPLOYEE TITLE	CONFERENCE TITLE	In Country (In), Out of Country (Out), or Out of State (OS)	LOCATION	DATES	Registration	Fare & Lodging	Meals	TOTAL AMOUNT SPENT
170 Payroll Supervisor	KC SHRM Nov 2017	In	Bakersfield, CA	11/8/17	40.00	-	-	40.00
171 Payroll Administrator	KC SHRM Nov 2017	In	Bakersfield, CA	11/8/17	40.00	-	-	40.00
172 Human Resources Assistant	KC SHRM Dec 2017	In	Bakersfield, CA	12/6/17	20.00	-	-	20.00
173 Recruiting Supervisor	KC SHRM Dec 2017	In	Bakersfield, CA	12/6/17	20.00	-	-	20.00
174 Benefits Manager	KC SHRM Dec 2017	In	Bakersfield, CA	12/6/17	20.00	-	-	20.00
175 Benefits Assistant Corporate Training & Development	KC SHRM Dec 2017	In	Bakersfield, CA	12/6/17	20.00	-	-	20.00
176 Manager	KC SHRM Dec 2017	In	Bakersfield, CA	12/6/17	20.00	-	-	20.00
177 Payroll Supervisor	CalPERS Training on Adjustments	Out	Fresno, CA	12/13/17	-	-	122.52	122.52
Human Resources Total					2,599.00	3,186.16	1,848.52	7,633.68

Sub-Totals	Registration	Fare & Lodging	Meals
	24,116.18	72,439.77	13,215.14
Grand Total	\$ 109,771.09		

Proposed administrative contract over \$100,000, February 12, 2018.

1. Operational Agreement with Level 3/Century Link

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Richard Pruitt, Chief Information Officer

c. Background

KHS currently maintains Internet and Phone services with Level 3/Century Link and Spectrum. Internet connectivity is utilized for a variety of reasons to include: Claims, Processing and Payment, Medical Referral Authorization Processing, State Reporting, Provider Communication, Provider Web Portal, and Email communications. KHS utilizes telephone services for its voice, fax, 800 services and long distance communication with members, providers, and vendors.

d. Discussion

Level 3/Century Link will provide Internet and Telephone services for KHS office located at 9700 Stockdale Highway for a one year term.

e. Fiscal Impact

Not to exceed \$112,843.20 per one year.

f. Risk Assessment

Without phone or internet services Kern Health Systems would be unable to communicate with members, providers and vendors which would cause an interruption with its abilities to provide services.

g. Attachments

An Agreement at a Glance form and the quote are attached.

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

This contract is pending Legal review.



KERN HEALTH SYSTEMS

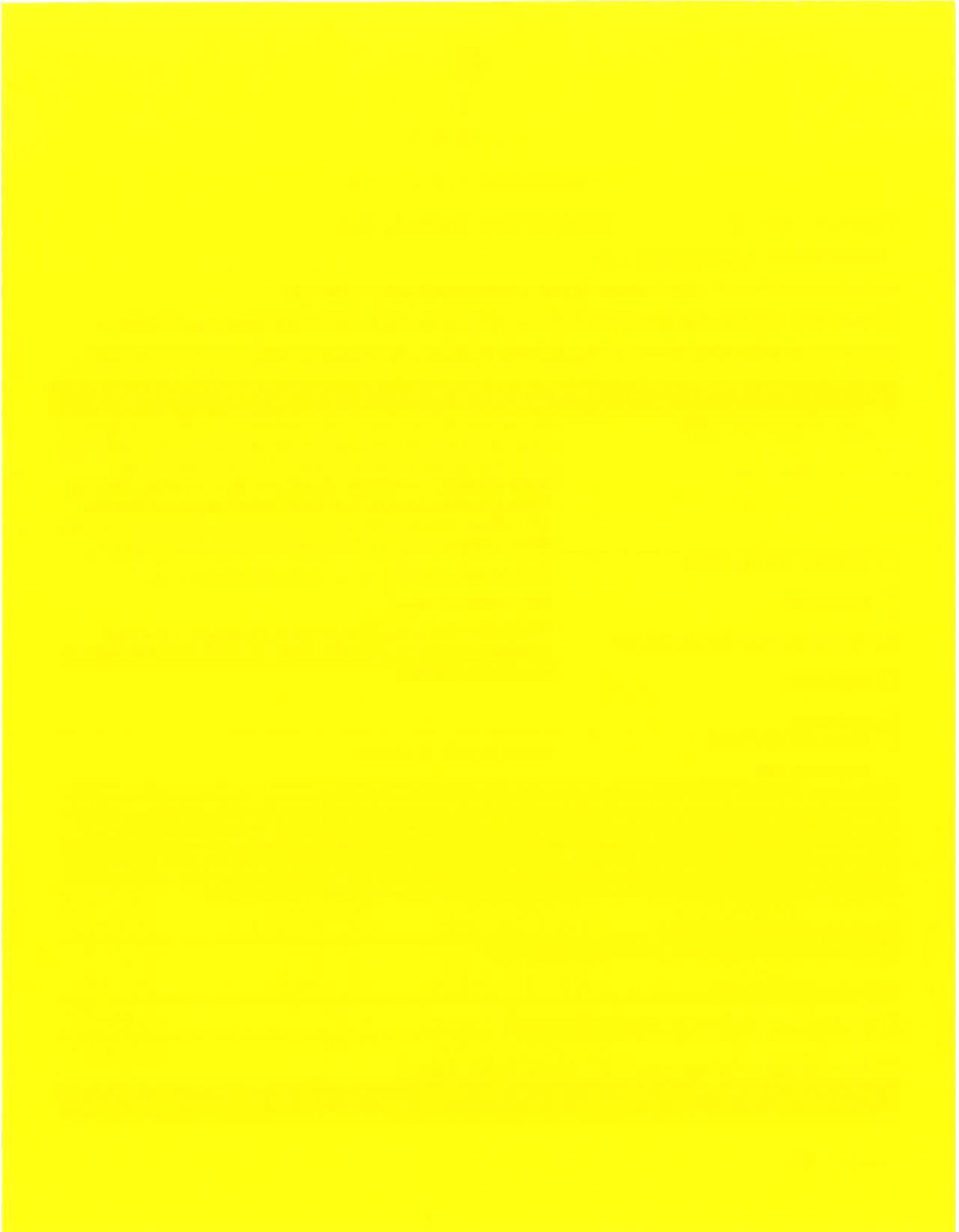
- Contract
- Purchase

AGREEMENT AT A GLANCE

Department Name: IT Department Head: Richard M. Pruitt
 Contract Vendor: Level 3/Century Link
 Vendor contact Name & e-mail: Garrett Paquin, garrett.paquin@centurylink.com
 What services will this vendor provide to KHS? Level 3/Century Link will provide Internet and Telephone services for the KHS office located at 9700 Stockdale Highway, Bakersfield, CA 93311 for a (1) year term.

Description of Contract	
Type of Agreement: <u>Other</u>	Background: <u>KHS currently maintains Internet and Phone services with Level 3/Century Link and Spectrum. Internet connectivity is utilized for a variety of reasons to include: Claims, Processing and Payment, Medical Referral Authorization Processing, State Reporting, Provider Communications, Provider Web Portal, and Email communications. KHS utilizes telephone services for its voice, fax, 800 services and long distance communication with members, providers, and vendors.</u>
<input type="checkbox"/> Establish a new agreement	Previous Agreement No. _____ or Amendment No. _____
<input type="checkbox"/> Amendment	Date Agreement Began _____
<input checked="" type="checkbox"/> Continuation of an Existing Contract	Brief Explanation <u>Level 3/Century Link will provide Internet and Telephone services for KHS office located at 9700 Stockdale Highway for a (1) one year term.</u>
<input type="checkbox"/> Replacement	
<input type="checkbox"/> Addendum	
<input type="checkbox"/> Retroactive Agreement	Reason for delay in approval: _____
Retroactive Date _____	
<input checked="" type="checkbox"/> Summary of Quotes and/or Bids attached. <i>Pursuant to KHS Policy #8.11-1, KHS will secure competitive quotes and bids to obtain the maximum value from the expenditures. Electronic (e-mail/fax) solicitation may be used for purchases of up to Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00) but must be documented on the RFQ form (Attachment A). Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Fifty Thousand Dollars (\$50,000). Lowest bid price not accepted must be fully explained and justified in writing. All bids will be treated as a not to exceed amount with "change orders" used to track any changes.</i>	
Brief vendor selection justification: _____	
<input type="checkbox"/> Sole source – no competitive process can be performed.	
Brief reason for sole source: _____	
<input type="checkbox"/> Conflict of Interest Form is required for this Contract	
<input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract	

Fiscal Impact



KHS Governing Board previously approved this expense in KHS' FY 2018 Administrative Budget NO YES

Budgeted Cost Center 225 GL# 5540,5541,5542,5547

Will this require additional funds? NO YES

Maximum cost of this agreement not to exceed: \$112,843.20 per year

Notes: Estimated monthly cost \$9,403.60

Contract Terms and Conditions

Effective date: 2/14/18 Termination date: 2/13/19

Explain extension provisions, termination conditions and required notice: _____

Approvals

Contract Owner:

[Signature]
Department Head

1/19/18
Date

Purchasing:

[Signature]
Director of Procurement

1/19/18
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer or Controller

1/19/18
Date

Recommended by the Executive Committee:

[Signature]
Committee Chairman

1/22/18
Date

Compliance Review:

Chief Compliance Officer

Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

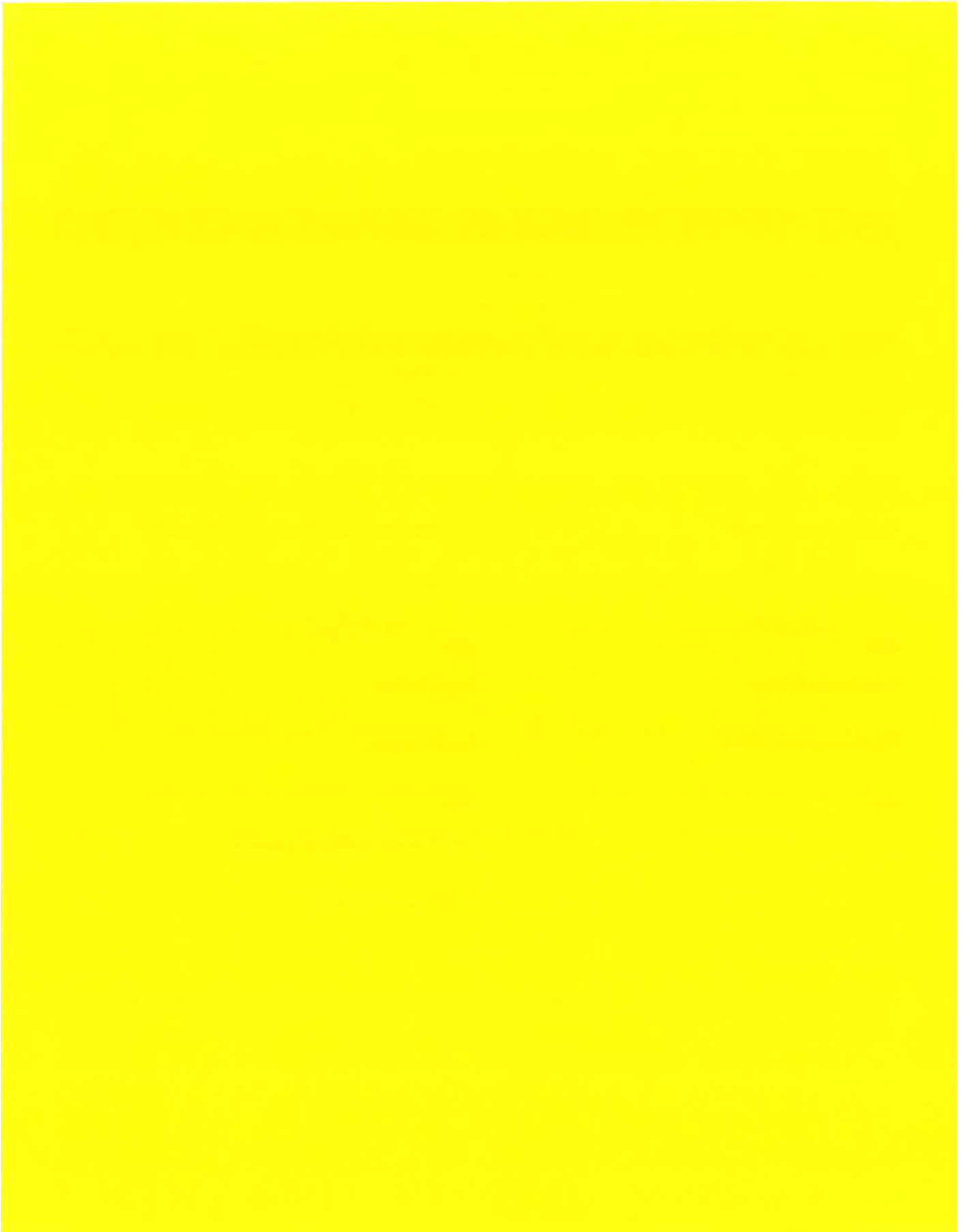
Chief Executive Officer

Date

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

KHS Board Chairman

Date



Kern Health Systems

Level (3)

Communications

<u>9700 Stockdale Highway, Bakersfield CA 93311</u>	<u>Monthly Fee:</u>	<u>Term 12 Mo</u>
Enterprise SIP Trunking 100 Call Paths	\$ 1,532	
SIP Transport 100 Mbps	\$ 276	
Individual Telephone Numbers (1020)	\$ 168	
Enterprise Shared Long Distance	\$ 5	
Auto Reroute	\$ 40	
Custom LD BOB (90,000 minutes)	\$ 3,240	
NLAN 400 Mbps (premium)	\$ 869	
NLAN Transport 1 Gbps	\$ 400	
Internet Access 100 Mbps	\$ 1,200	
Internet Transport 100 Mbps	\$ 485	
Virtual Access Lines (Remote Call Forwarding)	\$ 12	
Remote Call Forwarding (additional paths 4)	\$ 48	
Enterprise Shared Long Distance	\$ 5	
Location Total:	\$ 8,280	
Taxes, Fees, Surcharges	\$1,123.60	
Total:	\$9,403.60	

Note: Estimated cost, taxes, fees & surcharges are estimated charges



To: KHS Board of Directors
From: Douglas A. Hayward, CEO
Date: February 8, 2018
Re: Electrical Bid Award

Background:

Kern Health Systems (KHS) published a Notice Inviting Bids to the pre-qualified Electrical Contractors. The 2nd invitation to bid for these services was published on January 29, 2018 and formal bids are due February 13, 2018.

In order to meet the KHS construction timeline and due to the time critical nature of this trade, we are requesting for the low bidder contractor to be immediately contracted and novated to our general contractor. This will require the Board of Directors to authorize KHS Chief Executive Officer to execute these agreements. As an additional safeguard, the contract will be presented to the Board of Directors at the next regularly scheduled meeting in April 2018. Should the lowest bid amount be higher than the estimated amount outlined below, we will not proceed and will convene a special meeting with the KHS Board of Directors to review the bid proposal.

Emily Duran and Greg Bynum will be present for discussion and to give a project update.

Requested Action:

1. Recommend KHS Board of Directors authorize CEO to execute Electrical Bid Contract with the lowest bidder and novate agreement to General Contract: SC Anderson for an amount not to exceed \$3,100,000.
2. In discussion with the Developer, it would be prudent at this time for the Board to authorize Robert Landis, CFO to execute time sensitive agreements during the CEO's absence between February 22nd and March 15th, 2018.



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 8, 2018

Re: November 2017 Financial Results

The November results reflect a \$30,472 Net Increase in Net Position which is a \$78,770 unfavorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$ 5.4 million favorable variance primarily due to:
 - A) \$.9 million unfavorable variance relating to Family and Other primarily due to lower than expected enrollment (\$.7 million), a lower than expected budgeted rate increase from the State effective July 1, 2017 (\$.8 million) and higher than expected Maternity revenue (\$.6 Million).
 - B) \$.7 million favorable variance relating to Expansion primarily due to lower than expected enrollment (\$.1 million), an a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.6 million) and higher than expected HEP C revenue (\$.1 million).
 - C) \$.7 million favorable variance in Reinsurance Recoveries due to higher than expected reinsurance amounts received.
 - D) \$2.5 million favorable variance in COB/Subrogation due to higher than expected claim payments where KHS is not primary.
 - E) \$2.1 million favorable variance relating to Rate/Income Adjustment primarily due to 2016 reinsurance recoveries (.6 million) and payments relating to Expansion membership for prior years (\$1.5 million) offset by items included in 2E below.
- 2) Total Medical Costs reflect a \$5.6 million unfavorable variance primarily due to:
 - A) \$2.3 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services.
 - B) \$3.1 million unfavorable variance in Inpatient primarily due to higher than expected utilization for Family and Other and SPD members.
 - C) \$1.4 million unfavorable variance in Outpatient Hospital primarily due to higher than expected utilization for Family and Other and SPD members.
 - D) \$.8 million favorable variance in Pharmacy primarily due to lower than expected HEP-C utilization
 - E) \$.4 million favorable variance in IBNR, Incentive, Paid Claims Adjustment primarily due to a favorable prior year P4P adjustment (\$1. 8 million), an unfavorable prior year IBNR adjustment (.6 million) and the accrual of expenses associated with the favorable Expansion Rate Income Adjustment mentioned in 1E above (\$.8 million).

The November Medical Loss Ratio is 94.2% which is unfavorable to the 92.9% budgeted amount. The November Administrative Expense Ratio is 5.7% which is favorable to the 6.0% budgeted amount.

The results for the 11 months ended November 30, 2017 reflects a Net Increase in Net Position of \$22,216,666. This is a \$14,992,258 favorable variance to budget and includes approximately \$10.3 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.9% which is favorable to the 92.1% budgeted amount. The year-to-date Administrative Expense Ratio is 4.8% which is favorable to the 5.8% budgeted amount.

**Kern Health Systems
Financial Packet
November 2017**

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF NOVEMBER 30, 2017			
ASSETS	NOVEMBER 2017	OCTOBER 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 82,573,360	\$ 95,950,874	\$ (13,377,514)
Short-Term Investments	170,126,739	219,131,533	(49,004,794)
Pass-through Monies Held for Future Payment	3,898,765	3,893,144	5,621
Premiums Receivable - Net	58,652,907	-	58,652,907
Interest Receivable	376,001	193,632	182,369
Other Receivables	2,039,928	601,916	1,438,012
Prepaid Expenses & Other Current Assets	846,127	956,305	(110,178)
Total Current Assets	\$ 318,513,827	\$ 320,727,404	\$ (2,213,577)
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPREE:			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,637,920	6,635,354	2,566
Automobile - Net	18,190	18,582	(392)
Building and Building Improvements - Net	6,685,820	6,713,676	(27,856)
Capital Projects in Process	8,759,917	8,764,712	(4,795)
Total Capital Assets	\$ 26,978,409	\$ 27,008,886	\$ (30,477)
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	\$ 351,107,101	\$ 353,351,155	\$ (2,244,054)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 24,212	\$ 39,997	(15,785)
Accrued Salaries and Employee Benefits	2,685,501	2,447,988	237,513
Accrued Other Operating Expenses	1,331,801	1,695,260	(363,459)
Accrued Taxes and Licenses	15,162,152	7,511,898	7,650,254
Other Medical Liabilities - Nonoperating Passthrough	3,898,765	3,893,144	5,621
DHCS Payable - Net	-	2,801,774	(2,801,774)
Claims Payable (Reported)	12,457,107	19,672,499	(7,215,392)
IBNR - Inpatient Claims	31,155,081	31,456,842	(301,761)
IBNR - Physician Claims	14,756,407	12,712,786	2,043,621
IBNR - Accrued Other Medical	22,740,352	21,676,863	1,063,489
Risk Pool and Withholds Payable	2,140,535	4,673,826	(2,533,291)
Statutory Allowance for Claims Processing Expense	1,926,674	1,926,674	-
Other Liabilities	43,036,350	43,079,912	(43,562)
Total Current Liabilities	\$ 151,314,937	\$ 153,589,463	\$ (2,274,526)
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	22,216,666	22,186,194	30,472
Total Net Position	\$ 193,432,239	\$ 193,401,767	\$ 30,472
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 351,107,101	\$ 353,351,155	\$ (2,244,054)

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED NOVEMBER 30, 2017			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
163,154	168,500	(5,346)	Family Members	1,799,630	1,820,500	(20,870)		
56,304	56,500	(196)	Expansion Members	626,826	610,500	16,326		
14,282	14,000	282	SPD Members	151,883	151,250	633		
5,694	4,250	1,444	Other Members	58,064	45,375	12,689		
7,858	7,250	608	Kaiser Members	84,115	78,375	5,740		
247,292	250,500	(3,208)	Total Members - MCAL	2,720,518	2,706,000	14,518		
REVENUES								
21,430,630	22,377,391	(946,761)	Title XIX - Medicaid - Family and Other	233,630,589	239,680,303	(6,049,714)		
20,222,674	19,499,358	723,316	Title XIX - Medicaid - Expansion Members	229,629,827	219,696,322	9,933,505		
10,859,865	10,856,493	3,372	Title XIX - Medicaid - SPD Members	113,568,655	116,124,467	(2,555,812)		
7,628,229	7,329,123	299,107	Premium - MCO Tax	83,312,982	79,170,341	4,142,641		
268,899	157,477	111,422	Interest /Dividends	3,015,926	1,701,087	1,314,839		
781,756	107,030	674,726	Reinsurance Recoveries	906,570	1,156,155	(249,585)		
5,324,912	2,871,169	2,453,743	COB/Subrogation Collections	42,598,327	31,013,342	11,584,985		
2,128,785	-	2,128,785	Rate/Income Adjustments	14,889,250	-	14,889,250		
(20,460)	-	(20,460)	Other Income (Expense)	(229,735)	-	(229,735)		
68,625,290	63,198,041	5,427,249	TOTAL REVENUES	721,322,391	688,542,017	32,780,374		
EXPENSES								
Medical Costs:								
14,607,980	12,272,546	(2,335,434)	Physician Services	150,471,975	132,577,292	(17,894,683)		
3,065,669	2,698,507	(367,162)	Other Professional Services	30,472,383	29,228,416	(1,243,967)		
5,095,039	4,782,256	(312,783)	Emergency Room	49,510,568	51,660,460	(2,149,892)		
16,815,315	13,743,334	(3,071,981)	Inpatient	158,698,246	148,471,787	(10,226,459)		
105,845	107,030	1,185	Reinsurance Expense	1,158,217	1,156,155	(2,062)		
7,151,522	5,713,113	(1,438,409)	Outpatient Hospital	66,091,508	61,719,129	(4,372,379)		
1,797,103	2,561,170	764,067	Other Medical	23,863,602	27,738,528	(3,874,926)		
8,669,446	9,472,801	803,355	Pharmacy	95,166,017	102,338,996	(7,172,979)		
562,670	571,638	8,968	Pay for Performance Quality Incentive	6,197,547	6,174,919	(22,628)		
(382,239)	-	382,239	IBNR, Incentive, Paid Claims Adjustment	4,608,453	-	(4,608,453)		
57,488,350	51,922,393	(5,565,957)	Total Medical Costs	586,238,516	561,065,682	(25,172,834)		
11,136,940	11,275,648	(138,708)	GROSS MARGIN	135,083,875	127,476,335	7,607,540		
Administrative:								
1,897,938	1,939,485	41,547	Compensation	19,756,231	21,332,197	(1,575,966)		
952,528	543,320	(409,208)	Purchased Services	5,047,725	6,204,107	(1,156,382)		
160,257	147,166	(13,091)	Supplies	1,145,656	1,631,796	(486,140)		
445,572	707,313	261,741	Other Administrative Expenses	4,356,572	6,413,486	(2,056,914)		
3,456,295	3,337,283	(119,012)	Total Administrative Expenses	30,306,184	35,581,585	(5,275,401)		
60,944,645	55,259,676	(5,684,969)	TOTAL EXPENSES	616,544,700	596,647,268	(19,897,432)		
7,680,645	7,938,365	(257,720)	OPERATING INCOME (LOSS) BEFORE TAX	104,777,691	91,894,750	12,882,942		
7,650,173	7,329,123	(321,051)	MCO TAX	81,817,205	79,170,341	(2,646,864)		
30,472	609,242	(578,770)	OPERATING INCOME (LOSS) NET OF TAX	22,960,486	12,724,408	10,236,078		
NONOPERATING REVENUE (EXPENSES)								
-	-	-	Reserve Fund Projects/Community Grants	(81,112)	-	(81,112)		
-	(500,000)	500,000	Health Home	(662,708)	(5,500,000)	4,837,292		
-	(500,000)	500,000	TOTAL NONOPERATING REVENUES (EXPENSES)	(743,820)	(5,500,000)	4,756,180		
30,472	109,242	(78,770)	NET INCREASE (DECREASE) IN NET POSITION	22,216,666	7,224,408	14,992,258		
94.2%	92.9%	-1.3%	MEDICAL LOSS RATIO	91.9%	92.1%	0.2%		
5.7%	6.0%	0.3%	ADMINISTRATIVE EXPENSE RATIO	4.8%	5.8%	1.1%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED NOVEMBER 30, 2017	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
163,154	168,500	(5,346)	Family Members	1,799,630	1,820,500	(20,870)
56,304	56,500	(196)	Expansion Members	626,826	610,500	16,326
14,282	14,000	282	SPD Members	151,883	151,250	633
5,694	4,250	1,444	Other Members	58,064	45,375	12,689
7,858	7,250	608	Kaiser Members	84,115	78,375	5,740
247,292	250,500	(3,208)	Total Members - MCAL	2,720,518	2,706,000	14,518
REVENUES						
126.92	129.54	(2.61)	Title XIX - Medicaid - Family and Other	125.76	128.45	(2.69)
359.17	345.12	14.05	Title XIX - Medicaid - Expansion Members	366.34	359.86	6.47
760.39	775.46	(15.08)	Title XIX - Medicaid - SPD Members	747.74	767.77	(20.03)
31.86	30.13	1.73	Premium - MCO Tax	31.60	30.13	1.47
1.12	0.65	0.48	Interest /Dividends	1.14	0.65	0.50
3.27	0.44	2.83	Reinsurance Recoveries	0.34	0.44	(0.10)
22.24	11.80	10.44	COB/Subrogation Collections	16.16	11.80	4.35
8.89	0.00	8.89	Rate/Income Adjustments	5.65	0.00	5.65
(0.09)	0.00	(0.09)	Other Income (Expense)	(0.09)	0.00	(0.09)
286.61	259.81	26.81	TOTAL REVENUES	273.60	262.04	11.56
EXPENSES						
Medical Costs:						
61.01	50.45	(10.56)	Physician Services	57.07	50.46	(6.62)
12.80	11.09	(1.71)	Other Professional Services	11.56	11.12	(0.43)
21.28	19.66	(1.62)	Emergency Room	18.78	19.66	0.88
70.23	56.50	(13.73)	Inpatient	60.19	56.50	(3.69)
0.44	0.44	(0.00)	Reinsurance Expense	0.44	0.44	0.00
29.87	23.49	(6.38)	Outpatient Hospital	25.07	23.49	(1.58)
7.51	10.53	3.02	Other Medical	9.05	10.56	1.50
36.21	38.94	2.73	Pharmacy	36.10	38.95	2.85
2.35	2.35	(0.00)	Pay for Performance Quality Incentive	2.35	2.35	(0.00)
(1.60)	0.00	1.60	IBNR, Incentive, Paid Claims Adjustment	1.75	0.00	(1.75)
240.10	213.45	(26.65)	Total Medical Costs	222.36	213.53	(8.84)
46.51	46.35	0.16	GROSS MARGIN	51.24	48.51	2.72
Administrative:						
7.93	7.97	0.05	Compensation	7.49	8.12	0.62
3.98	2.23	(1.74)	Purchased Services	1.91	2.36	0.45
0.67	0.61	(0.06)	Supplies	0.43	0.62	0.19
1.86	2.91	1.05	Other Administrative Expenses	1.65	2.44	0.79
14.44	13.72	(0.72)	Total Administrative Expenses	11.50	13.54	2.05
254.54	227.17	(27.36)	TOTAL EXPENSES	233.86	227.07	(6.79)
32.08	32.63	(0.56)	OPERATING INCOME (LOSS) BEFORE TAX	39.74	34.97	4.77
31.95	30.13	(1.82)	MCO TAX	31.03	30.13	(0.90)
0.13	2.50	(2.38)	OPERATING INCOME (LOSS) NET OF TAX	8.71	4.84	3.87
NONOPERATING REVENUE (EXPENSES)						
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	(0.03)	0.00	0.03
0.00	(2.06)	(2.06)	Health Home	0.24	(22.61)	(22.85)
0.00	(2.06)	(2.06)	TOTAL NONOPERATING REVENUES (EXPENSES)	0.21	(22.61)	(22.82)
0.13	0.45	(0.32)	NET INCREASE (DECREASE) IN NET POSITION	8.43	2.75	5.68
94.2%	92.9%	-1.3%	MEDICAL LOSS RATIO	91.9%	92.1%	0.2%
5.7%	6.0%	0.3%	ADMINISTRATIVE EXPENSE RATIO	4.8%	5.8%	1.1%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2017	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	13 MONTH TOTAL
	ENROLLMENT													
Members - MICAL	234,225	234,491	234,963	237,323	240,308	241,178	241,282	241,716	239,716	239,363	240,564	240,556	239,434	3,105,119
REVENUES														
Title XIX - Medicaid - Family and Other	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	21,430,630	275,406,335
Title XIX - Medicaid - Expansion Members	20,146,360	20,105,649	20,905,352	21,131,189	22,045,879	21,650,071	21,843,761	21,316,549	20,420,390	20,057,872	20,019,384	20,016,706	20,222,674	269,881,836
Title XIX - Medicaid - SPD Members	10,209,218	9,940,753	9,966,872	9,618,941	9,939,770	10,055,780	9,974,611	10,383,303	10,531,094	10,667,756	10,594,072	10,978,591	10,859,865	133,718,626
Premium - MCO Tax	7,198,399	10,065,534	7,491,128	7,405,842	7,470,551	7,507,968	7,504,758	7,517,457	7,674,906	7,622,484	8,087,180	7,402,479	7,628,229	100,576,915
Interest Dividends	223,035	194,711	181,883	176,794	245,909	264,732	376,466	265,238	245,800	385,982	303,348	303,875	268,899	3,433,672
Reinsurance Recoveries	-	(210,968)	-	-	-	-	-	-	-	-	-	-	124,814	781,756
COB/Subrogation Collections	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	5,334,912	47,506,584
Rate/Income Adjustments	(541)	2,736,951	-	2,016,975	413,545	93,756	(3,949)	(340,730)	(84,178)	1,061,917	9,476,726	126,333	2,128,785	17,625,660
Other Income (Expense)	41	(1,262,113)	37,570	121	46,740	(1,110)	9	(88,814)	(18,408)	104	(185,865)	378	(20,460)	(1,491,807)
TOTAL REVENUES	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	68,625,290	847,353,423
EXPENSES														
Medical Costs:														
Physician Services	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	14,607,980	173,534,172
Other Professional Services	2,425,983	2,850,615	2,642,041	2,946,962	2,496,217	2,479,295	2,584,649	3,292,395	2,903,026	2,989,387	2,851,866	2,920,876	3,065,669	35,748,981
Emergency Room	4,182,880	4,106,435	4,687,780	4,450,889	4,100,250	4,017,665	3,942,442	4,764,732	4,665,069	5,099,658	4,696,197	3,995,827	5,095,039	57,799,883
Inpatient	11,783,439	12,926,841	13,999,552	14,812,384	15,281,823	14,524,702	14,725,286	14,193,273	13,561,803	13,546,637	13,862,008	13,575,463	16,815,315	183,408,526
Reinsurance Expense	187,188	187,380	103,176	103,399	105,736	107,515	107,515	106,355	105,475	105,475	105,320	105,848	105,845	1,532,785
Outpatient Hospital	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	7,151,522	77,177,661
Other Medical	1,296,759	1,515,058	2,097,824	2,007,506	2,214,713	2,373,420	2,730,420	2,620,808	1,975,195	1,800,207	1,883,596	2,362,997	1,797,103	26,675,419
Pharmacy	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	8,669,446	111,411,213
Pay for Performance Quality Incentive	565,417	566,068	552,163	559,709	564,724	566,768	567,013	568,032	563,333	563,503	565,325	565,307	562,670	7,329,032
Expansion Risk Corridor Expense	137,358	413,346	-	-	-	-	-	(2,727,790)	(28,273)	1,034,615	7,973,649	332,212	(382,239)	520,971
IBNR, Incentive, Paid Claims Adjustment	(444,334)	1,045,552	(141,866)	111,013	(585,473)	(234,581)	(744,814)	(2,727,790)	(28,273)	1,034,615	7,973,649	332,212	(382,239)	520,971
Total Medical Costs	44,672,896	49,466,635	49,889,881	50,406,468	52,511,453	51,042,856	52,353,094	53,321,503	52,336,793	54,695,536	60,619,644	51,565,938	57,488,350	680,378,047
GROSS MARGIN	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	11,136,940	166,975,376
Administrative:														
Compensation	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	1,897,938	23,222,391
Purchased Services	607,200	470,957	268,436	450,657	436,052	442,046	344,437	364,323	354,712	371,842	522,883	539,809	952,528	6,125,882
Supplies	42,864	53,867	66,872	363,371	86,926	99,813	89,505	30,984	65,825	131,877	168,244	208,982	160,257	1,242,387
Other Administrative Expenses	265,740	423,090	359,822	363,606	484,727	365,239	432,721	492,918	298,544	393,233	325,962	394,228	445,572	5,045,402
Administrative Expense Adjustment	(1,960,549)	-	-	-	-	-	-	-	-	-	-	-	-	(1,960,549)
Total Administrative Expenses	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	3,456,295	33,675,513
TOTAL EXPENSES	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	60,944,645	714,053,560
OPERATING INCOME (LOSS) BEFORE TAX	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	8,163,079	7,680,645	133,299,863
MCO Tax	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	7,650,173	99,081,138
OPERATING INCOME (LOSS) NET OF TAX	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	30,472	34,218,725
TOTAL NONOPERATING REVENUE (EXPENSES)	(220,405)	-	-	(23,174)	-	-	(11,588)	-	(231,175)	-	(23,175)	(662,708)	-	(964,225)
NET INCREASE (DECREASE) IN NET POSITION	6,467,400	4,570,434	3,927,012	3,963,013	4,251,125	3,366,854	1,931,423	1,036,037	494,171	1,014,414	2,133,019	45,976	30,472	33,254,500
MEDICAL LOSS RATIO	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.2%	93.9%	94.5%	93.1%	92.5%	93.2%	94.2%	91.1%
ADMINISTRATIVE EXPENSE RATIO	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.2%	5.4%	5.7%	4.5%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2017	NOVEMBER 2016	DECEMBER 2016	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	13 MONTH TOTAL
	234,225	234,491	234,903	237,323	240,306	241,178	241,282	241,716	239,716	239,563	240,564	240,556	239,434	3,105,119
REVENUES														
Title XIX - Medicaid - Family and Other	128.46	122.95	126.64	119.60	129.31	128.39	124.01	126.74	124.89	125.53	129.26	122.06	126.92	145.75
Title XIX - Medicaid - Expansion Members	368.90	366.70	377.32	375.41	386.18	375.36	376.19	369.16	356.43	351.84	350.11	352.46	359.17	366.55
Title XIX - Medicaid - SPD Members	759.67	736.02	736.98	717.78	734.16	740.65	743.39	749.37	764.45	773.58	754.83	748.37	760.39	747.75
Premium - MCO Tax	30.73	42.93	31.88	31.21	31.09	31.13	31.10	31.10	32.02	31.84	33.62	30.77	31.86	32.39
Interest/Dividends	0.95	0.83	0.77	0.74	1.02	1.10	1.56	1.10	1.02	1.26	1.26	1.26	1.12	1.11
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.52	3.27	0.22
COB/Subrogation Collections	8.83	12.11	17.28	13.93	19.54	11.56	14.57	15.30	13.49	22.53	14.26	13.09	22.24	15.30
Rate/Income Adjustments	(0.00)	11.67	0.00	8.50	1.72	0.39	(0.02)	(0.41)	(0.35)	4.44	39.39	0.53	8.89	5.68
Other Income (Expense)	0.00	(5.38)	0.16	0.00	0.19	(0.00)	0.00	(0.37)	(0.08)	0.00	(0.77)	0.00	(0.09)	(0.48)
TOTAL REVENUES	261.25	276.51	270.98	268.43	277.97	266.10	266.35	266.07	263.08	277.18	306.01	260.82	286.61	272.89
EXPENSES														
Medical Costs:														
Physician Services	49.92	48.48	52.53	53.45	54.75	55.17	57.18	62.78	60.17	57.97	59.19	53.47	61.01	55.89
Other Professional Services	10.36	12.16	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	11.85	12.14	12.80	11.51
Emergency Room	17.86	17.51	19.95	18.75	16.64	16.64	16.34	19.71	19.46	21.31	19.52	16.61	21.28	18.61
Inpatient	50.31	55.13	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	57.62	56.43	70.23	59.07
Reinsurance Expense	0.80	0.80	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.49
Outpatient Hospital	20.06	27.24	23.31	24.50	25.45	23.91	23.99	26.04	22.65	24.71	24.83	24.47	29.87	24.85
Pharmacy	5.54	6.46	8.93	8.46	9.22	9.84	11.32	10.84	8.24	7.52	7.83	9.82	7.51	8.59
Other Medical	34.78	34.54	34.59	32.09	37.71	33.79	36.70	37.38	39.79	34.21	37.24	36.21	36.21	35.88
Pay for Performance Quality Incentive	2.41	2.41	2.35	2.36	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.36
Expansion Risk Corridor Expense	0.59	1.76	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18
IBNR, Incentive, Paid Claims Adjustment	(1.90)	4.46	(0.60)	0.47	(2.44)	(3.09)	(3.09)	(11.29)	(0.12)	4.32	33.15	1.38	(1.60)	1.68
Total Medical Costs	190.73	210.95	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	251.99	214.36	240.10	219.11
GROSS MARGIN	70.53	65.56	58.65	56.04	59.46	54.44	49.37	45.47	44.75	48.67	54.02	46.46	46.51	53.77
Administrative:														
Compensation	7.33	7.46	7.10	6.53	7.52	6.84	7.89	7.73	7.58	8.20	7.32	7.77	7.93	7.48
Purchased Services	2.59	2.01	1.14	1.90	1.81	1.83	1.43	1.51	1.48	1.55	1.70	2.24	3.98	1.97
Supplies	0.18	0.23	0.28	0.15	0.36	0.41	0.37	0.13	0.27	0.55	0.70	0.87	0.67	0.40
Other Administrative Expenses	1.13	1.80	1.53	1.53	2.02	1.51	1.79	2.04	1.25	1.64	1.35	1.64	1.86	1.62
Administrative Expense Adjustment	0.00	(8.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.63)
Total Administrative Expenses	11.24	3.14	10.05	10.12	11.71	10.60	11.49	11.41	10.58	11.95	11.55	12.52	14.44	10.85
TOTAL EXPENSES	201.97	214.09	222.39	222.51	230.23	222.27	228.47	232.00	228.90	240.45	263.54	226.88	254.54	229.96
OPERATING INCOME (LOSS) BEFORE TAX	59.29	62.42	48.60	45.92	47.75	43.83	37.89	34.06	34.17	36.72	42.47	33.53	32.08	42.93
MCO TAX	30.73	42.93	31.88	29.12	29.96	29.87	29.87	29.78	32.02	32.49	33.50	30.99	31.95	31.91
OPERATING INCOME (LOSS) NET OF TAX	28.55	19.49	16.71	16.80	17.79	13.96	8.05	4.29	2.16	4.24	8.96	2.95	0.13	11.02
TOTAL NONOPERATING REVENUE (EXPENSES)	(0.94)	0.00	0.00	0.00	(0.10)	0.00	(0.05)	0.00	(0.10)	0.00	(0.10)	(2.75)	0.00	(1.04)
NET INCREASE (DECREASE) IN NET POSITION	27.61	19.49	16.71	16.80	17.69	13.96	8.00	4.29	2.06	4.24	8.87	0.19	0.13	9.98
MEDICAL LOSS RATIO	82.7%	90.3%	88.8%	89.5%	88.5%	90.1%	92.3%	93.9%	94.5%	93.1%	92.5%	93.2%	94.2%	91.1%
ADMINISTRATIVE EXPENSE RATIO	4.9%	1.3%	4.2%	4.3%	4.7%	4.5%	4.9%	4.9%	4.6%	4.9%	4.2%	5.4%	5.7%	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 NOVEMBER 30, 2017			
R E V E N U E S			
Title XIX - Medicaid - Family & Other			
18,345,546	19,877,739	206,354,683	212,518,778
	(1,532,193)		(6,164,095)
2,732,836	2,114,859	23,818,286	23,014,641
	617,977		803,645
89,844	222,878	1,055,272	2,407,303
	(133,034)		(1,352,031)
172,282	66,301	1,392,584	716,123
	105,981		676,461
90,122	95,615	1,009,764	1,023,460
	(5,493)		(13,696)
21,430,630	22,377,391	233,630,589	239,680,304
	(946,761)		(6,049,715)
Title XIX - Medicaid - Expansion Members			
19,023,429	18,458,593	218,752,052	208,192,266
	564,836		10,559,786
449,819	379,240	3,224,746	4,356,075
	70,579		(1,131,329)
718,751	627,625	7,289,274	6,781,680
	91,126		507,594
30,675	33,900	363,755	366,300
	(3,225)		(2,545)
20,222,674	19,499,357	229,629,827	219,696,321
	723,317		9,933,506
Title XIX - Medicaid - SPD Members			
10,396,640	10,170,073	108,738,088	108,708,686
	226,567		29,402
157,226	529,304	2,537,921	5,718,377
	(372,078)		(3,180,456)
305,999	157,116	2,292,646	1,697,404
	148,883		595,242
10,859,865	10,856,493	113,568,655	116,124,467
	3,372		(2,555,812)

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED NOVEMBER 30, 2017				YEAR-TO-DATE		
CURRENT MONTH		VARIANCE		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET					
2,792,197	3,424,117	631,920		31,217,640	36,988,212	5,770,572
10,487,020	8,177,603	(2,309,417)		106,992,139	88,342,776	(18,649,363)
1,319,763	661,550	(658,213)		12,161,996	7,146,115	(5,015,881)
9,000	9,276	276		100,200	100,190	(10)
14,607,980	12,272,546	(2,335,434)		150,471,975	132,577,292	(17,894,683)
PHYSICIAN SERVICES						
Primary Care Physician Services						
240,556	250,136	9,580		2,632,281	2,702,005	69,724
760,168	790,156	29,988		7,494,695	8,650,379	1,155,684
115,197	130,241	15,044		1,184,744	1,369,683	184,939
72,133	79,850	7,717		679,713	860,604	180,891
97,430	91,173	(6,257)		971,505	999,273	27,768
49,229	44,427	(4,802)		455,053	456,111	1,058
55,515	68,256	12,741		601,288	748,409	147,121
572,383	223,417	(348,966)		4,453,395	2,413,531	(2,039,864)
94,321	91,281	(3,040)		1,584,580	986,107	(598,473)
1,008,737	929,571	(79,166)		10,415,129	10,042,316	(372,813)
3,065,669	2,698,507	(367,162)		30,472,383	29,228,416	(1,243,967)
5,095,039	4,782,256	(312,783)		49,510,568	51,660,460	2,149,892
16,815,315	13,743,334	(3,071,981)		158,698,246	148,471,787	(10,226,459)
105,845	107,030	1,185		1,158,217	1,156,155	(2,062)
7,151,522	5,713,113	(1,438,409)		66,091,508	61,719,129	(4,372,379)
OTHER MEDICAL						
Ambulance						
341,444	336,758	(4,686)		3,684,888	3,637,734	(47,154)
325,056	369,337	44,281		4,060,652	3,990,041	(70,611)
109,957	313,887	203,930		1,512,359	3,460,767	1,948,408
649,651	1,008,224	358,573		10,402,695	10,892,577	489,882
9,604	243,250	233,646		125,401	2,627,625	2,502,224
361,391	289,714	(71,677)		4,077,607	3,129,784	(947,823)
1,797,103	2,561,170	764,067		23,863,602	27,738,528	3,874,926
PHARMACY SERVICES						
RX - Drugs & OTC						
7,430,627	7,662,274	231,647		80,260,638	82,778,397	2,517,759
678,513	1,379,806	701,293		9,310,099	14,907,358	5,597,259
626,306	498,477	(127,829)		6,136,782	5,385,243	(751,539)
(66,000)	(67,756)	(1,756)		(541,502)	(732,002)	(190,500)
8,669,446	9,472,801	803,355		95,166,017	102,338,996	7,172,979
562,670	571,638	8,968		6,197,547	6,174,919	(22,628)
(382,239)	-	382,239		4,608,453	-	(4,608,453)
57,488,350	51,922,393	(5,565,957)		586,238,516	561,065,682	(25,172,834)

* Medical costs per DMHC regulations

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED NOVEMBER 30, 2017			
PHYSICIAN SERVICES			
11.66	14.08	11.84	14.08
43.80	33.62	40.58	33.62
5.51	2.72	4.61	2.72
0.04	0.04	0.04	0.04
61.01	50.45	57.07	50.46
OTHER PROFESSIONAL SERVICES			
1.00	1.03	1.00	1.03
3.17	3.25	2.84	3.29
0.48	0.54	0.45	0.52
0.30	0.33	0.26	0.33
0.41	0.37	0.37	0.38
0.21	0.18	0.17	0.17
2.39	0.92	1.69	0.92
0.39	0.38	0.60	0.38
4.21	3.82	3.95	3.82
12.80	11.09	11.56	11.12
21.28	19.66	18.78	19.66
70.23	56.50	60.19	56.50
0.44	0.44	0.44	0.44
29.87	23.49	25.07	23.49
OTHER MEDICAL			
1.43	1.38	1.40	1.38
1.36	1.52	1.54	1.52
0.46	1.29	0.57	1.32
2.71	4.14	3.95	4.15
0.04	1.00	0.05	1.00
1.51	1.19	1.55	1.19
7.51	10.53	9.05	10.56
31.03	31.50	30.44	31.50
2.83	5.67	3.53	5.67
2.62	2.05	2.33	2.05
(0.28)	(0.28)	(0.21)	(0.28)
36.21	38.94	36.10	38.95
2.35	2.35	2.35	2.35
(1.60)	0.00	1.75	0.00
240.10	213.45	222.36	213.53

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH NOVEMBER 30, 2017		JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 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	2,273,042	2,579,473	2,637,450	3,037,543	2,471,832	2,792,197	31,317,640
Referral Specialty Services		8,091,488	8,954,220	8,835,432	9,279,431	9,696,053	11,276,157	10,807,238	9,796,067	10,248,069	9,520,664	10,487,020	106,992,139
Urgent Care & After Hours Advice		835,481	651,650	1,644,609	1,085,290	1,443,578	915,798	1,027,855	1,434,189	944,870	860,913	1,319,763	12,161,996
Hospital Admitting Team		9,888	8,712	9,300	9,000	9,300	9,300	9,300	9,300	9,300	9,300	9,300	100,200
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	14,239,482	12,862,609	14,607,980	150,471,975
OTHER PROFESSIONAL SERVICES													
Voice Service/Consultation		334,491	344,963	238,174	240,908	341,148	341,382	341,716	329,716	339,363	240,564	240,656	2,632,281
310 - Health Services - Utilization Management - UM Allocation *		650,435	569,674	655,374	595,873	631,552	604,688	647,141	786,189	668,588	717,984	760,145	7,684,605
311 - Health Services - Quality Improvement - UM Allocation *		103,652	103,358	103,288	103,285	103,288	103,288	103,288	103,288	103,288	103,288	103,288	1,184,244
312 - Health Services - Education - UM Allocation *		55,293	51,322	51,322	51,322	51,322	51,322	51,322	51,322	51,322	51,322	51,322	569,720
313 - Health Services - Pharmacy - UM Allocation *		86,293	71,742	87,282	86,046	86,046	86,046	86,046	86,046	86,046	86,046	86,046	979,712
314 - Health Services - Pharmacy - UM Allocation *		19,018	20,713	20,713	20,713	20,713	20,713	20,713	20,713	20,713	20,713	20,713	232,803
616 - Disease Management - UM Allocation *		36,718	33,365	33,365	33,365	33,365	33,365	33,365	33,365	33,365	33,365	33,365	375,905
Behavioral Health Treatment		306,773	131,003	324,111	249,725	178,748	735,000	476,002	578,877	392,715	405,181	572,385	601,238
Behavioral Health Services		200,889	103,884	103,884	103,884	103,884	103,884	103,884	103,884	103,884	103,884	103,884	1,158,580
Other Professional Services		927,583	875,268	880,636	975,044	832,944	1,173,903	984,905	812,234	1,038,425	905,448	1,008,737	10,415,129
TOTAL OTHER PROFESSIONAL SERVICES		2,642,041	2,246,262	2,496,217	2,479,295	2,584,649	2,993,026	2,989,387	2,851,866	2,920,876	3,065,609	3,065,609	30,472,383
EMERGENCY ROOM		4,687,780	4,450,889	4,100,250	4,012,665	3,942,442	4,764,752	4,665,069	4,696,197	3,995,827	5,095,039	5,095,039	49,510,568
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	13,575,463	16,815,315	158,698,246
REINSURANCE EXPENSE PREMIUM		103,176	103,384	103,384	103,384	107,515	106,164	106,355	105,475	105,320	105,848	105,848	1,158,217
OUTPATIENT HOSPITAL SERVICES		5,477,940	5,813,468	6,116,559	5,265,474	5,787,957	6,293,878	5,430,584	6,154,115	6,213,267	5,886,144	7,151,522	66,091,508
OTHER MEDICAL													
Ambulance		321,788	349,619	341,345	346,373	336,918	309,409	364,335	351,374	318,449	363,732	341,444	3,584,888
Home Health Services & CBAS		370,547	381,558	383,407	379,853	360,563	315,441	352,169	365,183	340,109	446,058	385,056	4,048,482
Utilization and Quality Review Expenses		67,616	115,998	142,141	133,334	155,745	141,184	207,398	179,731	85,573	173,436	109,687	1,817,152
Long Term/SNP/Hospice		1,022,062	820,073	961,497	1,172,612	1,443,187	1,001,036	786,463	803,671	853,618	1,054,645	69,651	10,203,405
Enhanced Medical Benefits		-	-	-	-	-	162,074	-	-	(66,777)	-	-	7,604
Non-Medical Transportation		315,831	340,260	386,323	441,238	433,820	422,074	332,824	360,248	359,626	324,574	361,391	4,077,607
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	2,362,997	1,797,103	23,863,602
PHARMACY SERVICES													
RX - Drugs & OTC		7,157,072	6,585,755	7,810,438	6,736,832	7,588,219	6,993,768	7,059,657	7,901,664	7,215,260	7,801,406	7,430,627	80,240,638
RX - HEP-C		561,061	672,985	971,345	944,297	787,431	1,429,338	1,072,244	982,856	598,614	611,425	678,513	9,310,099
RX - DME		476,882	443,564	669,108	534,081	545,938	677,988	537,548	600,068	413,925	611,824	626,306	6,136,782
RX - Pharmacy Rebates		(66,000)	(66,000)	(387,768)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(66,000)	(541,501)
TOTAL PHARMACY SERVICES		8,128,455	7,616,304	9,063,123	8,149,210	8,855,628	9,038,094	8,938,335	9,958,633	8,228,934	8,958,655	8,669,446	95,166,017
PAY FOR PERFORMANCE QUALITY INCENTIVE		552,163	559,709	564,724	566,768	567,013	568,032	563,333	562,503	565,324	565,307	562,670	6,197,547
IBNR INCENTIVE AND PAID CLAIMS ADJUSTMENT		(141,866)	111,013	(585,731)	(232,581)	(744,814)	(2,272,790)	(28,273)	1,034,615	2,973,649	332,212	(382,232)	4,608,453
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	51,565,938	57,488,350	586,238,516

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH NOVEMBER 30, 2017												YEAR TO DATE 2017
	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 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	11.66	11.84
Referral Specialty Services	34.44	37.73	36.77	38.48	40.19	46.65	45.08	40.93	42.60	39.58	43.80	40.58
Urgent Care & After Hours Advice	3.56	2.75	6.84	3.79	5.98	3.79	4.29	5.99	3.53	3.58	5.51	4.61
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	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	61.01	57.07
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	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	3.17	2.84
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	0.48	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	0.30	0.26
313 - Health Services - Pharmacy - UM Allocation *	0.37	0.32	0.36	0.34	0.38	0.36	0.38	0.38	0.38	0.39	0.41	0.37
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	0.21	0.17
616 - Disease Management - UM Allocation *	0.16	0.16	0.21	0.23	0.25	0.25	0.24	0.27	0.25	0.24	0.23	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	2.39	1.69
Mental Health Services	0.94	0.50	0.16	0.36	1.13	0.37	0.73	0.37	0.56	1.10	0.39	0.60
Other Professional Services	3.95	3.69	3.66	4.04	3.45	4.86	4.11	3.39	4.32	3.76	4.21	3.95
TOTAL OTHER PROFESSIONAL SERVICES	11.24	9.47	10.39	10.28	10.71	13.62	12.11	12.49	11.85	12.14	12.80	11.56
EMERGENCY ROOM	19.95	18.75	17.06	16.64	16.34	19.71	19.46	21.31	19.52	16.61	21.28	18.78
INPATIENT HOSPITAL	59.58	62.41	63.59	60.22	61.03	58.72	55.74	56.59	57.62	56.43	70.23	60.19
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	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	29.87	25.07
OTHER MEDICAL												
Ambulance	1.37	1.47	1.42	1.44	1.40	1.28	1.27	1.47	1.32	1.51	1.43	1.40
Home Health Services & CBAS	1.58	1.61	1.60	1.16	1.49	2.13	1.47	1.27	1.42	1.85	1.36	1.54
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	0.46	0.57
Long Term/SNF/Hospice	4.35	3.46	4.00	4.86	5.98	3.29	3.29	2.52	3.43	4.39	2.71	3.95
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.67	0.00	0.00	(0.19)	0.00	0.04	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	1.51	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	7.51	9.05
PHARMACY SERVICES												
RX - Drugs & OTC	30.46	27.67	32.50	27.93	31.45	28.93	29.45	35.01	29.99	32.43	31.03	30.44
RX - HEP-C	2.39	2.84	4.04	3.92	3.26	5.91	4.47	4.11	2.49	2.54	2.83	3.53
RX - DME	2.03	1.87	2.78	2.21	2.26	2.80	2.24	2.51	1.72	2.54	2.62	2.33
RX - Pharmacy Rebates	(0.28)	(0.28)	(1.61)	(0.27)	(0.27)	(0.27)	1.11	0.17	0.00	(0.27)	(0.28)	(0.21)
TOTAL PHARMACY SERVICES	34.59	32.09	37.71	33.79	36.70	37.38	37.28	39.79	34.21	37.24	36.21	36.10
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	2.35
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(0.60)	0.47	(2.44)	(0.96)	(3.09)	(11.29)	(0.12)	4.32	35.15	1.38	(1.60)	1.75
Total Medical Costs	212.33	212.40	218.52	211.67	216.98	220.60	218.33	228.50	251.99	214.36	240.10	222.36

CURRENT MONTH		YEAR-TO-DATE		VARIANCE		
						ACTUAL
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED NOVEMBER 30, 2017						
211,912	256,867	44,955	110 - Executive	2,355,013	2,817,595	462,582
123,786	140,147	16,361	210 - Accounting	1,385,386	1,581,156	195,770
1,062,164	570,160	(492,004)	220 - Management Information Systems (MIS)	5,735,447	6,226,649	491,202
121,282	212,501	91,219	225 - Infrastructure	1,344,991	2,337,511	992,519
538,581	497,260	(41,321)	230 - Claims	5,214,895	5,549,520	334,625
92,251	83,913	(8,338)	240 - Project Management	743,145	920,353	177,208
8,561	44,974	36,413	310 - Health Services - Utilization Management	19,615	494,724	475,109
5,156	3,928	(1,228)	311 - Health Services - Quality Improvement	22,435	43,226	20,791
16,256	500	(15,756)	312 - Health Services - Education	147,224	7,300	(139,924)
88,624	79,850	(8,774)	313- Pharmacy	944,755	926,260	(18,495)
12,056	7,550	(4,506)	314 - Health Homes	41,679	83,050	41,371
-	-	-	616 - Disease Management	102	150	48
172,602	194,556	21,954	320 - Provider Relations	1,862,909	2,134,162	271,253
506,220	501,106	(5,114)	330 - Member Services	4,514,594	5,497,668	983,074
259,329	477,461	218,132	340 - Corporate Services	3,151,257	3,831,247	679,990
52,643	49,562	(3,081)	360 - Audit & Investigative Services	585,087	553,325	(31,762)
16,743	44,350	27,607	410 - Advertising Media	274,142	487,850	213,708
57,926	56,141	(1,785)	420 - Sales/Marketing/Public Relations	563,202	616,304	53,102
110,203	116,457	6,254	510 - Human Resources	1,400,306	1,473,536	73,230
3,456,295	3,337,283	(119,012)	Total Administrative Expenses	30,306,184	35,581,585	5,275,401

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED NOVEMBER 30, 2017	JANUARY 2017	FEBRUARY 2017	MARCH 2017	APRIL 2017	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	YEAR TO DATE 2017
110 - Executive	279,907	177,920	209,756	191,067	192,888	255,274	163,765	177,814	230,607	264,103	211,912	2,355,013
210 - Accounting	110,185	137,255	124,511	103,181	126,637	140,068	122,652	129,600	135,127	132,384	123,786	1,385,386
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	1,062,164	5,735,447
225 - Infrastructure	3,723	152,258	173,666	83,611	126,901	100,980	85,853	174,702	198,602	123,413	121,282	1,344,991
230 - Claims	409,956	432,879	463,333	510,387	472,762	472,980	455,935	486,766	453,521	517,795	538,581	5,214,895
240 - Project Management	63,772	68,960	70,610	54,103	58,554	57,008	64,015	71,003	56,182	86,687	92,251	743,145
310 - Health Services - Utilization Management	159	2,491	(435)	280	1,637	178	6,178	(1,402)	1,968	-	-	19,615
311 - Health Services - Quality Improvement	500	15	-	-	488	-	-	8,453	4,419	3,404	5,156	22,435
312 - Health Services - Education	-	(66)	438	271	1,282	169	8,966	26,798	30,666	62,444	16,256	147,224.00
313 - Pharmacy	85,960	79,829	90,520	80,420	88,218	83,335	80,348	88,846	85,270	93,385	88,624	944,755
314 - Health Homes	-	608	6,000	1,166	35	503	46	10,949	246	10,070	12,056	41,679
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	172,602	1,862,909
330 - Member Services	364,293	349,583	382,981	378,129	415,875	409,866	382,767	424,970	412,592	487,318	506,220	4,514,594
340 - Corporate Services	263,501	243,425	320,028	291,136	281,586	284,593	304,680	322,254	289,789	290,936	259,329	3,151,257
360 - Audit & Investigative Services	73,998	40,824	45,501	36,418	49,395	50,015	49,784	51,024	83,524	51,961	52,643	585,087
410 - Advertising Media	19,017	3,800	46,065	25,789	56,200	15,998	43,668	8,374	12,000	26,488	16,743	274,142
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	57,926	563,202
510 - Human Resources	94,898	104,383	175,095	159,527	130,730	166,753	94,655	142,634	96,081	125,347	110,203	1,400,306
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	3,456,295	30,306,184

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF NOVEMBER 30, 2017			
ASSETS	NOVEMBER 2017	OCTOBER 2017	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,440,050	\$ 1,440,050	-
Interest Receivable	2,500	1,250	1,250
Prepaid Expenses & Other Current Assets	834	1,667	(833)
TOTAL CURRENT ASSETS	\$ 1,443,384	\$ 1,442,967	\$ 417
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	6,754	6,754	-
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 360,603	\$ 360,603	\$ -
NET POSITION:			
Net Position- Beg. of Year	1,070,040	1,070,040	-
Increase (Decrease) in Net Position - Current Year	12,741	12,324	417
Total Net Position	\$ 1,082,781	\$ 1,082,364	\$ 417
TOTAL LIABILITIES AND NET POSITION	\$ 1,443,384	\$ 1,442,967	\$ 417

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED NOVEMBER 30, 2017			YEAR-TO-DATE		
ENROLLMENT								
-	-	-	Members	-	-	-	-	-
REVENUES								
-	-	-	Premium	-	-	-	-	-
1,250	-	1,250	Interest	12,140	-	12,140	-	12,140
-	-	-	Other Investment Income	800	-	800	-	800
1,250	-	1,250	TOTAL REVENUES	12,940	-	12,940	-	12,940
EXPENSES								
-	-	-	Medical Costs	-	-	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	(8,968)	-	8,968	-	8,968
-	-	-	Total Medical Costs	(8,968)	-	8,968	-	8,968
1,250	-	1,250	GROSS MARGIN	21,908	-	21,908	-	21,908
Administrative								
833	-	(833)	Management Fee Expense and Other Admin Exp	9,167	-	(9,167)	-	(9,167)
833	-	(833)	Total Administrative Expenses	9,167	-	(9,167)	-	(9,167)
833	-	(833)	TOTAL EXPENSES	199	-	(199)	-	(199)
417	-	417	OPERATING INCOME (LOSS)	12,741	-	12,741	-	12,741
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-
417	-	417	NET INCREASE (DECREASE) IN NET POSITION	12,741	-	12,741	-	12,741
0%	0%	0%	MEDICAL LOSS RATIO	-69%	0%	69%	-	-
67%	0%	-67%	ADMINISTRATIVE EXPENSE RATIO	71%	0%	-71%	-	-

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

2017 MEMBER MONTHS

MEDICAL

ADULT AND FAMILY

PA - FAMILY	363,738
MN - FAMILY	1
REFUGEE - FAMILY	36
FOSTER CARE	6,662
POVERTY-133/200%	14
POVERTY-100%	0
MI - CHILD	1,180,128
CHILD-ACA	3,379
FAMILY - UNDER 19	226,314
SUB-TOTAL ADULT & FAMILY	1,800,272

MEDICAL EXPANSION

LHP Transition Pre-ACA	626
ACA Expansion Adult-Citizen	620,410
ACA Expansion CAL Fresh Adult	61
LHP Transition Pre-ACA	5,883
SUB-TOTAL MANDATORY	626,980

SDP MEMBERS

SSI-AGED	2,016
MN - AGED	15,460
SSI - BLIND & DISABLED	131,321
MN - BLIND & DISABLED	3,245
SUB-TOTAL MANDATORY SPD	152,042
TOTAL MANDATORY	2,579,294

OTHER MEMBERS

BCCTP-TOBACCO SETTLEMENT	330
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DUALS

PA - FAMILY DUALS	273
PART D SSI-AGED	7,454
PART D MN - AGED	13,149
PART D SSI - BLIND & DISABLED	23,516
PART D MN - BLIND & DISABLED	8,877
PART D BCCTP-TOBACCO SETTLEMENT	19
PART D MI - ADULT	0
PART D MI - CHILD	4,342
SUB-TOTAL DUALS	57,630

TOTAL OTHERS

	57,960
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TOTAL KAISER

	84,115
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TOTAL MEDICAL MEMBERS

	2,721,369
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	JAN'17	FEB'17	MAR'17	APR'17	MAY'17	JUN'17	JUL'17	AUG'17	SEP'17	OCT'17	NOV'17	DEC'17
36,123	36,255	36,565	35,376	34,185	34,130	34,024	34,925	34,845	33,671	33,639		
0	0	0	0	0	0	0	0	1	0	0	0	0
1	1	0	2	2	4	4	9	7	6	6	0	0
493	498	508	536	594	608	588	749	693	707	688		
2	2	2	2	0	1	1	1	1	1	1	1	1
0	0	0	0	0	0	0	0	0	0	0	0	0
104,991	105,746	107,285	108,562	109,014	109,086	107,948	106,527	106,999	107,251	107,309		
-127	430	405	415	422	426	316	379	362	365	365	-14	
20,203	20,297	19,877	19,885	20,312	20,627	20,456	20,632	21,012	21,482	21,531		
161,086	163,229	164,642	164,778	164,529	164,892	163,337	163,223	163,919	163,483	163,154	0	

26	69	58	65	65	60	62	60	55	61	61	45	
54,856	55,872	56,493	57,020	57,401	57,096	56,667	56,342	56,568	56,235	55,866		
9	1	4	5	5	7	7	6	6	6	6	5	
514	500	532	573	594	580	561	601	551	489	388		
55,405	56,442	57,087	57,663	58,065	57,743	57,291	57,009	57,180	56,791	56,304	0	

158	185	191	194	174	162	193	173	187	228	171		
1,338	1,359	1,388	1,357	1,322	1,443	1,443	1,446	1,489	1,440	1,435		
11,702	11,623	11,614	11,701	11,631	11,934	11,852	11,808	12,030	12,985	12,441		
326	393	346	325	288	317	288	381	329	17	235		
13,524	13,560	13,539	13,577	13,415	13,856	13,776	13,808	14,035	14,670	14,282	0	
230,015	233,231	235,268	236,018	236,009	236,491	234,404	234,040	235,134	234,944	233,740	0	

29	30	27	28	26	30	29	31	33	33	34		
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31	17	15	21	15	37	31	28	28	19	31		
615	628	625	673	666	677	704	697	722	704	743		
1,127	1,116	1,134	1,173	1,229	1,194	1,164	1,205	1,236	1,283	1,288		
2,067	2,011	2,081	2,085	2,128	2,102	2,149	2,151	2,164	2,291	2,287		
762	780	740	751	735	772	818	820	864	890	945		
1	1	1	2	2	2	2	2	2	2	2		
0	0	0	0	0	0	0	0	0	0	0		
316	360	417	427	472	411	415	389	381	390	364		
4,919	4,913	5,013	5,132	5,247	5,195	5,283	5,282	5,397	5,579	5,660	0	

4,948	4,943	5,040	5,160	5,273	5,225	5,312	5,323	5,430	5,612	5,694	0	
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7,103	7,365	7,466	7,619	7,714	7,745	7,796	7,811	7,782	7,856	7,858		
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242,066	245,539	247,174	248,197	248,996	249,461	247,512	247,174	248,346	248,412	247,292	0	
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To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: February 8, 2018

Re: Employee Survey

Background

Kern Health Systems conducted its 3rd Annual Employee Survey. Each year, as specified in Kern Health Systems Employee Retention Plan, employees are surveyed to:

- Gauge satisfaction with their jobs, managers and employer
- Identify factors which influence employee retention with KHS
- Evaluate internal opportunities for enhancing employees work experience with KHS

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

Requested Action

Receive and File.



KERN HEALTH SYSTEMS

Employee Satisfaction & Engagement Survey 2017

Anita Martin
Director of Human Resources
February 8, 2018



Conducting the Survey

EXECUTIVE SUMMARY

5 Key Reasons to Conduct Employee Satisfaction and Engagement Surveys

- 1.) Measure Employee Engagement
- 2.) Give Employees a Voice
- 3.) Increase Employee Engagement
- 4.) Direct Organizational Growth
- 5.) Benchmark Results

KHS will continue the process of annually surveying our employees to gauge their level of satisfaction and commitment to the organization and report our results to the Board of Directors.



The Survey

- **Scoring:**

16 areas represented the survey with 2 - 8 questions in each area

Responses scored on a scale of 1 to 5. The scale is as follows:

- 1 Very Dissatisfied
- 2 Dissatisfied
- 3 Neutral
- 4 Satisfied
- 5 Very Satisfied

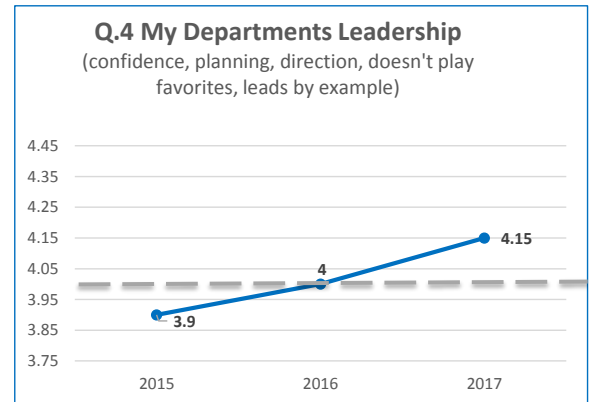
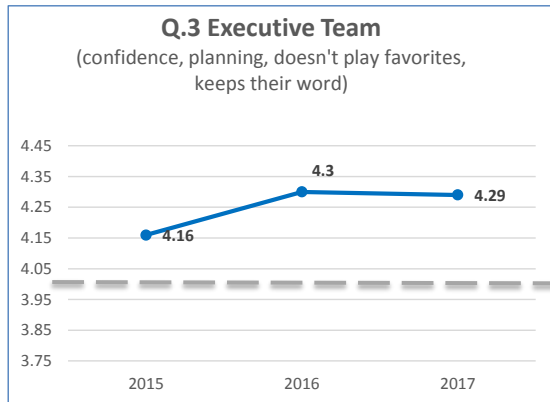
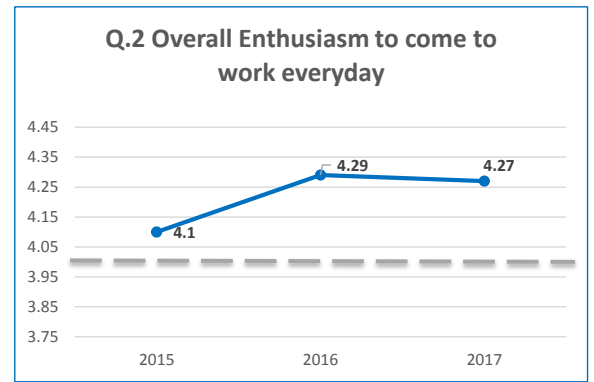
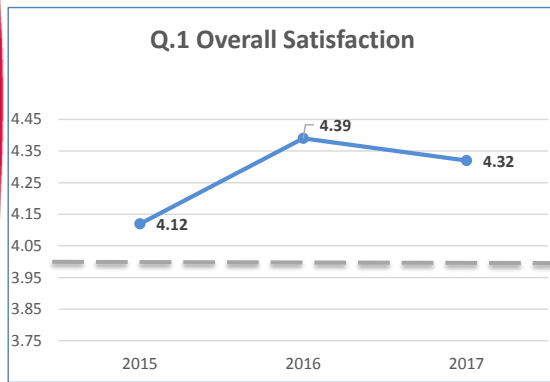
Weighted average of all questions in that area:

- above 4.0 indicate satisfied
- below 4.0 mild dissatisfaction
- below 3.75 moderate dissatisfaction
- below 3.50 increasing dissatisfaction
- below 3.0 dissatisfied

Participation: 87.9 % (328 employees responded out of 373 active employees – does not include employees on continuous LOA)

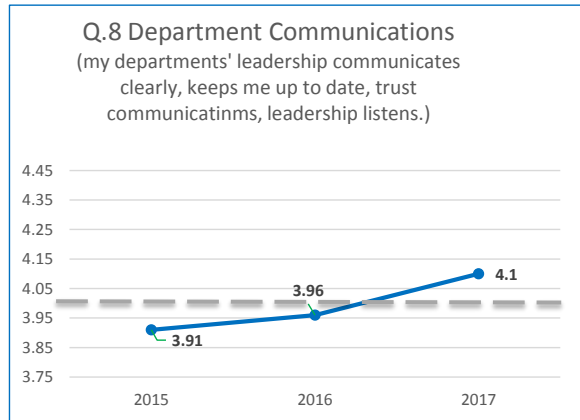
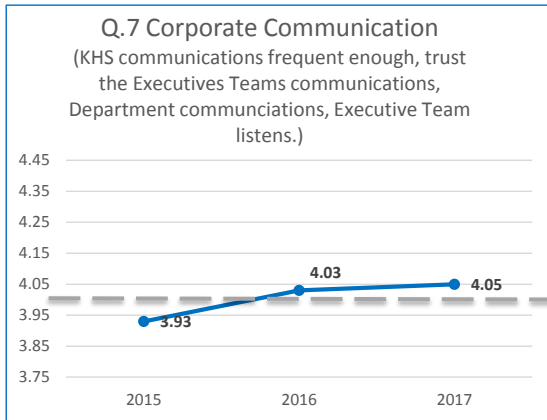
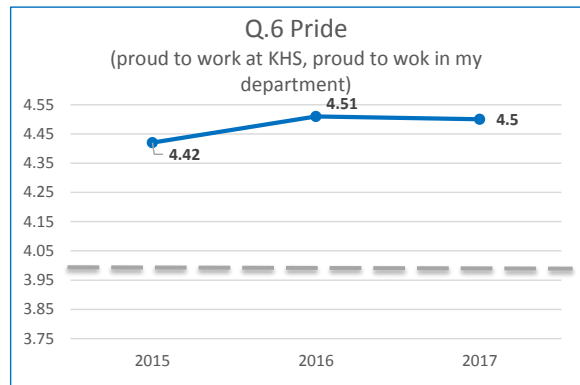


The Survey Responses 2015 - 2017



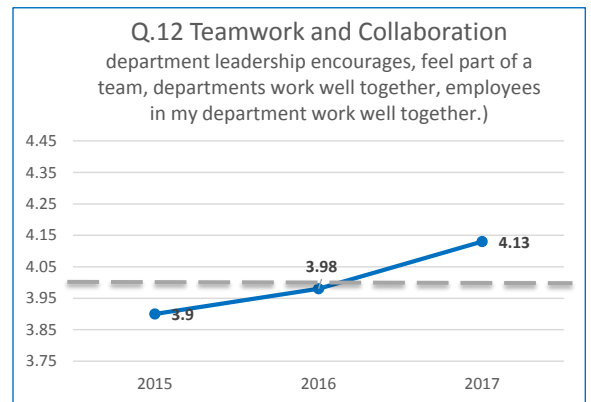
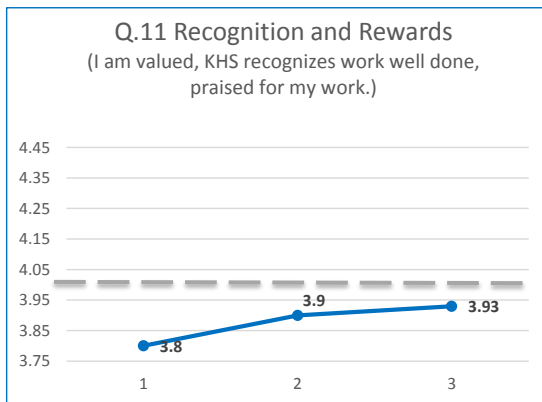
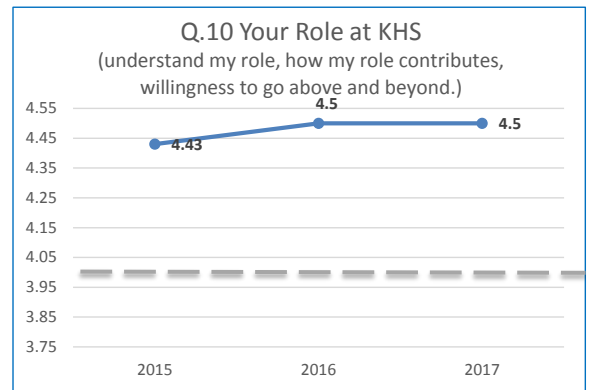
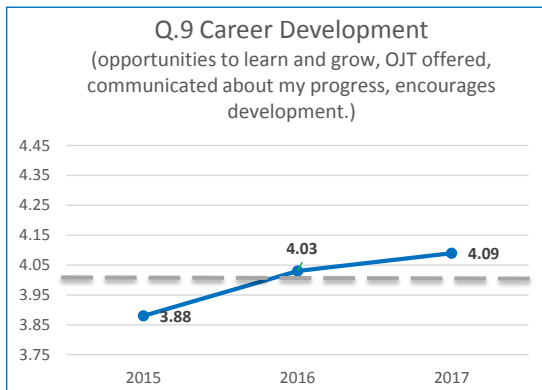


The Survey Responses 2015 – 2017 (cont.)



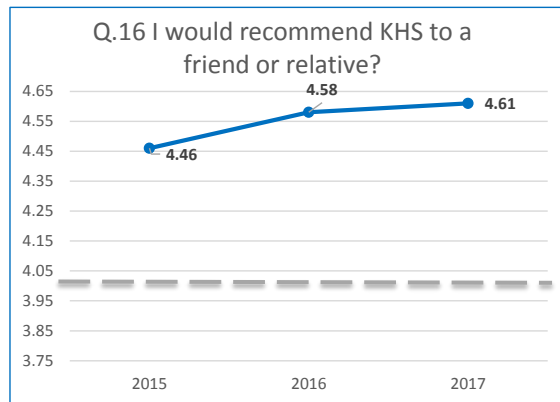
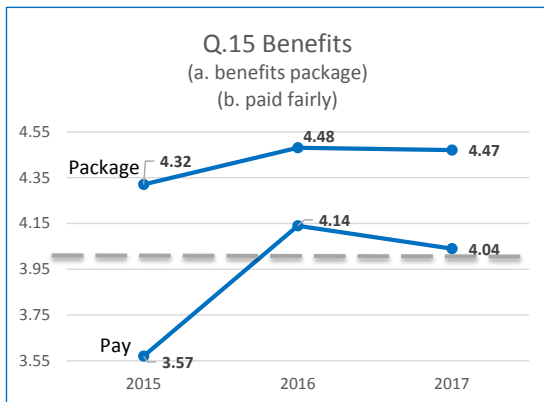
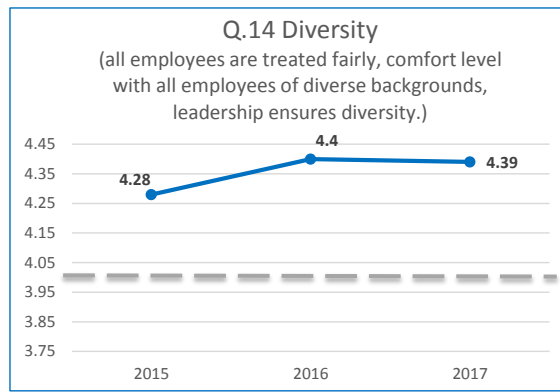
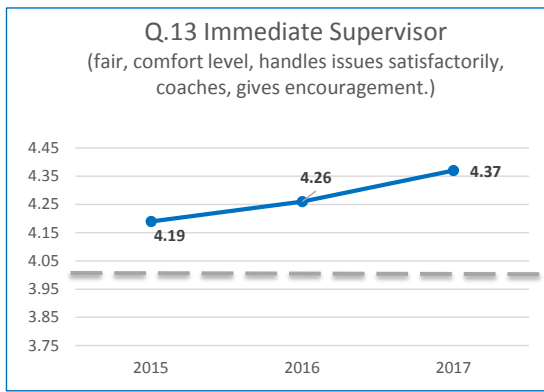


The Survey Responses 2015 – 2017 (cont.)





The Survey Responses 2015 – 2017 (cont.)





Employee Satisfaction and Employee Engagement

Why measure both? What's the difference?

- **Employee satisfaction** is the state of a worker enjoying their job — but not necessarily being engaged with it. Imagine the employee who gets to show up to work early and leave late without contributing much or breaking a sweat.
- **Employee engagement** is something that occurs when workers are committed to helping their companies achieve all of their goals. Engaged employees are motivated to show up to work every day and do everything within their power to help their companies succeed.





Employee Engagement The GALLUP Q12

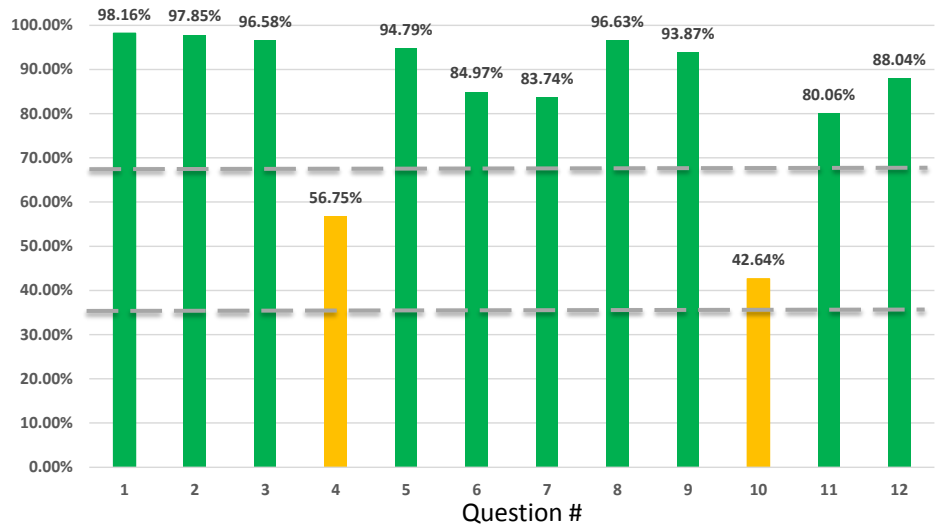
Gallup's employee engagement work is based on more than 30 years of in-depth behavioral economic research involving more than 17 million employees. Through rigorous research, Gallup has identified 12 core elements -- the Q12 -- that link powerfully to key business outcomes. These 12 statements emerged as those that best predict employee and workgroup performance. In a nutshell: Employee Engagement provides analytics to help leaders and organizations identify opportunities to create meaningful change.

1. Do you know what is expected of you at work?
2. Do you have the materials and equipment to do your job?
3. At work, do you have the opportunity to do what you do best every day?
- 4. In the last seven days, have you received recognition or praise for doing good work?**
5. Does your supervisor, or someone at work, seem to care about you?
6. Is there someone at work that encourages your development?
7. At work, do your opinions seem to count?
8. Does the mission/purpose of KHS make you feel your job is important?
9. Are your associates (fellow employees) committed to doing quality work?
- 10. Do you have a best friend at work?**
11. In the last six months, has someone at work talked to you about your progress?
12. In the last year, have you had opportunities to learn and grow?

Source: GALLUP.com and GALLUP News, August 10, 2006



Employee Engagement GALLUP Q12



■ Engaged
 ■ Not Engaged
 ■ Actively Disengaged



Source: GALLUP.com and GALLUP News, August 10, 2006

Final Survey Question: What can KHS do to increase your satisfaction?

161 Responses (*summarized*)

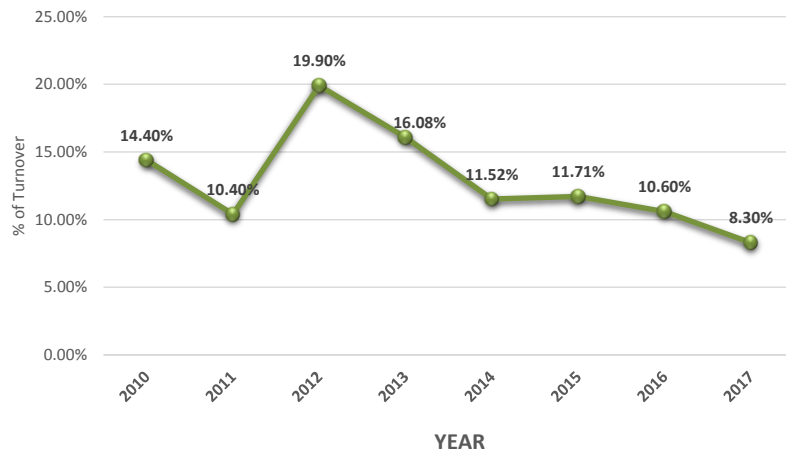
- Repeated from 2015 and 2016
 - Very happy working here
 - KHS is doing a great job
 - I love working at KHS
- Benefits –
 - Fitness Room/Gym Memberships
 - Alternate work schedules
 - Telecommute
 - Cost-of-living adjustments in addition to merit increases
- Communication (third year in a row most received comment)
 - Improve communications between departments
 - Better communication from department Leadership
 - Better communication on new building, new KHS initiatives and community events
- Recognition
 - Recognize accomplishments
 - Recognition for hard work
- Management
 - Do more departmental team building
 - Hold all employees accountable for their work
 - Stop playing favorites/eliminate favoritism



2015/2016 Action Items and Corresponding Turnover Results

- Salary Survey – market rate salary adjustments and pay band adjustments annually
- Leadership Training and SLII Training
- Tuition Reimbursement
- Increased Paid Time Off and revised the EIB Policy
- Increased break times from 10 to 15 minutes
- Increased promotions from within

KHS Turnover 2010 - 2017
December 31, 2017





Conclusion of the Employee Satisfaction and Engagement Survey

At 84.5% in overall Engagement – KHS has HIGH employee engagement

Things we are doing that we need to keep doing?

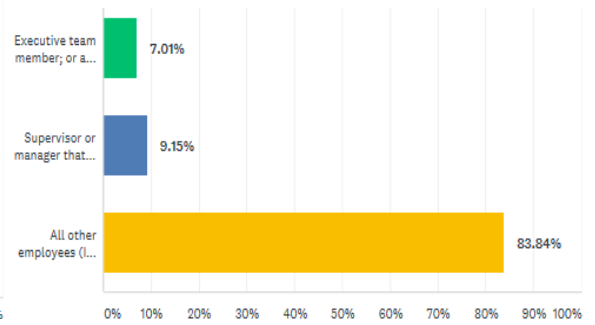
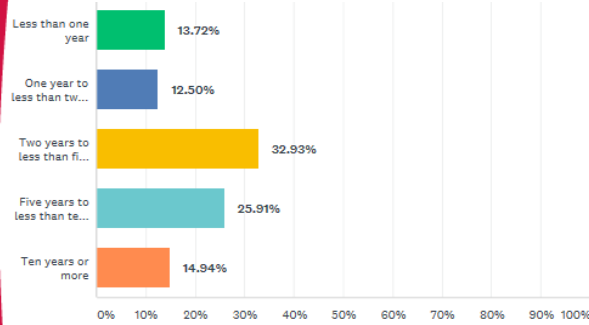
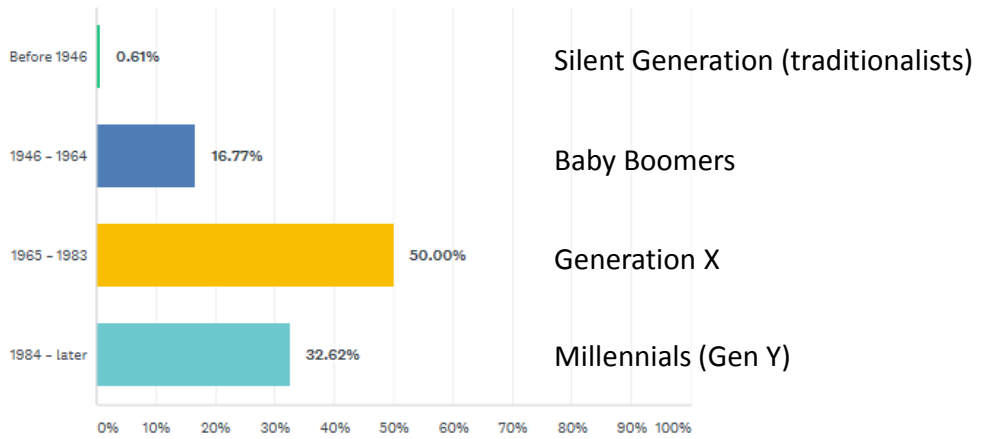
- Executive Team maintain the Open Door Policy
- Maintain an environment of Diversity
- Continue to promote from within whenever possible
- Promoting the new Tuition Reimbursement Policy
- Continue to Survey Employees Annually

Things we could improve on?

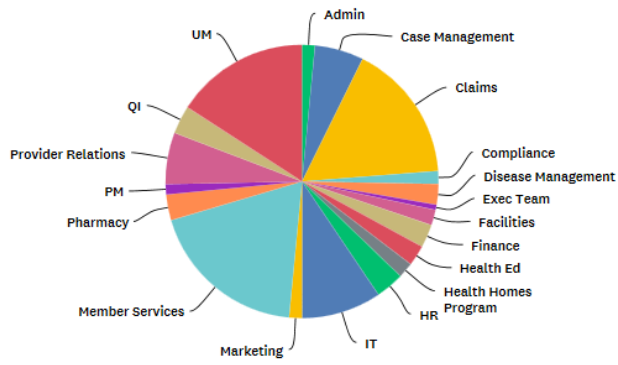
- Communications throughout the organization
 - Top down – What's going on with KHS
 - Inter-department
 - Supervisors within their departments
 - Recognition – Feedback to employees on performance, praise for job well done
- Listen to employees suggestions



Demographics of Employees



In which department do you work?



Admin	1.52%	6
Case Management	5.79%	19
Claims	16.46%	64
Compliance	1.52%	6
Disease Management	2.44%	8
Exec Team	0.01%	2
Facilities	1.83%	6
Finance	2.74%	9
Health Ed	2.44%	8
Health Homes Program	1.83%	6
HR	3.35%	11
IT	9.45%	31
Marketing	1.52%	6
Member Services	18.90%	62
Pharmacy	3.05%	10
PM	1.22%	4
Provider Relations	6.10%	20
QI	3.35%	11
UM	15.85%	62



Next Steps

1. Report EE Satisfaction Survey results to Employees
2. HR Town Hall Meetings are on agenda
 - Quarterly scheduled for March, June, September and December
3. Bring back Employee Quarterly Newsletter -
 - Provide a way to communication about what is going on with KHS to employees on regular basis
4. Increase events that promote the new KHS Wellness Initiative
5. Continue Supervisors Training – Interviewing Skills, Coaching for Success, Difficult Conversations and Effective Performance Evaluations



To: KHS Board of Directors
From: Douglas A. Hayward, CEO
Date: February 8, 2018
Re: 2018-2020 Kern Health Systems Three Year Strategic Plan

Background

With Pacific Health Consulting Group’s assistance from Bobbie Wunsch, Partner, Kern Health Systems undertook developing a new Strategic Plan beginning with a one day Board Retreat in November, 2017.

Prior to the Retreat, Board members and management reviewed several sources of information to gain a greater understanding of the environment and challenges facing KHS in the upcoming three years.

Included for consideration were the following reports and surveys:

- Medi-Cal Matters Moving Medi-Cal Forward on the Path to Delivery System Transformation
- Medi-Cal Landscape Assessment
- Medi-Cal Matters
- Medi-Cal Win-Win: Surging Enrollment Fosters Investing in the Safety Net
- Delivery System Transformation: Improving Care and Outcomes
- Physician Participation in Medi-Cal: Is Supply Meeting Demand?
- Medi-Cal Managed Care Plans and Safety Net Clinics Under the ACA
- Board of Directors Questionnaire Summary used to prepare for the Strategic Planning Session
- Executive Management Questionnaire Summary also used to prepare for the Strategic Planning Session
- KHS strategic priorities and outcomes identified by the Board at the Strategic Planning Session

The overarching theme for the Retreat revolved around the changing healthcare environment and its impact to Kern Health Systems. The Board of Directors heard presentations from the CEO on the “Current State of Kern Health Systems” and the Senior Project Director for The California Health Care Foundation, Chris Perrone, who spoke on “Hot Topics on the Health Care Environment”. The discussion that followed covered a variety of areas including:

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

From the Retreat, five strategic priorities were developed around value-based payments, health plan member engagement, expansion of access to services, integrated care to include Mental Health, SUD, and other social determinants of health and provider data and information sharing. These areas, along with other priorities deemed important by management were the focus of the 6 goals and subsequent strategies comprising the 2018-2020 Strategic Plan. Within selected goals, certain strategies were repeated from the 2015-2017 Strategic Plan. In such instances, they either continue to be important to warrant repeating or not completed and carried over from the previous Strategic Plan

Along with the Strategic Plan is a document summarizing the discussion and outcomes from the 11/9/2017 Board Retreat. The document is structured to show the reader where in the Strategic Plan each item is covered.

Jeremy McGuire, Director of Government Affairs and Business Development will present the new 3 year Strategic Plan.

Requested Action

Approval of the new 2018-2020 Three Year Strategic Plan for Kern Health Systems.



2018-2020 Kern Health Systems Draft Strategic Plan

2/8/18



Background

- The Kern Health Systems Board of Directors and Staff undertook the following process to develop the 2018-2020 Strategic Plan:
 - Board Questionnaire - Requested board input on strengths and weaknesses, strategic priorities.
 - Executive Team Questionnaire – Requested executive input regarding strengths and weaknesses, opportunities and threats, and external issues.
 - Board/Executive Articles – Shared reading material regarding the Medi-Cal and Healthcare environment.
 - Planning Session – Facilitated by Bobbie Wunsch, with guest speaker Chris Perrone. Session touched on the current state of KHS, hot topics in the health care environment, and conducted brainstorming around various scenarios.
 - Internal refinement process – Staff incorporated all of the previous input into a Strategic Plan format.
- The draft Strategic Plan that follows is considered to be a high-level roadmap of the next 3 years for KHS. Some initiatives are definitive while others will require additional time to fully develop and understand. This roadmap will be used to drive specific initiatives through annual departmental goals and objectives, projects, and the budgeting process. 2



Board Retreat Summary

KHS Board Retreat Strategic Priorities and Outcomes (where appropriate, incorporate safety net focused strategies in each priority area)	Goal	Strategy
Anticipated Results and Outcomes <ol style="list-style-type: none"> 1. 25 % of provider network/ medical payment involved in some form of alternative reimbursement arrangement or value-based payments. 2. Expand Primary Care Physicians' scope of practice through educ. and incentives 3. Reduce the number of members not accessing services by 15% 4. Refine prior authorization procedures to accelerate specialty care referral access. 5. Engage patients more in taking responsibility for their health. 6. Create new partnerships with community-based organizations to improve access to social and behavioral health services to enhance members' health plan experience. 7. Evaluate using incentives to encourage members to seek preventive care 8. Improved use of telehealth and other e-health approaches. 	Goal 1 Goal 1 Goal 3 Goal 1 Goal 3 Goal 1 Goal 3 Goal 1 Goal 1	Strategy 1 Strategy 3 Strategy 1 Strategy 2 Strategy 1 Strategy 3 Strategy 1 Strategy 2

Strategic Plan Draft - Overview



<p>Align Compensation and Network Configuration to improve service quality and value in the health care delivery system</p>	<ol style="list-style-type: none"> 1. Look to ways to compensate providers through value based purchasing using cost-effective, quality driven Alternative Reimbursement Arrangements. 2. Focus on internal departmental restructuring, fostering partnership, and utilization of new technologies. 3. Develop a provider network configuration strategy designed to achieve optimum health care system performance around the Triple Aim of "Right Care, Right Time, and Right Setting".
<p>Prepare for New Benefits / Programs /Coverage Populations/ Regulations</p>	<ol style="list-style-type: none"> 1. State's focus: to leverage success of MCAL Managed Care to assume broader responsibility to cover: <ul style="list-style-type: none"> • Severe and Persistent Mental Health patients (added to Mild and Moderate population) • Care Coordinated Initiative for dual eligible (Medicare and Medi-Cal) • Long Term Care Benefits and In-Home Support Services • Coordination for non-medical services (social determinants contributing to poor health) <p>Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies (DHCS, CMS, DMHC).</p>
<p>Increase Member Engagement in their Health Care</p>	<ol style="list-style-type: none"> 1. Identify ways to engage members more in their health care through education, navigation, coordination, promotion and access to services designed to address their specific needs.
<p>Assure Kern Health Systems' Long Term Viability</p>	<ol style="list-style-type: none"> 1. Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies. 2. Relocate KHS offices to its new facility which is convenient to members and able to house all functions in one location. 3. Continue to consider opportunities to expand KHS business suitable to the mission and business model. 4. Ensure achievement of the annual Medical Loss Ratio as determined in KHS's annual operating budget.
<p>Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale.</p>	<ol style="list-style-type: none"> 1. Continue to maximize utility of the new UM, CM, DM and QI operating system to integrate medical management responsibilities using a single platform (JIVA). 2. Increase data sharing between and among providers and KHS to reduce health care cost and/or enhance the patient care experience. 3. Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR).
<p>Develop central business unit devoted to support metrics driven mgmt. at all levels in KHS.</p>	<ol style="list-style-type: none"> 1. Create a KHS Business Intelligence Department with clearly defined roles and responsibilities. 2. Develop Business Intelligence Department processes and procedures to create an effective and efficient team that will support KHS. 3. Provide centralized standard operational reporting and analytics for the company. 4. Provide Depts. with tools and training to perform routine data analysis and reporting. 5. Continue to develop and refine a metrics-driven performance culture within the organizations administrative and medical disciplines to enhance operations. 6. Provide support for the annual Corporate Project Portfolio through Business Intelligence activities.



Strategic Plan Draft – Goal 1

GOAL: 1		Align Compensation and Network Configuration to improve service quality and value in the health care delivery system		
Strategies	Key Activities	Outcomes	Contributors	Timeline
1. Look to ways to compensate providers through value based purchasing using cost-effective, quality driven Alternative Reimbursement Arrangements.	<ul style="list-style-type: none"> Define clinical activities where Value Based Purchasing applies Establish priority list of clinical services and treatment modalities for Alternative Reimbursement Arrangement consideration. Custom design payment strategies unique to specific care delivery systems Determine desired outcome(s) for each Determine impact to KHS internal operations for 2018 priorities Develop provider specific proposals for 2018 priorities For 2018 priorities Initiate provider contract revisions to change or enhance compensation arrangements For 2018 priorities, begin monitoring to determine if targeted outcomes are achieved Determine impact to KHS internal operations for 2019 priorities Develop provider specific proposals for 2019 priorities For 2019 priorities Initiate provider contract revisions to change or enhance compensation arrangements For 2019 priorities, begin monitoring to determine if targeted outcomes are achieved 	<ul style="list-style-type: none"> Qualified clinical activities list Priority Ranking for 2018, 2019 Qualified clinical activities list with desired payment arrangements Performance criteria and outcomes measurements Draft provider agreements / compensation arrangements Performance Tracking Report Draft provider agreements / compensation arrangements Performance Tracking Report 	Emily, Martha, Deb, Robert, Richard	3/2018 3/2018 6/2018 6/2018 6/2018 7/2018 7/2018 1/2019 3/2019 4/2019 5/2019 10/2019

Strategic Plan Draft – Goal 1



GOAL: 1		Align Compensation and Network Configuration to improve service quality and value in the health care delivery system		
<i>Strategies</i>	<i>Key Activities</i>	<i>Outcomes</i>	<i>Contributors</i>	<i>Timeline</i>
2. Focus on internal departmental restructuring, fostering partnership, and utilization of new technologies.	<ul style="list-style-type: none"> Reorganize UM, DM and CM Depts. to more effectively implement and monitor the Triple Aim Concept 	<ul style="list-style-type: none"> UM, DM and CM Department Realignment 	Martha, Deb, Emily, Richard	3/2018
	<ul style="list-style-type: none"> Revise the Prior Authorization list to ensure appropriate care for treatment requested 	<ul style="list-style-type: none"> Physician practice profile report showing patterns for dx and treatment of specific medical conditions compared to colleagues and evidence based medicine standards adjusted for medical severity 		3/2018
	<ul style="list-style-type: none"> Augment referral network using telehealth alternatives 	<ul style="list-style-type: none"> Expanded Specialty Care network 		5/2018
	<ul style="list-style-type: none"> Identify vendor platforms for Medical Necessity Determination 	<ul style="list-style-type: none"> Select a vendor platform for specialty review to Improve clinical review protocol to expedite patient access 		6/2018
	<ul style="list-style-type: none"> Incorporate risk stratification methodology to identify future risk populations for early intervention to prevent or stabilize medical condition(s) and reduce cost through early intervention. 	<ul style="list-style-type: none"> Prospective Care Management Engagement Program For Care Management and Disease Management programs 		7/2018



Strategic Plan Draft – Goal 1

GOAL: 1				
Align Compensation and Network Configuration to improve service quality and value in the health care delivery system				
Strategies	Key Activities	Outcomes	Contributors	Timeline
3. Develop a provider network configuration strategy designed to achieve optimum health care system performance around the Triple Aim of "Right Care, Right Time, and Right Setting".	<ul style="list-style-type: none"> Review network configuration to address Physical, Behavioral Health and Social Determinants impacting members' health. 	<ul style="list-style-type: none"> Update Care Gradient Analysis to include BH and Social Needs 	Alan, Emily, Martha, Robert, Richard, Deb	6/2018
	<ul style="list-style-type: none"> Adjust network configuration for changing population need and/or medical complexity 	<ul style="list-style-type: none"> Demographic Morbidity Impact Study using Predictive Care Model 		7/2018
	<ul style="list-style-type: none"> Using evidence based medicine as the standard, identify network gaps or limitations preventing Triple Aim achievement. 	<ul style="list-style-type: none"> Network Augmentation Report 		8/2018
	<ul style="list-style-type: none"> Develop delivery system model to address needs at all levels using existing provider network, County Mental Health, County Human Services and Community Based Organizations where necessary 	<ul style="list-style-type: none"> Update KHS Care Delivery Model to include BH and Social Needs providers 		8/2018
	<ul style="list-style-type: none"> Develop clinical algorithms for Provider education to promote consistent management of member condition 	<ul style="list-style-type: none"> Distribution of clinical algorithms in coordination with one on one education with identified providers 		8/2018
	<ul style="list-style-type: none"> Establish provider compensation arrangements to support structure and performance goals, monitor expected outcomes 	<ul style="list-style-type: none"> Compensation Plan with budget and outcome measurement reports 		10/2018
	<ul style="list-style-type: none"> Ensure systems in place to communicate and coordinate patient care across the physical and mental health divide. 	<ul style="list-style-type: none"> Modify provider agreements if necessary 		10/2018
	<ul style="list-style-type: none"> Determine internal and external (Provider) operational needs to support concept 	<ul style="list-style-type: none"> Operating budget Impact analysis 		10/2018
	<ul style="list-style-type: none"> Determine internal and external capital requirements where necessary to support concept 	<ul style="list-style-type: none"> Capital budget Impact analysis 		10/2018
	<ul style="list-style-type: none"> Implementation 			

Strategic Plan Draft – Goal 2



GOAL: 2		Prepare for New Benefits / Programs /Coverage Populations/ Regulations		
Strategies	Key Activities	Outcomes	Contributors	Timeline
<p>1. State's focus: to leverage success of MCAL Managed Care to assume broader responsibility to cover:</p> <ul style="list-style-type: none"> Severe and Persistent Mental Health patients (added to Mild and Moderate population) Care Coordinated Initiative for dual eligible (Medicare and Medi-Cal) Long Term Care Benefits and In-Home Support Services Coordination for non-medical services (social determinants contributing to poor health) <p>Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies (DHCS, CMS, DMHC)</p>	<ul style="list-style-type: none"> Determine the impact (depth, scope, and duration) of changes to benefits or population coverage categories, or monitoring and reporting requirements (Mega Regs) on KHS and provider network Establish a project plan for instituting new benefits, coverage expansion, or tracking and reporting requirements Determine the impact of Managed Care Final Rule (MCFR) to KHS, its policy, procedures, protocols and tracking and reporting functions. Establish a project plan for adopting MCFR requirements instituting new benefits, coverage expansion, or tracking and reporting requirements Post implementation, audit each activity to ensure installation and performance meets KHS and government agencies expectations. 	<ul style="list-style-type: none"> List of impacted benefits, coverage groups and/or requirements established by government agencies Project Plan(s) outlining steps to create and implement government agency requirements List of impacted areas, and/or MCFR requirements established by government agencies Project Plan(s) outlining steps to create and implement government agency requirements <p>Audit reports illustrating effectiveness of meeting government agency's expectations</p>	<p>Alan, Martha, Emily, Richard, Jeremy, Carl</p>	<p>Ongoing*</p>

*To Be Determine (TBD) – Since this is predicated on DHCS and/or DMHC implementation timelines, actual dates for specific benefits and / or Programs will be incorporated when information becomes available.



Strategic Plan Draft – Goal 3

GOAL: 3		Increase Member Engagement in their Health Care		
Strategies	Key Activities	Outcomes	Contributors	Timeline
1. Identify ways to engage members more in their health care through education, navigation, coordination, promotion and access to services designed to address their specific needs.	<ul style="list-style-type: none"> Based on member's medical need, establish what programs and measures members can take to improve health outcomes. Gather information to determine ways to engage members more in maintaining optimum health. Develop a member engagement program with a goal to improve access to care in ways that will improve health status. Develop performance standards, data tracking system and reporting structure for the member engagement program. In collaboration with providers, identify ways to reduce appointment no shows, sharing health information, establishing member accountability, emphasizing prevention and compliance leverage technology to enhance communication and improve service (administrative and clinical) to members explore ways to report health metrics to members to begin tracking what works and health outcomes Survey membership to gauge satisfaction with member engagement program 	<ul style="list-style-type: none"> Population Profile Report correlating health status with most appropriate care intervention schemes. Best practices research on improving member engagement Create a performance reporting measuring the effectiveness of the Member Engagement Program Provider Survey Report on how technology could improve member service Member Wellness Report Card Annual Member Survey 	Alan, Nate Martha, Emily, Richard	7/2018 9/2018 Q1 2019 3/2019 12/ 2018 6/2019 6/2019 Annually

Strategic Plan Draft – Goal 4



GOAL: 4		Assure Kern Health Systems Long Term Viability		
Strategies	Key Activities	Outcomes	Contributors	Timeline
1. Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies.	<ul style="list-style-type: none"> Annually develop an operating budget enabling KHS to achieve its annual goals <ul style="list-style-type: none"> Create actuarially sound rates for all programs or health plans undertaken by KHS Ensure Administrative costs remain within the 8% so stipulated by the Ordinance to form KHS 	<ul style="list-style-type: none"> Operating Budget and Proforma Income Statement Actuarial Assessment & Medical cost analysis Administrative Services Budget 	Robert, Robin	Annually
	<ul style="list-style-type: none"> Annually develop capital budget to support new programs, member growth and benefits expansion 	<ul style="list-style-type: none"> Capital Equipment Budget 		Annually
	<ul style="list-style-type: none"> Retain sufficient reserves to protect KHS from unexpected events to include but not limited to: unforeseen underwriting risks (adverse selection), actuarially unsound rates, un-financed or under financed required benefits, payment delays, future growth requiring capital investment 	<ul style="list-style-type: none"> Annual Reserve Analysis 		Annually
	<ul style="list-style-type: none"> Maintain an on-going dialogue with DHCS over reimbursement for any current or proposed, programs, benefits, aid categories or services KHS is required to provide by the State or Federal governments. 	<ul style="list-style-type: none"> Financial Reporting on annual or periodic reimbursement rate changes 		Annually



Strategic Plan Draft – Goal 4

GOAL: 4		Assure Kern Health Systems Long Term Viability			
Strategies	Key Activities	Outcomes	Contributors	Timeline	
2. Relocate KHS offices to its new facility which is convenient to members and able to house all functions in one location.	<ul style="list-style-type: none"> Issue Notice to Proceed with Phase II to S.C. Anderson Obtain Grading Permits 	<ul style="list-style-type: none"> Executive Phase II to initiate construction. Work with Developer, Architect, CG & City of Bakersfield for permits to begin groundwork. 	Doug / Emily	1/2018	
	<ul style="list-style-type: none"> Complete Phase III – Notice Inviting Bids 	<ul style="list-style-type: none"> Finalize the remaining trade bids. 		2/2018	
	<ul style="list-style-type: none"> Novate all Contracts to S.C. Anderson 	<ul style="list-style-type: none"> All trades and CUPCCAA contacts novated to GC. 		4/2018	
	<ul style="list-style-type: none"> Commence Construction 	<ul style="list-style-type: none"> Building Construction Schedule 		5/2018	
	<ul style="list-style-type: none"> Obtain appropriate property / earthquake insurance 	<ul style="list-style-type: none"> Evaluate and insure structure during course of construction. 		Q1/Q2 2018	
	<ul style="list-style-type: none"> Monitoring of Owner Controlled Insurance Program 	<ul style="list-style-type: none"> Maintain oversight and compliance of all requirements for OCIP overage. 		Q2/Q3 2018	
	<ul style="list-style-type: none"> Monitor On-Going Construction 	<ul style="list-style-type: none"> Maintain oversight of construction progress and milestones/schedules. 		Quarterly	
	<ul style="list-style-type: none"> Monitor Construction Budget 	<ul style="list-style-type: none"> Ensure construction stays within budget by continuous monitoring of pay orders and potential change orders. 		Quarterly	
	<ul style="list-style-type: none"> Compliance Oversight GC 	<ul style="list-style-type: none"> Ensure compliance of certified payroll and prevailing wage laws. 		Quarterly	
	<ul style="list-style-type: none"> Coordinate Move 	<ul style="list-style-type: none"> Relocation Plan 		Quarterly	
	<ul style="list-style-type: none"> Occupancy 	<ul style="list-style-type: none"> Certificate of Occupancy 		Q 2018-Q2 2019	
					Q2 2019

Strategic Plan Draft – Goal 4



GOAL: 4		Assure Kern Health Systems Long Term Viability		
Strategies	Key Activities	Outcomes	Contributors	Timeline
3. Continue to consider opportunities to expand KHS business suitable to the mission and business model.	<ul style="list-style-type: none"> Monitor key regulatory areas of MC Waiver, SUDS, APM/CP3 FQHC payment reform and CCI phase-in. Monitor Medi-Cal marketplace trends e.g. Continuation of the two-plan model, entrance of new commercial managed care plans and public plan option in the ACA Continue expanding HHP model to additional qualified contracted provider's sites sufficient to meet the requirements as determined by DHCS. Continue participation in implementation of Whole Person Care Monitor internal capacity and regulatory landscape for initiating: <ul style="list-style-type: none"> CCI (Duals) MH Expansion (S and P population) SUD LTC and IHSS Consider future Medicare SNP expansion 	<ul style="list-style-type: none"> Quarterly updates to the Board on any material activities. (KHS response TBD) Quarterly updates to the Board on any material activities. KHS response TBD 3-4 new programs 2-3 new programs KHS/KM Agreement Quarterly updates to the Board on any material activities. (KHS response TBD) Feasibility Study 	Jeremy, Martha, Julie, Emily,	Ongoing Ongoing 2018 2019 1 st Qtr., 2018 Ongoing 2 nd Qtr. 2019



Strategic Plan Draft – Goal 4

GOAL: 4		Assure Kern Health Systems Long Term Viability		
Strategies	Key Activities	Outcomes	Contributors	Timeline
4. Ensure achievement of the annual Medical Loss Ratio as determined in KHS's annual operating budget	<ul style="list-style-type: none"> Review utilization and cost trends by aid category and medical service category over the past 12 months. Internal Reallocation of resources to address inefficiency or duplication of services in the Provider Network. 	<ul style="list-style-type: none"> Identify aberrancies (positive and negative) and root cause. 	Martha, Richard, Cesar, Emily, Deb, Bruce	Annually
	<ul style="list-style-type: none"> Review applicable changes in treatment modalities or best practices impacting respective medical service categories. 	<ul style="list-style-type: none"> Analysis of applicable medical advancements and changes to best practices 		Annually
	<ul style="list-style-type: none"> Identify potential medical service areas for impact and determine intervention strategies(s) required to achieve desired results 	<ul style="list-style-type: none"> Medical Mgmt MLR Impact Plan 		Annually
	<ul style="list-style-type: none"> Develop reporting and monitoring system 	<ul style="list-style-type: none"> MLR Performance Reports measuring achievement of desired results 		Ongoing



Strategic Plan Draft – Goal 5

GOAL: 5				
Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale.				
Strategies	Key Activities	Outcomes	Contributors	Timeline
1. Continue to maximize utility of the new UM, CM, DM and QI operating system to integrate medical management responsibilities using a single platform (JIVA).	<ul style="list-style-type: none"> Refine JIVA Phase 1 application components to meet production and performance requirements <ul style="list-style-type: none"> UM Workflows Ops Systems Platform Integration Data Reporting and Analytics Config JIVA Training 	<ul style="list-style-type: none"> Successful implementation measured by meeting or exceeding Product configuration and implementation goals 	Deb, Victoria, Richard, Emily, Alan and Martha	3/2018
	<ul style="list-style-type: none"> Implement JIVA Phase 2 components <ul style="list-style-type: none"> CM/DM/HE/ Appeals MCG Point of Service (POS) JIVA / QNXT interphase 	<ul style="list-style-type: none"> Successful implementation measured by meeting or exceeding Product configuration and implementation goal 		12/2018
	<ul style="list-style-type: none"> Implement JIVA Phase 3 to integrate HHP and QI Programs 	<ul style="list-style-type: none"> Successful implementation measured by meeting or exceeding Product configuration and implementation goals 	12/2018	
	<ul style="list-style-type: none"> Include prospects in annual project planning 	<ul style="list-style-type: none"> Annual project list 	Annually	
	<ul style="list-style-type: none"> Develop project budgets along with ROI and/or cost-benefit analysis 	<ul style="list-style-type: none"> Annual budget and project list 	Annually	
	<ul style="list-style-type: none"> Continuously monitor and control for operational effectiveness 	<ul style="list-style-type: none"> Create Report(s) to measure system effectiveness in achieving outcomes 	Ongoing	



Strategic Plan Draft – Goal 5

GOAL: 5		Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale.		
Strategies	Key Activities	Outcomes	Contributors	Timeline
2. Increase data sharing between and among providers and KHS to reduce health care cost and/or enhance the patient care experience	• Identify opportunities for sharing information (e.g. Health Homes Program, telehealth, EDI etc.)	• List of applicable provider sites or clinical service locations	Richard, Emily, Alan, Martha, Bruce	3/2019
	• Educate applicable providers about the importance of data sharing to reduce health care costs and/or enhance the patient care experience.	• Determine collaborative and suitable opportunities		8/2019
	• Develop approaches that KHS can implement with its provider network to achieve a level of data sharing	• Priority List of programs and sites	10/2019	
	• Analyze and evaluate products or methods for effectiveness and compatibility with the health plan and provider community	• Vendor Survey Analysis and Report	02/2020	
	• Complete a cost benefit analysis of the data sharing program	• Cost / benefit Analysis and recommendation	05/2020	
	• Present to Board of Directors	• Board presentation	06/2020	
	• Create plan for implementation	• Implementation Plan	07/2020	

Strategic Plan Draft – Goal 5



GOAL: 5		Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale.		
Strategies	Key Activities	Outcomes	Contributors	Timeline
<p>3. Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR).</p>	<ul style="list-style-type: none"> Identify and analyze efficiencies and improvement opportunities Perform cost analysis of efficiencies or improvement opportunity Establish projects into annual project and budget planning Create and execute project plans Align these initiatives with annual departmental goals and objectives Continuously monitor and control for operational effectiveness 	<ul style="list-style-type: none"> Identify processes needing improvement Validation for project need Annual approved projects list and budget Project plan Annual departmental goals and objectives Perform oversight of the improvements and remediate as needed 	<p>Richard, Alan, Robert, Martha, Jeremy</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Annual</p> <p>Ongoing</p> <p>Annual</p> <p>Ongoing</p>



Strategic Plan Draft – Goal 6

GOAL: 6				
Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels				
<i>Strategies</i>	<i>Key Activities</i>	<i>Outcomes</i>	<i>Contributors</i>	<i>Timeline</i>
1. Create a KHS Business Intelligence Department with clearly defined roles and responsibilities.	<ul style="list-style-type: none"> Identify personnel from multiple departments that are capable of contributing towards BI initiatives Collaborate with management to migrate new BI personnel and transition from individual department assets to BI. Create a dedicated cost center and budget that is cost neutral. Establish employee job descriptions, standards, roles and responsibilities, and expectations. Centralize resources in a geographical location to locally manage. Define employee work models and productivity metrics. 	<ul style="list-style-type: none"> An adequately staffed department that has little to no overall fiscal impact to the 2018 operating budget. Able to identify and analyze department expenditures on a regular basis. BI employees with clear concise direction and expectations for role A centralized team with the ability for management to oversee employee productivity and performance. 	Richard , Cesar	1 st Qtr., 2018

Strategic Plan Draft – Goal 6



GOAL: 6	Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels			
<i>Strategies</i>	<i>Key Activities</i>	<i>Outcomes</i>	<i>Contributors</i>	<i>Timeline</i>
2. Develop Business Intelligence Department processes and procedures to create an effective and efficient team that will support KHS.	<ul style="list-style-type: none"> • Create a business analytic intake process that identifies needs, problems, actions, and outcomes. • Establish new data analytics procedure that optimizes full potential outcome and outline benefits. • Create process analytics procedure that can identify areas of opportunity for process improvement or continuous improvement. • Implement corporate KPI Census reporting process that communicates the measure and performance of established KPIs • Establish Audit/QA process to ensure that the department produces quality work products. • Establish regular monitoring of department processes/KPI/Data Governance to identify anomalies, unacceptable variance, or issues. • Provide business visibility of services contributed by BI efforts • Manage Inventory Process • Create Corporate Policies to support the new Business Intelligence processes and procedures. 	<ul style="list-style-type: none"> • Reduce operational silos and proactively manage and improve overall operations • Outcome and Benefit Measures, track impact or effectiveness of a process/program • Effort Measures, assess efforts to implement a process/program • Advanced Analytics that provides insights as to why is this happening, using scenario modeling • Quality Reports • Dept. Dashboards • Inventory Request / Progress Report • Inventory Request / Progress Report • New Corporate Policies memorializing BI role 	Richard, Cesar	<ul style="list-style-type: none"> 1st Qtr., 2018 2nd Qtr., 2018 2nd Qtr., 2018 3rd Qtr., 2018 4th Qtr., 2018 4th Qtr., 2018 4th Qtr., 2018 4th Qtr., 2018 4th Qtr., 2018



Strategic Plan Draft – Goal 5

GOAL: 6		Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels			
Strategies	Key Activities	Outcomes	Contributors	Timeline	
3. Provide centralized standard operational reporting and analytics for the company.	<ul style="list-style-type: none"> Provide Dept.'s data analysis and routine or adhoc reporting support. 	<ul style="list-style-type: none"> Maintain current internal and departmental support 	Richard, Cesar	Ongoing	
4. Provide Depts. with tools and training to perform routine data analysis and reporting	<ul style="list-style-type: none"> Empowering Depts. with the ability to perform self-service reporting capabilities and basic analytics for routine or simple analysis Create quality control protocol to monitor dept reports for consistency and accuracy Evaluate Depts. data and information requirements 	<ul style="list-style-type: none"> Dept. level Analytics Education and Training program. QA reporting system BI / Dept. Data and Analytics Evaluation Report 		12/2018 3/2019 Annually	

Strategic Plan Draft – Goal 5



GOAL: 6				
Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels				
<i>Strategies</i>	<i>Key Activities</i>	<i>Outcomes</i>	<i>Contributors</i>	<i>Timeline</i>
5. Continue to develop and refine a metrics-driven performance culture within the organizations administrative and medical disciplines to enhance operations.	<ul style="list-style-type: none"> • Analyze and establish metric oriented baselines for measurement. <ul style="list-style-type: none"> ○ Finance ○ Health Services ○ Physician Peer Profiles ○ HHP ○ Pharmacy ○ KHS/Statewide (DHCS) Benchmarks • Create presentation model(s) to ensure transparent and fluid communication with endpoint <p>Continuously monitor and affirm metrics and performance for operational/medical effectiveness</p>	<ul style="list-style-type: none"> • Organizational metrics and measurements • Internal and external dashboards and reporting • Trend monitoring for remediation opportunities • Expand board-level dashboard to include new measurements 	Alan, Richard, Martha, Robert Emily, Deb	Annually 2018 2018 2018 2018 2018 2018 Ongoing Ongoing



Strategic Plan Draft – Goal 5

GOAL: 6		Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels		
<i>Strategies</i>	<i>Key Activities</i>	<i>Outcomes</i>	<i>Contributors</i>	<i>Timeline</i>
6. Provide support for the annual Corporate Project Portfolio through Business Intelligence activities.	<ul style="list-style-type: none"> Verify and Validate Return on Investment (ROI) Project Calculation prior to Project Execution Phase Identify and create 2018 Project metrics Measure Factors that are critical to the success of each Project 	<ul style="list-style-type: none"> 2017 Project ROI & Metric Realization Annual Project Management Dashboard Timely monitoring of Project Management activities and performance to metrics 	Richard, Cesar Jeremy Jeremy	Ongoing Ongoing Ongoing



Next Steps

- Requesting Board approval.
- Staff will continue to provide quarterly Board updates which will provide insight on specific undertakings.
- KHS acknowledges the unpredictable nature of this industry and thus views the Strategic Plan as a roadmap for the future. As more clarity is obtained staff will update the plan and provide visibility to the Board.
- This Strategic Plan will drive annual departmental goals and objectives, project planning, and the budgeting process.



To: KHS Board of Directors
From: Douglas Hayward, CEO
Date: February 8, 2018
Re: Update on KHS 2017 Goals and Objectives

Background

At the close of each calendar year Management summarizes the results of the annual departmental goals and objectives. The attached presentation includes the year-end status report on KHS' 2017 Department Goals and Objectives.

As of the end of 2017 staff has completed 103 (88%) of the departmental goals and objectives. Only 3 goals (2%) are marked as not being achieved/achievable. The remaining 12 (10%) in-progress goals have been rolled into 2018 and are scheduled to be completed.

Specific details of the in-progress and incomplete items are laid out in the accompanying presentation.

Requested Action

Receive and file



2017 Departmental Goals and Objectives Update

February 8, 2018



Background

- Each year department-heads work with executive management to create annual goals and objectives. These goals are tied to the organization's strategic plan and/or the department's operational performance metrics.
- With 2017 coming to an end, management has prepared a summary status report for the departmental goals and objectives.
- **Green** = Completed on time and desired outcome achieved
- **Yellow** = In progress and desired outcome achievable
- **Red** = Not completed or desired outcome not achieved



2017 Goals and Objectives Summary

- Overall completion rate of 88%. Potentially becomes 98% completion rate when “in-progress” goals are completed.

2017 Goals and Objectives Summary			
Department	Green	Yellow	Red
Member Services	9	1	0
AIS Compliance	5	0	0
Business Development	8	0	0
Claims	6	2	0
Corporate Services	4	0	0
Finance	5	0	0
Case Management	2	1	0
Health Education	11	2	2
Quality Improvement	6	0	0
Utilization Management	13	0	0
Pharmacy	5	1	1
Human Resources	9	3	0
Information Technology	4	1	0
Marketing	10	0	0
Provider Relations	6	1	0
Total	103 (88%)	12 (10%)	3 (2%)



Incomplete Items

- **Member Services Screen Pop** – Executive leadership prioritized other project efforts which resulted in this project not being pursued in 2017.
- **Claims Reports Repository** – Department created a centralized log of reports overseen by management. Additional work still being done to improve the repository.
- **Claims Accept COB information Electronically** – System limitations were encountered which will be alleviated with an upgrade to QNXT in Q1 2018.
- **Case Management connecting ER utilizers to their PCP** – The goal was to connect members with their PCP and have a completed visit 50 % of the time. The actual outcome was 45%.
- **Health Ed contract with Bakersfield Schools health centers** – KHS encountered delays with the clinic provider, efforts are ongoing.
- **Health Ed preparation for NCQA accreditation** – Efforts are ongoing into 2018, this is a lower priority due to a lack of regulatory necessity.
- **Health Ed allow submission of electronic PM160 forms** – DHCS retired this form so this effort was no longer needed.
- **Health Ed expansion of Asthma Pilots** – Pilot canceled due to the targeted provider failing to receive program grant.
- **Pharmacy improve RX adherence for diabetic members** – This effort is now being tracked in Disease Management.
- **Pharmacy 90% online TARs** – JIVA and Provider Portal changes delayed this roll out.
- **HR Revise Performance Management** – Implemented about 80% of desired features. Remaining features will be provided in an upcoming software update.
- **HR load historical data into new payroll system** – Due to employee turnover and an unplanned long-term leave of absence, this project will be carried forward to 2018.
- **HR host a “girls who code” program** – IT security kinks delayed this effort.
- **IT Document Repository Replacement** – New document repository was purchased and migration began. Remaining departments will be migrated in 2018.
- **Provider Relations contract management software** – PR will be reviewing internal and external options moving forward.



To: KHS Board of Directors
From: Douglas A Hayward, CEO
Date: February 8, 2018
Re: Benefit Enhancement Update

Background

In November 2015, the Board of Directors established an Ad hoc Committee to review the existing Member Medi-Cal coverage for benefit gaps or enhancements. In August 2016, the Board of Directors approved four benefit enhancements: Wellness Based Incentives, Medical Condition Based Incentives, Pulmonary Rehabilitative Services, and Respite Care for Homeless Members. The Department of Health Care Services (DHCS) approved the enhanced benefit program which began January, 2017

Wellness and Medical Conditioned Based Incentives

The Wellness Based Incentives consisted of first aid kits, umbrella stroller vouchers, and diapers and wipes or a portable crib vouchers. Utilization data revealed 19% of the targeted population was impacted and 46% of the budgeted funds were utilized. Further analysis of the voucher benefit enhancements revealed 60% of the umbrella stroller vouchers and 25% of the diapers/crib vouchers had expired without redemption. The Medical Condition Based Incentives consisted of pill boxes and automated blood pressure monitors. (Due to Medi-Cal expanding its coverage to include blood pressure monitors as a benefit, KHS only fulfilled distribution of the pill boxes resulting in 5% of the targeted population being impacted and 3% of the budgeted funds being utilized).

In an attempt to increase utilization of these enhanced benefits, KHS is exploring alternative solutions to administer the Wellness and Medical Condition Based Incentives, such as distribution of gift cards in replacement of the vouchers, providing a list of recommended items to purchase at stores, and identification of other strategies or items that support wellness and medical condition management.

Pulmonary Rehabilitation Benefit

The Pulmonary Rehabilitation benefit serves to improve health outcomes and quality of life related to pulmonary conditions, i.e. COPD, Emphysema, Asthma, etc., and compliance with medication regimens and treatment plans. Lowering the overall costs of pulmonary patients through reduction of ER and subsequent acute hospital admissions can be enhanced with early identification and intervention. The original intent of the benefit was to include both inpatient and outpatient pulmonary rehabilitation through partnerships with KHS provider network. The outpatient component was not able to be operationalized since no providers could be identified who performed these services on an ambulatory basis. Therefore post-acute hospitalization for pulmonary rehabilitation becomes the focus of the enhancement.

Medical Respite Care Benefit

Medical respite care is post-acute medical care for homeless persons who are too ill or frail to recover from a physical illness or injury on the streets but are not ill enough to be in a hospital. Partnering with medical respite helped to create an essential care linkage, opening the door to additional physical and behavioral health care coordination and holistic social support services, all of which uphold our driving goal of the Triple Aim. Many members may not be eligible for services at traditional Skilled Nursing facilities due to mental health or substance abuse diagnoses. Ensuring funding for all potentially identified individuals who were homeless with post acute transitional care needs provided our baseline for cost projections.

Conclusion

To further impact utilization rates, KHS plans to revisit outpatient pulmonary rehabilitation partnership opportunities and include asthmatics to further drive member self management of chronic disease management. In addition, KHS is exploring alternative solutions to expand Respite eligibility criteria, such as rebranding Respite Care to Recuperative Care, to broaden member reach to those most in need by increasing bed availability from 8-19 to accommodate eligible members while remaining within the budget allocations.

Enclosed are utilization statistics for each enhanced benefit. Incorporating the changes to the benefits as described above in 2018 should improve utilization.

Another progress report will be presented to the Board later this year.

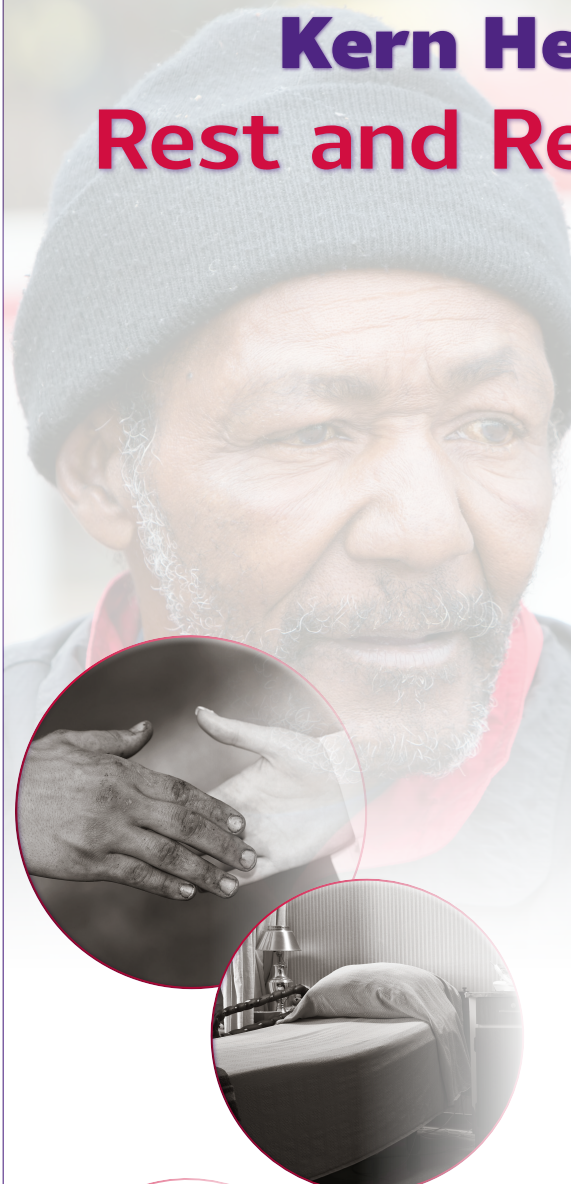
Requested Action

Receive and file

Advancing Patient Centered Care

Kern Health Systems

Rest and Recovery Program



Medical respite care is post-acute medical care for **homeless persons who are too ill or frail to recover from a physical illness or injury** on the streets but are not ill enough to be in a hospital.

With multiple chronic conditions and/or extensive specialty care needs, **these members require home health and specialty nursing visits that the homeless shelters cannot provide**, leading to relapse, readmission and sometimes death.

Kern Health Systems offers an eight (8) bed Medical Respite Program to individuals who are homeless or lack a physical address **at the time of discharge from an acute care, inpatient facility.**

The program offers more than safe housing. Goals for care include: follow up with primary and specialty medical care, case management services, mental health services, chemical dependency treatment and transportation.

To date, the program has served 44 members with an average length of stay of 12.05 days.



KHS is an MCO serving the California Medicaid population in Kern County. For more information on this or other programs, contact:
Deborah Murr, Administrative Director of Health Services
deborah.murr@khs-net.com

661-664-5000 • kernhealthsystems.com • 9700 Stockdale Highway, Bakersfield, CA 93311

December 2017



Benefit Enhancement	Estimated frequency	Estimated Annual Cost	Actual cost
Wellness Based Incentive Items	81,000 members	\$600,000	\$273,643 (46% utilization)
Medical Condition Based Items	12,500 members	\$180,000*	\$6,000 (3% utilization)
Pulmonary Rehabilitative Services	1700 COPD members 4200 Asthma members	\$1,900,000*	\$437,341 (23% expected utilization)
Respite Care for Homeless Members	1390 Homeless members	\$300,000*	\$131,149 (44% expected utilization)
Total Costs * excludes savings from ER and hospital readmission avoidance		\$2,980,000	\$838,143 (28% utilization)



TO: KHS Board of Directors
FROM: Douglas Hayward, CEO
DATE: February 8, 2018
RE: Quarterly Chief Operating Officer Operational Report

Background

As Kern Health Systems continues to grow in size and complexity, the quality and proficiency of our work in all areas of Kern Health Systems operations becomes critically important to maintaining a high level of both member and provider satisfaction with the Health Plan. I have asked the Chief Operating Officer to report to the Board on a quarterly basis on our operational performance in the areas of:

- Enrollment
- Claims
- Member Services
- Provider Network
- Human Resource
- Constituency Grievances
- Transportation

Some areas and measures will be recognizable as formally part of the CEO Report to the Board. New or expanded measures were added in order to provide a more detailed picture of the applicable department's performance impacting our constituency. This report will also provide Board members with the assurance that Kern Health Systems is achieving the target performance levels for each area measured.

Finally, this presentation will allow for discussion or updates on ongoing projects or systems enhancements impacting the health plan's operational performance such as the member and provider portals or our new core operating system. For example, the report will include the number of members visiting member services, increased member portal self-service use and monitoring our success to encourage providers to increase electronic submissions vs paper.

Requested Action

Receive and file.



Quarterly Operational Update
Alan Avery
Chief Operating Officer
2/8/2018

Agenda

1. Expanded Board Operational Dashboard Reporting
2. Enrollment Indicators
3. Claims Department Indicators
4. Member Services Indicators
5. Provider Network Indicators
6. Human Resource Indicators
7. Grievance Report
8. Transportation Update

Quarterly Operational Indicator Reporting

- During 2017, KHS expanded and improved the operational dashboards for the Claims, Member Services and Provider Relations Departments
- Dashboards are monitored daily to assist management in identifying and responding immediately to operational challenges.
- Going forward, these indicators will be added to the current Board Operations dashboard along with an Operational Overview Report Quarterly-April, August, October, February.

Enrollment Indicators

Activity	Goal/Budget	4 th Quarter Actual	Compliance
Membership	244,125	248,033	
KHS Market share	63%	64%	
HN Market share	20%	20%	
FFS Market share	17%	16%	
Voluntary Disenrollment	>150	99	

Claims Department Indicators

Activity	Goal	4 th Quarter	Compliance
Claims Received		665,197	
Electronic	85%	88%	
Paper	15%	12%	
Claims Processed Within 30 days	90%	97.75%	
Claims Processed within 45 days	95%	99.17%	
Claims Processed within 90 days	99%	99.50%	
Claims Inventory-Under 30 days	96%	99%	
31-45 days	<3%	<1%	
Over 45 days	<1%	<.002%	
Auto Adjudication	75%	75.35%	
Audited Claims with Errors	<3%	1.5%	
Claims Disputes	<5%	.2%	

Member Service Indicators

Activity	Goal	4 th Quarter	Compliance
Incoming Calls		61,338	
Abandonment Rate	<5%	3%	
Average Speed to Answer	<2:00	:41	
Average Talk Time	<8:00	6:43	
Top Reasons for Member Calls	Trend	1-Demographic updates 2-New Member Calls 3-PCP Change 4-ID Card 5-Member Portal	
Outbound Calls	Trend	77,507	
# of Walk Ins	Trend	536	
Member Portal Accounts	4%	2493	

Provider Network Indicators

Activity	Goal	4 th Quarter 2017	Compliance
# of Primary Care Providers	Maintain	1%	Green
# of Specialty Care Providers	>1% growth	2%	Green
% Provider Terminations	<5% term	1.2%	Green
Termination Reasons		73%-left group 15%-voluntary 12%-other	Green
Provider Appointment Survey	70%		Green
Primary Care	< 10 days	73.33%	Green
Specialty Care	< 15 days	66.67	Yellow

Human Resources Indicators

Activity	Budget/Goal	2017 Actual	Compliance
Staffing Count	387	373	
Employee Turnover	12%	8.3%	
Turnover Reasons	Voluntary Involuntary Retirement	63% 33% 4%	

4th Quarter Grievance Report

- The DMHC requires KHS Management report/review quarterly grievances with the KHS Board of Directors.
- Quarterly grievance reporting has previously been included in the Medical Management report effective June 2017
- 4th Quarter 2017 Grievance Summary:

Category	Q4 2017	Trend	Issue	Q3 2017	Q2 2017	Q1 2017
Access to Care	7	Green	Appointment Availability	26	7	9
Coverage Dispute	17	Green	Authorizations and Pharmacy	44	13	19
Medical Necessity	26	Green	Questioning denial of service	53	14	18
Other Issues	2	Green	Miscellaneous	2	8	7
Quality of Service	31	Green	Questioning services provided. All cases forwarded to Quality Dept.	46	38	36
Quality of Service	150	Yellow	Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department	178	163	119
Grievances	233	Yellow		349	243	208

Transportation Update

Operational Statistics	12/17 Utilization	11/17 Utilization	10/17 Utilization	9/17 Utilization	8/17 Utilization	7/17 Utilization	KHS Pre July Experience
ALC Calls	10,418	10,253	8667	6033	5,141	2,883	727
One Way Rides Scheduled	16,222	14,698	12,353	8,569	6,263	2,611	2,600
NMT	6716	6039	4,078	2,353	1,551	699	0
Bus Passes Distributed	1232	1637	952	524	235	278	
Lyft Rides Delivered	5484	4402	3126	1829	1316	421	
Lyft No Shows	743	571	524	317	206	60	
NEMT	9506	8659	8275	6,216	4,712	1,912	2,600
Van Rides Scheduled	9388	8547	8131	6,040	4,642	1,902	
Gurney Rides Scheduled	118	112	144	176	70	10	
Member Reimbursement	9	19					

For additional questions, please contact

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



NOVEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	387,878.26	3,948,861.26	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1001	KERN MEDICAL CENTER	378,815.68	2,705,891.18	2016-2017 GROW CLINIC GRANT	COMMUNITY GRANTS
T4391	OMNI FAMILY HEALTH	375,223.81	1,730,503.81	2016-2018 COMMUNITY GRANT- HEALTH HOME GRANT	COMMUNITY GRANTS
T4699	ZEOMEGA, INC.	267,802.98	1,396,081.84	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4695	EDIFICS, INC. ****	210,186.50	1,358,781.22	ANNUAL TSM OF TRANSACTION MANAGEMENT	CAPITAL PROJECT IN PROCESS
T3460	THE GUARDIAN LIFE INSURANCE CO.	115,993.24	549,256.31	OCT. & NOV. VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC.	108,960.54	524,204.34	2017/2018 INSURANCE - PROPERTY & LIABILITY PACKAGE	ADMINISTRATION
T1408	DELL MARKETING L.P.	100,599.18	1,097,990.01	HARDWARE-(4) POWER EDGE M360 BLADE SERVERS, (5) E5470 LATITUDE LAPTOPS WITH CARRYING BAGS, (1) TARGUS USB	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE INC.	96,956.00	678,558.20	SEPT. & OCT. CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T2726	DST PHARMACY SOLUTIONS, INC	92,536.29	1,006,073.70	OCT. PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4696	ZNALYTICS, LLC	90,132.48	656,509.64	OCT. CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4237	FLUIDEDGE CONSULTING INC.	70,427.20	830,831.44	OCT. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING	VARIOUS

KERN·HEALTH SYSTEMS

NOVEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4738	AMERICAN LOGISTICS COMPANY, LLC*****	57,349.64	79,710.25	SEPT. & OCT. NON-EMERGENCY MEDICAL TRANSPORTATION BENEFIT.	MEMBER SERVICES
T4193	TECHNOSOCIALWORK.COM DBA STRIA	42,857.87	293,283.88	OCT. & NOV. OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T1183	MILLIMAN USA	41,956.87	112,656.62	CY2016 RDT, 2018 RATE SUPPORT, AND VALUE-BASED PURCHASING ANALYSIS	ADMINISTRATION & CAPITAL PROJECT IN PROCESS
T2167	PG&E*****	38,068.93	315,756.92	ELECTRICAL & GAS SERVICES FOR NEW BUILDING	CAPITAL PROJECT-NEW BUILDING
T4582	HEALTHX, INC	37,700.00	391,300.00	DEC. PROVIDER AND MEMBER PORTAL SUBSCRIPTION	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T2469	DST HEALTH SOLUTIONS, INC*****	34,800.00	83,110.49	ACG SUPPORT & LICENSE FEE	MIS INFRASTRUCTURE
T2707	ACT 1 PERSONNEL SERVICES, INC.	31,451.51	320,022.64	TEMPORARY HELP - 1 PR, 2 MIS, 1 MS, 1 QI	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	30,451.31	326,513.04	TRUXTUN- NOV. LEASE AND SEPT. UTILITIES EXPENSES	CORPORATE SERVICES
T1272	COFFEY COMMUNICATIONS INC.*****	29,415.20	141,858.21	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T2961	SOLUTION BENCH, LLC*****	29,040.00	204,894.10	ADDITIONAL 20 M-FILES LICENSES / SCANFINITY	MIS INFRASTRUCTURE
T4778	CLINICA LA VICTORIA A MEDICAL CORP*****	27,299.00	43,999.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS

KERN • HEALTH SYSTEMS

NOVEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2562	CACTUS SOFTWARE LLC	24,000.00	67,760.00	1ST YEAR- CREDETNIALING ENTERPRISE	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	19,186.26	204,769.93	TEMPORARY HELP - 1 PHARM, 1 CS, 1 CLAIMS, 2 UM, 1 HE	VARIOUS
T4452	WELLS FARGO	18,231.64	126,536.85	CREDIT CARD-TRAINING REGISTRATION, LODGING, EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T3011	OFFICE ALLY, INC.	17,874.50	183,118.25	OCT. EDI CLAIM PROCESSING	CLAIMS
T4546	LEVEL 3 COMMUNICATIONS, LLC	17,302.15	183,118.25	OCT. - DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4396	KAISER FOUNDATION HEALTH-DHMO	17,139.42	106,622.62	EMPLOYEE HEALTH BENEFIT	VARIOUS
T4521	PAYSCALE, INC.*****	16,000.00	16,000.00	ANNUAL INSIGHT PREMIER SUBSCRIPTION	HUMAN RESOURCES
T1071	CLINICA SIERRA VISTA	15,969.90	853,652.70	SEPT. MEDICAL RESPITE PROGRAM	COMMUNITY GRANTS
T4467	MEDISOFTRX, LLC.	14,274.18	159,948.36	OCT. PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2933	SIERRA PRINTERS, INC.*****	14,260.32	131,960.56	(80,000)TRI-FOLD POSTCARDS, (3,000)BILINGUAL DOOR HANGERS,(1,000)KERN CARE BROCHURES, (4,000) URGENT CARE BROCHURES, (3,000) ENVELOPES, (400) GROUND BREAKING BROCHURES	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	13,508.75	129,188.57	OCT. EDI CLAIM PROCESSING	CLAIMS
T4460	PAYSPAN, INC	12,344.39	146,662.88	OCT. EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4168	RELAYHEALTH*****	11,606.28	138,408.89	SEPT. EDI CLAIM PROCESSING	CLAIMS

KERN·HEALTH SYSTEMS

NOVEMBER AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2413	TREK IMAGING INC	11,219.53	234,364.30	MEMBER GIVEAWAYS-KHS TUMBLER, EMPLOYEE INTERN APPAREL, NEW HIRE SHIRTS, OCT. MONTHLY MAILER PROJECT.	VARIOUS
T4685	NATIONAL GIFT CARD CORP	10,520.94	53,612.90	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4839	AGILE FOR ALL, LLC****	10,500.00	10,500.00	AGILE ONSITE 2-DAY TRAINING	MIS INFRASTRUCTURE
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP ****	10,011.16	40,111.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS FINAL PAYMENT	COMMUNITY GRANTS
		<u>2,949,851.91</u>			
	TOTAL VENDORS OVER \$10,000	2,949,851.91			
	TOTAL VENDORS UNDER \$10,000	299,951.79			
	TOTAL VENDOR EXPENSES-Nov.	<u>3,249,803.70</u>			

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	3,948,861.26	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1001	KERN MEDICAL CENTER	2,705,891.18	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & GROW CLINIC GRANT	COMMUNITY GRANTS
T4391	OMNI FAMILY HEALTH	1,730,503.81	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS-FINAL PAYMENT & 2016-2018 COMMUNITY GRANT-HEALTH HOME GRANT	COMMUNITY GRANTS
T4699	ZeOMEGA, INC.	1,396,081.84	IMPLEMENTATION OF MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4695	EDIFECs, INC.	1,358,781.22	PERPETUAL LICENSES FOR EDI MANAGEMENT SOFTWARE SOLUTION & ANNUAL TSM OF TRANSACTION MANAGEMENT	CAPITAL PROJECT IN PROCESS
T1408	DELL MARKETING L.P.	1,097,990.01	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, 4-POWER EDGE M360 BLADE SERVERS, 5- E5470 LATITUDE LAPTOPS WITH CARRYING BAGS, 1 TARGUS USB	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T2726	DST PHARMACY SOLUTIONS, INC.	1,006,073.70	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4654	DELAWIE	888,491.99	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T1071	CLINICA SIERRA VISTA	853,652.70	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & MEDICAL RESPITE PROGRAM	COMMUNITY GRANTS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4237	FLUIDEDGE CONSULTING	830,831.44	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
T4350	COMPUTER ENTERPRISE INC.	678,558.20	2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4696	ZNALYTICS, LLC	656,509.64	CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4392	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	596,916.17	2017 QNXT ANNUAL MAINTENANCE, CONSULTING SERVICES, REGISTRATION	MIS INFRASTRUCTURE
T3460	THE GUARDIAN LIFE INSURANCE CO.	549,256.31	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC	524,204.34	2017/2018 INSURANCE RENEWALS	ADMIN
T4327	MCKESSON TECHNOLOGIES INC.	494,938.46	ANNUAL CLAIM CHECK SOFTWARE LICENSE & ADDTL COVERED LIVES FEES -----YR 2 OF 3	CLAIMS
T4582	HEALTHX, INC	391,300.00	PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4308	TRUXTUN PLACE PARTNERS	326,513.04	TRUXTUN- LEASE AND UTILITIES EXPENSE	CORPORATE SERVICES
T2707	ACT 1 PERSONNEL SERVICES, INC.	320,022.64	TEMPORARY HELP	VARIOUS
T2167	PG&E	315,756.92	ANNUAL TRUE-UP FOR 2016 USAGE/UTILITIES & ELECTRICAL & GAS SERVICES FOR NEW BUILDING	CORPORATE SERVICES & CAPITAL PROJECT - NEW BUILDING
T4193	TECHNOSOCIALWORK.COM	293,283.88	OCR SERVICES AND PROFESSIONAL SERVICES FOR ICD-10 PROJECT	CLAIMS
T2413	TREK IMAGING INC	234,364.30	PROMOTIONS - MEMBER GIVEAWAYS & EMPLOYEE PROGRAMS	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1845	DEPARTMENT OF MANAGED HEALTH CARE	222,721.77	MCAL/HFAM ANNUAL ASSESSMENT FEES --1 INSTALLMENT OF 2	ADMINISTRATION
T2961	SOLUTION BENCH, LLC	204,894.10	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	204,769.93	TEMPORARY HELP	VARIOUS
T1597	BAKERSFIELD MEMORIAL HOSP	200,000.00	BMH DIABETIC CLINIC 2016-4TH QUARTER & 2017 1ST, 2ND, & 3RD QTR.	HE-DISEASE MANAGEMENT
T3011	OFFICE ALLY, INC.	183,118.25	EDI CLAIM PROCESSING	CLAIMS
T4546	LEVEL 3 COMMUNIATIONS, LLC	183,058.44	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2355	CALPERS	182,084.00	2017/2018 ANNUAL UNFUNDED ACCRUED LIABILITY	ADMINISTRATION
T4467	MEDISOFTRX, LLC.	159,948.36	PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2584	UNITED STATES POSTAL SVC.-HASLER	150,000.00	POSTAGE-METERED	VARIOUS
T4460	PAYSPAN, INC	146,662.88	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T1272	COFFEY COMMUNICATIONS INC.	141,858.21	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T2597	FUSION STORM INC.	141,863.01	HARDWARE- 3 SERVERS, NEXT GENERATION SECURITY MANAGEMENT & SUPPORT, 24PORT WEB MNGT & SUPPORT, 4PORT BASE-T RJ45 INTERFACE CARD, JUNIPER CARE 3YR	MIS INFRASTRUCTURE
T4478	AMERICAN FIDELITY ASSURANCE CO.	141,044.01	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4168	RELAYHEALTH	138,408.89	EDI CLAIM PROCESSING	CLAIMS
T4331	VERCEND TECHNOLOGIES, INC.	132,225.00	2ND YR - ANNUAL LICENSE FEES	HEALTH SERVICES-QI



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2933	SIERRA PRINTERS, INC.	131,960.56	PROVIDER DIRECTORIES	PROVIDER RELATIONS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	129,188.57	EDI CLAIM PROCESSING	CLAIMS
T1861	CEREDIAN BENEFITS SERVICES	127,080.15	DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
TT4452	WELLS FARGO 3500 2469	126,536.85	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T2918	STINSON'S	124,577.06	OFFICE SUPPLIES & EQUIP UNDER \$1,000	VARIOUS
T4165	SHI INTERNATIONAL CO.	121,175.55	VMMARE VSPHERE SUPPORT/SUBSCRIPTION, 2017 PORTFOLIO MAINTENANCE, CISCO UNIFIED COMMUNICATIONS SOFTWARE/MAINTENANCE	MIS INFRASTRUCTURE & CAPITAL PROJECT IN PROCESS.
T1183	MILLIMAN USA	112,656.62	CY2016 RDT, 2018 RATE SUPPORT, AND VALUE-BASED PURCHASING ANALYSIS	ADMINISTRATION
T4396	KAISER FOUNDATION HEALTH-DMHO	106,622.62	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4686	CENTRIC HEALTH	104,286.54	COMMUNITY BENEFIT PROGRAM GRANT	COMMUNITY GRANTS
T2837	TOYS/BABIES R US	100,876.80	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
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
T2969	AMERICAN BUSINESS MACHINES INC	89,081.41	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4733	UNITED STAFFING ASSOCIATES	84,700.28	TEMPORARY HELP	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2469	DST HEALTH SOLUTIONS, INC.	83,110.49	MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T2292	CITY OF BAKERSFIELD	81,619.05	UTILITES-GARBAGE/SEWER FEES, PLAN FEES COMMERCIAL NEW BUILDING	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY	79,710.25	2017 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
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
T2562	CACTUS SOFTWARE LLC	67,760.00	ANNUAL CACTUS LICENSE & CONSULTING FEES	MIS INFRASTRUCTURE
T4603	ECFIRST.COM	67,022.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM SECURITY	CAPITAL PROJECT IN PROCESS
T3084	KERN COUNTY-COUNTY COUNSEL	65,330.40	LEGAL FEES	ADMINISTRATION
T4059	KERN VALLEY HEALTH CARE DISTRICT	64,824.45	2015-2016 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
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
T4637	BURKE, WILLIAMS & SORENSEN, LLP	59,500.01	LEGAL FEES	CAPITAL PROJECT-NEW BUILDING
T4687	MCINTOSH & ASSOCIATE	55,653.95	PROFESSIONAL SERVICES	CAPITAL PROJECT-NEW BUILDING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4740	HEALTHCARE SCOUTS, INC	55,298.26	RECRUITMENT/DIRECT HIRE-DISEASE MANAGEMENT RN S. COLLINS & C. BARNETT CLINICAL INTAKE COORDINATOR RN I	HUMAN RESOURCES
T4685	NATIONAL GIFT CARD CORP	53,612.90	HOME HEALTH INCENTIVE PROGRAM	HOME HEALTH
T4688	VANGUARD MEDICAL CORPORATION	53,481.89	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4294	PAOLA DELGADO	52,600.00	MAINTENANCE-JANITORIAL SERVICES	CORPORATE SERVICES
T4653	FORMS ON FIRE, INC.	50,993.75	SOFTWARE SUBSCRIPTION/MAINTENANCE & SUPPORT	HE-QI
T4386	STACY POEHLMAN	50,027.60	PROFESSIONAL SERVICES	PROVIDER RELATIONS
T4678	XEROX STATE HEALTHCARE, LLC	48,975.00	CONSULTING SERVICES	PROVIDER RELATIONS
T2446	AT&T MOBILITY	48,462.84	CELLULAR PHONE	MIS INFRASTRUCTURE
T4561	SRI & SHARMA, LLC	48,125.00	PARKING SPACE RENTAL	CORPORATE SERVICES
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
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	45,072.00	SPONSORSHIP & BOARD MEETING LUNCH	MARKETING
T4778	CLINICA LA VICTORIA A MEDICAL CORP	43,999.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4563	SPH ANALYTICS	43,535.00	2017 MEMBER/PROVIDER SATISFACTION	MEMBER SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4707	SHAFTER PEDIATRICS	43,337.07	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1957	MERCY FOUNDATION-BAKERSFIELD	42,500.00	DAVINCI CAMPAIGN SPONSORSHIP & 2018 HEALTH COVERAGE DAY SPONSORSHIP.	ADMINISTRATION
T3986	JACQUELYN S. JANS	41,505.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	MARKETING
T4694	KELLY SERVICES, INC.	41,176.14	TEMPORARY HELP & DIRECT HIRE FEES	VARIOUS
T3449	CDW GOVERNMENT	40,125.83	HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T4479	BAKERSFIELD PEDIATRICS, A MEDICAL GROUP	40,111.42	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4483	PREMIER VALLEY MEDICAL GROUP	40,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4737	TEKSYSTEMS, INC.	39,198.72	DIRECT HIRE- K. YEBUAH, DATA ANALYTICS AND REPORTING, SUPERVISOR	HUMAN RESOURCES
T2941	KERN PRINT SERVICES INC.	39,093.87	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	38,830.00	BUILDING SECURITY & PATROLING SERVICES	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1128	HALL LETTER SHOP, INC	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
T1180	LANGUAGE LINE SERVICES INC.	36,839.26	INTERPRETATION SERVICES	MEMBER SERVICES
T4607	AGILITY RECOVERY SOLUTIONS INC.	36,288.00	DISASTER RECOVERY AND BUSINESS CONTINUITY	ASIS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	35,194.00	2017 ANNUAL DUES ASSESSMENT & ANNUAL CONFERENCE REGISTRATION	ADMINISTRATION
T4749	ST. JOHN CRITICAL CARE MEDICAL GROUP INC.	35,000.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2955	DELTA ELECTRIC INC.	34,880.29	BUILDING MAINTENANCE	CORPORATE SERVICES
T4690	RONNIE CLAIBORNE A PROFESSIONAL CORPORATION	34,800.05	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3378	CARRIER CORPORATION	34,357.04	BUILDING MAINTENANCE	CORPORATE SERVICES
T2441	LAURA J. BREZINSKI	34,264.00	MATERIAL DESIGN	VARIOUS
T4634	EXECUTIVE STAFFING SOLUTIONS	34,000.00	RECRUITMENT FEES	HUMAN RESOURCES
T1032	THE BAKERSFIELD CALIFORNIAN	33,591.76	EMPLOYMENT AD	HUMAN RESOURCES
T4812	COMPREHENSIVE WOUND CARE	33,426.18	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4646	LOOKINGPOINT, INC.	33,337.57	CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY	32,895.80	2016-2017 ANNUAL WORKERS' COMPENSATION	VARIOUS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	32,543.81	CONSULTING SERVICES	MIS INFRASTRUCTURE
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
T4503	VISION SERVICE PLAN	30,925.80	EMPLOYEE BENEFITS-VISION	VARIOUS
T4594	MEDVERSANT TECHNOLOGIES, LLC	30,250.00	CONSULTING SERVICES	PROVIDER RELATIONS
T4683	CLAUDIA M. BACA	29,978.92	CONSULTING SERVICES	PROJECT MANAGEMENT
T4496	VOX NETWORK SOLUTIONS	29,976.00	WORKFORCE MANAGEMENT ADVANCED PACKAGE	MIS INFRASTRUCTURE
T4183	LAMAR ADVERTISING OF BAKERSFIELD	29,650.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T2755	VELOCITY PARTNERS, LLC	29,376.00	CONSULTING FEES FOR CLAIMS WORKFLOW, UM REMOTE NURSE, QI WORKFLOW, MEMBERSHIP, AUDIT, AND CORE PROJECT	MIS INFRASTRUCTURE
T4228	THE SSI GROUP, LLC	28,785.20	EDI CLAIM PROCESSING	CLAIMS
T4433	MICRO-DYN MEDICAL SYSTEMS, INC.	28,580.00	APR-DRG GROUPER SOFTWARE/LICENSE	MIS INFRASTRUCTURE



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2234	HASMUKH AMIN MD	27,867.75	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	27,000.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T3990	SPARKLETTS INC.	26,695.77	DRINKING WATER, WATER COOLER RENTALS	CORPORATE SERVICES
T4384	PINNACLE PRIMARY CARE, INC.	26,062.26	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4739	SECURITAS SECURITY SERVICES USA, INC.	25,164.96	SECURITY SERVICES	CORPORATE SERVICES
T1347	ADVANCED DATA STORAGE	24,494.01	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T1022	UNUM LIFE INSURANCE CO.	23,853.06	EMPLOYEE LONG TERM AND LIFE INSURANCE	PAYROLL DEDUCTION
T4708	HEALTH MANAGEMENT ASSOCIATES, INC	22,470.00	CONSULTING FEES	PROVIDER RELATIONS
T4640	REGAL CINEMEDIA CORP	22,140.00	MEMBER INCENTIVE PROGRAM	HE-QI
T4239	COAST TO COAST COMPUTER	22,100.16	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

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
Jaquelyn S. Jans	\$ 45,360.00	Yes	MK	Louie Iurria	Marketing and Corporate Image Consulting	1/1/2017	12/31/2017
Poppoock Designs	\$ 36,000.00	Yes	MK	Louie Iurria	Graphic design services	1/1/2017	12/31/2017
Skillsoft	\$ 62,510.79	Yes	HR	Anita Martin	Online training for employees	1/31/2017	1/30/2019
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 Scafinity 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
Deil	\$ 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							
Eclair	\$ 49,995.00	Yes	IT	Richard Pruitt	HIPAA/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) SQL Optimizer and (20) Spotlight licenses	9/28/2017	10/6/2018
Deil	\$ 94,805.16	Yes	IT	Richard Pruitt	(4) Power Edge M630 Blade Servers, maintenance & Support	9/28/2017	9/27/2022
Edifecs	\$ 70,120.00	Yes	IT	Richard Pruitt	Edifecs 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 Braining	Disaster recovery and business continuity	10/3/2017	10/2/2019
Deil	\$ 98,228.96	Yes	IT	Richard Pruitt	Brocade 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 Iurria	(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
November							
SHI	\$ 99,632.01	Yes	IT	Richard Pruitt	Nimble storage	11/17/2017	11/16/2020
December							
Forms on Fire	\$ 40,920.75	Yes	UM	Deborah Murr	Software subscription, maintenance and support for software, Phase II	12/12/2017	12/11/2018
Deil	\$ 59,544.72	Yes	IT	Richard Pruitt	Software maintenance and technical support for VMware	12/31/2017	12/30/2020
Deil	\$ 71,679.45	Yes	IT	Richard Pruitt	True-up, Microsoft software products	1/1/2017	12/31/2017
Milliman	\$ 35,000.00	Yes	ACCT	Robert Landis	Value Based Payment for Kern Medical	12/20/2017	7/5/2018



To: KHS Board of Directors

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

Date: February 8, 2018

Re: Health Services Trend Report

Medical Cost and Utilization Trend Analyses: (Attachment A)

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

The utilization of physician services by the SPDs is leveling off even though it is still over the PMPM budget. The average cost per visit exceeds budget also, but is beginning to trend lower. In 2018, a new Medical Management Plan will be implemented to address high cost areas. As this new program becomes operational, cost per visit for SPDs should come down. All other groups are at or below budget for professional services utilization. Type II diabetes and End Stage Renal disease are now the first and second diagnoses for out patient physician 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. KHS's Care Management Program is being redesigned to better align with the needs of our current population demographics.

Pharmacy

The monthly cost and utilization per enrollee for all aid categories is at or below budget through December 2017. However, with the flu season as severe as it is being described, Pharmacy cost should rise in January, 2018.

Inpatient Services

The overall PMPM for inpatient utilization for all aid codes is at or below budget. We are seeing a spike in cost per bed day for our Family/other aid code. We are analyzing the data which points to a few very ill members in tertiary hospitals. 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 who are at the end of life. The top inpatient diagnosis for the family Aid code members is single live born infants and full-term uncomplicated deliveries.

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 the 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 combine Aide codes is acute upper respiratory infection, unspecified.

Hospital Utilization Reports (Attachment B Attachment C Attachment D)

Inpatient Admissions

Total inpatient admissions for December 2017 increased slightly compared to the prior month. Bakersfield Memorial Hospital continues to provide the largest segment of inpatient services. KM accounts for the second highest number of admissions. Mercy and San Joaquin Community are slightly lower with 203 and 194 admissions respectively. Out of area admissions continues to accelerate upward to where it constitutes our second highest volume of admissions overall for December.

Obstetrics Services

During the month of November, 2017, vaginal births accounted for 80% of the births and cesarean section 20%. The percent of cesarean births dropped from 22% to 20% when compared to the prior month and to November, 2016.

ER Visits

Over the past 12 months ER visits have trended downward or leveled off for all hospitals but BMH and Mercy. The number of visits for the number of members enrolled continues to be within acceptable parameters.

4th Quarter, 2017 HEDIS Report (Attachment E)

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

Each measurement count requires a patient encounter specific to service(s), that when performed, will indicate the measurement was met for that patient. All KHS members identified as having

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

Of the 14 HEDIS measures displayed here, 10 measures are in green and on target to meet expectation. The 2 measures in yellow show a 5% or less variance to the previous year’s rate. In such cases, staff closely monitors yellow measures to see that trends come back in line with prior year’s results. Measures showing red are actively managed and will be investigated to determine what additional steps may be necessary to bring them in line with expectation.

As we continue to receive encounter and claims information from our network we are expecting to see many other measures being at least at MPL

Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

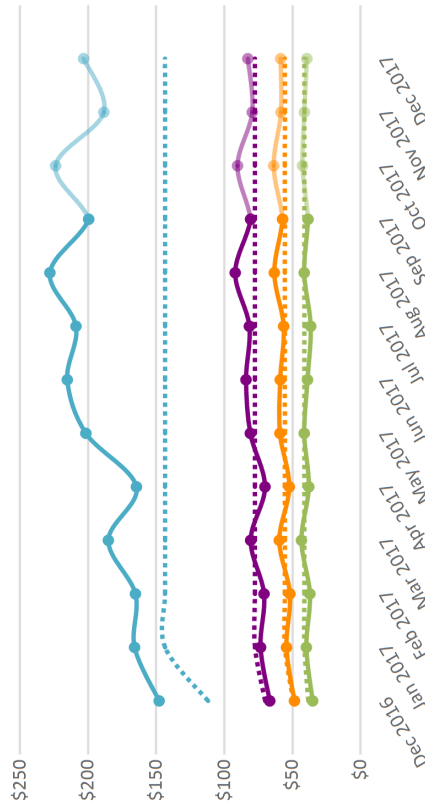


Physician Services

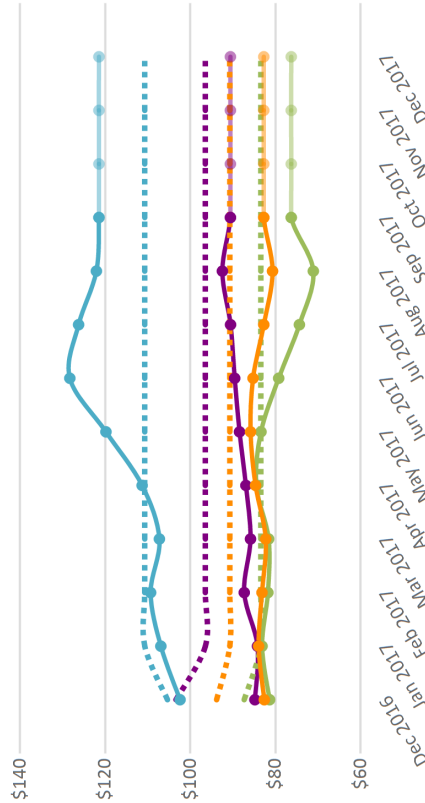
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

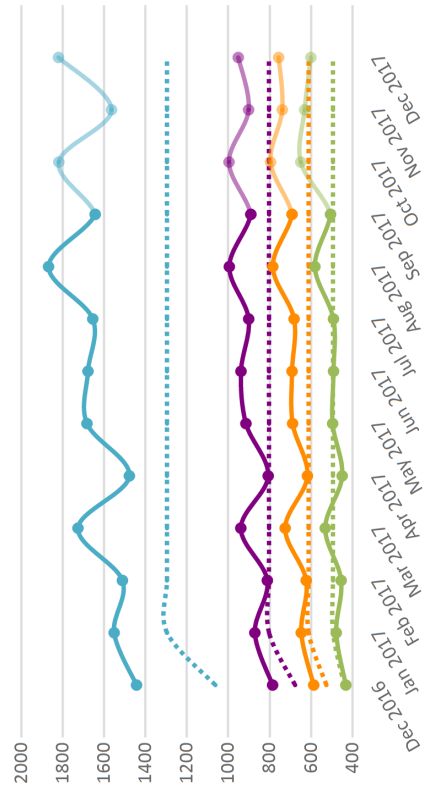
Professional Services Incurred by Aid Group PMPM



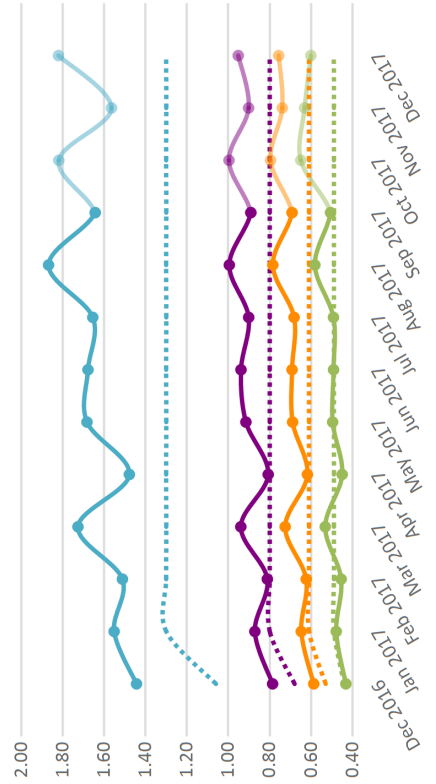
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





Governed Reporting System

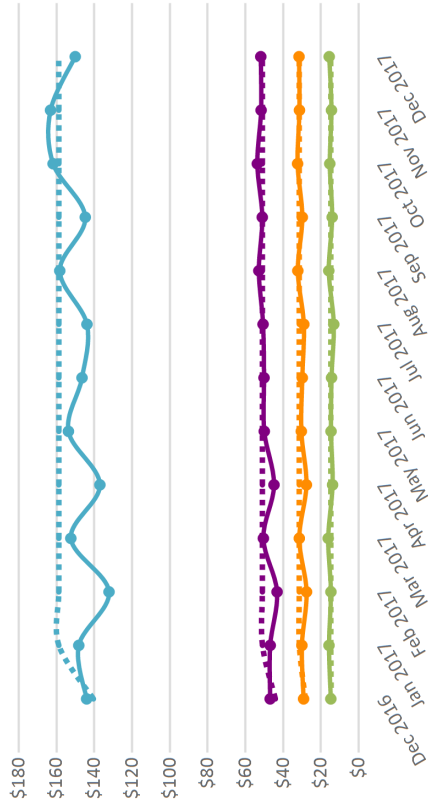


Pharmacy

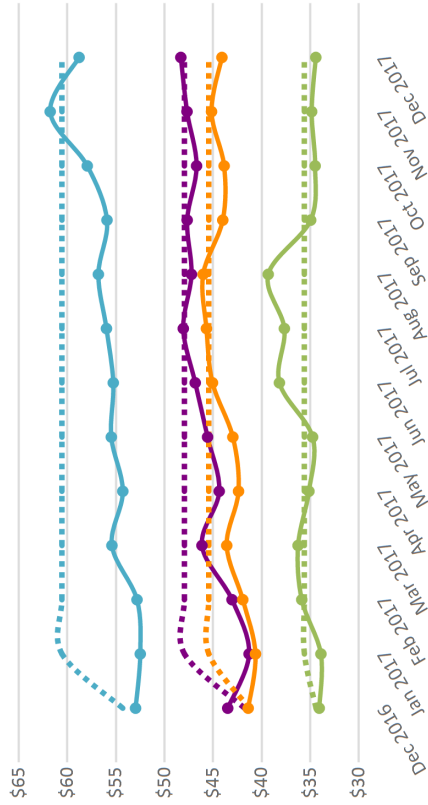
(Includes: Claims paid by PBM)

- 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

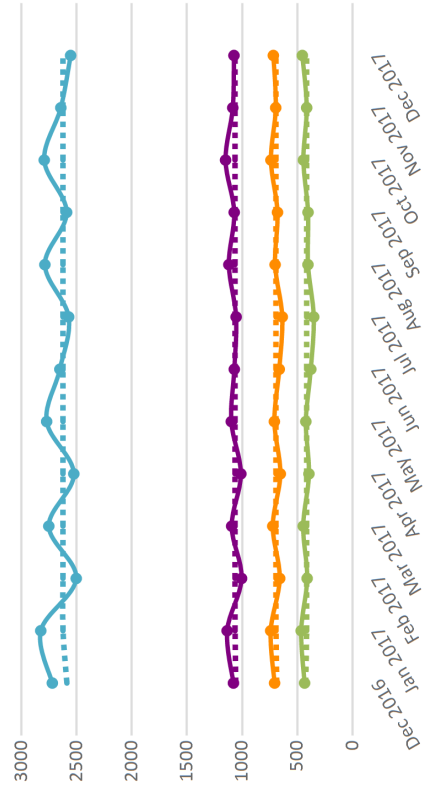
Pharmacy Services Incurred by Aid Group PMPM



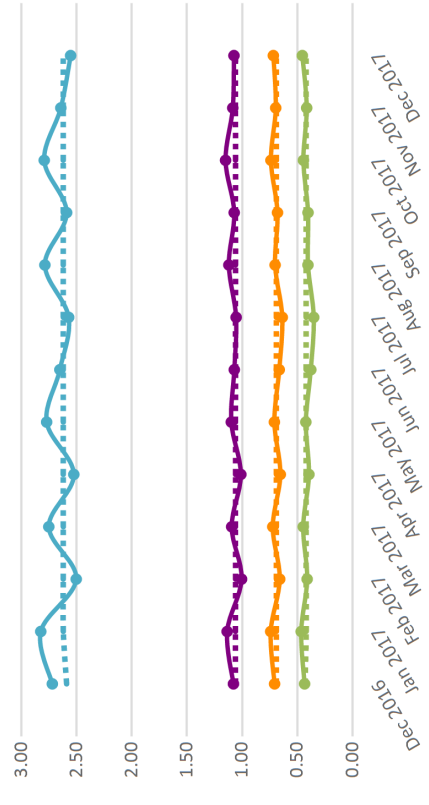
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





Governed Reporting System

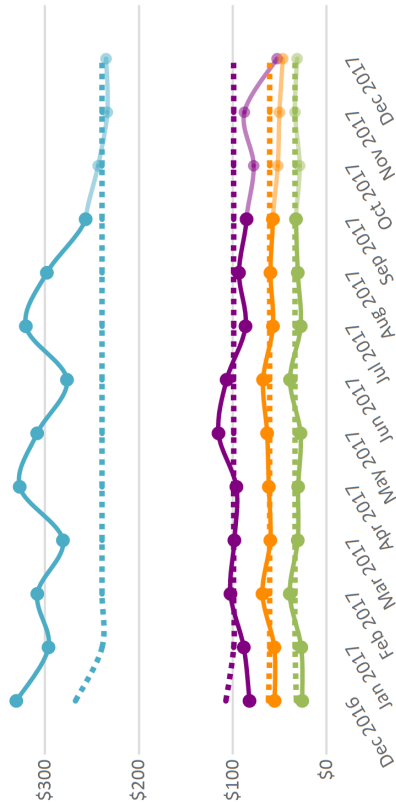


Inpatient

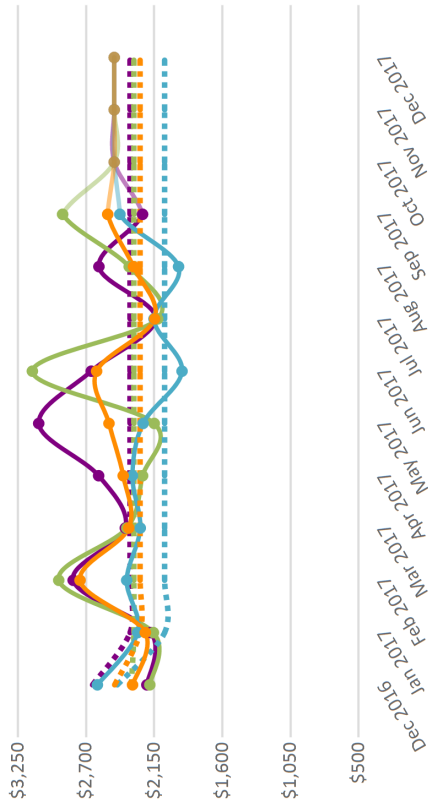
(Includes: Inpatient Hospital Claims)

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

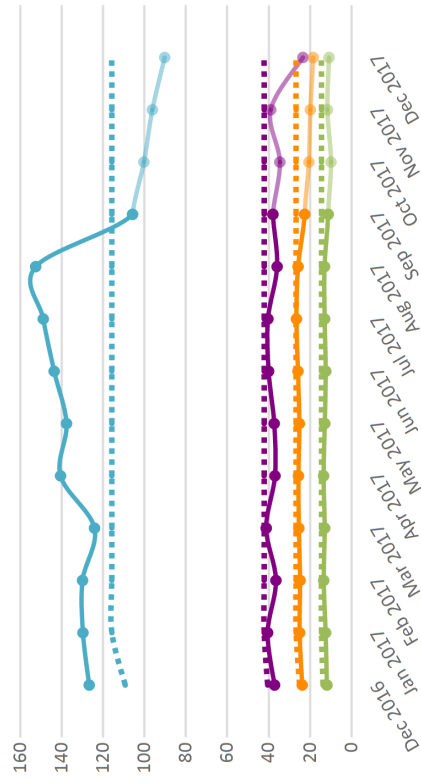
Inpatient Services Incurred by Aid Group PMPM



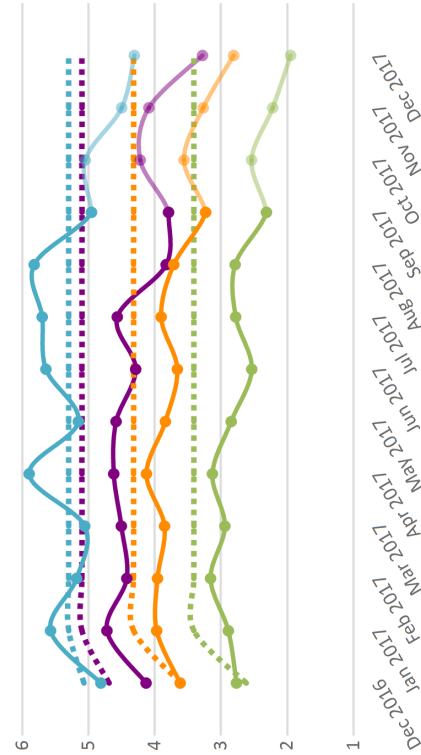
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group

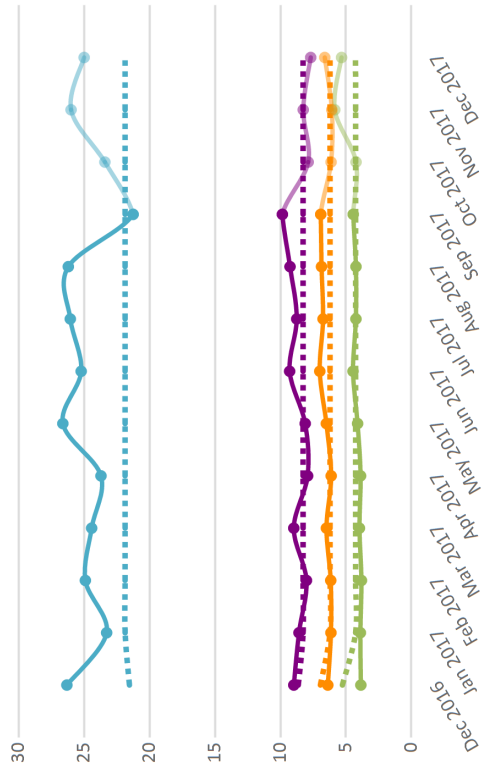


Inpatient

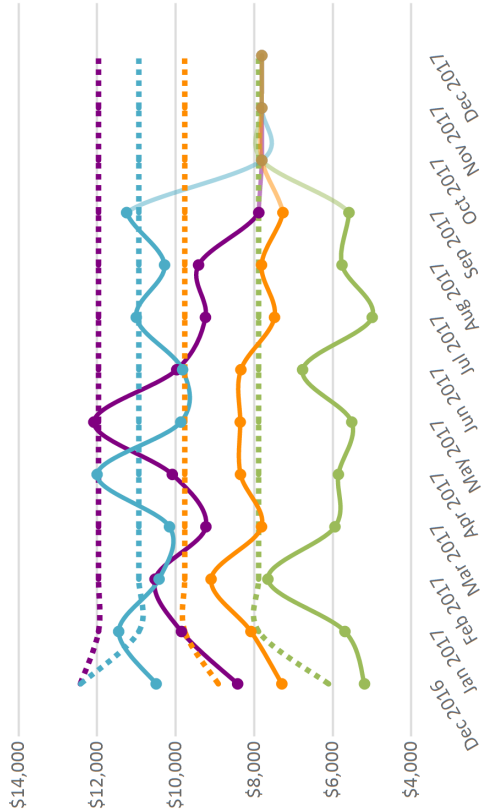
(Includes: Inpatient Hospital Claims)

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

Incurring Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

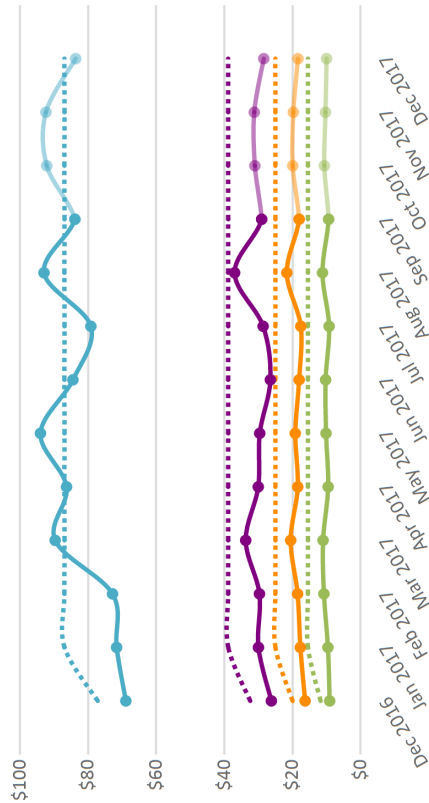


Outpatient Hospital

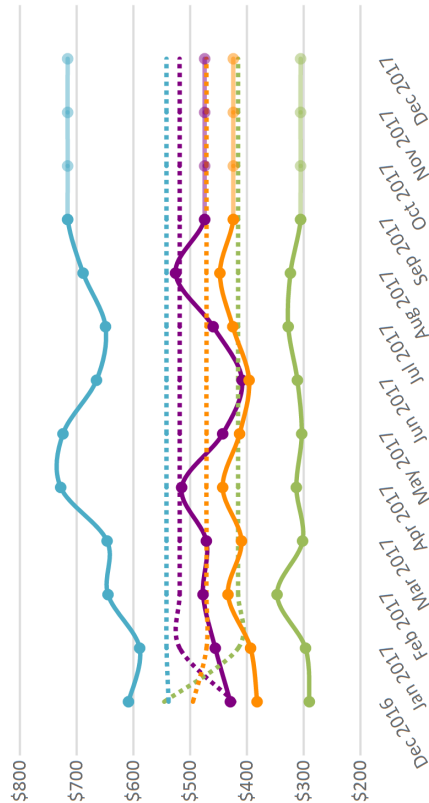
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

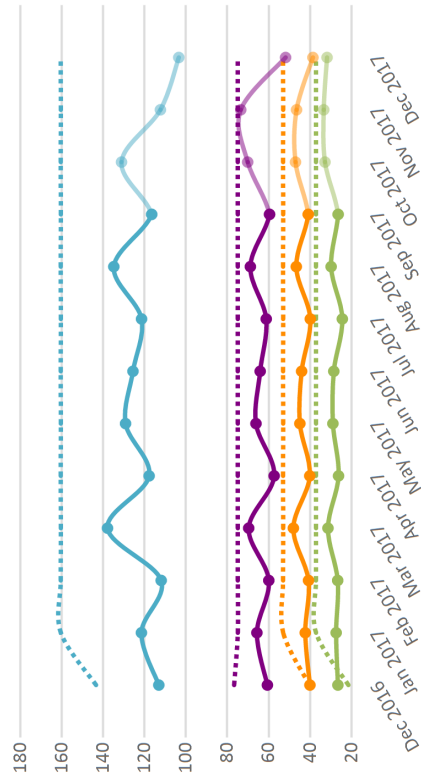
Outpatient Services Incurred by Aid Group PMPM



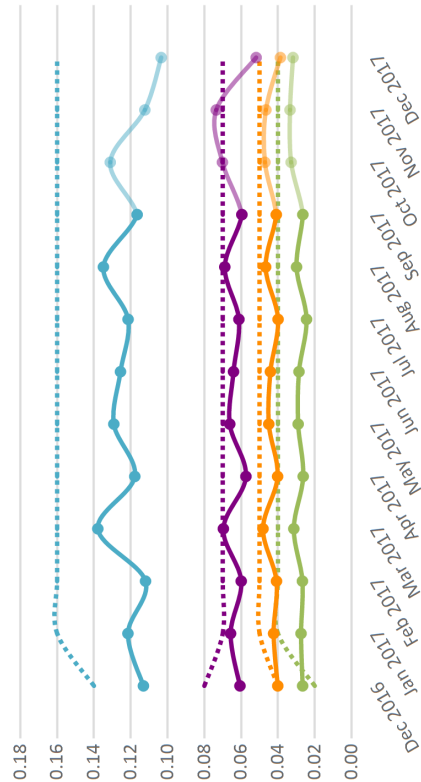
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





Governed Reporting System

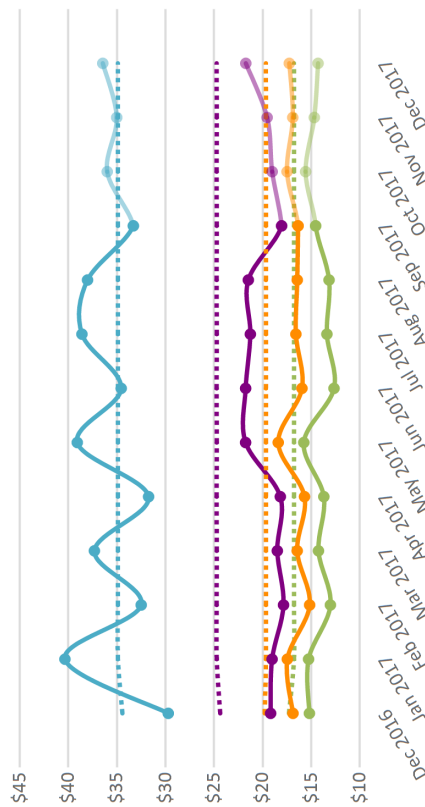
Emergency Room



- MICAL Expansion - Actual
- MICAL Expansion - Budget
- MICAL Expansion - Forecast

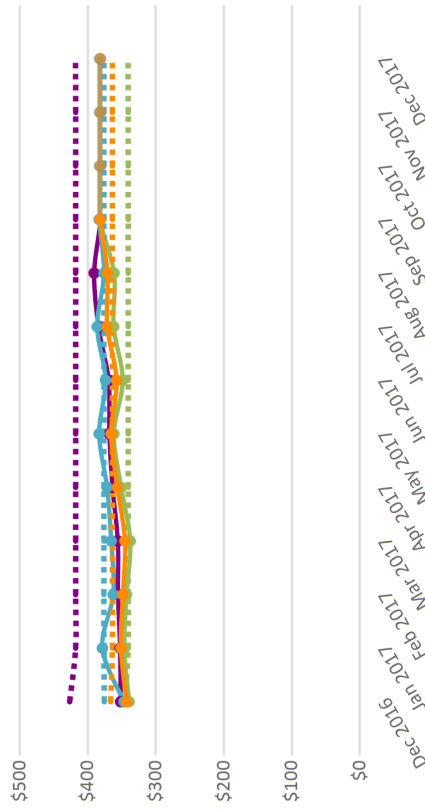
- MICAL Family\Other - Actual
- MICAL Family\Other - Budget
- MICAL Family\Other - Forecast

ER Services Incurred by Aid Group PMPM

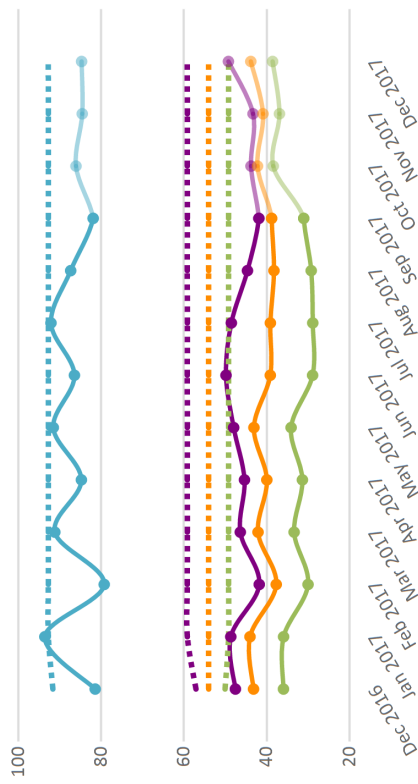


- Total Combined - Actual
- Total Combined - Budget
- Total Combined - Forecast

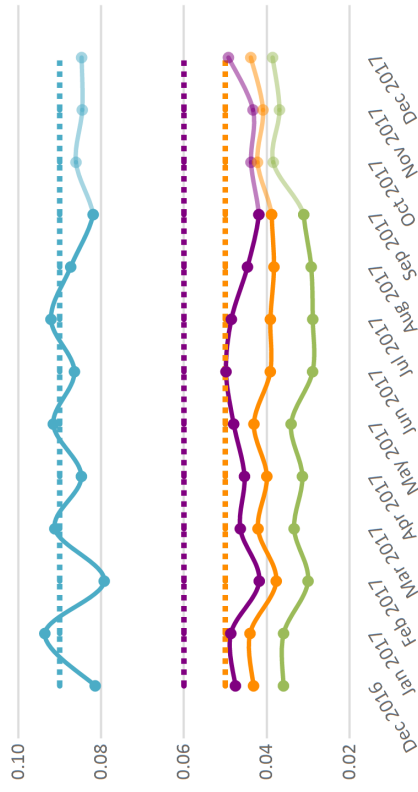
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



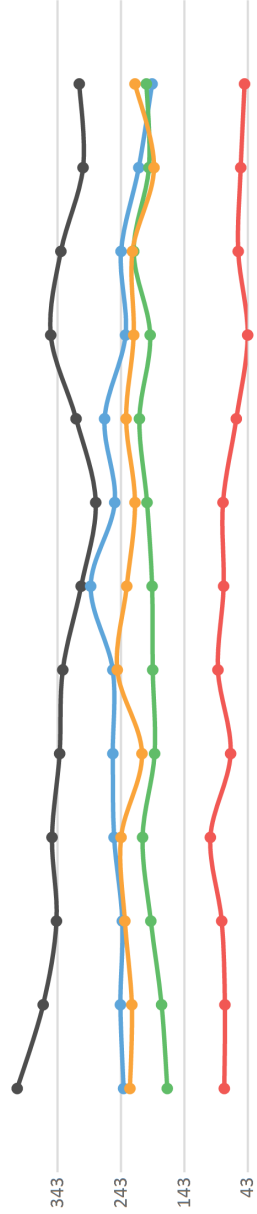
ER Visits per Member per Month by Aid Group



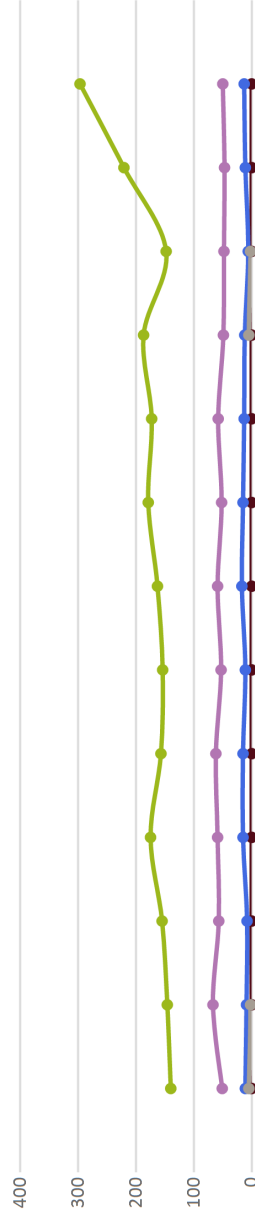


Governed Reporting System

Inpatient Admits by Hospital



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
BAKERSFIELD MEMORIAL	407	366	345	352	340	335	306	283	314	354	338	303	309
SAN JOAQUIN COMMUNITY	239	244	241	254	256	256	291	253	269	236	243	215	194
KERN MEDICAL	229	226	237	243	210	249	234	221	235	223	225	191	221
MERCY HOSPITAL	170	179	196	209	190	193	194	202	214	197	223	199	203
GOOD SAMARITAN HOSPITAL	80	79	84	102	70	90	81	82	61	43	58	54	48

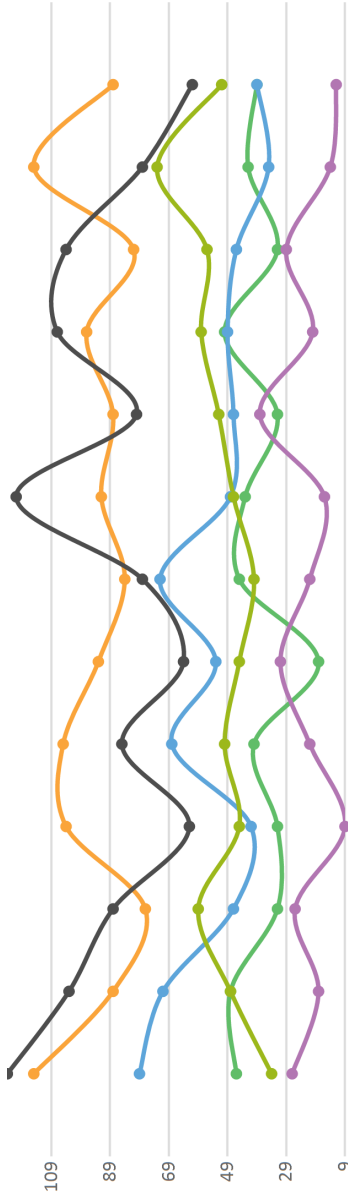


	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
OUT OF AREA	140	146	155	175	157	154	163	179	173	187	148	221	297
BAKERSFIELD HEART HOSP	12	17	17	14	10	13	43	44	49	47	52	67	74
DELANO REGIONAL HOSPITAL	51	67	57	59	62	53	59	52	58	49	48	47	50
KERN VLY HLTHCRE HOSP	11	9	8	15	15	11	17	15	13	12	6	11	13
ADVENTIST HEALTH MEDICAL CENTER	5	2	0	0	0	0	0	0	0	5	2	0	0

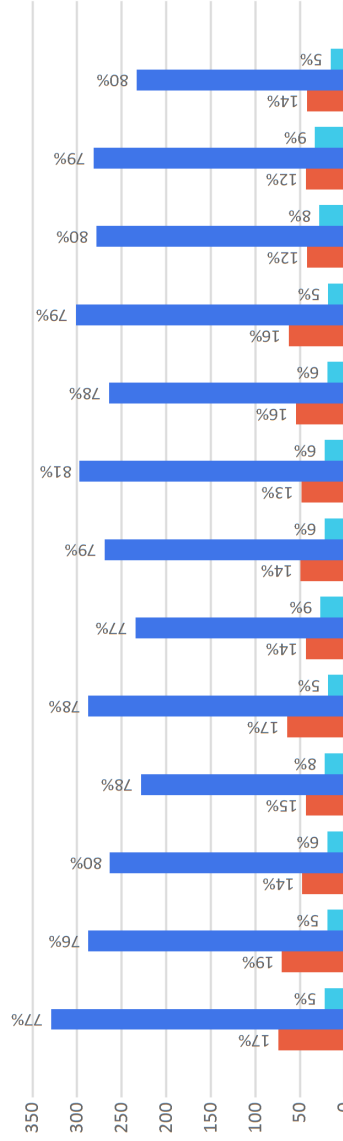


Governed Reporting System

Obstetrics Metrics



	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
BAKERSFIELD MEMORIAL	124	103	88	62	85	64	78	121	80	107	104	78	61
KERN MEDICAL	115	88	77	104	105	93	84	92	88	97	81	115	88
SAN JOAQUIN COMMUNITY	79	71	47	41	68	53	72	48	47	49	46	35	39
MERCY HOSPITAL	46	48	32	32	40	18	45	43	32	50	32	42	39
DELANO REGIONAL HOSPITAL	27	18	26	9	21	31	21	16	38	20	29	14	12
OTHER	34	48	59	45	50	45	40	47	52	58	56	73	51

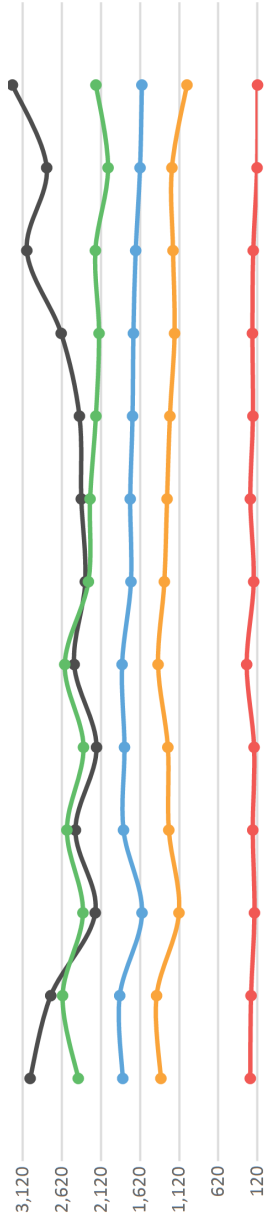


	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
VAGINAL DELIVERY	329	287	263	228	287	234	269	297	264	301	278	281	233
C-SECTION DELIVERY	74	70	47	43	64	43	49	48	54	62	42	43	42
PREVIOUS C-SECTION DELIVERY	22	19	19	22	18	27	22	22	19	18	28	33	15

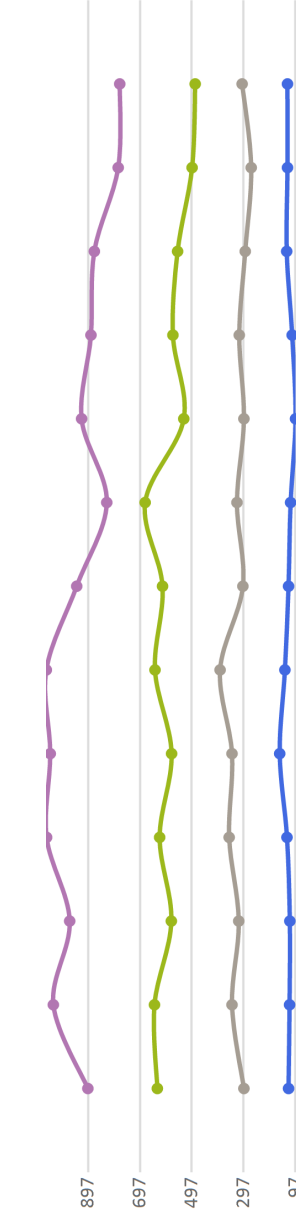


Governed Reporting System

Emergency Visits by Hospital



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
BAKERSFIELD MEMORIAL	3,026	2,762	2,194	2,447	2,177	2,463	2,321	2,372	2,396	2,629	3,068	2,814	3,252
MERCY HOSPITAL	2,411	2,611	2,351	2,556	2,344	2,583	2,281	2,260	2,185	2,145	2,192	2,030	2,185
SAN JOAQUIN COMMUNITY	1,842	1,881	1,596	1,833	1,820	1,851	1,737	1,747	1,717	1,706	1,677	1,621	1,598
KERN MEDICAL	1,355	1,410	1,124	1,254	1,266	1,391	1,311	1,276	1,240	1,180	1,200	1,214	1,022
BAKERSFIELD HEART HOSP	213	203	159	181	164	259	169	212	179	185	175	126	120



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
DELANO REGIONAL HOSPITAL	898	1,031	968	1,057	1,043	1,058	941	825	922	886	873	781	775
OUT OF AREA	630	641	576	621	575	639	610	677	528	570	552	496	484
ADVENTIST HEALTH MEDICAL CENTER	296	342	316	353	342	388	300	323	296	314	291	268	303
KERN VLY HLTHCRE HOSP	124	120	119	130	158	138	124	116	97	110	131	128	128



Kern Health Systems

HEDIS Trending Dashboard December 2017



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Measure	Current Year %	Prior Year %	% Point Change
CCS	47.12%	45.30%	1.82%
CIS - Combo 3	39.07%	35.40%	3.67%
WCC - Nc	15.51%	8.50%	7.01%
CDC - Eye Exam	27.89%	34.45%	-6.56%
PPC - Postpartum	56.12%	49.58%	6.54%
WCC - Pac	10.48%	3.55%	6.93%
CDC - Hba1c Test	80.35%	78.23%	2.12%
PPC - Prenatal	67.29%	72.67%	-5.38%
WCC - Pac	10.48%	3.55%	6.93%
CDC - Nephropathy	86.82%	88.21%	-1.40%
W34	63.48%	62.47%	1.01%
WCC - Pac	10.48%	3.55%	6.93%
LBP	69.48%	71.56%	-2.08%
MPM - Ace Inhibitors	88.28%	87.32%	0.96%
MPM - Diuretics	88.08%	87.11%	0.97%
AAB	51.22%	34.25%	16.97%

Hybrid Measures

Administrative Measures



Governed Reporting System

Hybrid Measures



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Cervical Cancer Screening (CCS)

The percentage of women 21–64 years of age who were screened for cervical cancer using either of the following criteria: 1. Women age 24–64 who had cervical cytology performed every 3 years 2. Women age 30–64 who had cervical cytology/human papillomavirus (HPV) co-testing performed every 5 years.

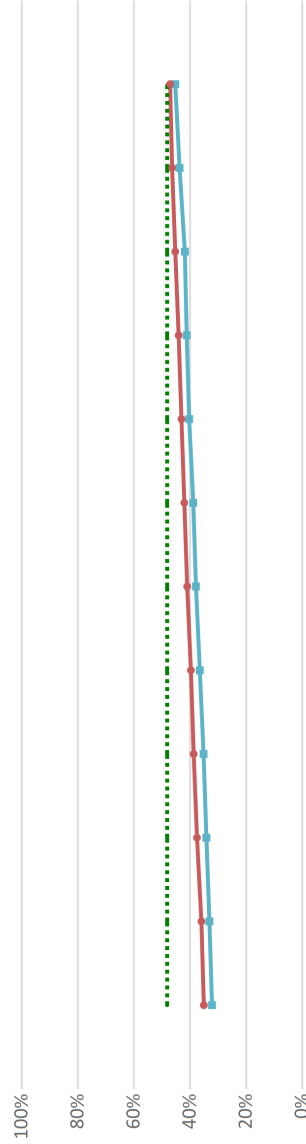
CCS

47.12 %

Prior Year 45.30%

% Point Change 1.82%

$$\frac{21,023}{44,617} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	32.18%	33.11%	34.18%	35.20%	36.53%	37.91%	38.86%	40.33%	41.21%	41.88%	43.75%	45.30%
2017	35.10%	35.97%	37.53%	38.72%	39.72%	41.04%	42.06%	43.08%	44.09%	45.29%	46.42%	47.12%
MPL	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%	48.18%

HEDIS Trending Year-Over-Year Comparison

Comprehensive Diabetes Care (CDC - EYE EXAM)

The percentage of members 18–75 years of age with diabetes (type 1 and type 2) who had Eye exam (retinal) performed.

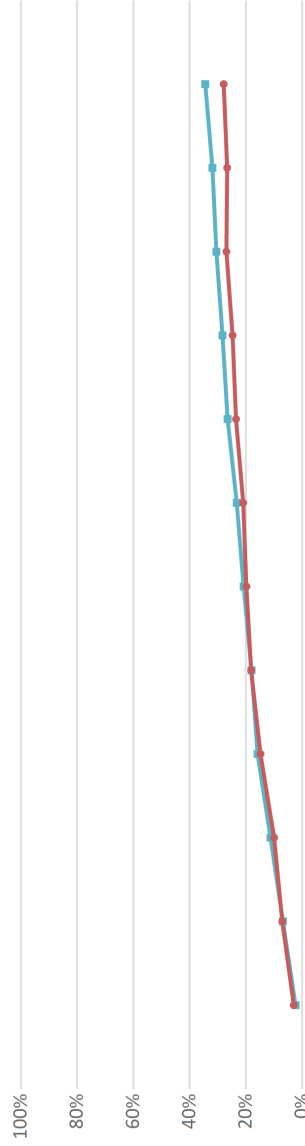
CDC - Eye Exam

27.89 %

Prior Year 34.45%

% Point Change -6.56%

$$\frac{2,931}{10,508} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	2.36%	6.83%	11.22%	15.86%	18.00%	20.81%	23.26%	26.51%	28.34%	30.50%	31.92%	34.45%
2017	2.97%	7.07%	9.96%	14.81%	18.16%	19.83%	20.97%	23.52%	24.74%	26.94%	26.67%	27.89%
MPL												



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Comprehensive Diabetes Care (CDC - HBA1C TEST)

The percentage of members 18–75 years of age with diabetes (type 1 and type 2) who had Hemoglobin A1c (HbA1c) testing.

CDC - Hba1c Test

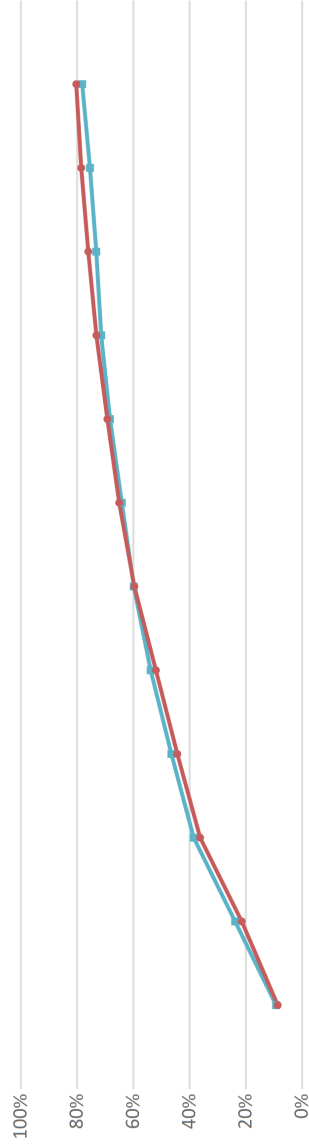
80.35 %

Prior Year 78.23%

% Point Change 2.12%

$$\frac{8,443}{10,508}$$

Numerator
Denominator



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	9.26%	23.84%	38.58%	46.50%	53.87%	59.88%	64.14%	68.34%	71.47%	73.23%	75.47%	78.23%
2017	8.68%	21.48%	36.28%	44.39%	52.01%	59.68%	65.08%	69.28%	73.19%	76.07%	78.58%	80.35%
MPL												

HEDIS Trending Year-Over-Year Comparison

Comprehensive Diabetes Care (CDC - NEPHROPATHY)

The percentage of members 18–75 years of age with diabetes (type 1 and type 2) who had Medical attention for nephropathy.

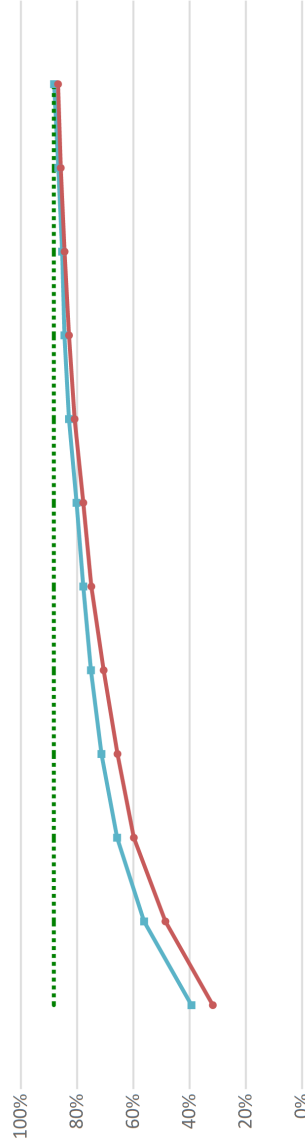
CDC - Nephropathy

86.82 %

Prior Year 88.21%

% Point Change -1.40%

$$\frac{9,123}{10,508} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	39.36%	56.22%	65.82%	71.38%	75.13%	77.85%	80.23%	82.94%	84.55%	85.37%	86.74%	88.21%
2017	31.76%	48.64%	59.86%	65.68%	70.60%	74.98%	77.84%	80.93%	82.92%	84.50%	85.86%	86.82%
MPL	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%	88.32%

HEDIS Trending Year-Over-Year Comparison

Childhood Immunization Status (CIS - COMBO 3)

The percentage of children 2 years of age who had four diphtheria, tetanus and acellular pertussis (DTaP); three polio (IPV); one measles, mumps and rubella (MMR); three H influenza type B (HiB); three hepatitis B (HepB), one chicken pox (VZV); four pneumococcal conjugate (PCV) vaccines by their second birthday.

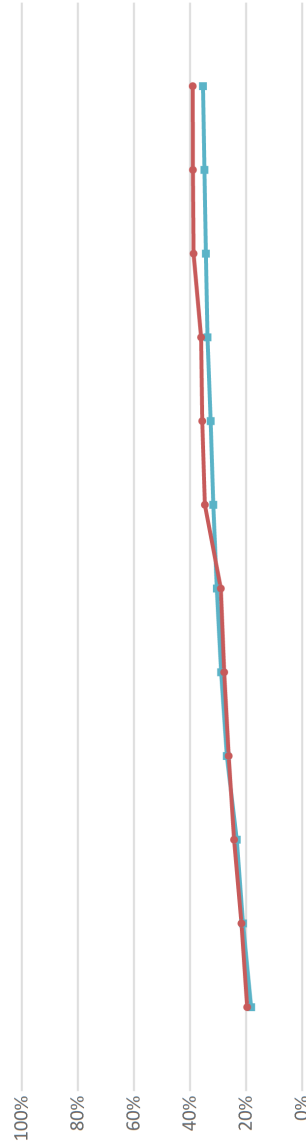
CIS - Combo 3

39.07 %

Prior Year 35.40%

% Point Change 3.67%

$$\frac{2,419}{6,192} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	18.23%	21.13%	23.35%	26.89%	28.92%	30.47%	31.73%	32.67%	33.80%	34.37%	34.89%	35.40%
2017	19.63%	21.68%	24.32%	26.23%	27.84%	29.03%	34.73%	35.67%	36.07%	38.76%	39.00%	39.07%
MPL												

HEDIS Trending Year-Over-Year Comparison

Prenatal and Postpartum Care (PPC - POSTPARTUM)

The percentage of deliveries of live births between November 6 of the year prior to the measurement year and November 5 of the measurement year. Postpartum Care. The percentage of deliveries that had a postpartum visit on or between 21 and 56 days after delivery.

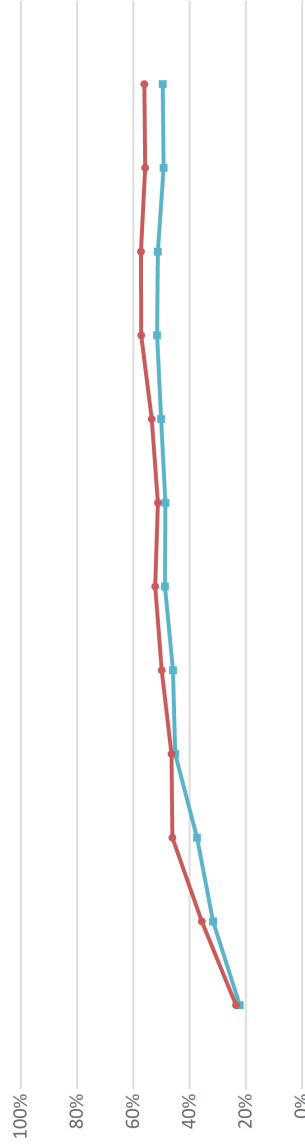
PPC - Postpartum

56.12 %

Prior Year 49.58%

% Point Change 6.54%

$$\frac{2,594}{4,622} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	22.19%	31.68%	37.38%	45.15%	45.94%	48.79%	48.63%	50.16%	51.60%	51.32%	49.28%	49.58%
2017	23.52%	35.69%	46.15%	46.46%	49.95%	52.26%	51.31%	53.50%	57.24%	57.33%	55.84%	56.12%
MPL												



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Prenatal and Postpartum Care (PPC - PRENATAL)

The percentage of deliveries of live births between November 6 of the year prior to the measurement year and November 5 of the measurement year. • Timeliness of Prenatal Care. The percentage of deliveries that received a prenatal care visit as a member of the organization in the first trimester or within 42 days of enrollment in the organization.

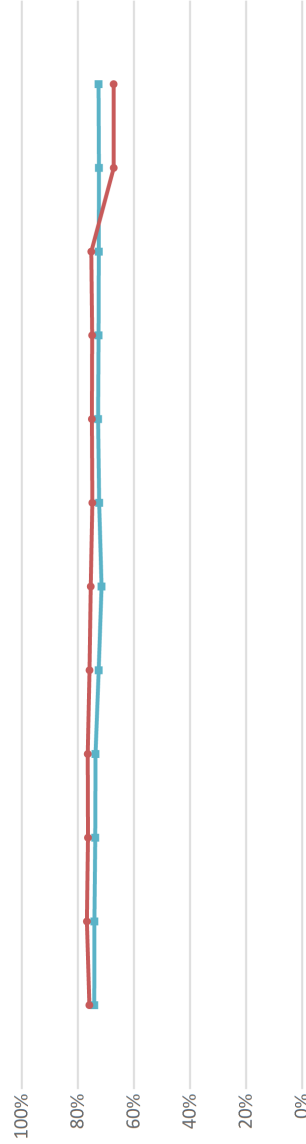
PPC - Prenatal

67.29 %

Prior Year 72.67%

% Point Change -5.38%

$$\frac{3,110}{4,622} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	74.19%	74.13%	73.84%	73.74%	72.61%	71.58%	72.44%	72.82%	72.66%	72.58%	72.54%	72.67%
2017	75.94%	76.82%	76.43%	76.52%	75.89%	75.45%	74.88%	75.05%	74.95%	75.25%	67.25%	67.29%
MPL												

HEDIS Trending Year-Over-Year Comparison

Well-Child Visits in the Third, Fourth, Fifth and Sixth Years of Life (W34)

The percentage of members 3–6 years of age who had one or more well-child visits with a PCP during the measurement year.

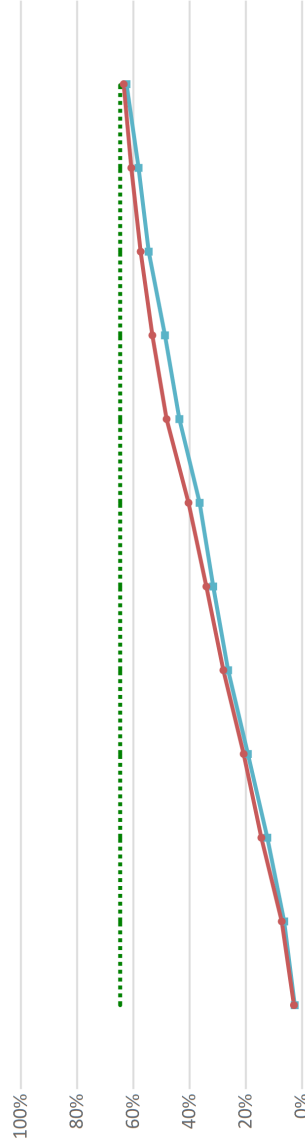
W34

63.48 %

Prior Year 62.47%

% Point Change 1.01%

$$\frac{16,125}{25,403} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	2.63%	6.39%	12.38%	19.29%	26.33%	31.62%	36.46%	43.67%	48.79%	54.58%	58.18%	62.47%
2017	2.92%	7.25%	14.51%	20.80%	28.01%	34.07%	40.42%	48.21%	53.27%	57.44%	60.76%	63.48%
MPL	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%	64.72%



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents (WCC - NC)

The percentage of members 3–17 years of age who had an outpatient visit with a PCP or OB/GYN and who had evidence of the Counseling for nutrition during the measurement year.

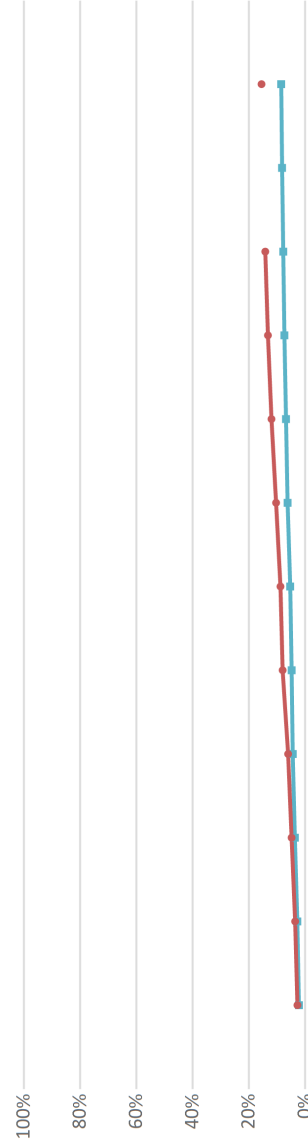
WCC - Nc

15.51 %

Prior Year 8.50%

% Point Change 7.01%

$$\frac{9,058}{58,404} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	2.21%	2.78%	3.65%	4.41%	4.81%	5.30%	6.24%	6.80%	7.37%	7.79%	8.20%	8.50%
2017	2.75%	3.56%	4.82%	6.05%	8.01%	8.78%	10.34%	11.97%	13.23%	14.17%		15.51%
MPL												

HEDIS Trending Year-Over-Year Comparison

Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents (WCC - PAC)

The percentage of members 3–17 years of age who had an outpatient visit with a PCP or OB/GYN and who had evidence of the Counseling for physical activity during the measurement year.

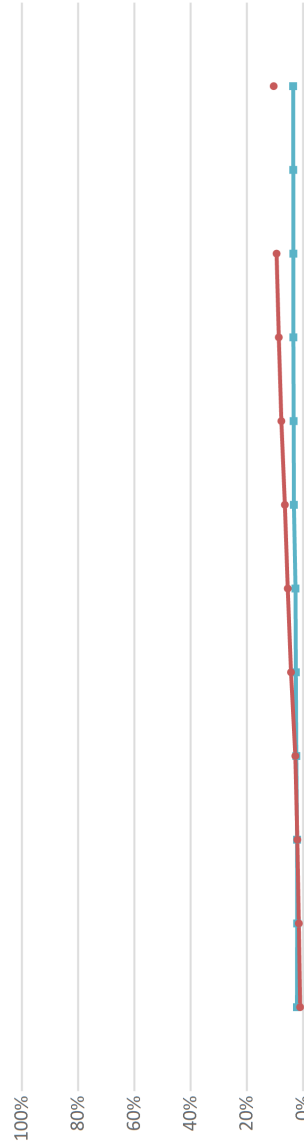
WCC - Pac

10.48 %

Prior Year 3.55%

% Point Change 6.93%

$$\frac{6,119}{58,404} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	2.20%	2.12%	2.15%	2.42%	2.59%	2.72%	3.28%	3.37%	3.47%	3.47%	3.51%	3.55%
2017	1.07%	1.53%	2.07%	2.78%	4.32%	5.48%	6.50%	7.75%	8.66%	9.45%	10.48%	10.48%
MPL												



Governed Reporting System

Administrative Measures

HEDIS Trending Year-Over-Year Comparison

Avoidance of Antibiotic Treatment in Adults With Acute Bronchitis (AAB)

The percentage of adults 18–64 years of age with a diagnosis of acute bronchitis who were not dispensed an antibiotic prescription.

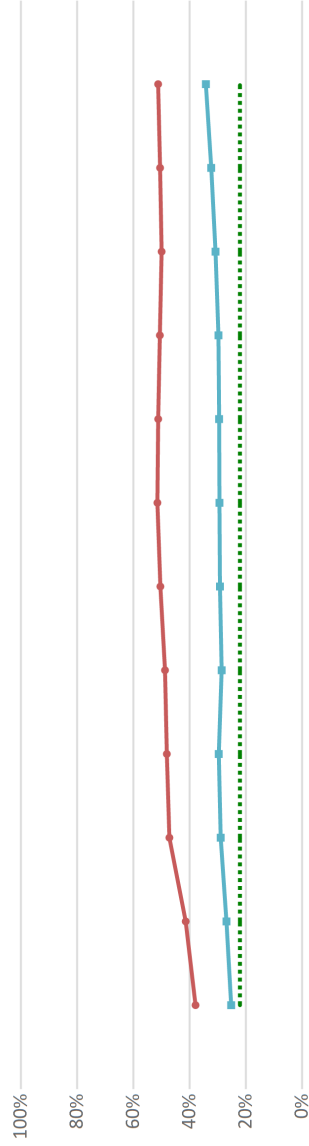
AAB

51.22 %

Prior Year 34.25%

% Point Change 16.97%

$$\frac{1,447}{2,825} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	25.24%	26.92%	28.97%	29.65%	28.63%	29.23%	29.40%	29.52%	29.77%	30.81%	32.33%	34.25%
2017	37.92%	41.42%	47.22%	48.13%	48.77%	50.43%	51.49%	51.20%	50.60%	49.98%	50.53%	51.22%
MPL	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%	22.12%



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Use of Imaging Studies for Low Back Pain (LBP)

The percentage of members with a primary diagnosis of low back pain who did not have an imaging study (plain X-ray, MRI, CT scan) within 28 days of the diagnosis.

LBP

69.48 %

Prior Year 71.56%

% Point Change -2.08%

$$\frac{1,464}{2,107} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	72.09%	72.59%	70.34%	71.28%	70.88%	71.56%	71.97%	71.99%	72.35%	72.03%	71.42%	71.56%
2017	78.67%	76.05%	71.92%	70.44%	69.25%	69.37%	69.78%	70.21%	69.76%	69.87%	70.32%	69.48%
MPL	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%	69.88%

HEDIS Trending Year-Over-Year Comparison

Annual Monitoring for Patients on Persistent Medications (MPM - ACE INHIBITORS)

The percentage of members 18 years of age and older who received at least 180 treatment days of ambulatory medication therapy for a select therapeutic agent during the measurement year and at least one therapeutic monitoring event for the therapeutic agent in the measurement year

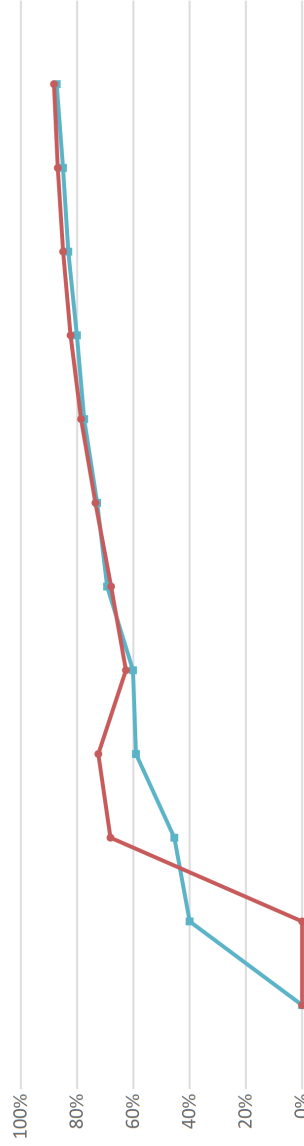
MPM - Ace Inhibitors

88.28 %

Prior Year 87.32%

% Point Change 0.96%

$$\frac{4,570}{5,177} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	0.00%	40.00%	45.45%	59.11%	60.17%	69.36%	72.92%	77.53%	80.12%	83.17%	85.05%	87.32%
2017	0.00%	0.00%	68.18%	72.50%	62.68%	67.94%	73.53%	78.65%	82.37%	85.02%	86.92%	88.28%
MPL												

HEDIS Trending Year-Over-Year Comparison

Annual Monitoring for Patients on Persistent Medications (MPM - DIURETICS)

The percentage of members 18 years of age and older who received at least 180 treatment days of ambulatory medication therapy for a select therapeutic agent during the measurement year and at least one therapeutic monitoring event for the therapeutic agent in the measurement year

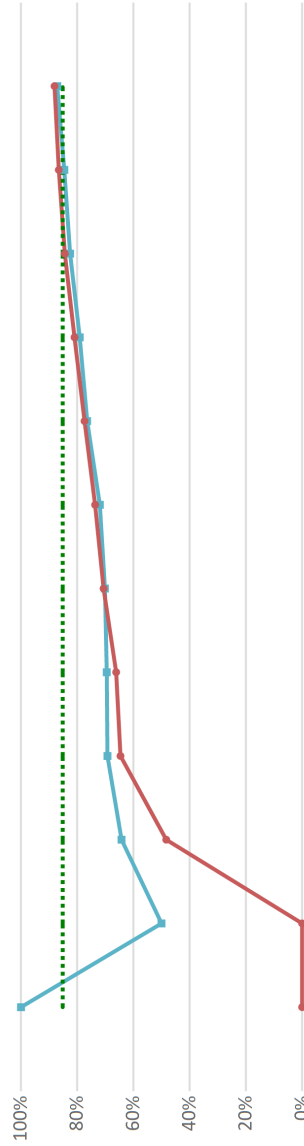
MPM - Diuretics

88.08 %

Prior Year 87.11%

% Point Change 0.97%

$$\frac{2,395}{2,719} \text{ Numerator Denominator}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	100.00%	50.00%	64.23%	69.26%	69.49%	70.14%	71.96%	76.46%	79.10%	82.53%	84.61%	87.11%
2017	0.00%	0.00%	48.33%	64.62%	66.15%	70.63%	73.64%	77.40%	80.97%	84.41%	86.56%	88.08%
MPL	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%	85.18%

**KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
For February 8th, 2018
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 2018 (new) & 2017 (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 Updated Code of Conduct

The newly updated KHS Code of Conduct pamphlet is included under Attachment D.

Kern Health Systems
Board of Directors Meeting
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PROGRAM DEVELOPMENT SUMMARY UPDATE

CMS Managed Care Regulation

DHCS and KHS are working to implement items due in 2018. Specifically, DHCS recently released a final APL providing guidance on new provider screening and enrollment requirements to be implemented in early 2018. Additionally, a draft APL was circulated in January regarding DHCS Certification of Managed Care Provider Networks. KHS is waiting to hear further information on implementing changes to public hospital pass-through payments, and medical loss ratio (MLR). CMS is still reviewing the 2017 Plan Contract Amendment submitted by DHCS. DHCS will be creating another contract amendment based on 2018 Final Rule requirements in Q1 2018.

Palliative Care

As of January 2018, members are able to access this new benefit. Internal work will continue to expand the provider network and educate members and providers about Palliative Care.

LEGISLATIVE SUMMARY UPDATE

Federal and State Legislative Update

A status report on the 2018 Federal legislation and proposed 2018 California State laws impacting KHS is included under Attachment E.

KHS FEBRUARY ENROLLMENT:

Medi-Cal Enrollment

As of FEBRUARY 1, 2018, Medi-Cal enrollment is 171,353, which represents an increase of 1.4% from JANUARY enrollment.

Seniors and Persons with Disabilities (SPDs)

As of FEBRUARY 1, 2018, SPD enrollment is 13,053, which represents an increase of 0.5% from JANUARY enrollment.

Expanded Eligible Enrollment

As of FEBRUARY 1, 2018, Expansion enrollment is 58,906, which represents an increase of 2.0% from JANUARY enrollment.

Kern Health Systems
 Board of Directors Meeting
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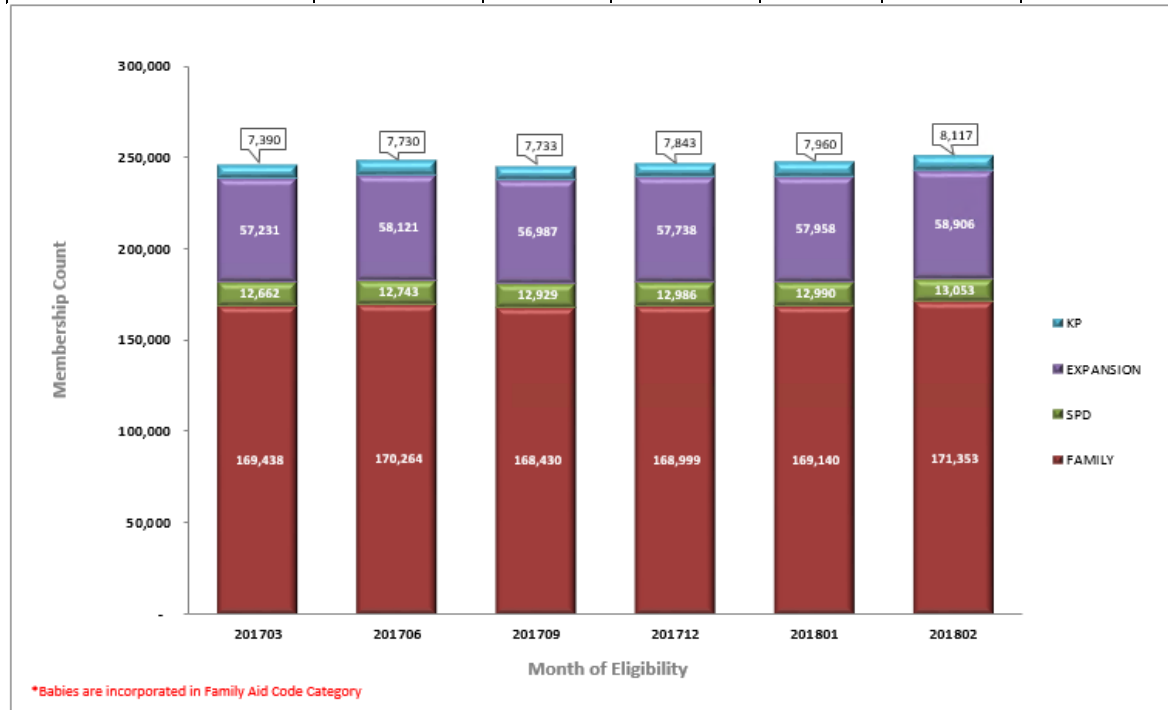
Kaiser Permanente (KP)

As of FEBRUARY 1, 2018, Kaiser enrollment is 8,117, which represents an increase of 3.5% from JANUARY enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of FEBRUARY 1, 2018, total Medi-Cal enrollment is 251,429, which represents an increase of 1.6% from JANUARY enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Member Total
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
201801	168,686	12,990	57,958	7,960	454	248,048
201802	170,944	13,053	58,906	8,117	409	251,429



Kern Health Systems
Board of Directors Meeting
CEO Report – February, 2018
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KHS ADMINISTRATIVE INITIATIVES

Provider Relations Update

Provider Contracting:

Provider contract agreements and amendments highlighted for December, 2017 & January, 2018 are as follows:

- Philip Rosenthal, MD – Neurosurgery
- Benjamin Serzner, MD – Neurosurgery
- Ace 1 HomeHealth – SNF
- Dignity Health Home Program – COMPLETED
- KAYA Hospice
- Sendas Northwest Urgent Care
- Shafter Urgent Care
- Sassan Kesavarzi, MD - Neurosurgery
- Brimhall Pharmacy
- Araujo, Luis, BCBA – ABA provider & speech Therapy

Credentialing Activities:

- 79 New Initial Credentialed providers
- 52 Re-Credentialed providers

Grant Programs:

2016-17 KHS Provider Recruitment and Retention Grants

- Developing Presentation for April, 2018 BOD with year 1 results of grants.
- Details of the R&R grant are located via the link below:

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.

Kern Health Systems
Board of Directors Meeting
CEO Report – February, 2018
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Marketing/Public Relations Update

Sponsorships:

KHS will share sponsorship in the following events in February and March:

- KHS donated \$500 to the Garden Pathways “Heart of the Country” event at Buck Owens’ Crystal Palace on February 8th.
- KHS donated \$2,000 to the American Heart Association’s 2018 Go Red for Women Luncheon at the DoubleTree Hotel on March 2nd.
- KHS donated \$1,000 to The Wildlands Conservancy - Wind Wolves Preserve to sponsor their 5th Annual Spring Nature Festival at Wind Wolves Preserve on March 3rd and 4th.
- KHS donated \$800 to the Greenfield Family Resource Center to sponsor their 2018 Health & Wellness Walk in the Greenfield area (southeast Bakersfield) on March 10th.
- KHS donated \$1,000 to the Delano Chamber of Commerce to sponsor the Delano City Walk on March 24th.

Community Events:

In February and March, KHS will participate in:

- 2/15 Homeless Consumer & Service Provider Days @ St. Vincent de Paul Society
- 3/15 Homeless Consumer & Service Provider Days @ Bakersfield Homeless Center
- 3/18 Visión y Compromiso (Promotora/Community Health Worker Network in Kern County) Health & Nutrition Fair @ St. Elizabeth Church in McFarland
- 3/28 Kinder Blast Off @ Pioneer School in Delano

KHS OFFICES RELOCATION PROJECT UPDATE

Project Status: Green

The activities undertaken since the last report include:

- The Project Kick-Off Meeting was held on January 31, 2018. In attendance were representatives from KHS, Greg Bynum and Associates, Delawie, and S.C. Anderson.
- Grading permit received on January 19, 2018.

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- The bulk of the Trade Contractor Agreements were awarded. A few remaining contracts are in the bid process but will be completed on schedule.
- The Notice to Proceed for Phase II (construction) was issued to S. C. Anderson on January 5, 2018.
- Owner Controlled Insurance Program manual was approved Dec 2017.
- The project vendors have been updated in the DIR website.
- We have been working on the re-bid for electrical, low voltage and flooring re-bid.
- First Owners Planning meeting is scheduled for January 31 with Developer, GC, and Architect.
- Job site trainer is onsite.
- SCA staff is already onsite.
- In the process of reworking the site plan to accommodate on-site surface drainage

Dashboard Presentation

- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment F.
- The Year-end, 2017 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment G.



KERN HEALTH SYSTEMS

Attachment A

Board of Directors Meeting

February 8, 2018

STATE

Department of Health Care Services (DHCS)

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

The DHCS issued three (3) APLs during the month of January to provide guidance for Managed Care Plans (MCP).

All Plan Letters (APL)

APL 18-001 - The purpose of this APL is to provide Medi-Cal MCPs with clarification regarding voluntary inpatient detoxification (VID) services, which are a Medi-Cal covered benefit that is available to MCP members through the Medi-Cal fee-for-service (FFS) program. Members who meet medical necessity criteria may receive VID services in a general acute care hospital as specified in this APL and in Medi-Cal Provider Bulletin 473.

Medical criteria for inpatient admission for VID must include one or more of the following:

1. Delirium tremens, with any combination of the following clinical manifestations with cessation or reduced intake of alcohol/sedative: hallucinations, disorientation, tachycardia, hypertension, fever, agitation, or diaphoresis
2. Clinical Institute Withdrawal Assessment Scale for Alcohol, revised (CIWA-Ar) form score greater than 15.

3. Alcohol/sedative withdrawal with CIWA score greater than 8 and one or more of the following high-risk factors: multiple substance abuse , history of delirium tremens, unable to receive the necessary medical assessment, monitoring, and treatment in a setting with a lower level of care, medical co-morbidities that make detoxification in an outpatient setting unsafe, history of failed outpatient treatment, psychiatric co-morbidities , pregnancy, or a history of seizure disorder or withdrawal seizures

4. Complications of opioid withdrawal that cannot be adequately managed in the outpatient setting due to the following factors: persistent vomiting and diarrhea from opioid withdrawal, dehydration and electrolyte imbalance that cannot be managed in a setting with a lower level of care.

APL 18-002 - The purpose of this All Plan Letter (APL) is to provide Medi-Cal managed care health plans (MCPs) with the 2018-2019 Medi-Cal Eligibility Data System (MEDS)/834 cutoff and processing schedule.

APL 18-003 - The purpose of this APL is to provide clarification of existing law for Medi-Cal MCPs regarding the imposition of administrative and financial sanctions. The DHCS is authorized to impose administrative and financial sanctions on MCPs that violate applicable state and federal laws and regulations. DHCS may also impose sanctions on MCPs that violate their DHCS contract terms, including the requirement to comply with APLs, Policy Letters (PLs), and Duals Plan Letters (DPLs), (collectively, “Contractual Obligations”). This APL supersedes APL 15-014.

There is good cause to impose administrative and/or financial sanctions when an MCP or its subcontractor fails to meet Contractual Obligations or to comply with applicable state and federal laws and regulations.

These failures include, but are not limited to, the following:

1. Three repeated and uncorrected findings of serious medical audit deficiencies that have the potential to endanger patient care, as identified in medical audits conducted by DHCS.
2. In the case of the Quality Improvement System, repeated failure to achieve minimum performance levels, or receipt of a “Not Reported” designation on an External
3. Accountability Set measure, after implementation of a Corrective Action Plan (CAP).
4. Failure to timely provide medically necessary covered services to a member.

5. Non-compliance with Contractual Obligations or applicable state and federal laws and regulations.
6. Accrual of claims that have not or will not be paid.

COMPLIANCE

All Plan & Policy Letter Reviews

The following matrices are included with the month's BOD packet: Prospective audits [Attachment A] and Retrospective audits [Attachment B].

Code of Conduct – 2018

The Compliance Department revised the KHS' Code of Conduct (COC) in January with enhanced graphics and design work. The core values of the organization remain unchanged and the same: Trust, Respect, and Integrity. The COC is a core document that all employees receive upon hire into the company. It provides a framework for the standards expected from everyone who wears a Kern Health Systems *County Health Authority* badge. A copy of this newly revised document is being included as part of this month's board packet.

DHCS Medical Audit –2017

Update: The Director of Compliance and Regulatory Affairs received the final report from the Department. The final report will be shared with the BOD after the Department approves the CAP.

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.

DMHC Medical Audit – 2016

The DMHC is performing an 18 month follow-up audit of KHS' 2016 deficiencies to ascertain whether remediation was successful in mitigating the findings. The Compliance Department was

required to provide the Department with supporting documentation by no later than January 22, 2018. The Plan is on the DMHC Office of Plan Monitoring Division of Plan Surveys 18 Month Survey Schedule for a follow-up re-audit on March 26, 2018.

Fraud, Waste, or Abuse Reporting Form

The Department of Managed Health Care (DMHC) requires that all Plans comply with California Health and Safety Code § 1348(a). In part, “Every health care service plan licensed to do business in this state shall establish an antifraud plan. The purpose of the antifraud plan shall be to organize and implement an antifraud strategy to identify and reduce costs to the plans, providers, subscribers, enrollees, and others caused by fraudulent activities, and to protect consumers in the delivery of health care services through the timely detection, investigation, and prosecution of suspected fraud.” This required due diligence includes ways for the Plan to receive tips and allegations. The Compliance Department recently completed an update to this reporting mechanism. Providers, Members, and others can access the revised Fraud, Waste, or Abuse Reporting Form via KHS’ internet site. All such submissions to the Compliance Department are treated with confidentiality.

Monthly Reporting on following page

Reporting to government agencies**December**

Report Name/Item	Status
BHT-CDE Monthly	On time
MER Monthly	On time
NMT-NEMT Monthly	On time
Grievance Report (Quarterly)	On time

January

Report Name/Item	Status
2018 KHS Drug Formulary	On Time
Adult Expansion AB 85 Semi-Annual	On Time
Anti-Fraud Report	On Time
Arbitration (DMHC) (Quarterly)	On Time
BHT Quarterly	On time
BHT-CDE Monthly	On time
Call Center Report	On time
CBAS Report	On time
Claims Payment & Dispute Resolution (Annual) (DMHC)	On Time
Dental Anesthesia Report	On time
Marketing Plan	On Time
MER Monthly	On time
NMT-NEMT Monthly	On time
Provider Network Reports	On time
QI-UM Committee Meeting Minutes	On time

MMCD 2018 ALL PLAN LETTERS		ATTACHMENT B				
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
APL18-001 (PDF)	Voluntary Inpatient Detoxification	Member Services Health Services	Clarification provided regarding voluntary inpatient detoxification.	1/25/2018	Compliance reviewing the APL. Small Stakeholder meeting scheduled.	
APL18-002 (PDF)	2018-2019 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	IT	Provides KHS IT Department with the 2018-2019 Eligibility Data Systems (MEDS)/834 cutoff and processing schedule.	1/14/2018	APL sent to IT Department for informational purposes. No Action required.	
APL18-003 (PDF)	Administrative and Financial Sanctions	Executive	Provides clarification regarding the imposition of administrative and financial sanctions.	1/26/2018	APL distributed to Executives and Directors. No further Action.	
		KEY				
						Compliance - YES
						Compliance - NO
						Outcome Pending
						N/A - informational document

DHCS MMCD 2017 ALL PLAN LETTERS		Kern Health Systems 2017 DHCS All Plan Letter Index and Status Update Attachment C							
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Start Date	Plan Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
APL17-001.pdf	2017-2018 Medi-Cal Managed Care Health Plan Meds/R34 Cutoff And Processing Schedule	2017-2018 MEDI-CAL Managed Care Health Plan MEDS/R34 Cutoff and Processing Schedule.	IT Member Services Accounting	N/A	N/A	2017-2018 Medi-Cal Managed Care Health Plan MEDS/R34 Cutoff and Processing Schedule.	N/A	Informational-No material change.	N/A
APL17-002.pdf	Health Education and Cultural and Linguistic Group Needs Assessment (Supersedes PL 10-012)	Health Education Cultural and Linguistic Group Needs Assessment	Health Education						
APL17-003.pdf	Treatment of Recoveries Made by the Managed Care Health Plan of Overpayments to Providers	Treatment of Recoveries made by the Managed Care Health Plan of Overpayments to Providers	Claims						
APL17-004.pdf	Subcontractual Relationships and Delegation	Subcontractual Relationships and Delegation	Health Services Provider Relations						
APL17-005.pdf	Certification of Document and Data Submissions	Certification of Document and Data Submissions	Claims Health Services Provider Relations Accounting Member Services Compliance Executive						
APL17-006.pdf	Grievance and Appeal Requirements and Revised Notice Templates and "Your Rights" Attachments (Supersedes All Plan Letters 04-006 and 05-005 and Policy Letter 09-006)	Grievance and Appeal Requirements and Revised Notice Templates and "Your Rights" Attachments	Health Services Member Services Provider Relations Compliance						
APL17-007.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 (Supersedes All Plan Letter 15-001)	Continuity of Care for New Enrollees Transitioned to Managed Care After Requesting a Medical Exemption and	Health Services Provider Relations IT Member Services						
APL17-008.pdf	Requirement to Participate in the Medi-Cal Drug Utilization Review Program	Requirement to Participate in the Medi-Cal Drug Utilization Review Program	Health Services Pharmacy						
APL17-009.pdf	Reporting Requirements Related to Provider Preventable Conditions	Reporting Requirements Related to Provider Preventable Conditions	Health Services Claims						
APL17-010.pdf	Non-Emergency Medical and Non-Medical Transportation Services	Non-Emergency Medical and Non-Medical Transportation Services.	Member Services Provider Relations Health Services						
APL17-011.pdf	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	Member Services Provider Relations Health Services						
APL17-012.pdf	All Medi-Cal Managed Care Health Plan Operating in Coordinated Care Initiative Counties	Care Coordination Requirements for Managed Long - Term Services and Supports	APL does not apply to KHS current Business operations.	N/A	N/A	APL does not apply to KHS current Business operations.	N/A	APL does not apply to KHS current Business operations.	N/A
APL17-013.pdf	Requirements for Health Risk Assessment Of Medi-Cal Seniors and Persons with Disabilities	Requirements for Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities	Member Services Provider Relations Health Services						

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
APL17-014.pdf	Quality and Performance Improvement Requirements (Supersedes APL 16-018)	Quality and Performance Improvement Requirements	Health Services Quality Improvement						
APL17-015.pdf	Palliative Care and Medi-Cal Managed Care	Palliative Care and Medi-Cal Managed Care	Health Services Provider Relations Member Services Health Homes						
APL17-016.pdf	Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care (Supersedes APL 14-004)	Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care	Health Services Provider Relations Member Services						
APL17-017.pdf	Long Term Care Coordination and Disenrollment (Supersedes APL 03-003)	Long Term Care Coordination and Disenrollment	Health Services Provider Relations Member Services						
APL17-018.pdf	Medi-Cal Managed Care Health Plan Responsibilities for Outpatient Mental Health Services (Supersedes APL 13-021)	Medi-Cal Management Care Health Plan Responsibilities for Outpatient Mental Health Services	Health Services Provider Relations Member Services						
APL17-019.pdf	Provider Credentialing / Recredentialing and Screening / Enrollment (Supersedes APL 16-012)	Provider Credentialing/Rec credentialing and Screening /Enrollment	Provider Relations Quality Improvement						
APL17-020.pdf	American Indian Health Programs	American Indian Health Programs	Claims Configuration Provider Relations Member Services						
APL17-021.pdf	Workers' Compensation – Notice of Change to Workers' Compensation Recovery Program; Reporting and Other Requirements (Supersedes APL 04-004)	Claims Finance Compliance	Changes DHCS Workers' Compensation Recovery Program requirements and KHS engagement in the recovery process.						
		Key							
			Compliance - YES						
			Compliance - NO						
			Outcome Pending						
			N/A-Informational document						

DMHC 2017 ALL PLAN LETTERS		Kern Health Systems 2017 DMHC All Plan Letter Index and Status Update Attachment C							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					
DMHC APL 17-001 (OPL).pdf	Federal Summary of Benefits and Coverage Template Filing	N/A	N/A-Informational document	N/A	N/A	N/A: Applies only to all full service health plan commercial contracts.	N/A	N/A	N/A		
DMHC APL 17-002 (OPL).pdf	Timely Access Compliance Reports - MY 2016 & MY 2017	Provider Relations	Reporting			Utilization of an external vendor to validate the Plan's Timely Access data.					
DMHC APL 17-003 (OPL).pdf	Oroville Dam State of Emergency and Evacuations	N/A	N/A	N/A	N/A	N/A: Applies only to the following counties: Butte, Sutter, and Yuba due to the significant flooding below the Oroville Dam.	N/A	N/A	N/A		
DMHC APL 17-004 (OPL).pdf	2018 DMHC Checklist and Worksheet for Qualified Health Plans in the California Health Benefits Exchange	N/A	N/A	N/A	N/A	N/A: Applies to Health Care Service Plan Filings relating to QHP in the California Health Benefits Exchange.	N/A	N/A	N/A		
DMHC APL 17-005 (OPL).pdf	2018 DMHC Checklist and Attachment for Qualified Dental Plans in the California Health Benefits Exchange	N/A	N/A	N/A	N/A	N/A: Checklist for Health Care Service Plan Filings relating to the Qualified Dental Plans in the California Health Benefits Exchange.	N/A	N/A	N/A		
DMHC APL 17-006 (OPL).pdf	Newly Enacted Statutes and Regulations	Provider Relations Health Services Pharmacy	Various			Newly enacted statutory and regulatory requirements.					
DMHC APL 17-007 (OPL).pdf	Timely Access Compliance Reports Measurement Years 2016 and 2017	Compliance Provider Relations IT	Various			Updates on key submission deadlines and filing instructions.					
DMHC APL 17-008 (OPL).pdf	Filing EHB Worksheets	N/A	N/A	N/A	N/A	N/A: Pertains to Individual Plan Subscriber contracts, Small Group Plan EOC's or Combined Individual or Small Group EOC/Disclosure Forms.	N/A	N/A	N/A		
DMHC APL 17-009 (OPL).pdf	Guidance Regarding AB 72 and Notice to Enrollees	N/A	N/A	N/A	N/A	N/A: Informational: AB 72's prohibition on surprise balance billing effective July 1, 2017.	N/A	N/A	N/A		
DMHC APL 17-010 (OPL).pdf	Qualified Health Plan Guidance Regarding Silver and Dual Rates	N/A	N/A	N/A	N/A	N/A: Qualified Health Plan Guidance regarding Silver and Dual Rates.	N/A	N/A	N/A		
DMHC APL 17-011 (OPL).pdf	Guidance Regarding AB 72 and Notice to Enrollees	N/A	N/A	N/A	N/A	N/A: Guidance for non contracting individual health care professionals from surprise balance billing an enrollee.	N/A	N/A	N/A		
DMHC APL 17-012 (OPL).pdf	Compliance With SB 908's Requirements	N/A	N/A	N/A	N/A	N/A: Requirements Regarding Notice of Unreasonable or Not Justified Rate Increases for Individual or Small Group Products.	N/A	N/A	N/A		
DMHC APL 17-013 (OPL).pdf	State of Emergency Due To Fires in Napa, Sonoma and Yuba Counties	N/A	N/A	N/A	N/A	N/A: Pertains to State of Emergency due to fires in Napa, Sonoma and Yuba Counties.	N/A	N/A	N/A		
DMHC APL 17-014 (OPL).pdf	SB 546 Implementation - Large Group Renewal Notice Requirements	N/A	N/A	N/A	N/A	N/A: Pertains to Large Group Renewal Notice Requirements.	N/A	N/A	N/A		
DMHC APL 17-015 (OPL).pdf	SB 137 Guidance Regarding Provider Directory Annual Filings	Provider Relations Compliance IT	Provider Directory Annual Filings			Guidance regarding Provider Directory Annual Filings.					
DMHC APL 17-016 (OPL).pdf	State of Emergency Due To Fires in Ventura and Los Angeles Counties	N/A	N/A	N/A	N/A	N/A: State of Emergency due to Fires in Ventura and Los Angeles Counties.	N/A	N/A	N/A		

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
DMHC APL 17-017 (OPL).pdf	Knox-Keene Act Standard For Determining Whether An "Emergency" Existed For Purposes Of Provider Reimbursement	N/A	N/A	N/A	N/A	N/A: Applies to all Full Service Commercial Health Plans and Specialized Behavioral Health Plans only.	N/A	N/A	N/A
		Key							
		Compliance - YES							
		Compliance - NO							
		Outcome Pending							
		N/A-Informational document							

Attachment D



KERN HEALTH SYSTEMS



Doing the right thing while
serving the community...

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The KHS Code of Conduct is a living document that will be reviewed on an annual basis and updated as necessary to reflect the needs of the organization. It can be viewed and downloaded from the KHS Intranet as well as our website - kernfamilyhealthcare.com

Doing the right thing while
serving the community...



Code of Conduct

At Kern Health Systems (KHS), compliance and ethical conduct means doing the right thing while serving the community.

KHS' Code of Conduct is a set of values outlining the responsibilities for you as an employee and KHS as an organization.

These three key values: TRUST, INTEGRITY, and RESPECT, remind us that preserving an ethical workplace is critical to our long-term success as an organization. The Code articulates the standards of behavior that each one of us is expected to observe while performing our jobs.

KHS also maintains a non-retaliation policy. This means, as employees, we are encouraged to, in good faith, report compliance issues, ethical concerns, or violations of this Code of Conduct in accordance with KHS policies.

As KHS CEO, I encourage you to read through this Code of Conduct. And I thank you for supporting our culture of compliance and ethical conduct.

Douglas A. Hayward
Chief Executive Officer



Our Mission:

Kern Health Systems is dedicated to improving the health status of our members through an integrated managed health care delivery system.

A Message from the Director of Compliance and Regulatory Affairs

At Kern Health Systems we are deeply committed to acting ethically and responsibly in a culture of compliance, ethics, and integrity.

All employees and members of the KHS Board of Directors are required to act consistently with the Code.

Should you have questions regarding the Code of Conduct and/or compliance, please contact me directly.

Thank you,

Carl R. Breining, CHC
Director of Compliance and Regulatory Affairs
Privacy Officer

Email: Carl.Breining@khs-net.com

Phone: 664-5016

Office: Compliance Department, 3rd floor, Stockdale location

KHS employees can also report suspected ethical abuses and fraud by calling the Ethics Hotline at:

1-800-500-0333

Available 24/7. All calls are strictly confidential.



When you hear

Code of Conduct

think



1

TRUST

Trust is gained by treating others with integrity and respect.

2

RESPECT

Treat employees and the public with dignity and respect.

3

INTEGRITY

Be open, honest, and ethical in all of our dealings.

The Code of Conduct is a cornerstone of the Kern Health Systems Compliance Program and articulates the standards of behavior that each one of us is expected to observe while performing our jobs.



Trust

is gained by treating others with integrity & respect.

MAKE ETHICAL DECISIONS

- Follow KHS policies.
- Talk to your peers, your manager, or other KHS management.
- Use the Headline Test.

COOPERATE WITH INVESTIGATIONS

- Cooperate with all internal investigations and audits.
- Be truthful when responding to an investigation or audit.
- Never alter or destroy records in response to an investigation or audit.



TAKE ACTION ON MISCONDUCT

- Advocate KHS values without concern for retaliation.
- Report any alleged misconduct immediately using the OPEN DOOR POLICY. If this does not work or seem appropriate, go to another member of management, Human Resources, or Compliance.

2 Respect

is treat employees and the public with DIGNITY and RESPECT.

TREAT OTHERS WITH RESPECT

- Be open and honest with one another.
- Do not discriminate on the basis of race, color, religion, gender, sexual orientation, gender identity or expression of national origin, disability, age, covered veteran status, or any other characteristic protected by law.

PROTECT HEALTH INFORMATION

- Secure confidential patient information.
- Only disclose PHI per state and federal regulations.

HARASSMENT-FREE ENVIRONMENT

- Encourage a harassment-free work environment.
- Refuse to accept or tolerate sexual harassment, including unwelcome sexual advances, requests for sexual favors, or other unwelcome verbal or physical conduct of a sexual nature.



3

Integrity

is being open, honest, and ethical in all of our dealings.

ASSETS

- Do not allow others including friends and family to use KHS resources.
- Do not use KHS equipment or systems to violate the law or create, store, or send offensive content.
- Avoid any usage that might lead to loss or damage, including the introduction of viruses or a breach of KHS IT security.

CONFLICTS OF INTEREST

- Make decisions in the best interest of KHS' mission.
- Avoid situations that create or appear to create a conflict between personal interests and the interests of KHS.
- Accepting outside employment requires approval from management.

ACCURATE BUSINESS RECORDS

- Remember that email and other electronic communications may be business records; avoid exaggeration, derogatory language, and other expressions that could be taken out of context.
- Retain, protect, and dispose of records according to policy.

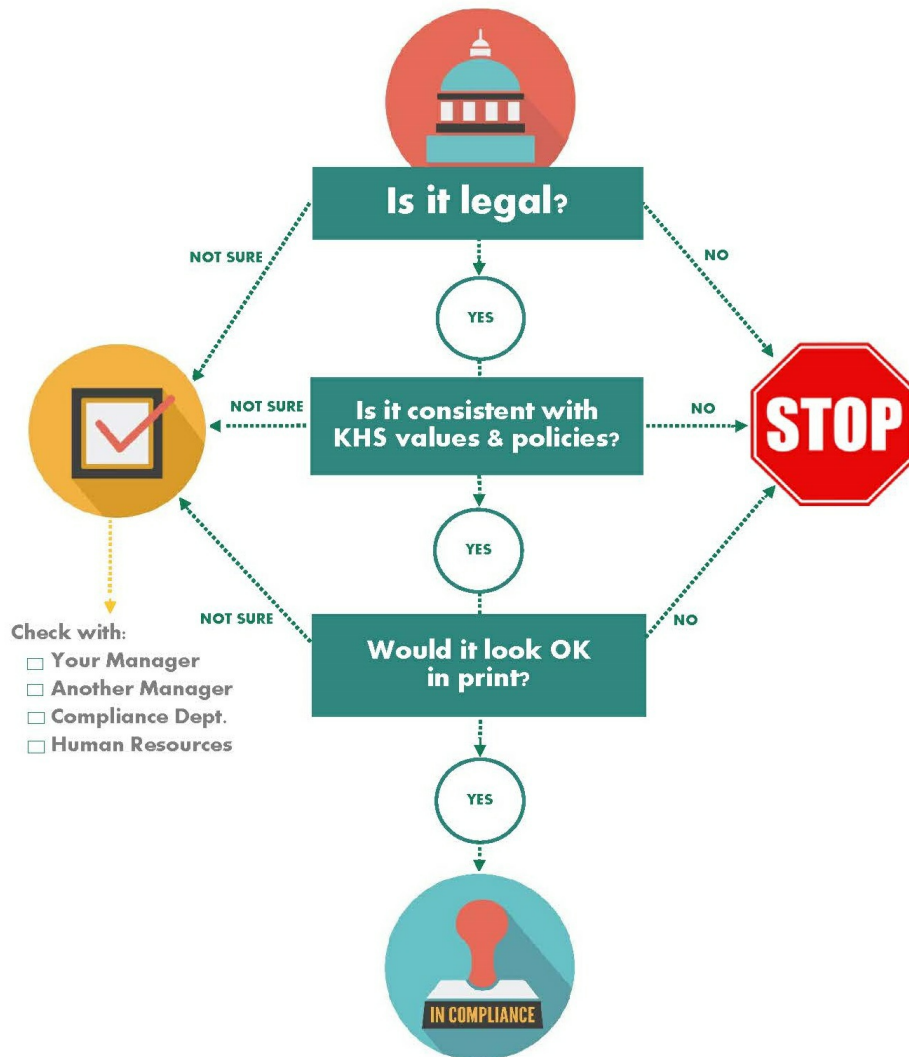
GIFTS

- Do not solicit gifts, favors, or entertainment.
- Report gifts from outside vendors or providers for values greater than \$50.

The Headline Test

It's decision time...

Use the Headline Test below when faced with an ethical dilemma.



Ask yourself if what you said, did, or didn't say or didn't do became a headline on the front page of the newspaper - would you be embarrassed or proud?



Thank you for carefully reading the
KHS Code of Conduct and
supporting our culture of
compliance!



**KERN HEALTH
SYSTEMS**

ATTACHMENT E Legislative Summary – February 2018

Federal Legislation – Congress shifted most of its attention to Tax Reform in Q4 2017, passing a bill late in December. The fine for not carrying health insurance (individual mandate) was repealed in the bill, but this does not directly impact KHS lines of business. There were no other direct offsets to Medicaid programs included in Tax Reform. In mid-January 2018 funding for the Children’s Health Insurance Program (CHIP) was extended for 6 years. This bi-partisan program was caught up in the politics of government shutdown, but ultimately reached a satisfactory conclusion.

State Legislation – The State legislative session reconvened in early January with their scheduled committee meetings and bill introductions. Staff is working with our Trade Associations to monitor new bills that are introduced and provide feedback as necessary. A list of the current bills being monitored is included below. The Governor introduced his January Draft Budget proposal on 1/10/18. Generally, the State is expecting a surplus and funding is slightly increasing for the Medi-Cal program. This proposal is the start of a 5-month negotiation process with the legislature which has to come to a final agreement by June 15th.

Title	Description	Status
AB 11 (McCarty)	<p>Would require that screening under EPSDT include screening services for children 0 – 3 years old consistent with the periodicity and screening tool established by Bright Futures/American Academy of Pediatrics Recommendations for Preventive Pediatric Health Care and any future updates.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB11</p>	1/22/2018 - Action From APPR.: Read second time.
AB 1795 (Gipson)	<p>Would authorize a local emergency medical services agency to submit, as part of its emergency services plan, a plan to transport specified patients to a community care facility, as defined, in lieu of transportation to a general acute care hospital.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1795</p>	1/10/2018 - From printer. May be heard in committee February 9.
SB 399 (Portantino)	<p>Significantly expands the Autism coverage requirements in ways not supported by literature.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB399</p>	CAHP/LHPC Oppose 1/22/2018 - Action From APPR. SUSPENSE FILE: Read second time and amended
SB 906 (Beall)	<p>This bill would require the State Department of Health Care Services to establish, no later than July 1, 2019, a statewide peer, parent, transition-age, and family support specialist certification program, as a part of the state’s comprehensive mental health and substance use disorder delivery system and the Medi-Cal program.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB906</p>	01/18/18 - From printer. May be acted upon on or after February 17.

Kern Health Systems Attachment F

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

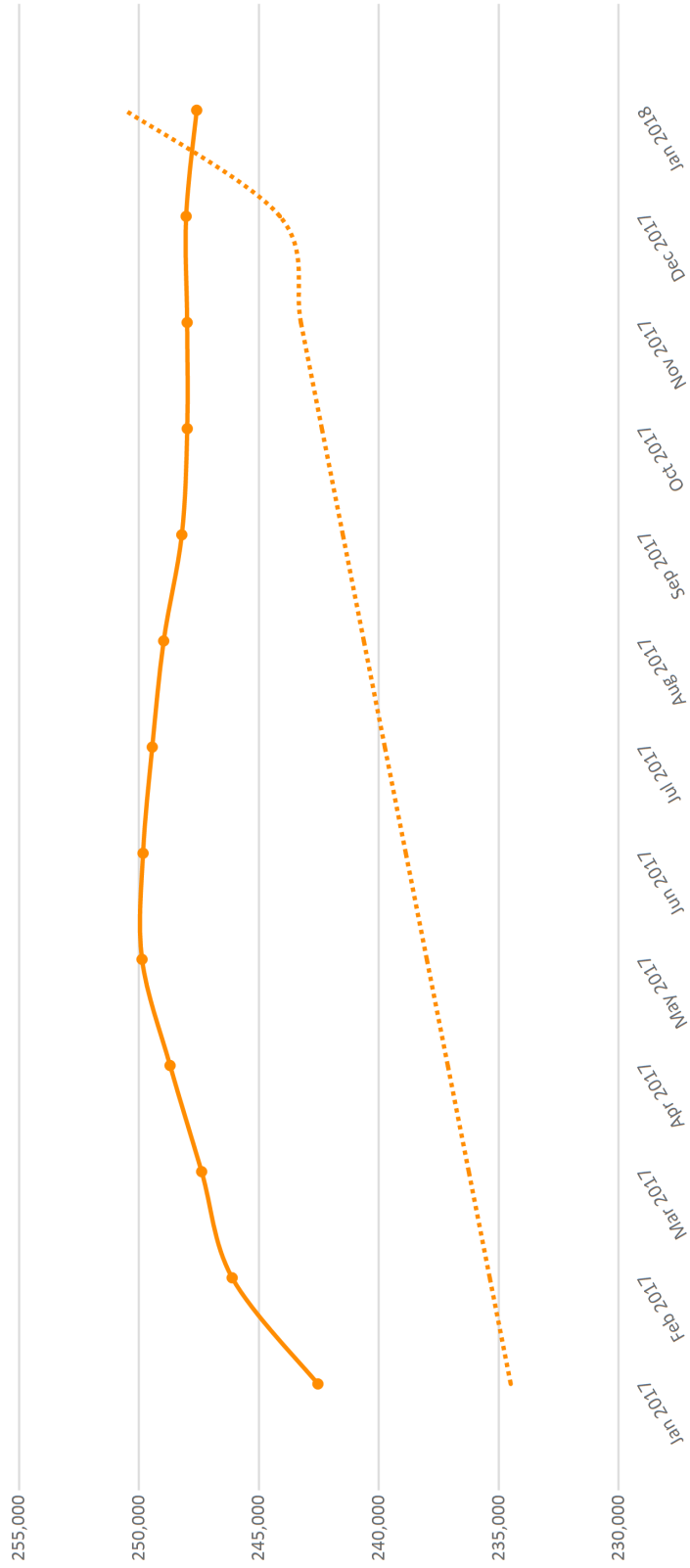


Governed Reporting System

Membership

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

Total MCAL Membership



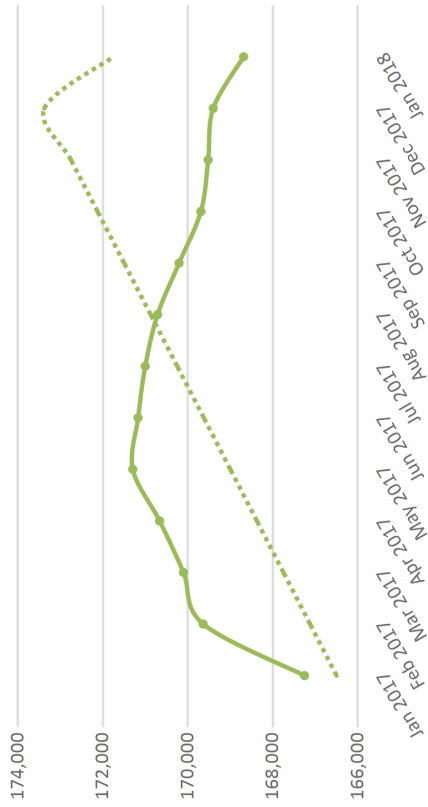


Governed Reporting System

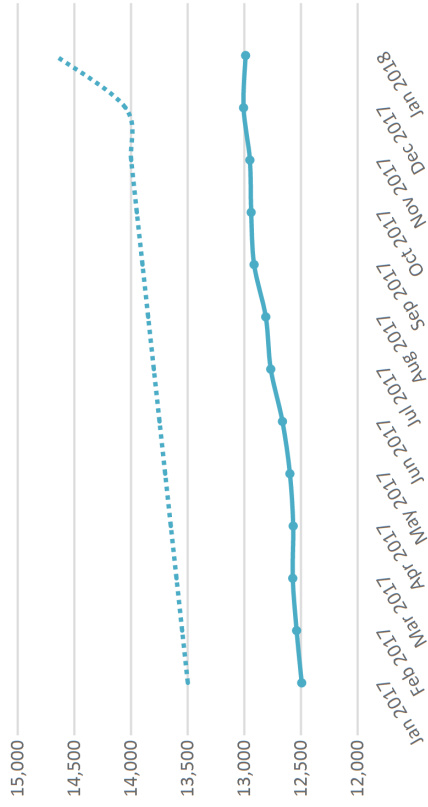
Membership

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

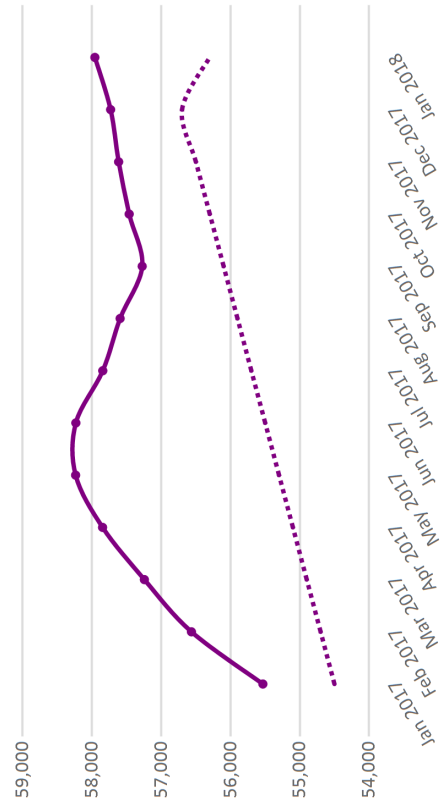
MCAL Family/Other Membership



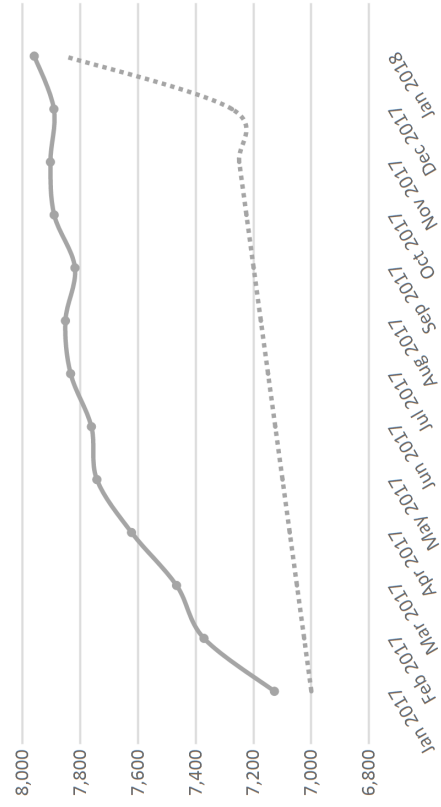
MCAL SPD Membership



MCAL Expansion Membership



KP Membership

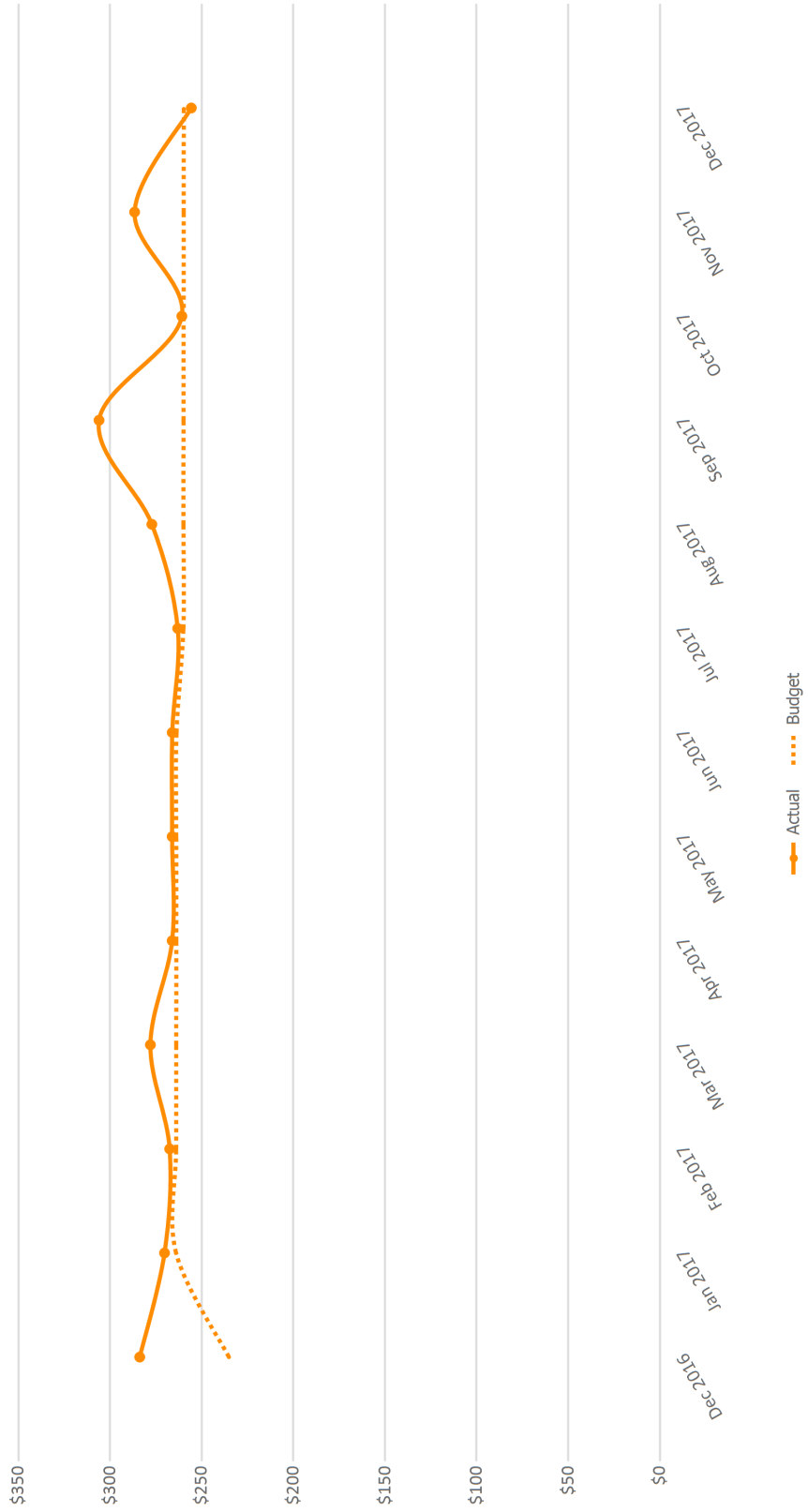




Governed Reporting System

Revenue

Medi-Cal Revenue PMPM





Governed Reporting System

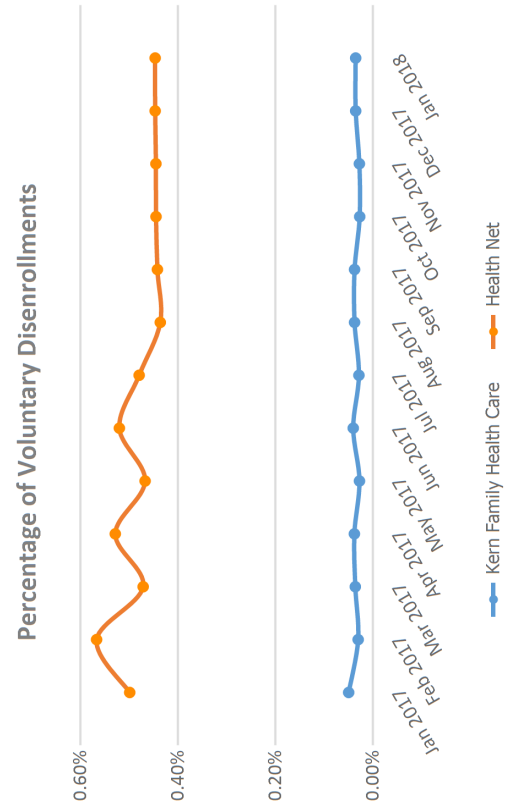
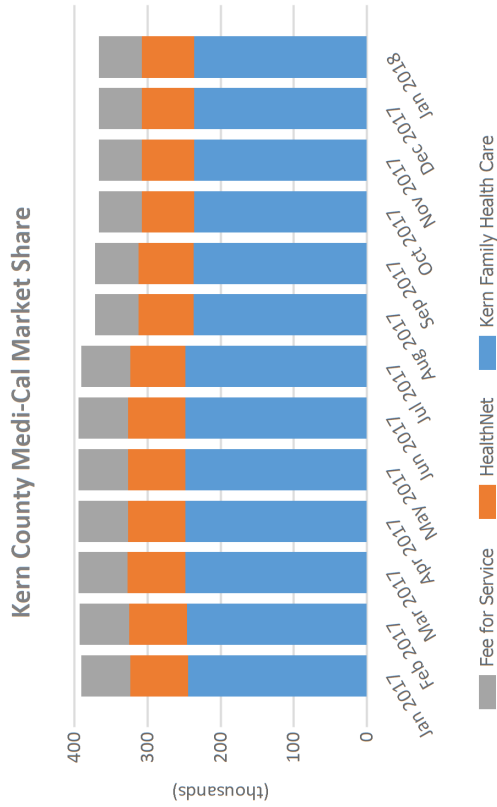
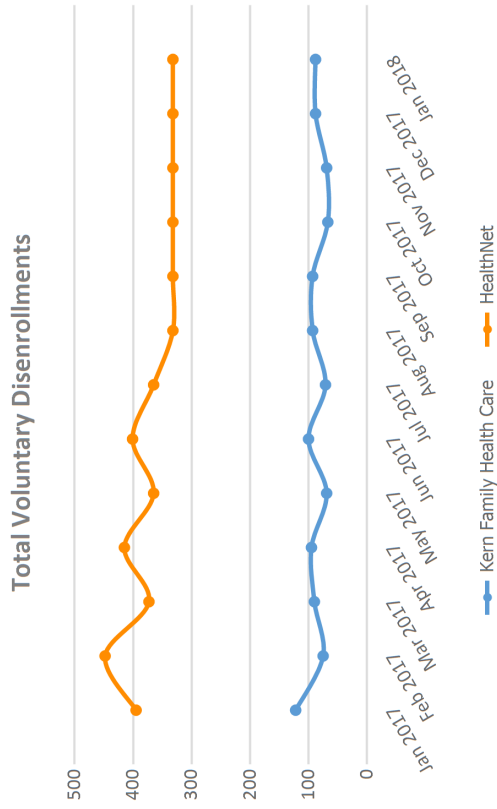
Kern Health Systems

Performance Reports
Operations Metrics



Governed Reporting System

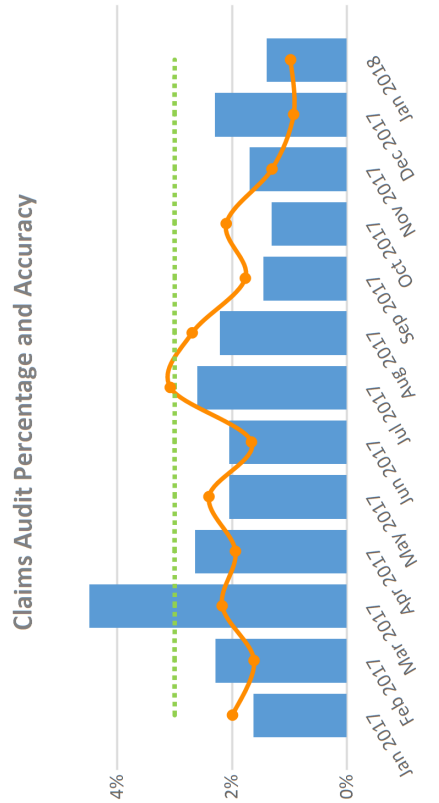
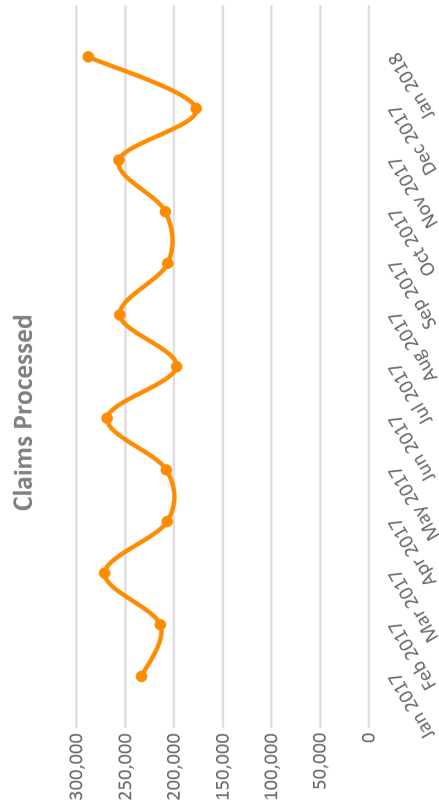
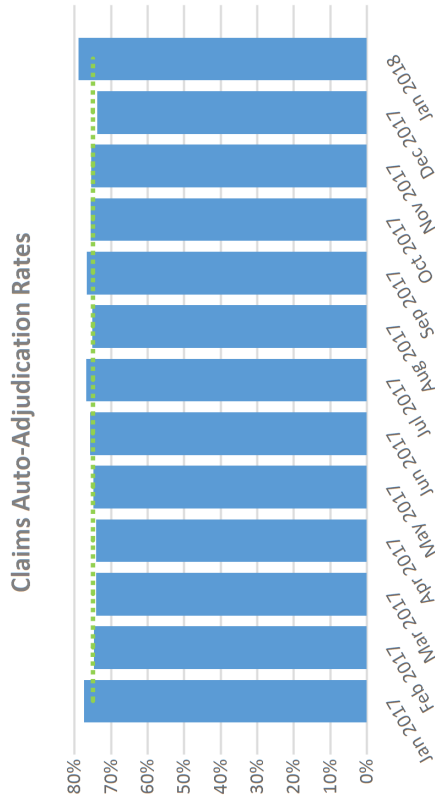
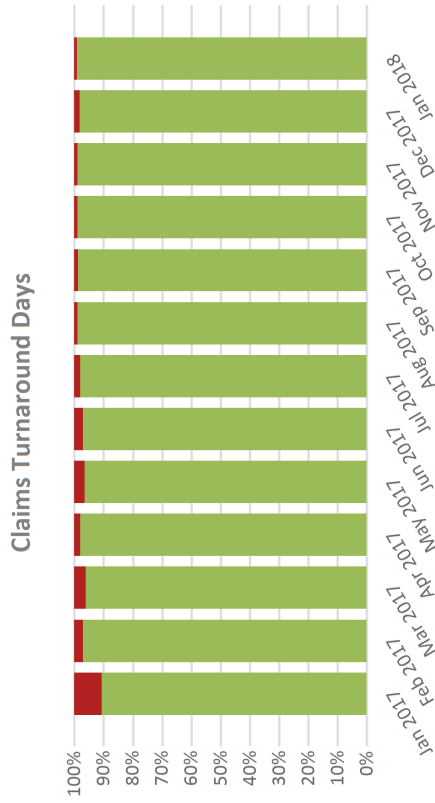
Enrollment - Market Share





Governed Reporting System

Claims Efficiency and Quality

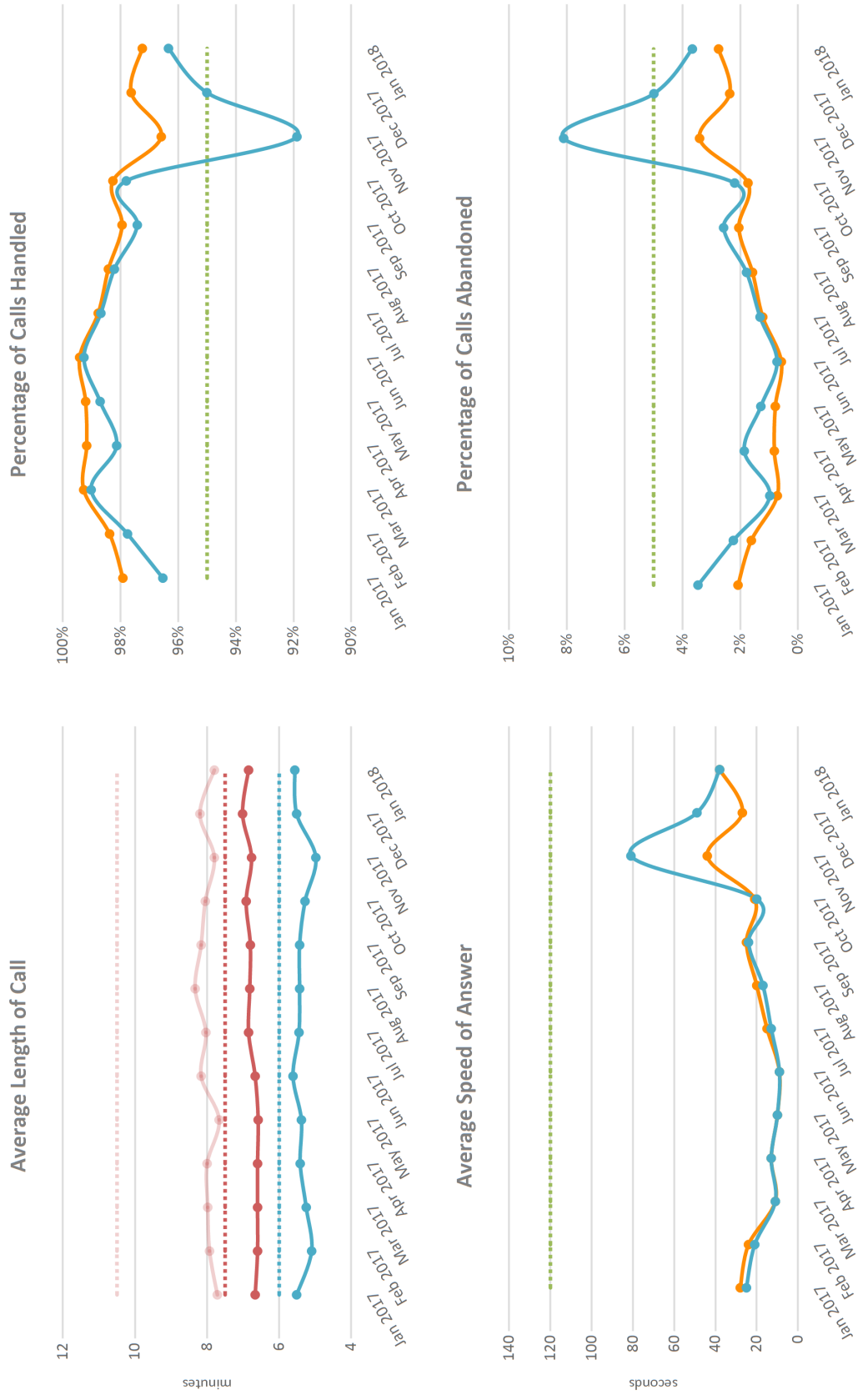




Governed Reporting System

Member Services

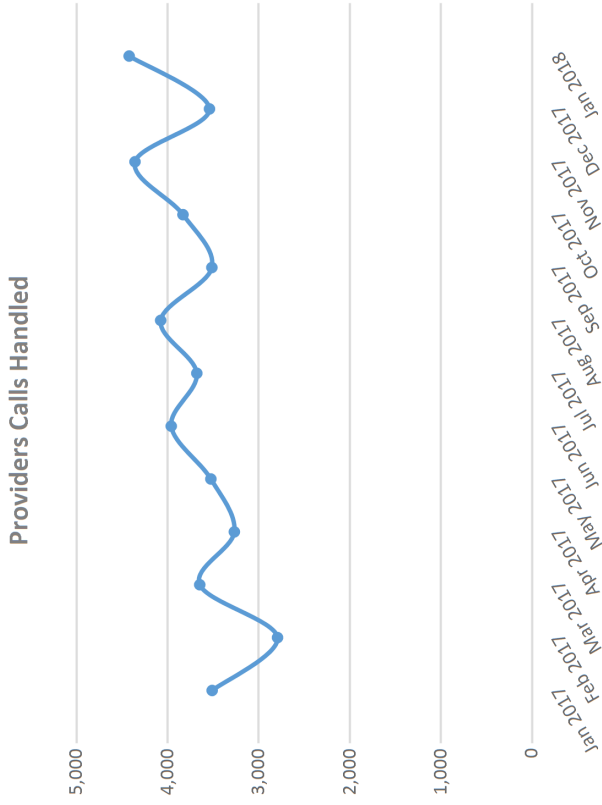
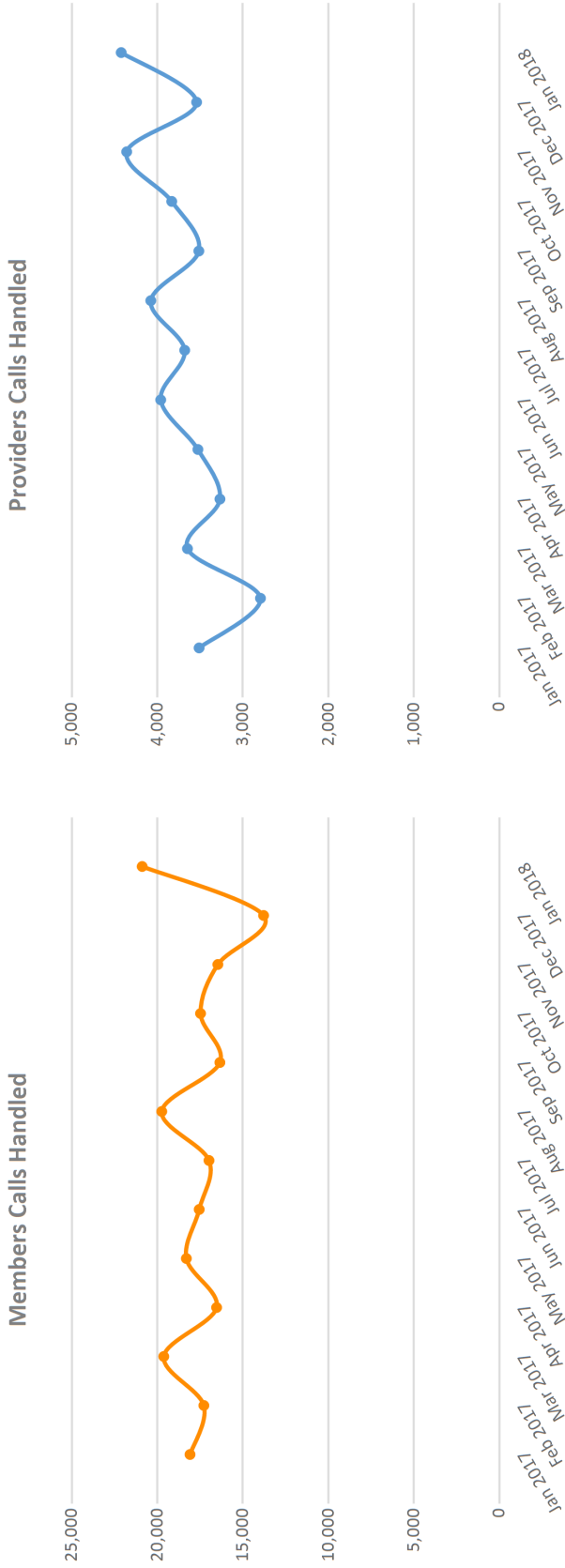
Members - English (orange line)
 Members - Spanish (red line)
 Providers (blue line)
 Target (green dotted line)



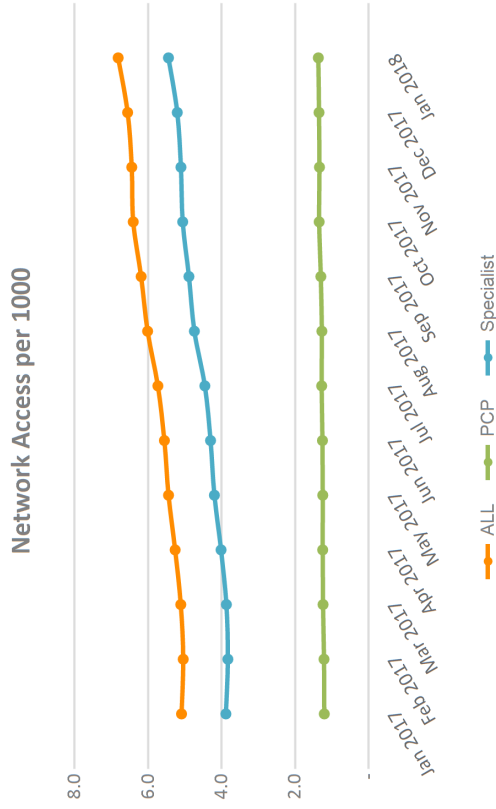
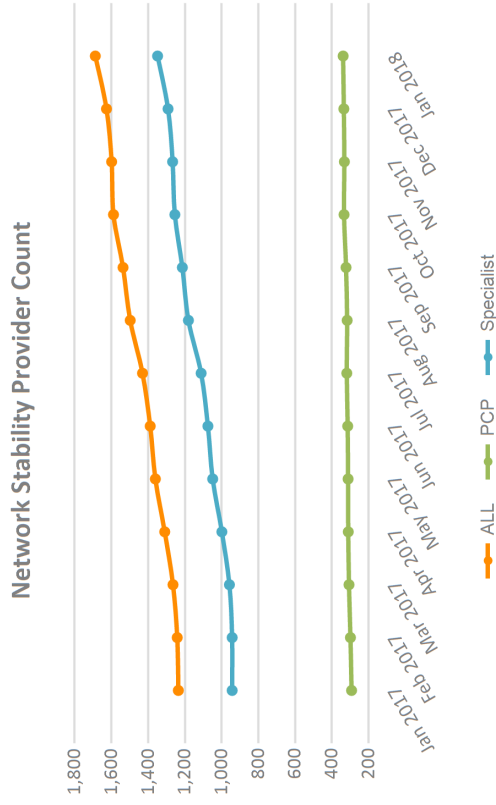


Governed Reporting System

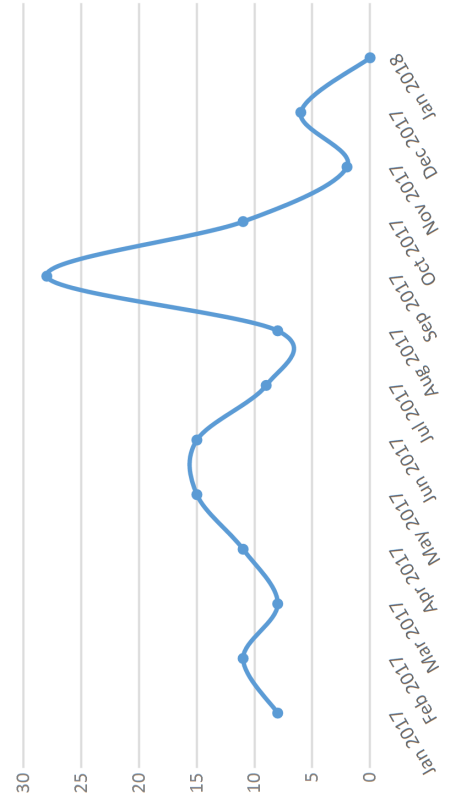
Member Services Calls Handled



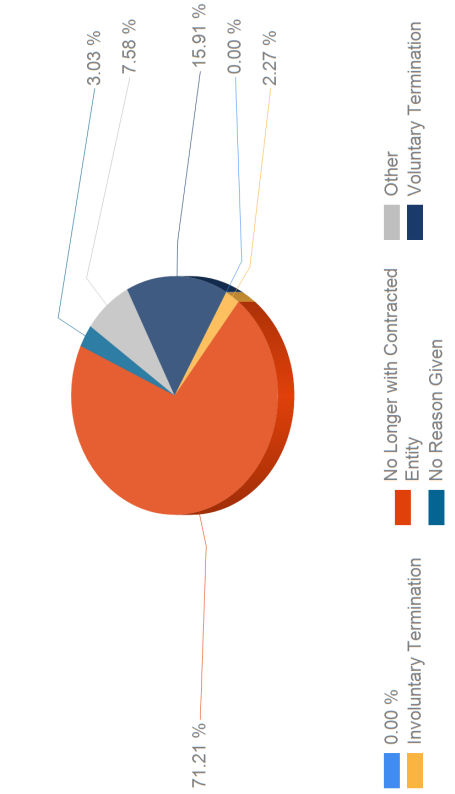
Provider Network and Terminations



Provider Terminations



Provider Terminations by Reason



ATTACHMENT G
Kern Health Systems
2017 Project Summary – Q4



Open Projects

Project Title	Start Date	End Date	Percent Complete	Comments
Alchemy System Replacement	1/2017	12/2018	50%	Project extended to 2018 to include converting all business areas – Implementation of software and Phase I migration completed in 2017
Palliative Care	9/2017	3/2018	90%	Regulatory project being executed, January 2018 deadlines were met

Completed Projects

Project Title	Start Date	End Date	Realized Benefit/ Comments
274 Provider Data Improvement	1/2016	1/2018	Complied with new state requirements
Alternative Payment Methodology	2/2017	12/2017	Procured vendor to conduct analysis and identify potential APM opportunities for KHS. Phase 2 implementation is scheduled for 2018.
Department Dashboards	2/2017	12/2017	Implements new Executive, Member Services, and Claims Dashboards. Additional departments are scheduled in a project for 2018.
EDI Edifecs Implementation	1/2017	12/2017	Implemented new Edifecs Tool and converted the HL7, 270, 271, and 837i transactions. A 2018 project will continue converting additional transactions.
Health Homes Implementation	10/2016	12/2017	Launched KMC and OMNI Health Home Programs in 2017 A new project has been scheduled in 2018 to establish 3 additional programs
Medical Management Platform Implementation – Phase I	12/2016	12/2017	Phase I for Utilization Management was successfully implemented, additional phases on calendar for 2018
Member Rewards Implementation	5/2017	10/2017	Project merged with Health Homes Project, Health Homes members are receiving incentives
Outsource Non-Emergency Medical Transportation	10/2016	11/2017	Improved our transportation service to members and complied with updated transportation regulations
Provider/Member Portal Implementation	4/2016	12/2017	Launched new Member Portal in March, 2017 and new Provider Portal in November,

			2017
Portal Enhancements	9/2017	12/2017	Project merged with Provider/Member Portal Implementation Project
QI Site Review Automation	3/2016	10/2017	Procured and implemented 3 rd party tool to provide electronic form entry for 3 department forms Benefits to be measured in Q2
QNXT Upgrade	10/2016	3/2017	Increased Claims Auto Adjudication to 75%

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
FEBRUARY 8, 2018**

Name	DBA	Specialty	Address	Comments	Contract Effective Date
Philip Rosenthal, MD	Neurological Surgery Associates PC	Neurosurgery	3838 San Dimas St Ste A-140 Bakersfield CA	Practicing in the Dignity specialty ste. (New Individual Contract)	3/1/2018
Benjamin Serxner, MD	Benjamin Serxner, Md, Inc	Neurosurgery	3838 San Dimas St Ste A-140 Bakersfield CA	Practicing in the Dignity specialty ste. (New Individual Contract)	3/1/2018
Ace 1 Homehealth Services, Inc.	Ace 1 Homehealth Services, Inc.	Skilled Nursing, Home Health	2112 24th St. Ste. 5 Bakersfield CA		3/1/2018

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
FEBRUARY 8, 2018**

Name/DBA	Legal Name	Specialty	Address	Comments	Effective Date
The Limousine Scene		Transportation	401 Ming Ave, Bakersfield CA 93307	ALC was not giving them runs, they were only doing 1 or 2 a month, therefore they decided to term contract.	1/10/2018
Delano District Medical Center	North Kern South Tulare Hospital District	PCP Facility	1004 14th Ave, Delano CA 93215	They moved over with Gloria Nelson Center. They have the same Tax ID#.	12/27/2017
Hua L. Lin, M.D. Inc.		Gastroenterology	2225 19th Street, Bakersfield CA 93301	He is retiring	1/8/2018
Shyi-Tang Shiue, MD		Pulmonary Disease	1700 C Street, Bakersfield CA 93301	Did not give a reason.	1/9/2018

SUMMARY

FINANCE COMMITTEE MEETING

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

Friday, December 8, 2017

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: Deats, McGlew, Melendez

Members absent: Casas, Rhoades

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

- CA-3) Minutes for KHS Finance Committee meeting on October 6, 2017 -
APPROVED
Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades
- 4) Report on KHS investment portfolio for the third quarter ending September 30, 2017
(Fiscal Impact: None) – JON SAMPSON, UBS FINANCIAL, HEARD;
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 5) Proposed Retroactive Amendment No. 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) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades
- 6) 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) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 7) Proposed Kern Health Systems 2018 Operating and Capital Budgets (Fiscal Impact:
None) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Deats: 3 Ayes; 2 Absent – Casas, Rhoades
- 8) Proposed Budget Request for 2018 Project Consulting Professional Services, from
January 1, 2018 through December 31, 2018 (Fiscal Impact: \$2,959,453; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 2 Absent – Casas, Rhoades
- 9) 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) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades

- 10) 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) –
 APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-McGlew: 3 Ayes; 2 Absent – Casas, Rhoades
- NOTE – DIRECTOR MELENDEZ LEFT THE DAIS AT 9:35 A.M. AND DID NOT RETURN
- 11) Report on Kern Health Systems financial statements for September 2017 and October 2017 (Fiscal Impact: None) –
 RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Deats: 2 Ayes; 3 Absent – Casas, Melendez, Rhoades
- 12) 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) –
 RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Deats: 2 Ayes; 3 Absent – Casas, Melendez, Rhoades

ADJOURN TO FRIDAY, FEBRUARY 2, 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 KHS Finance Committee may request assistance at the Kern Health Systems office, 9700 Stockdale Highway, Bakersfield, California, or by calling (661) 664-5000. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

