



**KERN HEALTH  
SYSTEMS**

**REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**Thursday, August 9, 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, August 9, 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)) –
- 2) CONFERENCE WITH LABOR NEGOTIATORS  
Agency designated representatives: Chief Executive Officer, Douglas A. Hayward, and designated staff - Unrepresented Employees: Kern Health Systems Executive Staff (Government Code Section 54957.6) –
- 3) PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Title: Chief Executive Officer (Government Code Section 54957) –

8:45 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 5) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
- CA-6) Minutes for Kern Health Systems Board of Directors regular meeting on June 14, 2018 (Fiscal Impact: None) –  
APPROVE

- 
- CA-7) Report on Kern Health Systems 2018-2020 3 Year Strategic Plan (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-8) Report on Kern Health Systems investment portfolio for the second quarter ending June 30, 2018 (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-9) Proposed modifications to Policy 8.11-1 Acquisitions and Payment of Expenditures and Policy 100.12-I Contracting Policy (Fiscal Impact: None) –  
 APPROVE POLICY REVISIONS
- CA-10) Proposed Amendment to Professional Services Agreement with Payspan, Inc., for provider payment services from August 20, 2018 through August 20, 2021, in an amount not to exceed \$240,000.00 per year (Fiscal Impact: \$240,000.00 per year Estimated; Budgeted) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-11) Proposed Agreement with Coffey Communications, for the development, printing and mailing of the member newsletter in English and Spanish from August 26, 2018 through August 26, 2019, in an amount not to exceed \$119,483.00 per one year (Fiscal Impact: \$119,483.00 per one year; Budgeted) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-12) Proposed Amendment with Cognizant, for Provider Contract Modeling & Pricing tool from August 9, 2018 through August 9, 2023, in an amount not to exceed \$1,489,162.00 per five years (Fiscal Impact: \$1,489,162.00 per five years; Budgeted) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-13) Proposed Agreement with CDW-G, for the purchase of a Backup and Recovery Solution from August 9, 2018 through August 9, 2021, in an amount not to exceed \$559,174.00 per three years (Fiscal Impact: \$559,174.00 per three years; Budgeted) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-14) Unusual travel request for Kern Health Systems Senior Network Systems Administrator to attend the Microsoft Ignite Conference in Orlando, Florida, from September 23, 2018 through September 28, 2018 in an amount not to exceed \$4,771.00 (Fiscal Impact: \$4,771.00; Budgeted) –  
 APPROVE
- 15) Report on Kern Health Systems financial statements for May 2018 and June 2018 (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 May 2018 and June 2018 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-17) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 18) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance report (Fiscal Impact: None) – RECEIVE AND FILE
- 19) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVE AND FILE
- 20) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVE AND FILE
- CA-21) Miscellaneous Documents – RECEIVE AND FILE
  - A) Minutes for KHS Finance Committee meeting on June 8, 2018

ADJOURN TO OCTOBER 11, 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, June 14, 2018

8:00 A.M.

#### BOARD RECONVENED

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

Directors absent: Brar, Casas, Patel, Stewart

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

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

#### BOARD ACTION SHOWN IN CAPS

#### ADJOURN TO CLOSED SESSION

**Deats**

#### CLOSED SESSION

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

8:30 A.M.

BOARD RECONVENED AT 8:30 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 MAY 2018** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON RIZZO; DIRECTOR JUDD ABSTAINED FROM VOTING ON CHERIYAN, EATON; DIRECTOR STEWART ABSTAINED FROM VOTING ON RIVAS

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING MAY 2018** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RECREDENTIALING; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON HERNENDEZ, KANKAR, MOORE; DIRECTOR JUDD ABSTAINED FROM VOTING ON GARCIA, GARCIA-PACHECO, HASHEMI, JAIR, PAUGH-LAWRENCE, RAGLAND, TRANG; DIRECTOR STEWART ABSTAINED FROM VOTING ON GARCIA, HASHEMI, HERNANDEZ, KANKAR,

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING JUNE 2018** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; DIRECTOR DEATS ABSTAINED FROM VOTING ON DESHAY; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON GARCIA-PENA, DESHAY, WALLACE; DIRECTOR JUDD ABSTAINED FROM VOTING ON DENNY, DOHERTY, RAOFI, SAADAI, SANDY, VENEMAN; DIRECTOR STEWART ABSTAINED FROM VOTING ON GARCIA-PENA, WALLACE

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING JUNE 2018** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RECREDENTIALING; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON HINA'S PHARMACY; HOFFMANN HOMECARE, INC. DIRECTOR JUDD ABSTAINED FROM VOTING ON BENDALE

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

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR HINOJOSA ANNOUNCED THAT A SCHOOL CENTER OPENED IN DELANO AND; THEY ARE SEEING A LOT OF OUR MEMBERS

DIRECTOR MCGLEW ANNOUNCED THAT KERN VALLEY HEALTHCARE DISTRICT IS CELEBRATING ITS 50<sup>TH</sup> ANNIVERSARY; KVHD WILL ALSO BE CONDUCTING A COMMUNITY HEALTH NEEDS ASSESSMENT AND WILL SHARE FEEDBACK WITH KERN HEALTH SYSTEMS

- CA-5) Minutes for Kern Health Systems Board of Directors regular meeting on April 12, 2018 (Fiscal Impact: None) –  
APPROVED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- 6) Presentation of the 2018 ACAP “Making a Difference” Award to Amy Carrillo, Kern Health Systems Member Services Supervisor (Fiscal Impact: None) – JENNIFER BABCOCK, ASSOCIATION FOR COMMUNITY AFFILIATED PLANS, ROGER MCINTOSH AND SANDRA LARSON, VALLEY FEVER AMERICAS FOUNDATION, HEARD; PRESENTATION MADE  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- 7) Report from Association for Community Affiliated Plans, Washington, D.C. update (Fiscal Impact: None) – JENNIFER BABCOCK, ASSOCIATION FOR COMMUNITY HEALTH PLANS, HEARD; RECEIVED AND FILED  
**Patrick-Deats: 7 Ayes; 5 Absent – Brar, Casas, Melendez, Patel, Stewart**

NOTE: DIRECTOR MELENDEZ LEFT THE DAIS AT 9:07 A.M. AND DID NOT VOTE OF ITEM 7

---

NOTE: DIRECTOR MELENDEZ RETURNED TO THE DAIS AT 9:11 A.M.

- 8) Report on Kern Health Systems relocation – GREGORY BYNUM, GREGORY D. BYNUM & ASSOCIATES, HEARD;  
a) Flooring – (Fiscal Impact: \$582,468)  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO EXECUTE FLOORING CONTRACT  
**Hinojosa-Deats: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**  
b) Brick Veneer – (Fiscal Impact: \$389,000)  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO EXECUTE BRICK VENEER CONTRCT  
**Patrick-McGlew: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**  
c) 5% general construction contingency – (Fiscal Impact: \$1,400,000)  
APPROVED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-9) Report on Department of Health Care Services Alternative Access Standards, effective July 1, 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-10) Report on Kern Health Systems Health Homes Program (Fiscal Impact: None) –  
RECEIVED AND FILED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-11) Report on Kern Health Systems investment portfolio for the first quarter ending March 31, 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-12) Proposed renewal and binding of employee benefit plans for medical, vision, dental, life insurance, short-term and long-term disability, and long-term care effective September 1, 2018 (Fiscal Impact: \$5,740,000 Estimated; Budgeted) –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-13) Proposed renewal and binding of insurance coverages for general liability, crime, property, workers' compensation, fiduciary liability, excess cyber insurance, managed care errors and omissions, earthquake insurance and flood insurance from July 1, 2018 through June 30, 2019 (Fiscal Impact: \$640,000 Estimated; Budgeted) –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-14) Proposed Agreement with Stria, LLC, for Optical Character Recognition (OCR) services for paper medical claims from June 14, 2018 through June 14, 2021, in an

amount not to exceed \$1,137,514 (Fiscal Impact: \$1,137,514; Budgeted) –  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**

- 15) Proposed Amendment to American Logistics Company, LLC Agreement, for the administration of the Non-Emergency Medical Transportation Services, from April 17, 2017 through April 17, 2019 (Fiscal Impact: \$3,710,556; Not-Budgeted) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Judd-Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, 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 16 AND LEFT THE DAIS AT 9:48 A.M.

- 16) Proposed Amendment No. 41 to Hospital and Other Facility Services Agreement with Kern Medical for AB 85 to Cost funding provided by the Department of Health Care Services to bring Kern Medical up to cost for services provided to the Medi-Cal Expansion population for FY 16-17 for a maximum amount of \$15,426,391 for the Base Rate and \$546,977 for the Rate Range (Fiscal Impact: None) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Deats-Patrick: 7 Ayes; 1 Abstention – Judd; 4 Absent – Brar, Casas, Patel, Stewart**

NOTE: DIRECTOR JUDD RETURNED TO THE DAIS AT 9:50 A.M. AFTER THE DISCUSSION AND VOTE ON ITEM 16

- CA-17) Report on Kern Health Systems 2018 Ad Campaign (Fiscal Impact: None) – RECEIVED AND FILED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- 18) Report on Kern Health Systems financial statements for February 2018, March 2018 and April 2018 (Fiscal Impact: None) – RECEIVED AND FILED  
**McGlew-Deats: 8 Ayes; 4 Absent – Brar, Casas, Patel, 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 February 2018, March 2018 and April 2018 (Fiscal Impact: None) – RECEIVED AND FILED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**
- CA-20) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN

---

**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**

NOTE: DIRECTOR PATRICK LEFT THE DAIS AT 9:56 A.M. AND DID NOT RETURN

21) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVED AND FILED  
**Hinojosa-Deats: 7 Ayes; 5 Absent – Brar, Casas, Patel, Patrick, Stewart**

22) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED  
**McGlew-Melendez-Deats: 7 Ayes; 5 Absent – Brar, Casas, Patel, Patrick, Stewart**

CA-23) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) – APPROVED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**

CA-24) Miscellaneous Documents – RECEIVED AND FILED  
**Hoffmann-Patrick: 8 Ayes; 4 Absent – Brar, Casas, Patel, Stewart**

A) Minutes for KHS QI/UM Committee meeting on February 22, 2018  
B) Minutes for KHS Finance Committee meeting on April 6, 2018

ADJOURN TO AUGUST 9, 2018 AT 8:00 A.M.  
**MELENDEZ**

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



**To: KHS Board of Directors**

**From: Douglas Hayward, CEO**

**Date: August 9, 2018**

**Re: Update on KHS Strategic Plan**

---

**Background**

At the close of each quarter Management updates the Board on KHS' Strategic Plan progress. With the conclusion of the 2<sup>nd</sup> quarter of the 2018-2020 Strategic Plan, staff has included a presentation showing the current status.

KHS is currently on target for items that were targeted for completion in the 2<sup>nd</sup> quarter 2018. In the presentation, items highlighted in green indicate an item is on track, items in gray have been completed and items in white have not started.

**Requested Action**

Receive and file.



# Q2 2018 Strategic Plan Update

August 9, 2018

## Background

- In November 2017 a Board and Executive strategy meeting was held to begin shaping the 2018-2020 KHS strategic plan. This was followed by an internal work effort to further define key initiatives, action items, and projects directly supporting the newly defined Strategic Plan. In February 2018 the KHS Board of Directors approved the 2018-2020 Strategic Plan.
- With Q2 2018 coming to an end, management has prepared a status update on the key initiatives currently in progress within the Strategic Plan.
- **Green** = On Track, **White** = Not Started, **Gray** = Completed, **Yellow** = Behind Schedule, **Red** = Incomplete/Canceled



## Goal 1 – Align Compensation and Network Configuration to improve service quality and value in the health care delivery system

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Align Compensation and Network Configuration to improve service quality and value in the health care delivery system</b>				
<b>Look to ways to compensate providers through value based purchasing using cost –effective, quality driven Alternative Reimbursement Arrangements.</b>				<b>Emily Duran</b>
Define clinical activities where Value Based Purchasing applies	1/1/2018	3/31/2018	100.00%	
Establish priority list of clinical services and treatment modalities	1/1/2018	3/31/2018	100.00%	
Custom design payment strategies unique to specific care delivery systems	4/1/2018	8/31/2018	80.00%	
Determine desired outcome(s) for each	4/1/2018	8/31/2018	20.00%	
Determine impact to KHS internal operations for 2018 priorities	4/1/2018	8/31/2018	80.00%	
Develop provider specific proposals for 2018 priorities	1/1/2018	9/30/2018	30.00%	
For 2018 priorities Initiate provider contract revisions	4/1/2018	10/31/2018	0.00%	
For 2018 priorities, begin monitoring to determine if targeted outcomes are achieved	4/1/2018	1/31/2019	0.00%	
Determine impact to KHS internal operations for 2019 priorities	4/1/2018	3/30/2019	0.00%	
Develop provider specific proposals for 2019 priorities	4/1/2018	4/30/2019	0.00%	
For 2019 priorities Initiate provider contract revisions	4/1/2018	5/31/2019	0.00%	
For 2019 priorities, begin monitoring to determine if targeted outcomes are achieved	4/1/2018	10/31/2019	0.00%	
<b>Focus on internal departmental restructuring, fostering partnership, and utilization of new technologies.</b>				<b>Deborah Murr</b>
Reorganize UM, DM and CM Depts. to more effectively implement and monitor the Triple Aim	1/1/2018	3/31/2018	100.00%	
Revise the Prior Authorization list to ensure appropriate care for treatment requested	1/1/2018	3/31/2018	100.00%	
Augment referral network using telehealth alternatives	1/1/2018	5/31/2018	100.00%	
Identify vendor platforms for Medical Necessity Determination	1/1/2018	6/30/2018	100.00%	
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.	1/1/2018	7/31/2018	100.00%	



## Goal 1 – Align Compensation and Network Configuration to improve service quality and value in the health care delivery system

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Align Compensation and Network Configuration to improve service quality and value in the health care delivery system</b>				
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".				Emily Duran
Review network configuration to address Physical, Behavioral Health and Social Determinants	1/1/2018	8/31/2018	95.00%	
Adjust network configuration for changing population need and/or medical complexity	4/1/2018	9/30/2018	20.00%	
Using evidence based medicine as the standard, identify network gaps or limitations	4/1/2018	8/30/2018	60.00%	
Develop delivery system model to address needs at all levels	4/1/2018	8/30/2018	0.00%	
Develop clinical algorithms for Provider education to promote consistent management of member	4/1/2018	8/30/2018	0.00%	
Establish provider compensation arrangements to support structure and performance goals	4/1/2018	10/31/2018	0.00%	
Ensure systems in place to coordinate patient care across the physical and mental health divide.	4/1/2018	10/31/2018	0.00%	
Determine internal and external (Provider) operational needs to support concept	4/1/2018	10/31/2018	0.00%	
Determine internal and external capital requirements where necessary to support concept	4/1/2018	10/31/2018	0.00%	
Implementation	4/1/2018	10/31/2018	0.00%	



## Goal 2 – Prepare for New Benefits / Programs /Coverage Populations/ Regulations

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Prepare for New Benefits / Programs /Coverage Populations/ Regulations</b>				
Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies				Jeremy McGuire
Determine the impact of changes to benefits or population coverage categories	1/1/2018	12/31/2020	30.00%	Jeremy McGuire
BHT Expansion	1/1/2018	7/31/2018	100.00%	Deborah Murr
Diabetes Prevention Program	1/1/2018	12/31/2018	25.00%	Deborah Murr
Establish a project plan for instituting new benefits, coverage expansion, or tracking and reporting	1/1/2018	12/31/2020	30.00%	Jeremy McGuire
Palliative Care	1/1/2018	3/31/2018	100.00%	Deborah Murr
Health Homes	1/1/2018	12/31/2019	50.00%	Julie Worthing
Determine the impact of Managed Care Final Rule (MCFR) to KHS	1/1/2018	12/31/2020	35.00%	Jeremy McGuire
Establish a project plan for adopting MCFR requirements	1/1/2018	12/31/2020	10.00%	Jeremy McGuire
Hospital Directed Payments	8/1/2018	8/1/2019	5.00%	Jeremy McGuire
Post implementation, audit each activity to ensure installation and performance meets expectations.	1/1/2018	12/31/2020	25.00%	Carl Breining



## Goal 3 – Increase Member Engagement in their Health Care

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Increase Member Engagement in their Health Care</b>				
<b>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.</b>				<b>Alan Avery</b>
Based on member's medical need, establish programs and measures to improve health outcomes	1/1/2018	6/29/2018	100.00%	Martha Tasinga
Gather information to determine ways to engage members more in maintaining optimum health	1/1/2018	9/28/2018	50.00%	Martha Tasinga
Develop a member engagement program to improve access to care and improve health status	9/3/2018	3/29/2019	0.00%	Louie Iturriria
Develop performance standards, data tracking system and reporting structure for the program	9/3/2018	3/29/2019	0.00%	Louie Iturriria
In collaboration with providers, identify ways to reduce appointment no shows, sharing health information, establishing member accountability, emphasizing prevention and compliance	6/1/2018	12/31/2018	15.00%	Emily Duran
Leverage technology to enhance communication and improve service to members	1/1/2018	6/28/2019	10.00%	Louie Iturriria
Explore ways to report health metrics to members to begin tracking what works and health outcomes	9/3/2018	3/29/2019	0.00%	Deborah Murr
Survey membership to gauge satisfaction with member engagement program	1/1/2018	11/1/2018	20.00%	
SPH Analytics conducts annual Provider and Member Satisfaction Survey	1/1/2018	8/31/2018	20.00%	Emily Duran Louie Iturriria
Conduct Member focused surveys to members who participate in Complex Case Management, Health Homes, Disease Management and Member Portal Users	1/1/2018	9/28/2018	50.00%	Deborah Murr Julie Worthing Diane Lay Louie Iturriria

## Goal 4 – Assure Kern Health Systems’ Long Term Viability

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Assure Kern Health Systems Long Term Viability</b>				
<b>Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies.</b>				<b>Robert Landis</b>
Annually develop an operating budget enabling KHS to achieve its annual goals	6/1/2018	12/13/2018	30.00%	Robert Landis
Annually develop capital budget to support new programs, member growth and benefits expansion	8/1/2018	10/1/2018	0.00%	Robert Landis
Determine Capital Budget And Estimated Depreciation Expense	8/31/2018	9/28/2018	0.00%	
Prepare 2019 Capital Budget	8/31/2018	9/28/2018	0.00%	
Executive Review And Discussion - Executives to Review Capital Budget	10/1/2018	10/12/2018	0.00%	
Draft Capital Presented To Finance Committee	10/15/2018	11/2/2018	0.00%	
Final Capital Presented To Finance Committee - To Schedule For The December 7th Meeting	11/2/2018	12/7/2018	0.00%	
Final Capital Presented To KHS Board For Approval - To Present At December 13th Meeting	12/7/2018	12/13/2018	0.00%	
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	1/1/2018	12/31/2018	60.00%	Robert Landis
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.	1/1/2018	12/31/2018	60.00%	Robert Landis
<b>Relocate KHS offices to its new facility which is convenient to members and able to house all functions in one location.</b>				<b>Emily Duran</b>
Issue Notice to Proceed with Phase II to S.C. Anderson	1/1/2018	1/31/2018	100.00%	
Obtain Grading Permits	1/1/2018	2/28/2018	100.00%	
Complete Phase III – Notice Inviting Bids	5/30/2018	8/31/2018	90.00%	
Novate all Contracts to S.C. Anderson	6/1/2017	9/30/2018	90.00%	
Commence Construction	12/1/2017	2/2/2018	100.00%	
Obtain appropriate property / earthquake insurance	1/1/2018	9/30/2018	100.00%	
Monitoring of Owner Controlled Insurance Program	1/1/2018	12/31/2018	55.00%	
Monitor On-Going Construction	1/1/2018	12/31/2018	55.00%	
Monitor Construction Budget	1/1/2018	12/31/2018	55.00%	
Compliance Oversight GC	1/1/2018	12/31/2018	55.00%	
Coordinate Move	9/30/2018	6/30/2019	0.00%	
Occupancy	9/30/2018	6/30/2019	0.00%	



## Goal 4 – Assure Kern Health Systems’ Long Term Viability

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Assure Kern Health Systems Long Term Viability</b>				
Continue to consider opportunities to expand KHS business suitable to the mission and business model.				Jeremy McGuire
Monitor key regulatory areas of MC Waiver, SUDS, APM/CP3 FQHC payment reform and CCI phase-in.	1/1/2018	12/31/2020	20.00%	Jeremy McGuire
Monitor Medi-Cal marketplace trends	1/1/2018	12/31/2020	20.00%	Jeremy McGuire
Continue expanding HHP model to additional qualified contracted provider’s sites	1/1/2018	7/1/2020	55.00%	Julie Worthing
Continue participation in implementation of Whole Person Care	1/1/2018	2/28/2018	100.00%	Emily Duran
Monitor internal capacity and regulatory landscape for initiating: CCI (Duals),MH Expansion (S and P population),SUD, LTC and IHSS	1/1/2018	12/31/2020	20.00%	Jeremy McGuire
Consider future Medicare SNP expansion	1/1/2019	6/30/2019	0.00%	Jeremy McGuire
Ensure achievement of the annual Medical Loss Ratio as determined in KHS’s annual operating budget				Deborah Murr
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.	1/1/2018	12/31/2020	25.00%	
Review applicable changes in treatment modalities or best practices impacting service categories.	1/1/2018	12/31/2020	25.00%	
Identify potential medical service areas and determine intervention strategies	1/1/2018	12/31/2020	25.00%	
Develop reporting and monitoring system	1/1/2018	12/31/2020	25.00%	



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

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale.</b>				
<b>Continue to maximize utility of the new UM, CM, DM and QI operating system to integrate medical management responsibilities using a single platform (JIVA).</b>				<b>Deborah Murr</b>
Refine JIVA Phase 1 application components to meet production and performance requirements	1/1/2018	3/31/2018	100.00%	
Implement JIVA Phase 2 components: CM/DM/HE/, MCG Point of Service (POS)	1/1/2018	12/31/2018	50.00%	
Implement JIVA Phase 3 to integrate HHP and QI Programs	1/1/2018	12/31/2018	25.00%	
Include prospects in annual project planning	1/1/2018	12/31/2020	20.00%	
Develop project budgets along with ROI and/or cost-benefit analysis	1/1/2018	12/31/2020	20.00%	
Continuously monitor and control for operational effectiveness	1/1/2018	12/31/2020	20.00%	
<b>Increase data sharing between and among providers and KHS to reduce health care cost and/or enhance the patient care experience</b>				<b>Richard Pruitt</b>
Identify opportunities for sharing information (e.g. Health Homes Program, telehealth, EDI etc.)	1/1/2018	12/31/2018	13.00%	
Educate applicable providers about the importance of data sharing to reduce health care costs and/or enhance the patient care experience.	1/1/2018	12/31/2018	13.00%	
Develop approaches that KHS can implement with its provider network	1/1/2018	12/31/2018	13.00%	
Analyze and evaluate products or methods for effectiveness and compatibility	1/1/2018	12/31/2018	13.00%	
Complete a cost benefit analysis of the data sharing program	1/1/2018	12/31/2018	13.00%	
Present to Board of Directors	1/1/2018	12/31/2018	13.00%	
Create plan for implementation	1/1/2018	12/31/2018	13.00%	
<b>Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR).</b>				<b>Richard Pruitt</b>
Identify and analyze efficiencies and improvement opportunities	1/1/2018	12/31/2018	30.00%	
Perform cost analysis of efficiencies or improvement opportunity	1/1/2018	12/31/2018	30.00%	
Establish projects into annual project and budget planning	1/1/2018	12/31/2018	30.00%	
Align these initiatives with annual departmental goals and objectives	1/1/2018	12/31/2018	25.00%	
Continuously monitor and control for operational effectiveness	1/1/2018	12/31/2018	15.00%	
Create and execute project plans	1/1/2018	12/31/2018	55.00%	



## Goal 6 – Develop central business unit devoted to support metrics driven mgmt. at all levels in KHS.

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels</b>				
<b>Create a KHS Business Intelligence Department with clearly defined roles and responsibilities</b>				<b>Richard Pruitt</b>
Identify personnel from multiple departments that are capable of contributing towards BI initiatives	1/1/2018	3/30/2018	100.00%	
Collaborate with management to migrate new BI personnel	1/1/2018	3/30/2018	100.00%	
Create a dedicated cost center and budget that is cost neutral	1/1/2018	4/30/2018	100.00%	
Establish employee job descriptions, standards, roles and responsibilities, and expectations	1/1/2018	3/30/2018	100.00%	
Centralize resources in a geographical location to locally manage	1/1/2018	3/30/2018	100.00%	
Define employee work models and productivity metrics	1/1/2018	3/30/2018	100.00%	
<b>Develop Business Intelligence Department processes and procedures to create an effective and efficient team that will support KHS</b>				<b>Richard Pruitt</b>
Create a business analytic intake process that identifies needs, problems, actions, and outcomes	1/1/2018	3/31/2018	100.00%	
Establish new data analytics procedure that optimizes full potential outcome and outline benefits	1/1/2018	6/30/2018	100.00%	
Create process analytics procedure that can identify areas of opportunity for process improvement	1/1/2018	6/30/2018	100.00%	
Implement corporate KPI Census reporting process	1/1/2018	9/30/2018	10.00%	
Establish Audit/QA process to ensure that the department produces quality work products	1/1/2018	12/31/2018	10.00%	
Establish regular monitoring of department processes/KPI/Data Governance to identify anomalies	1/1/2018	12/31/2018	10.00%	
Provide business visibility of services contributed by BI efforts	1/1/2018	12/31/2018	5.00%	
Manage Inventory Process	1/1/2018	12/31/2018	10.00%	
Create Corporate Policies to support the new Business Intelligence processes and procedures	1/1/2018	12/31/2018	1.00%	
<b>Provide centralized standard operational reporting and analytics for the company</b>				<b>Richard Pruitt</b>
Provide Dept.'s data analysis and routine or adhoc reporting support	1/1/2018	12/31/2020	25.00%	
<b>Provide Depts. with tools and training to perform routine data analysis and reporting</b>				<b>Richard Pruitt</b>
Empowering Depts. with the ability to perform self-service reporting capabilities and basic analytics	1/1/2018	12/31/2018	0.00%	
Create quality control protocol to monitor dept reports for consistency and accuracy	1/1/2018	3/31/2019	0.00%	
Evaluate Depts. data and information requirements	1/1/2018	12/31/2018	100.00%	



## Goal 6 – Develop central business unit devoted to support metrics driven mgmt. at all levels in KHS.

Task Name	Start Date	Due Date	% Complete	Assigned To
<b>Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels</b>				
<b>Continue to develop and refine a metrics-driven performance culture within the organizations administrative and medical disciplines to enhance operations.</b>				<b>Richard Pruitt</b>
"Analyze and establish metric oriented baselines for measurement:Finance ,Health Services,Physician Peer Profiles,HHP,Pharmacy,KHS/Statewide (DHCS) Benchmarks	1/1/2018	12/31/2018	25.00%	
Create presentation model(s) to ensure transparent and fluid communication with endpoint	1/1/2018	12/31/2018	0.00%	
Continuously monitor and affirm metrics and performance for operational/medical effectiveness	1/1/2018	12/31/2018	0.00%	
Provide support for the annual Corporate Project Portfolio through Business Intelligence activities.	1/1/2018	12/31/2018	90.00%	Jeremy McGuire
Verify and Validate Return on Investment (ROI) Project Calculation prior to Project Execution	1/1/2018	12/31/2018	50.00%	
Identify and create 2018 Project metrics	1/1/2018	12/31/2018	50.00%	
Measure Factors that are critical to the success of each Project	1/1/2018	12/31/2018	50.00%	





**To: KHS Board of Directors**

**From: Robert Landis, Chief Financial Officer**

**Date: August 9, 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  
June 30, 2018**

**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	(1)	\$ 3,300,000	1.40%	100%	0.65%	1 Day	None
Morgan Stanley Money Market	(A) (1)	\$ 8,300,000	3.53%	20%	1.75%	1 Day	None
Local Agency Investment Fund (LAIF)	(B) (2)	\$ 64,300,000	27.32%	50%	1.90%	2 Days	None
US T-Bills at Wells Fargo	(1)	\$ 59,900,000	25.45%	100%	1.75%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(C) (1)	\$ 26,700,000	11.34%		1.87%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total		\$ 162,500,000	69.03%		1.81%		

**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	(D)	\$ 71,100,000	30.20%		2.79%	3 Days	Subject to Interest Rate and Credit Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	\$ 1,800,000	0.76%		1.27%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total		\$ 72,900,000	30.97%		2.75%		
<b>Total Portfolio</b>		<b>\$ 235,400,000</b>	<b>100.00%</b>		<b>2.10%</b>		

**Yield Curve**

Yield Curve	A			
	Treasuries	AA Corporate Bonds	Corporate Bonds	CD's
1 year	2.30%	2.55%	2.60%	2.30%
2 year	2.54%	2.70%	2.90%	2.70%
3 year	2.63%	2.95%	3.05%	2.90%
5 year	2.71%	3.10%	3.25%	3.20%

- (A) \$16 Billion money market fund managed by Morgan Stanley comprised of high -quality debt securities issued by the US Government.
- (B) LAIF is part of a \$89 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.
- (C) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
- (D) 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 June 30, 2018

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

**Financial Advisor:**  
The Cohen Group  
(661) 663-3233

## Prepared for

Kern Health Systems  
EXECUTIVE 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

Executive summary.....	2
Cumulative performance.....	3
Bond summary.....	4
Bond holdings.....	6
Additional information about your portfolio.....	15
Important information about this report.....	16



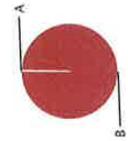
# Executive summary

as of June 30, 2018

## Asset allocation review

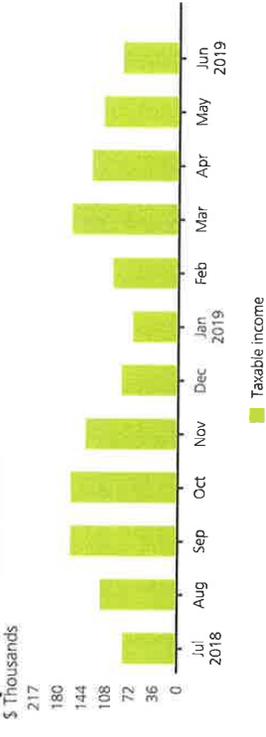
	Value on 06/30/2018 (\$)	% of portfolio
<b>A Cash</b>	<b>147,593.49</b>	<b>0.21</b>
Cash	147,593.49	0.21
<b>B Fixed Income</b>	<b>71,004,621.02</b>	<b>99.79</b>
US	71,004,621.02	99.79
<b>C Equity</b>	<b>0.00</b>	<b>0.00</b>
<b>D Commodities</b>	<b>0.00</b>	<b>0.00</b>
<b>E Non-Traditional</b>	<b>0.00</b>	<b>0.00</b>
<b>F Other</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Portfolio</b>	<b>\$71,152,214.51</b>	<b>100%</b>

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



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

## Expected cash flow



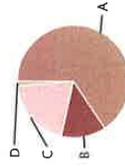
**Total taxable income: \$1,442,171.75**  
**Total expected cash flow: \$1,442,171.75**  
 Cash flows displayed account for known events such as maturities and mandatory puts.

## Equity sector analysis

**Portfolio does not contain applicable holdings - exhibit intentionally left blank.**

## Credit quality of bond holdings

Effective credit rating	Issues	Value on 06/30/2018 (\$)	% of port.
<b>A Aaa/AAA/AAA</b>	19	46,581,281.89	65.66
<b>B Aa/AA/AA</b>	8	9,106,120.35	12.80
<b>C A/A/A</b>	15	14,328,025.45	20.16
<b>D Baa/BBB/BBB</b>	1	989,193.33	1.39
<b>E Non-investment grade</b>	0	0.00	0.00
<b>F Certificate of deposit</b>	0	0.00	0.00
<b>G Not rated</b>	0	0.00	0.00
<b>Total</b>	<b>43</b>	<b>\$71,004,621.02</b>	<b>100%</b>

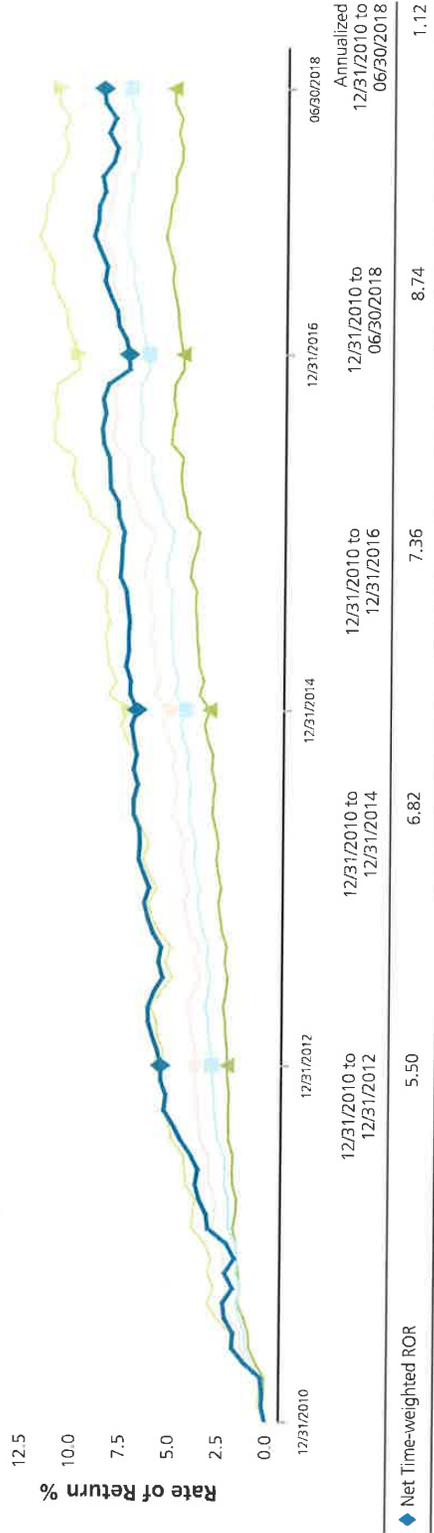




# Cumulative performance

as of June 30, 2018

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



### Benchmarks - Time-weighted returns

◆ Net Time-weighted ROR	5.50	6.82	7.36	8.74	1.12
■ Barclays Agg Bond+	3.75	5.16	7.27	8.41	1.08
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	7.35	0.95
■ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	11.01	1.40
■ Barclays US Gov 1-3Y	2.08	3.12	4.60	5.14	0.67

+Additional benchmark information can be found on the benchmark composition page.  
**Past performance does not guarantee future results and current performance may be lower/higher than past data presented.**

Report created on: July 17, 2018



# Bond summary

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

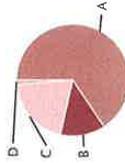
as of June 30, 2018

## Bond overview

Total quantity	71,917,000
Total market value	\$70,636,407.07
Total accrued interest	\$368,213.95
Total market value plus accrued interest	\$71,004,621.02
Total estimated annual bond interest	\$1,528,558.00
Average coupon	2.16%
Average current yield	2.16%
Average yield to maturity	2.79%
Average yield to worst	2.79%
Average modified duration	2.32
Average effective maturity	2.44

## Credit quality of bond holdings

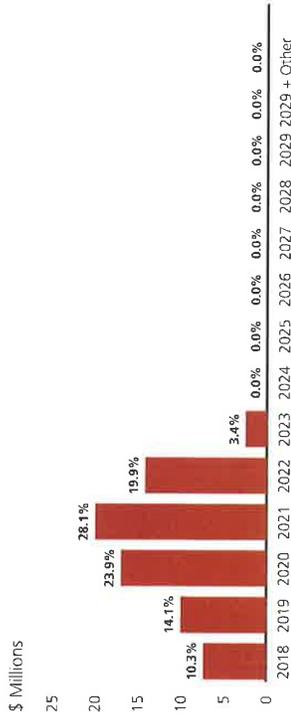
Effective credit rating	Issues	Value on 06/30/2018, (\$)	% of port.
<b>A</b> Aaa/AAA/AAA	19	46,581,281.89	65.66
<b>B</b> Aa/A/AA	8	9,106,120.35	12.80
<b>C</b> A/A/A	15	14,328,025.45	20.16
<b>D</b> Baa/BBB/BBB	1	989,193.33	1.39
<b>E</b> Non-investment grade	0	0.00	0.00
<b>F</b> Certificate of deposit	0	0.00	0.00
<b>G</b> Not rated	0	0.00	0.00
<b>Total</b>	<b>43</b>	<b>\$71,004,621.02</b>	<b>100%</b>



## Investment type allocation

Investment type	Taxable (\$)	Tax-exempt/deferred (\$)	Total (\$)	% of bond port.
Municipals	6,165,248.13	0.00	6,165,248.13	8.68
U.S. corporates	18,258,091.01	0.00	18,258,091.01	25.71
U.S. federal agencies	46,112,500.29	0.00	46,112,500.29	64.94
U.S. treasuries	468,781.60	0.00	468,781.60	0.66
<b>Total</b>	<b>\$71,004,621.03</b>	<b>\$0.00</b>	<b>\$71,004,621.03</b>	<b>100%</b>

## Bond maturity schedule



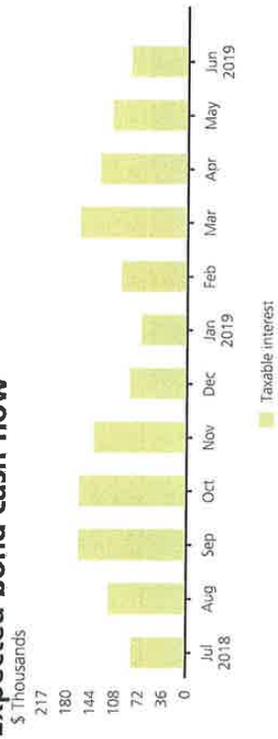
■ Effective maturity schedule  
 Cash, mutual funds and some preferred securities are not included.



Bond summary - as of June 30, 2018 (continued)

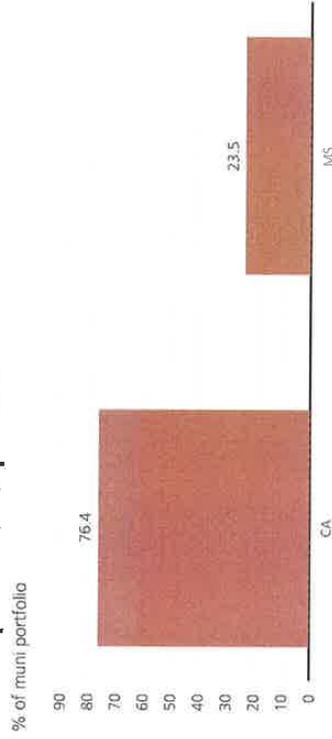
**EB 02120 • BOND PORTFOLIO • Portfolio Management Program**  
 Prepared for: Kern Health Systems  
 Risk profile: Conservative  
 Return Objective: Current Income

**Expected bond cash flow**



**Total taxable income: \$1,442,171.75**  
**Total expected bond cash flow: \$1,442,171.75**  
 Cash flows displayed account for known events such as maturities and mandatory puts.

**Municipal state exposure**





# Bond holdings

as of June 30, 2018

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

## 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
2018	6	7,300,000	172,772.50	2.37%	2.36%	2.36%	0.28	7,316,875.47	-21,512.57	7,339,238.19	10.33%
2019	7	9,979,000	203,607.50	2.04%	2.46%	2.46%	0.87	10,041,071.68	-78,703.72	10,006,876.79	14.1%
2020	8	17,129,000	372,277.50	2.20%	2.86%	2.86%	1.93	17,237,983.86	-343,565.32	16,954,159.79	23.93%
2021	13	20,520,000	380,878.00	1.91%	2.92%	2.92%	2.80	20,586,905.69	-680,711.79	20,018,342.72	28.18%
2022	8	14,489,000	335,272.50	2.37%	2.97%	2.97%	3.83	14,486,910.23	-366,721.46	14,199,263.95	19.99%
2023	1	2,500,000	63,750.00	2.59%	2.95%	2.95%	4.21	2,489,625	-31,750.00	2,486,739.58	3.48%
2024	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2025	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2026	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2027	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2028	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2029	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2030	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2031	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2032	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2033	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2034	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2035	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2036	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2037	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2038	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2039	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2040	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2041	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2042	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2043	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2044	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2045	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2046	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2047	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
2047 +	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
Other	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>43</b>	<b>71,917,000</b>	<b>\$1,528,558.00</b>	<b>2.16%</b>	<b>2.79%</b>	<b>2.79%</b>	<b>2.32</b>	<b>\$72,159,371.93</b>	<b>-\$1,522,964.86</b>	<b>\$71,004,621.02</b>	



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

Bond holdings - as of June 30, 2018 (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. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Total Bond Portfolio</b>		<b>71,917,000</b>	<b>2.16%</b>	<b>12/07/2020</b>	<b>NA</b>	<b>\$1,528,558.00</b> <b>2.16%</b>	<b>2.79%</b> <b>2.79%</b>	<b>2.32</b> <b>\$-1,522,964.86</b>	<b>\$72,159,371.9</b> <b>\$71,004,621.02</b>	<b>NA</b>	<b>\$70,636,407.07</b> <b>\$368,213.95</b>	<b>100%</b>
<b>Maturing 2018</b>												
EI DU PONT DE NEMOURS 06.000% 07/15/18 DTD072808 FC011509 CALL@MMW +30BP CUSIP: 263534BTS Initial Purchase Date: 10/27/2015 Original Maturity: 07/15/2018 PAJARO VLY CAL USD TAX SR B BE/R/ 2.070 080118 DTD 020713 /CA CUSIP: 695802MR6 Initial Purchase Date: 10/29/2015 Original Maturity: 08/01/2018 SACRAMENTO CA PENSION OB AGC TAX OID99.264 BE/R/ 5.600 080118 DTD 092811 /CA CUSIP: 786056BEO Initial Purchase Date: 06/29/2016 Original Maturity: 08/01/2018 INTERCONTINENTAL EXCHANGE 02.500% 10/15/18 DTD100813 FC041514 CALL@MMW+20BP CUSIP: 458666FABO Initial Purchase Date: 10/29/2015 Original Maturity: 10/15/2018 FHLB NTS 01.050 % DUE 10/26/18 DTD 07/26/16 FC 10262016 CUSIP: 3130A8RPO Initial Purchase Date: 08/02/2016 Original Maturity: 10/26/2018		450,000	6.00%	07/15/2018		27,000.00 5.99%	3.52% 3.52%	0.04 -320.41	450,797.41 -320.41	100.106	450,477.00 12,375.00	0.64%
	A3/AAA- NR/NR/NR											
	Aa2/NR/A+ Aa2/NR/NR	300,000	2.07%	08/01/2018		6,210.00 2.07%	2.33% 2.33%	0.08 -251.53	300,176.53 -251.53	99.975	299,925.00 2,570.25	0.42%
	A2/NR/AA Baa1/NR/AA-	500,000	5.60%	08/01/2018		28,000.00 5.59%	2.80% 2.80%	0.08 -528.71	501,743.71 -528.71	100.243	501,215.00 11,588.89	0.71%
	A2/NR/A NR/NR/NR	300,000	2.50%	10/15/2018		7,500.00 2.50%	2.55% 2.55%	0.29 -612.73	300,561.13 -612.73	99.983	299,948.40 1,562.50	0.42%
	Aaa/NR/AA+ NR/NR/NR	5,000,000	1.05%	10/26/2018		52,500.00 1.05%	2.15% 2.15%	0.32 -17,850.00	5,000,000.00 -17,850.00	99.643	4,982,150.00 9,333.34	7.05%



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

Bond holdings - as of June 30, 2018 (continued)

Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$/ Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$/ Accr. interest (\$)	% of bond port.
<b>Maturing 2018</b>										
MERRILL LYNCH GLOBAL NTS 06.875% 11/15/18 DTD 11/24/18 FC051599 CUSIP: 590188JN9 Initial Purchase Date: 10/27/2015 Original Maturity: 11/15/2018	750,000	6.88%	11/15/2018		51,562.50 6.77%	2.70% 2.70%	763,596.69 -1,949.19	101.553	761,647.50 6,445.31	1.08%
<b>Total 2018</b>	<b>7,300,000</b>	<b>2.38%</b>	<b>10/12/2018</b>		<b>\$172,772.50</b> <b>2.37%</b>	<b>2.36%</b> <b>2.36%</b>	<b>\$7,316,875.47</b> <b>\$-21,512.57</b>		<b>\$7,295,362.90</b> <b>\$43,875.29</b>	<b>10.33%</b>
<b>Maturing 2019</b>										
FFCB BOND 01.030 % DJE 04/05/19 DTD 07/05/16 FC 10052016 CUSIP: 3133EGJW6 Initial Purchase Date: 06/29/2016 Original Maturity: 04/05/2019	5,000,000	1.03%	04/05/2019		51,500.00 1.04%	2.33% 2.33%	4,996,250.00 -45,550.00	99.014	4,950,700.00 12,159.72	7.01%
BE/R/ CALIFORNIA ST TAX 2.250 05/01/19 DTD 05/01/14 /CA CUSIP: 13063CKL3 Initial Purchase Date: 05/20/2014 Original Maturity: 05/01/2019	2,500,000	2.25%	05/01/2019		56,250.00 2.25%	2.41% 2.41%	2,505,885.12 -9,310.12	99.863	2,496,575.00 9,218.75	3.53%
FNMA NTS 01.125 % DJE 07/26/19 DTD 07/26/16 FC 01262017 CUSIP: 3135G0M59 Initial Purchase Date: 08/02/2016 Original Maturity: 07/26/2019	594,000	1.13%	07/26/2019	07/26/2018 100.00	6,682.50 1.14%	2.36% 2.36%	593,109.00 -6,866.64	98.694	586,242.36 2,858.63	0.83%
MORGAN STANLEY 05.625 % 09/23/19 DTD 09/23/09 FC032310 MWA-358P CUSIP: 61747YCLJ Initial Purchase Date: 08/28/2015 Original Maturity: 09/23/2019	750,000	5.63%	09/23/2019		42,187.50 5.46%	3.09% 3.09%	777,682.15 -4,844.65	103.045	772,837.50 11,367.19	1.09%
BE/R/ CALIFORNIA ST TAX 6.200 10/01/19 DTD 10/15/09 /CA CUSIP: 13063A7G3 Initial Purchase Date: 12/30/2015 Original Maturity: 10/01/2019	400,000	6.20%	10/01/2019		24,800.00 5.93%	2.53% 2.53%	420,598.71 -2,574.71	104.506	418,024.00 6,131.11	0.59%



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

Bond holdings - as of June 30, 2018 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2019</b>										
Aaa/AAA/AA+	485,000		10/01/2019		2,76%	1.21	472,384.19	96.656	468,781.60	0.66%
NR/NR/NR					2.76%		-3,602.59		0.00	
A3/M/A-	250,000	8.88%	11/15/2019		3.13%	1.29	275,162.51	107.683	269,207.50	0.38%
NR/NR/NR					3.13%		-5,955.01		2,773.44	
<b>Total 2019</b>										
	<b>9,979,000</b>	<b>2.18%</b>	<b>05/24/2019</b>		<b>2.04%</b>	<b>0.87</b>	<b>\$10,041,071.6</b>		<b>\$9,962,367.96</b>	<b>14.10%</b>
									<b>\$44,508.83</b>	
<b>Maturing 2020</b>										
Baa2/MD/BBB	1,000,000	2.00%	03/15/2020		2,03%	1.65	999,370.00	98.336	983,360.00	1.39%
NR/NR/NR					3.00%		-16,010.00		5,833.33	
Aaa/AAA/AA+	1,750,000	1.50%	03/23/2020	09/23/2018	26,250.00	1.68	1,748,250.00	98.250	1,719,375.00	2.43%
NR/NR/NR				100.00	1.53%		-28,875.00		7,072.92	
A3/A-/A-	2,000,000	5.15%	04/30/2020		4,98%	1.73	2,130,675.62	103.336	2,066,720.00	2.93%
NR/NR/NR					3.26%		-63,955.62		17,166.67	
A1/NR/A	2,879,000	2.25%	05/20/2020		64,777.50	1.83	2,886,793.24	98.526	2,836,563.54	4.02%
NR/NR/NR					2.28%		-50,229.70		7,197.50	



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

Bond holdings - as of June 30, 2018 (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. g/l (\$))	Market price (\$)	Mkt. value (\$/ Accr. interest (\$))	% of bond port.
<b>Maturing 2020</b>												
FHLMC MED TERM NTS 01.500 % DUE 06/29/20 DTD 06/29/16 FC 12/29/2016 CUSIP: 31344G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020	Aaa/AAA/AA+	3,500,000	1.50%	06/29/2020	06/29/2018 100.00	52,500.00 1.54%	2.72% 2.72%	1.93	3,500,000.00 -82,670.00	97.638	3,417,330.00 145.83	4.84%
FNMA NTS 01.350 % DUE 08/24/20 DTD 08/24/16 FC 02/24/2017 CUSIP: 31366G3W92 Initial Purchase Date: 08/02/2016	Aaa/AAA/AA+	3,500,000	1.35%	08/24/2020	08/24/2018 100.00	47,250.00 1.39%	2.58% 2.58%	2.09	3,498,250.00 -87,640.00	97.446	3,410,610.00 16,537.50	4.83%
J P MORGAN CHASE & CO 02.550% 10/29/20 DTD 10/29/15 FC 04/29/16 NTS B/E CUSIP: 46625HXX4 Initial Purchase Date: 11/04/2015	A3/A-/A-	1,000,000	2.55%	10/29/2020	09/29/2020 100.00	25,500.00 2.59%	3.23% 3.23%	2.23	994,430.00 -9,610.00	98.482	984,820.00 4,320.83	1.39%
VISA INC NTS B/E 02.200% 12/14/20 DTD 12/14/15 FC 06/14/16 CALL@MMW+10BP CUSIP: 92826CAB8 Initial Purchase Date: 04/05/2018 Original Maturity: 12/14/2020	A1/NR/A+	1,500,000	2.20%	12/14/2020	11/14/2020 100.00	33,000.00 2.24%	2.89% 2.89%	2.36	1,480,215.00 -4,575.00	98.376	1,475,640.00 1,466.67	2.09%
<b>Total 2020</b>		<b>17,129,000</b>	<b>2.19%</b>	<b>07/02/2020</b>		<b>\$372,277.50</b> <b>2.20%</b>	<b>2.86%</b> <b>2.86%</b>	<b>1.93</b>	<b>\$17,237,983.8</b> <b>\$-343,565.32</b>		<b>\$16,894,418.54</b> <b>\$59,741.25</b>	<b>23.92%</b>
<b>Maturing 2021</b>												
E I DU PONT DE NEMOURS 03.625% 01/15/21 DTD 09/23/10 CALL@MMW+15BP B/E CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016	A3/AA-	400,000	3.63%	01/15/2021		14,500.00 3.58%	3.09% 3.09%	2.37	416,088.25 -10,884.25	101.301	405,204.00 6,645.83	0.57%
ANHEUSER BUSCH INBEV FIN 02.650% 02/01/21 DTD 01/25/16 FC 08/01/16 CALL@MMW+20BP CUSIP: 035242A5 Initial Purchase Date: 05/16/2018 Original Maturity: 02/01/2021	A3/BBB/A-	600,000	2.65%	02/01/2021	01/01/2021 100.00	15,900.00 2.69%	3.21% 3.21%	2.45	591,840.00 -108.00	98.622	591,732.00 6,580.83	0.84%

Report created on: July 17, 2018



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

Bond holdings - as of June 30, 2018 (continued)

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call price (\$)	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$) Unreal. grt (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2021</b>												
FCB BOND 01.470 % DUE 02/17/21	Aaa/AAA/AA+	4,500,000	1.47%	02/17/2021			66,150.00 1.52%	2.80% 2.80%	4,496,625.00 -147,825.00	96.640	4,348,800.00 24,438.75	6.16%
DTD 08/17/16 FC 02/17/2017	NR/NR/NR											
CUSIP: 3133EGRN7												
Initial Purchase Date: 08/17/2016												
Original Maturity: 02/17/2021												
FHLMC MED TERM NTS 01.500 %	Aaa/AAA/AA+	3,525,000	1.50%	03/30/2021	06/30/2018		52,875.00 1.55%	2.80% 2.80%	3,524,118.75 -119,850.00	96.575	3,404,268.75 13,218.75	4.82%
DUE 03/30/21 DTD 09/30/16 FC	NR/NR/NR				100.00							
03/30/2017												
CUSIP: 3134GAE00												
Initial Purchase Date: 09/08/2016												
Original Maturity: 03/30/2021												
EI DU PONT DE NEWOURS	A3/AA-	250,000	4.25%	04/01/2021			10,625.00 4.13%	3.11% 3.11%	265,992.42 -8,512.42	102.992	257,480.00 2,626.74	0.36%
04.250% 04/01/21 DTD032511	NR/NR/NR											
CALL@MMW+15BP												
CUSIP: 263534CE7												
Initial Purchase Date: 09/08/2016												
Original Maturity: 04/01/2021												
BURJINGTON NTHN SANITA FE	A3/NR/A+	1,000,000	4.10%	06/01/2021	03/01/2021		41,000.00 4.00%	3.17% 3.09%	1,046,469.28 -20,839.28	102.563	1,025,630.00 3,302.78	1.45%
04.100% 06/01/21 DTD051911	NR/NR/NR				100.00							
CALL@MMW+15BP CORP NTS												
CUSIP: 12189LAD3												
Initial Purchase Date: 02/22/2017												
Original Maturity: 06/01/2021												
FNMA NTS 01.530 % DUE 07/28/21	Aaa/AAA/AA+	3,750,000	1.53%	07/28/2021	07/28/2018		57,375.00 1.60%	3.00% 3.00%	3,750,000.00 -160,800.00	95.712	3,589,200.00 24,225.00	5.08%
DTD 07/28/16 FC 01/28/2017	NR/NR/NR				100.00							
CUSIP: 3136G3597												
Initial Purchase Date: 08/02/2016												
Original Maturity: 07/28/2021												
FHLB NTS 01.550 % DUE 09/01/21	Aaa/NR/AA+	500,000	1.55%	09/01/2021			7,750.00 1.62%	2.90% 2.90%	499,375.00 -19,650.00	95.945	479,725.00 2,561.81	0.68%
DTD 09/01/16 FC 03/01/2017	NR/NR/NR											
CUSIP: 3130A9B19												
Initial Purchase Date: 09/08/2016												
Original Maturity: 09/01/2021												
LOS ANG CAL TAX SR A	Aa2/NR/NR	1,000,000	2.15%	09/01/2021			21,500.00 2.20%	3.01% 3.01%	994,250.00 -17,260.00	97.699	976,990.00 7,106.94	1.38%
2.150 09/01/21 DTD 1/22/16 /CA	Aa2/NR/NR											
CALL@MMW+10BP												
CUSIP: 544351KQ1												
Initial Purchase Date: 12/23/2016												
Original Maturity: 09/01/2021												
CISCO SYSTEMS INC BE 01.850%	A1/NR/AA-	1,000,000	1.85%	09/20/2021	08/20/2021		18,500.00 1.94%	3.34% 3.34%	993,660.00 -38,990.00	95.467	954,670.00 5,138.89	1.35%
09/20/21 DTD09/20/16 FC032017	NR/NR/NR				100.00							
CALL@MMW+10BP												
CUSIP: 17275RB10												
Initial Purchase Date: 09/15/2017												
Original Maturity: 09/20/2021												



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

Bond holdings - as of June 30, 2018 (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. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2021</b>											
FHLB BOND 01.520 % DUE 09/23/21 DTD 09/23/16 FC 0323/2017 CUSIP: 3130A9FB2	2,290,000	1.52%	09/23/2021		34,808.00 1.59%	2.86% 2.86%	3.10	2,289,150.00 -93,154.50	95.895	2,195,995.50 9,378.82	3.11%
Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021											
FHLB BOND 01.600 % DUE 09/27/21 DTD 09/27/16 FC 0327/2017 CUSIP: 3130A9JZ5	255,000	1.60%	09/27/2021		4,080.00 1.66%	2.68% 2.68%	3.11	255,000.00 -8,534.85	96.653	246,465.15 1,054.00	0.35%
Initial Purchase Date: 09/27/2016 Original Maturity: 09/27/2021											
MISSISSIPPI STATE TAX SR G BE/R/ 2.470 11/01/21 DTD 12/08/15 /MS CUSIP: 605581GN1	1,450,000	2.47%	11/01/2021		35,815.00 2.50%	2.91% 2.91%	3.16	1,464,336.99 -34,303.49	98.623	1,430,033.50 5,869.68	2.02%
Initial Purchase Date: 02/22/2017 Original Maturity: 11/01/2021											
<b>Total 2021</b>	<b>20,520,000</b>	<b>1.87%</b>	<b>06/08/2021</b>		<b>\$380,878.00</b> <b>1.91%</b>	<b>2.92%</b> <b>2.92%</b>	<b>2.80</b>	<b>\$20,586,905.6</b> <b>\$-680,711.79</b>		<b>\$19,906,193.90</b> <b>\$112,148.82</b>	<b>28.18%</b>

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. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2022</b>											
APPLE INC NTS B/E 02.5000% 02/09/22 DTD02/09/17 FC080917 CALL@MW+10BP CUSIP: 037833CM0	2,000,000	2.50%	02/09/2022	01/09/2022 100.00	50,000.00 2.55%	3.07% 3.07%	3.38	2,004,272.33 -42,792.33	98.074	1,961,480.00 19,583.33	2.78%
Initial Purchase Date: 02/22/2017 Original Maturity: 02/09/2022											
FFCB BOND 02.730 % DUE 02/14/22 DTD 02/14/18 FC 0814/2018 CUSIP: 3133E1CG2	900,000	2.73%	02/14/2022	02/14/2019 100.00	24,570.00 2.74%	2.79% 2.79%	3.39	898,200.00 -72.00	99.792	898,128.00 9,282.00	1.27%
Initial Purchase Date: 02/23/2018 Original Maturity: 02/14/2022											
PEPSICO INC NTS B/E 02.2500% 05/02/22 DTD05/02/17 FC11/02/17 CALL@MW+10BP CUSIP: 713448DT2	1,089,000	2.25%	05/02/2022	04/02/2022 100.00	24,502.50 2.32%	3.14% 3.14%	3.62	1,087,301.16 -33,225.39	96.793	1,054,075.77 3,947.63	1.49%
Initial Purchase Date: 05/16/2017 Original Maturity: 05/02/2022											



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

Bond holdings - as of June 30, 2018 (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. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2022</b>												
QUALCOMM INC NTS B/E 03.000%	A1/NR/A	1,000,000	3.00%	05/20/2022		30,000.00	3.42%	3.62	1,023,236.74	98.493	984,930.00	1.39%
052022 DT052015 FC112015	NR/NR/NR					3.05%	3.42%		-38,306.74		3,333.33	
CALL@MW415BP												
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	2.89%	3.93	2,988,750.00	96.510	2,895,300.00	4.10%
DTD 090117 FC 03012018	NR/NR/NR					2.07%	2.89%		-93,450.00		19,833.33	
CUSIP: 3130ACD84												
Initial Purchase Date: 09/26/2017												
Original Maturity: 09/01/2022												
FFCB BOND 02.100 % DUE 092622	Aaa/AAA/AA+	2,000,000	2.10%	09/26/2022	09/26/2018	42,000.00	2.84%	3.99	1,999,000.00	97.054	1,941,080.00	2.75%
DTD 092617 FC 03262018	NR/NR/NR				100.00	2.16%	2.84%		-57,920.00		10,966.67	
CUSIP: 3133EHZ4												
Initial Purchase Date: 09/26/2017												
Original Maturity: 09/26/2022												
FFCB BOND 02.160 % DUE 101122	Aaa/AAA/AA+	2,500,000	2.16%	10/11/2022	10/11/2018	54,000.00	2.87%	4.03	2,495,150.00	97.139	2,428,475.00	3.44%
DTD 101117 FC 04112018	NR/NR/NR				100.00	2.22%	2.87%		-66,675.00		11,850.00	
CUSIP: 3133HE58												
Initial Purchase Date: 10/17/2017												
Original Maturity: 10/11/2022												
FHLB BOND 02.510 % DUE 122922	Aaa/NR/AA+	2,000,000	2.51%	12/29/2022	06/29/2018	50,200.00	3.00%	4.16	1,991,000.00	97.836	1,956,720.00	2.77%
DTD 122917 FC 06292018	NR/NR/NR				100.00	2.57%	3.00%		-34,280.00		278.89	
CUSIP: 3130AD6W7												
Initial Purchase Date: 01/26/2018												
Original Maturity: 12/29/2022												
<b>Total 2022</b>		<b>14,489,000</b>	<b>2.32%</b>	<b>08/02/2022</b>		<b>\$335,272.50</b>	<b>2.97%</b>	<b>3.83</b>	<b>\$14,486,910.2</b>		<b>\$14,120,188.77</b>	<b>19.99%</b>
						<b>2.37%</b>	<b>2.97%</b>		<b>\$-366,721.46</b>		<b>\$79,075.18</b>	
<b>Maturing 2023</b>												
FFCB BOND 02.550 % DUE 011723	Aaa/AAA/AA+	2,500,000	2.55%	01/17/2023	01/17/2019	63,750.00	2.95%	4.21	2,489,625.00	98.315	2,457,875.00	3.48%
DTD 011718 FC 07172018	NR/NR/NR				100.00	2.59%	2.95%		-31,750.00		28,864.58	
CUSIP: 3133EH7C1												
Initial Purchase Date: 01/26/2018												
Original Maturity: 01/17/2023												
<b>Total 2023</b>		<b>2,500,000</b>	<b>2.55%</b>	<b>01/17/2023</b>		<b>\$63,750.00</b>	<b>2.95%</b>	<b>4.21</b>	<b>\$2,489,625.00</b>		<b>\$2,457,875.00</b>	<b>3.48%</b>
						<b>2.59%</b>	<b>2.95%</b>		<b>\$-31,750.00</b>		<b>\$28,864.58</b>	



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

Bond holdings - as of June 30, 2018 (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. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
	<b>71,917,000</b>	<b>2.16%</b>	<b>12/07/2020</b>	<b>NA</b>	<b>\$1,528,558.00</b> 2.16%	<b>2.79%</b> 2.79%	<b>2.32</b> <b>\$-1,522,964.86</b>	<b>NA</b>	<b>\$70,636,407.07</b>	<b>\$368,213.95</b>	<b>100%</b>
<b>Total Bond Portfolio</b>										<b>\$71,004,621.02</b>	



# Additional information about your portfolio

as of June 30, 2018

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

## Benchmark composition

Account EB 02120

Benchmark 1

Start - 05/08/2018: 50% Barclays US Gov 1-3Y; 50% Barclays Govt/Credit 1-5Y  
05/08/2018 - Current: 100% Barclays Agg Bond



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

This section contains important disclosures regarding the information and valuations presented here. 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. You should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise.

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.

In our attempt to provide you with the highest quality information available, we have compiled this report using data obtained from recognized statistical sources and authorities in the financial industry. While we believe this information to be reliable, we cannot make any representations regarding its accuracy or completeness. Please keep this guide as your Wealth Review.

Please keep in mind that most investment objectives are long term. Although it is important to evaluate your portfolio's performance over multiple time periods, we believe the greatest emphasis should be placed on the longer period returns.

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

**Client Accounts:** This report may include all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. As a result, the performance reflected in this report can vary substantially from the individual account

performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the account 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 account records.

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

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

**Time-weighted Returns (after 10/31/2010):** For reports generated on or after 10/31/2010, this 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 plus the net value of cash flows that occurred during the day, if it was positive. 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. For reports generated prior to 01/26/2018, the performance calculations used the account's end of day value on the performance inception (listed in the report under the column "TD") and all cash flows were posted at end of day. As a result of the change, the overall rate of return (TWR) and beginning market value displayed can vary from prior generated reports.

**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 payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance. It should also be noted that where gross returns are compared to an index, the index performance also does not reflect any transaction costs, which would lower the performance results. Market index data may be subject to review and revision.

**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. Although most portfolios use indices as benchmarks, portfolios are actively managed and generally are not restricted to investing only in securities in the index. As a result, your portfolio holdings and performance may vary substantially from the index. Each index reflects an unmanaged universe of securities without any deduction

for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. Indices are not actively managed and investors cannot invest directly in the indices. Market index data may be subject to review and revision. 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.

Benchmark 1 for Advisory accounts-The Benchmark 1 for your account is designed to reflect the asset categories in which your account is invested.

Benchmark 2 - 8 for Advisory accounts - are optional indices selected by you which may consist of a blend of indexes.

Consumer Price Index - The Consumer Price Index for Urban Wage Earners and Clerical Workers-U.S. City Average. All items. Based on monthly data published by the U.S. Department of Labor. The CPI for the most recent month is estimated due to the delayed release of CPI data by the U.S. government. Therefore, CPI for the most recent month is assumed to be equal to the CPI for the previous month.

CPI + % - is an optional index that, if selected, will replace the standard CPI measure on your Review. This index consists of the CPI return plus an absolute annualized return selected by you.

Client Return Objective - is an optional annualized return objective selected by you. In establishing this objective, you should make sure that it is consistent with your tolerance for risk.

**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,



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

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.

**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 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 labelled 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 / Total" 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 either one line item (i.e., lumped tax lots) or as separate tax lot level information. If you choose to display security tax lots as one line item, 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.

If you choose to display tax lot level information as separate line items on the Portfolio Holdings report, the tax lot information may include information from sources other than UBS FS. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. As a result this information may not be accurate and is provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. See your monthly statement for additional information.

**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 data for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

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

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

This information is supplied by Morningstar, Inc. on a daily 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.

All pooled investment vehicles (such as mutual funds, closed end mutual funds, and exchange traded funds) incorporate internal management and performance expenses, which are reflected in the performance returns. Please see relevant fund prospectus for more information. Please note, performance for mutual funds is inclusive of multiple share classes.

**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.

**Equity Style:** The Growth Value and Core labels are determined by Morningstar. If an Equity Style is unclassified, it is due to non-availability of data required by Morningstar to assign it a particular style.

**Equity Capitalization:** Market Capitalization is determined by Morningstar. Equity securities are classified as Large Cap, Mid Cap or Small Cap by Morningstar. Unclassified securities are those for which no capitalization is available on Morningstar.

**Equity Sectors:** The Equity sector analysis include a variety of accounts, each with different investment and risk parameters. As a result, the overweighting or underweighting in a particular sector or asset class should not be viewed as an isolated factor in making investment/liquidation decisions, but should be assessed on an account by account basis to determine the overall impact on the account's portfolio.

**Classified Equity:** Classified equities are defined as those equities for which the firm can confirm the specific industry and sector of the underlying equity instrument.

**Estimated Annual Income:** The Estimated Annual Income is calculated by summing the previous four dividend rates per share and multiplying by the quantity of shares held in the selected account(s) as of the End Date of Report.

**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 are currently available from that rating agency.



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

**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 UTIs.

**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.

**Taxability unknown:** Taxability unknown items may include, but not be limited to, Money Market Interest, ordinary interest, and ordinary dividends. The value shown for interest-bearing securities that have been deposited or received in your account includes accrued interest, where applicable.

**Cash Flow:** This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal payoffs for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated – but prior to the report run ("As of") date – are not reflected in this report. In determining the potential cash flows, 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. Although UBS FS generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy.

**Expected Cash Flow reporting for Puerto Rico Income Tax Purposes:** Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes, if you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not

be relied upon by you or your advisers. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

**Bond sensitivity analysis:** This analysis uses Modified Duration which approximates the percentage price change of a security for a given change in yield. The higher the modified duration of a security, the higher its risk. For callable securities, modified duration does not bond's expected cash flow as a result of a call or prepayment.

**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.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page or listed at the top of each page. If an account number begins with "@", this denotes assets or liabilities held at other financial institutions. Information about these assets, including valuation, account type and cost basis, is based on the information you provided to us, or provided to us by third party data aggregators or custodians at your direction. We have not verified, and are not responsible for, the accuracy or completeness of this information.

**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 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.

Performance History prior to the account's inception at UBS Financial Services, Inc. may have been included in this report and is based on data provided by third party sources. UBS Financial Services Inc. has not independently verified this information nor does UBS Financial Services Inc. guarantee the accuracy or validity of the information.

UBS FS All Rights Reserved. Member: SIPC.



**Kern Health Systems**  
**Account Number: EBXXX20**

Your Financial Advisor:  
 THE COHEN GROUP  
 Phone: 551-568-2200/800-528-5012

Filtered by: Entry Date 04/01/2018-06/30/2018, Call/Redemption

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
05/15/18	05/15/18	CALL REDEMPTION	ST STREET CORP NTS B/E 01.350% 051518 DTD051513	860328	-335,000.000	REDEMPTION	335,000.00
04/02/18	04/02/18	CALL REDEMPTION	GENERAL ELEC CAP CORP 01.625% 040218 DTD040213	6475U1	-1,000,000.000	REDEMPTION	1,000,000.00

Filtered by: Entry Date 04/01/2018-06/30/2018, Bought

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
05/16/18	05/18/18	BOUGHT	ANHEUSER BUSCH INBEV FIN 02.650% 020121 DTD012516	663FT8	600,000.000	\$98.640	-596,565.83
04/05/18	04/09/18	BOUGHT	VISA INC NTS B/E 02.200% 121420 DTD121415	Trade#:335C904H56	1,500,000.000	\$98.681	-1,490,756.67

*This report is provided for informational purposes with your consent. Your UBS Financial Services Inc. ("UBSFS") accounts statements and confirmations are the official record of your holdings, balances, transactions and security values. UBSFS does not provide tax or legal advice. You should consult with your attorney or tax advisor regarding your personal circumstances. Rely only on year-end tax forms when preparing your tax return. Past performance does not guarantee future results and current performance may be lower or higher than past performance data presented. Past performance for periods greater than one year are presented on an annualized basis. UBS official reports are available upon request.*

*As a firm providing wealth management services to clients, UBS Financial Services Inc. offers both investment advisory services and brokerage services. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information visit our website at [ubs.com/workingwithus](http://ubs.com/workingwithus).*

*The information is based upon the market value of your account(s) as of the close of business on July 17, 2018, is subject to daily market fluctuation and in some cases may be rounded for convenience.*

*Your UBS account statements and trade confirmation are the official records of your accounts at UBS. We assign index benchmarks to our asset allocations, strategies in our separately managed accounts and discretionary programs based on our understanding of the allocation, strategy, the investment style and our research. The benchmarks included in this report can differ from those assigned through our research process. As a result, you may find that the performance comparisons may differ, sometimes significantly, from that presented in performance reports and other materials that are prepared and delivered centrally by the Firm. Depending upon the composition of your portfolio and your investment objectives, the indexes used in this report may not be an appropriate measure for comparison purposes, and as such, are represented for illustration only. Your portfolio holdings and performance may vary significantly from the index. Your financial advisor can provide additional information about how benchmarks within this report were selected.*

**You have discussed the receipt of this individually customized report with your Financial Advisor and understand that it is being provided for informational purposes only. If you would like to revoke such consent, and no longer receive this report, please notify your Financial Advisor and/or Branch Manager.**



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

**Bank Account Statement**  
**Wells Fargo Bank, N.A.**

**Statement Period**  
**06/01/2018 - 06/30/2018**

KERN HEALTH SYSTEMS Account Number  
 9700 STOCKDALE HWY 1AB84780

**Account Value Summary USD**

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	38,575,850.90	8,344,737.15	9%
Bonds	92,848,230.15	88,340,977.08	91%
Stocks	0.00	0.00	0%
<b>Total Account Value</b>	<b>\$ 131,424,081.05</b>	<b>\$ 96,685,714.23</b>	<b>100%</b>
<b>Value Change Since Last Statement Period</b>		<b>\$ (34,738,366.82)</b>	
<b>Percent Decrease Since Last Statement Period</b>			<b>27%</b>
<b>Value Last Year-End</b>		<b>\$ 106,942,632.68</b>	
<b>Percent Decrease Since Last Year-End</b>			<b>10%</b>

**Income Summary USD**

	This Period	Year-To-Date
Interest	\$ 188,513.70	\$ 1,000,991.17
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	38,121.05	225,346.07
Other	0.00	0.00
<b>Income Total</b>	<b>\$ 226,634.75</b>	<b>\$ 1,226,337.24</b>

**Interest Charged USD**

Description	This Period
Debit Interest For June 2018	0.00
<b>Total Interest Charged</b>	<b>\$ 0.00</b>

**Money Market Mutual Funds Summary USD**

Description	Amount
<b>Opening Balance</b>	<b>\$ 38,575,850.90</b>
Deposits and Other Additions	126,053,760.09
Distributions and Other Subtractions	(156,322,994.89)
Dividends Reinvested	38,121.05
Change in Value	0.00
<b>Closing Balance</b>	<b>\$ 8,344,737.15</b>

**Safekeeping**

002202 1514638 0015 2C027 UN# 2709233 00010270 7485-0018 51024 06/30/18 P

## Important Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Financial Statements:** WFS financial statements are available upon request.

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

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

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

Customer Service  
90 South 7th Street  
5th Floor, MAC N9305-05F  
Minneapolis, MN 55402  
[wfscustomerservice@wellsfargo.com](mailto:wfscustomerservice@wellsfargo.com)

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

**Wells Fargo Bank, N.A. Institutional Deposit:** Funds invested in the Institutional Deposit are on deposit at Wells Fargo Bank, N.A. and balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to the full amount allowable by law. Institutional Deposit balances are not insured by the Securities Investor Protection Corporation ("SIPC"). For further details, see the Institutional Deposit Product Description.

**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
<b>Bonds USD</b>								
912796PN3	UNITED STATES TREASURY BILL	07/05/18	0.000%	20,000,000.000	99.9862	19,997,233.40		
912796PQ6	UNITED STATES TREASURY BILL	07/12/18	0.000%	20,000,000.000	99.9534	19,990,687.40		
89236TCP8	TOYOTA MOTOR CREDIT CORP	07/13/18	1.550%	3,000,000.000	99.9702	2,999,106.54		N
02006LSF1	ALLY BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.650%	250,000.000	99.9811	249,952.75		
140420TH3	CAPITAL ONE BANK USA INTEREST BEARING CERTIFICATE OF DEPOSIT	07/16/18	1.600%	250,000.000	99.9816	249,954.00		
45113VGJ3	IBM CREDIT LLC 4(2) DISCOUNTED COMMERCIAL PAPER	07/18/18	0.000%	3,000,000.000	99.8965	2,996,895.09		
912796MK2	UNITED STATES TREASURY BILL	07/19/18	0.000%	20,000,000.000	99.9180	19,983,590.20		
06406HCM9	BANK OF NEW YORK MELLON	08/01/18	2.918%	2,000,000.000	100.0631	2,001,261.36		N
54438CWT5	LOS ANGELES CA CMNTY CLG DIST TXBL-SER A-2	08/01/18	1.620%	3,000,000.000	99.9650	2,998,950.00		Y
48126XAM7	JP MORGAN CHASE BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/16/18	1.100%	250,000.000	99.8704	249,676.00		Y
05581WJT3	BMO HARRIS BANK NA INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.050%	250,000.000	99.8733	249,683.25		
254672F86	DISCOVER BANK INTEREST BEARING CERTIFICATE OF DEPOSIT	08/17/18	1.000%	250,000.000	99.8671	249,667.75		
90521APJ1	MUFG UNION BANK NA	09/26/18	2.625%	1,000,000.000	99.9774	999,774.29		Y
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	99.9121	1,298,856.85		N
795450ZE8	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.6911	249,227.75		
69353RET1	PNC BANK NA	11/05/18	1.800%	1,000,000.000	99.7432	997,432.29		Y
48306BM44	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	12/04/18	0.000%	3,000,000.000	98.8435	2,965,305.84		
24422ESF7	JOHN DEERE CAPITAL CORP	12/13/18	1.950%	2,955,000.000	99.6908	2,945,863.82		N
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	99.4552	994,552.27		N
94974BFU9	WELLS FARGO & COMPANY	04/22/19	2.125%	1,621,000.000	99.4361	1,611,859.83		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	99.8630	1,308,205.30		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.1041	991,041.29		N
02665WBE0	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	98.4504	984,503.71		N
58768MAC5	MBALT 2016-B A3	08/15/19	1.350%	780,044.270 1,000,000.000	99.6990	777,696.10		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
<b>Bonds USD</b>								
				88,466,044.270		88,340,977.08	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
<b>Transaction Activity USD</b>									
06/04/18	06/04/18	Security Receipt	24422ESF7	JOHN DEERE CAPITAL CORP	2,955,000.00		0.00	0.00	0.00
06/05/18	06/05/18	Security Receipt	06406HCM9	BANK OF NEW YORK MELLON	2,000,000.00		0.00	0.00	0.00
06/05/18	06/05/18	Security Receipt	48306BM44	KAISER FOUNDATION HOSP	3,000,000.00		0.00	0.00	0.00
06/18/18	06/18/18	Receive	912796PQ6	UNITED STATES TREASURY BILL	20,000,000.00		0.00	0.00	0.00
06/21/18	06/21/18	Received	912796MK2	UNITED STATES TREASURY BILL	20,000,000.00		0.00	0.00	0.00
06/25/18	06/25/18	Security Receipt	54439CWT5	LOS ANGELES CA CMNTY CLG DIST	3,000,000.00		0.00	0.00	0.00
06/26/18	06/26/18	Security Receipt	94974BFU9	WELLS FARGO & COMPANY	1,621,000.00		0.00	0.00	0.00
<b>Income / Payment Activity USD</b>									
06/01/18	06/01/18	Matured	717081DW0	PFIZER INC			1,000,000.00		1,000,000.00
06/01/18	06/01/18	Interest	717081DW0	PFIZER INC				6,000.00	6,000.00
06/01/18	06/01/18	Matured	713448BH0	PEPSICO INC			3,500,000.00		3,500,000.00
06/01/18	06/01/18	Interest	713448BH0	PEPSICO INC				87,500.00	87,500.00
06/01/18	06/01/18	Matured	49327M2L7	KEY BANK NA			2,000,000.00		2,000,000.00
06/01/18	06/01/18	Interest	49327M2L7	KEY BANK NA				12,911.94	12,911.94
06/04/18	06/04/18	Matured	02587DYK9	AMERICAN EXPRESS CENTURION BK			250,000.00		250,000.00
06/04/18	06/04/18	Interest	02587DYK9	AMERICAN EXPRESS CENTURION BK				1,817.47	1,817.47
06/07/18	06/07/18	Matured	63966CF74	NATIONWIDE LIFE INS CO 4(2)			3,000,000.00		3,000,000.00
06/11/18	06/11/18	Matured	05590ADH4	BMW BANK NORTH AMERICA			250,000.00		250,000.00
06/11/18	06/11/18	Interest	05590ADH4	BMW BANK NORTH AMERICA				1,745.21	1,745.21
06/13/18	06/13/18	Interest	24422ESF7	JOHN DEERE CAPITAL CORP				28,811.25	28,811.25
06/14/18	06/14/18	Matured	912796PL7	UNITED STATES TREASURY BILL			15,000,000.00		15,000,000.00
06/15/18	06/15/18	Matured	738798BG1	POWAY CA REDEV AGY SUCCESSOR A			1,000,000.00		1,000,000.00
06/15/18	06/15/18	Interest	738798BG1	POWAY CA REDEV AGY SUCCESSOR A				8,900.00	8,900.00
06/15/18	06/15/18	Matured	17275RAY8	CISCO SYSTEMS INC			1,000,000.00		1,000,000.00

**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
<b>Income / Payment Activity USD</b>									
06/15/18	06/15/18	Interest	17275RAY8	CISCO SYSTEMS INC				6,221.50	6,221.50
06/15/18	06/15/18	Paydown	58768MAC5	MBALT 2016-B A3			136,690.81		136,690.81
06/15/18	06/15/18	Interest	58768MAC5	MBALT 2016-B A3				1,031.33	1,031.33
06/18/18	06/18/18	Interest Reversal	14912L6L0	CATERPILLAR FINANCIAL SE				(33,575.00)	(33,575.00)
06/18/18	06/18/18	Matured	14912L6L0	CATERPILLAR FINANCIAL SE			3,950,000.00		3,950,000.00
06/18/18	06/18/18	Interest	14912L6L0	CATERPILLAR FINANCIAL SE				33,575.00	33,575.00
06/18/18	06/18/18	Interest	14912L6L0	CATERPILLAR FINANCIAL SE				33,948.05	33,948.05
06/20/18	06/20/18	Interest Reversal	14912L6L0	CATERPILLAR FINANCIAL SE				(33,948.05)	(33,948.05)
06/20/18	06/20/18	Interest	14912L6L0	CATERPILLAR FINANCIAL SE				33,575.00	33,575.00
06/20/18	06/20/18	Matured	90328BFL0	USAA CAPITAL CORP DISCOUNTED			3,000,000.00		3,000,000.00
06/22/18	06/22/18	Matured	30229BFN2	EXXON MOBIL CORP DISCOUNTED			3,000,000.00		3,000,000.00
06/29/18	06/29/18	Matured	912796FMS	UNITED STATES TREASURY BILL			20,000,000.00		20,000,000.00

**Cash Activity USD**

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
06/04/18	06/04/18	Journal	AUTO SK SETTLEMENT	2,978,470.09	
06/05/18	06/05/18	Journal	AUTO SK SETTLEMENT	2,008,853.99	
06/05/18	06/05/18	Journal	AUTO SK SETTLEMENT	2,966,633.33	
06/05/18	06/05/18	ACH/DDA Transaction	DESIGNATED DDA	13,000,000.00	
06/06/18	06/06/18	ACH/DDA Transaction	DESIGNATED DDA	9,000,000.00	
06/06/18	06/06/18	ACH/DDA Transaction	DESIGNATED DDA		9,000,000.00
06/12/18	06/12/18	ACH/DDA Transaction	DESIGNATED DDA	12,000,000.00	
06/14/18	06/14/18	ACH/DDA Transaction	DESIGNATED DDA	20,000,000.00	
06/18/18	06/18/18	Cash Wire Journal Entry	SAFEKEEPING ADJ	19,976,933.33	
06/18/18	06/18/18	ACH/DDA Transaction	DESIGNATED DDA		60,000,000.00
06/19/18	06/19/18	ACH/DDA Transaction	DESIGNATED DDA	10,000,000.00	
06/21/18	06/21/18	Journal	AUTO SK SETTLEMENT	19,872,622.22	
06/25/18	06/25/18	Journal	AUTO SK SETTLEMENT	3,018,390.00	
06/26/18	06/26/18	Journal	AUTO SK SETTLEMENT	1,622,536.35	
06/26/18	06/26/18	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
06/29/18	06/29/18	ACH/DDA Transaction	DESIGNATED DDA	25,000,000.00	

Safekeeping

KERN HEALTH SYSTEMS  
Account Number: 1AB84780

**Money Market Fund Activity**

Morgan Stan TreasSvc 8314		Dividend earned this period	7 day* simple yield	30 day* simple yield
*As of June 30, 2018				
USD		38,121.05	1.730%	1.660%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	<b>Beginning Balance</b>		<b>1.0000</b>	<b>38,575,850.90</b>		<b>38,575,850.90</b>
06/01/18	Purchase	6,593,500.00		6,593,500.00		45,169,350.90
06/01/18	Purchase	12,911.94		12,911.94		45,182,262.84
06/04/18	Redemption	(2,726,652.62)		(2,726,652.62)		42,455,610.22
06/05/18	Redemption	(2,008,853.99)		(2,008,853.99)		40,446,756.23
06/05/18	Redemption	(13,000,000.00)		(13,000,000.00)		27,446,756.23
06/05/18	Redemption	(2,996,633.33)		(2,996,633.33)		24,450,122.90
06/06/18	Purchase	30,000.00		30,000.00		24,480,122.90
06/06/18	Purchase	9,000,000.00		9,000,000.00		33,480,122.90
06/06/18	Redemption	(9,000,000.00)		(9,000,000.00)		24,480,122.90
06/07/18	Purchase	3,000,000.00		3,000,000.00		27,480,122.90
06/11/18	Purchase	251,745.21		251,745.21		27,731,868.11
06/12/18	Redemption	(12,000,000.00)		(12,000,000.00)		15,731,868.11
06/13/18	Purchase	28,811.25		28,811.25		15,760,679.36
06/14/18	Purchase	15,000,000.00		15,000,000.00		30,760,679.36
06/14/18	Redemption	(20,000,000.00)		(20,000,000.00)		10,760,679.36
06/15/18	Purchase	2,152,843.64		2,152,843.64		12,913,523.00
06/18/18	Purchase	3,983,575.00		3,983,575.00		16,897,098.00
06/18/18	Purchase	60,000,000.00		60,000,000.00		76,897,098.00
06/18/18	Purchase	373.05		373.05		76,897,471.05
06/18/18	Redemption	(19,976,933.33)		(19,976,933.33)		56,920,537.72
06/19/18	Redemption	(10,000,000.00)		(10,000,000.00)		46,920,537.72
06/20/18	Purchase	3,000,000.00		3,000,000.00		49,920,537.72
06/20/18	Redemption	(373.05)		(373.05)		49,920,164.67
06/21/18	Redemption	(19,972,622.22)		(19,972,622.22)		29,947,542.45
06/22/18	Purchase	3,000,000.00		3,000,000.00		32,947,542.45
06/25/18	Redemption	(3,018,390.00)		(3,018,390.00)		29,929,152.45
06/26/18	Redemption	(1,622,536.35)		(1,622,536.35)		28,306,616.10
06/26/18	Redemption	(15,000,000.00)		(15,000,000.00)		13,306,616.10
06/28/18	Purchase	20,000,000.00		20,000,000.00		33,306,616.10
06/29/18	Redemption	(25,000,000.00)		(25,000,000.00)		8,306,616.10
06/29/18	Reinvest	38,121.05			38,121.05	8,344,737.15

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

**Money Market Fund Activity (Continued)**

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	<b>Ending Balance</b>		<b>1.0000</b>	<b>8,344,737.15</b>		<b>8,344,737.15</b>

Safekeeping



**To: KHS Board of Directors**

**From: Alonso Hurtado, Director of Procurement and Facilities**

**Date: August 9, 2018**

**Re: Contracts Policy and Acquisitions and Payment of Expenditures Policy Change Request**

---

**Background**

The Contracting Policy for Administrative Contracts (“Contracts Policy”) and the Acquisitions and Payment of Expenditures Policies cover the Request for Proposal process for administrative contracts and purchases. These policies cover the requirements that trigger the initiation of an RFP process. KHS is seeking approval for changes pertaining to the RFP process, sole source justification, RFP dollar limits and reference of the RFP process in the Acquisition and Payment of Expenditures Policy.

In an effort to streamline processes and procedures for Management, Senior Management is proposing a change to the Contracts Policy to allow KHS to execute a one (1) time renewal contract with an incumbent vendor that was selected as a result of an RFP process. This renewal will be approved by Legal and is limited to a maximum renewal period of one (1) three (3) year term. In addition to this change, KHS is seeking to raise the limit for an RFP process from \$50,000 to \$100,000. Proposed language has been reviewed and approval by Legal and its currently being used by the County under their Purchasing Policy. This change will allow purchasing staff to focus their time on higher level risk contracts. (See attached redlines to Contracting Policy 100.12-I and Acquisitions and Payment of Expenditures Policy 8.11-I)

An estimate of the number of staff hours to prepare an RFP process varies greatly based on the complexity and the staff involved. Generally, this process can include Administrative Staff, Project Managers, Purchasing Staff and Senior Management. This change and increase in the RFP limit will eliminate redundancy for repetitive contracts.

**Requested Action**

As recommended by the Finance Committee at its meeting of August 3<sup>rd</sup>, request the Board approve the change on the Contracts Policy to allow a one-time renewal option not to exceed a three year term with vendors that were selected as a result of an RFP process, addition of sole source justification language, and raising the dollar value for an RFP process from \$50,000 to \$100,000.



## KERN HEALTH SYSTEMS

<b>KERN HEALTH SYSTEMS</b>					
<b>POLICY AND PROCEDURES</b>					
SUBJECT: Acquisitions and Payment of Expenditures			POLICY #: 8.11-I		
DEPARTMENT: Finance					
Effective Date:  03/2006	Review/Revised Date:  <span style="color: red;">08/18/2016</span>	DMHC		PAC	
		DHCS		QI/UM COMMITTEE	
		BOD		FINANCE COMMITTEE	

\_\_\_\_\_ Date \_\_\_\_\_  
 Douglas A. Hayward  
 Chief Executive Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Financial Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Operating Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Controller

\_\_\_\_\_ Date \_\_\_\_\_  
 Director of Compliance and Regulatory Affairs

\_\_\_\_\_ Date \_\_\_\_\_  
 Director of Procurement and Facilities

**POLICY:**

Kern Health Systems (KHS) is a public agency and as such complies with the rules and regulations contained in the California Government Code Section 6250 et. Seq. In addition, KHS complies with purchasing authority granted by the KHS Governing Board. KHS’ purchasing policy and procedure adheres to “best purchasing practices” that provide for effective and expedient procurement of goods and services necessary to support Kern Health’ Systems operational needs and budgetary controls, while ensuring that company resources are protected and maximized. The policy promotes disclosures of conflict of interest and compliance with statutory regulations whenever applicable.

**-DEFINITIONS:**

Purchasing means buying, procuring, renting, leasing, or otherwise acquiring any materials, supplies, services, construction, and equipment, including description of specifications and requirements, selection and solicitation of resources, preparation, and award of contract. Purchases are classified into the following types or categories in order to distinguish the appropriate procedures, authorization, and documentation for processing requisition, acquisition, and payment.

<b>Fixed Assets</b>	Includes land, building and improvements, furniture and equipment, computer hardware/peripheral/software, and capital leases. Fixed assets, except for computer software, with unit cost of less than \$1,000.00 are treated as an expense. Computer software with unit cost of less than \$5,000.00 is treated as an expense.
<b>Business Supplies and Printed Forms and Materials</b>	Includes all office and computer supplies and all printing and copying materials for business forms, handbooks and manuals, marketing and promotional materials and other documents. These expenditures are further classified into stock items, and non-stock items, printing, copying, and computer supplies. Stock items are those supply items such as letterhead and pre-printed envelopes, non-stock are those supply items and materials that are regularly used in operations including supplies on the standard order form.
<b>Services</b>	Includes the following: <ul style="list-style-type: none"> <li>• Professional services such as legal, accounting, actuarial, and other professional consulting services</li> <li>• Maintenance service agreements for office equipment, computer hardware and software systems, communication systems and facility maintenance</li> <li>• Utilities such as water, electricity, and telephone</li> <li>• Outsource services for on-call nurse advice, nurse on-site visits, outsourced medical management services, pharmacy claims processing, formulary, human resources, temporary help, mailing and reprographics, electronic billing, and media advertising.</li> </ul>
<b>Other Business Expenses</b>	Includes recruiting, subscription journals and books, postage and express deliveries, property and liability insurance, taxes and licenses, membership and professional dues, Board and committee meetings, and other miscellaneous business expenses.

**PROCEDURES:****1.0 PURCHASING PRACTICES AND STANDARDS**

No purchases or expenditures shall be made or committed without required prior authorization. Typically, a Purchase Requisition (PR) and an attached Request for Quote form (RFQ) (see Attachment A) will initiate a purchase. All departments can initiate a purchase requisition.

The quality of goods and services to be purchased, as well as their supplier/provider, shall be evaluated for reasonableness of warranty, durability reputation, reliability, reference and financial stability when making selection decisions. Upon receipt of the purchase requisition, the Director of Procurement and Facilities and department head will determine quality standards.

KHS will secure competitive ~~pricing quotes and bids~~ to obtain the maximum value from the expenditures. Electronic (email/fax) solicitations may be used for purchases up to Five Thousand Dollars (\$5,000.00). The competitive bid process for items above~~below~~ Five Thousand Dollars (\$5,000) will be performed by the Purchasing~~requesting dDepartment-~~ Electronic (email/fax) solicitations may be used for purchases up to Five Ten Thousand Dollars (\$510,000.00). One time purchase of goods or services above Five Thousand Dollars (\$5,000) requires a competitive bid process that will be performed by the Purchasing Department- and ~~but~~ must be documented on the bid matrix. Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over ~~Five Ten~~ Five Thousand Dollars (~~\$510,000.00~~). Request for Proposal (RFP) shall be used to solicit bids for professional services over ~~One Hundred Fifty~~ One Hundred Thousand Dollars (~~\$1050,000~~). 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. (See also Contracting Policy 16.10-I Contracting Policy for Administrative Contracts for additional requirements on sole source and RFPQ amended contracts for services).

Pursuant to KHS *Policy 10.02-I Conflict of Interest – Board Members, Subcommittee Members, and Employees*, the Director of Procurement and Facilities and any affected employee must make a full disclosure of any potential conflicts of interest for approval by the Chief Executive Officer and/or the Board of Directors before completing the transaction. The officer or the purchaser may not accept, directly or indirectly, any payments, loan services, travel, gifts or entertainment with a value of more than Fifty Dollars (\$50.00), in any three month period or quarter.

Purchases of services shall be in compliance with the Federal and State guidelines with regard to of individuals as “independent contractors”. The determination of whether an individual is classified as an employee or an independent contractor must occur before the work is commenced. Purchasers are encouraged to actively seek out vendors who are local, small, minority or women owned businesses.

Government rates and discounts whenever available should be sought out. Services provided by existing service contract providers and preferred suppliers should be monitored for compliance with contract terms and conditions and quality of services for contract renewal recommendation and consideration.

## **2.0 PURCHASING RESPONSIBILITY**

All Departments and Executives – Requisition for authorized purchases is initiated by submission of a Purchase Requisition (PR) with an attached Request for Quote (RFQ). Initializing the PR will be the responsibility of each individual department in coordination with the Purchasing Department. Signature limits are listed in the Table in Section 3.0 below.

The CEO, CFO or COO shall be involved in the final selection and decision of any purchase of goods or services with a value of Five Thousand Dollars (\$5,000.00) or more. Every attempt will be made to execute contractual agreements on standard KHS Purchase Orders or Purchase Service Agreements (See Attachment D). In the event that a contractual agreement is drafted with non-standard contractual language, the contract must be approved by legal counsel prior to execution by KHS management or Board. (make sure part of contracting policy) All contractual agreements, *excluding* Purchase Orders, in amounts greater than \$30,000, must be ~~(approved by — remove)~~ reported to the Board of Directors per Contracting Policy 16.10-I Contracting Policy for Administrative Contracts.

**3.0 PURCHASE AUTHORIZATION LIMITS**

Approved Budgeted and Expense Reserve Fund Items	
Department Manager/Supervisor	\$ 500.00
Department Director/Controller	\$1,000.00
Director of Procurement and Facilities	\$2,500.00
Department Executive Officer	\$5,000.00
Chief Executive Officer, Chief Operating Officer and/or Chief Financial Officer	Over \$5,000.00

**4.0 REQUISITIONS, AUTHORIZATION, AND PAYMENT FORMS**

- A. Request for Quote Form (RFQ) – (See Attachment A). This form is an internal form used to describe the details of a purchase. This form gives the Purchasing Department the necessary information needed to proceed with obtaining bids from qualified vendors. Upon receipt of at least three (3) competitive bids, the Director of Procurement and Facilities or their assigned shall create a bid decision matrix, indicating the vendor name, bid/quote, and any pertinent decision making criteria necessary to evaluate the bids. A summary of the results and the final compelling decision must accompany the matrix. If a vendor who was not the low bidder is selected, the decision must be clearly indicated in the summary.
- B. Request for Proposal Form (RFP) – (See attachment B). This form is used to solicit proposals for professional services over ~~\$100,000,50,000~~. Upon receipt of the RFP proposals, requestor shall create a proposal decision matrix, indicating the vendor name, bid/quote, and any pertinent decision making criteria necessary to evaluate the bids. A summary of the results and the final compelling decision must accompany the matrix. If a vendor who was not the low bidder is selected, the decision must be clearly indicated in the summary. For amendments to contracts involving an RFP see Contracting policy 16.10-I Contracting Policy for Administrative Contracts.
- C. Check Request Form (CR) – (See Attachment C). A Check Request form documents that the Accounting Department has reviewed the invoice presented for payment and all the documentation supporting that invoice is authorized by the fully executed PO. Upon completion, the CR documents that payment for the invoice is authorized and how the purchase will be recorded in the accounting records.

Other forms such as the Purchase Requisition (PR), Purchase Order, (PO), and receipts are created internally by the purchasing workflow.

## **5.0 REQUISITIONING**

Employee completes a Purchase Requisition (PR) via the purchasing workflow system. The completed requisition should clearly state the cost center, GL, proposed vendor, cost, quote details (if known), estimated date required and will contain, as an attachment to the PR, an RFQ and in cases where an RFP was performed, any supporting documentation referred to in Section 4. Special instructions should likewise be stated in the comments field. Other available supporting documentation or materials should also be attached. The source for estimating the cost whenever applicable or necessary should be stated on the requisition form.

The completed requisition is submitted for approval through the purchasing system. The PR is sent to the Purchasing Department via the purchasing system where it is reviewed for price and vendor selection any documentation including RFP or RFQ is attached to the PR. The PR is then routed to the cost center's manager for approval following the purchase authorization limits hierarchy as shown in Section 3 of this policy. Upon the PR's approval by the highest level authority a PO is generated.

A copy of the completed requisition is maintained in the purchasing system.

## **6.0 PURCHASING**

Upon receipt of the approved Purchase Requisition, the Director of Procurement and Facilities or their assigned will use the purchasing workflow to create a Purchase Order (PO) to acquire the needed goods or services in accordance with the standards and practices in Section 1 of this policy. The PO will include any additional or specific instructions from the requisition and GL account information. The Director of Procurement and Facilities or their assigned will ensure that all supporting documentation is attached to the PO within the workflow documents section of the purchasing workflow.

The Director of Procurement and Facilities is responsible for submitting the original completed and fully authorized PO to the vendor. The accounts payable staff monitors the status of the PO through completion by payment in the accounting purchasing system.

## **7.0 RECEIVING**

Three different methods may be used to document the receipt of a purchase. These methods ensure that the benefit of a purchase was received by KHS as opposed to another party.

### **7.1 Goods**

The Operations Clerk is responsible for handling each shipment received by KHS. For all goods except for fixed assets, the clerk counts and inspects the goods against the original packing list accompanying the shipment. Discrepancies between the packing list and items received are noted and initialed by the clerk. If the clerk is unable to reconcile the merchandise with the packing slip, the requisitioning department will be called upon to verify the contents of the shipment. Upon completion, the clerk will sign and date the bottom of the packing list and forward the original to the Accounting Department. The clerk will maintain a copy for the receiving files. If no packing list arrives with the merchandise, the clerk will fill out a substitute receiving form, sign

and date the bottom, and will forward to the Accounting Department. The operations clerk also logs each receipt in the Delivery Log file which is located on the shared intranet S:// drive. Upon receipt of the packing list the Accounting Department date stamps the receiving documents. When the goods are received by the requesting employee and/or Department Manager/Supervisor, the items should be verified against their copy of the requisition. Any discrepancies will be noted on the copy and the responsible purchaser notified. It is the responsibility of the Purchasing Department to rectify the discrepancies with the vendor.

**7.2 Fixed Assets**

If the goods received are fixed assets such as furniture and equipment, in addition to the receiving clerk a representative from the Accounting Department will be notified and will be present when the items are received in order to assign an inventory control

number for inventory purposes. In the event that the item(s) is IT equipment, a representative from the IT Department will also be present to verify that the proper equipment has been received.

**7.3 Services**

The receipt of services is documented by either a performance of service document from the vendor signed by a KHS employee or the verification by the Department Manager by signoff of the actual invoice.

**8.0 PAYMENT OF THE ACQUISITION**

All vendors are directed to submit invoices directly to the Accounting Department.

Within ten (10) business days of receipt of a vendor invoice, the designated Accounting Clerk (Clerk) will match the invoice with the receiving documents and completed and authorized PO or Blanket PO. The matching process includes verification of vendor information and verification that the number of items purchased and the dollar amount on the PO and receiving documents match.

If an invoice exceeds the Purchase Order by more than 10%, the Accounting Clerk will contact the Department Manager and/or Director of Procurement and Facilities to resolve the discrepancy. This 10% should not surpass the pre-established limits for purchases and contracts. If a contract or purchase exceeds the limits for Board of Directors approval they will be required to be presented to the Board of Directors for retroactive approval. If additional dollars need to be authorized, the department will issue a PR for the additional amount and the PR will continue through the regular accounting purchasing workflow authorization process.

Any purchases not appropriately documented are forwarded to the Controller or their assigned for resolution.

The table below outlines the steps followed during the payment process.

Step 1	The A/P Clerk initiates a <i>Check Request (CR)</i> for all appropriately documented purchases. (See Attachment C). The Clerk records the following information:
--------	--

	A. CR number B. Line of Business C. Payee name and address D. Amount E. Date: date CR was created F. Vendor number G. Invoice number H. Due date I. Prepared by
Step 2	The Clerk documents the mathematical accuracy of the invoice. If the invoice is inaccurate, it is taken to the Accounting Manager for resolution.
Step 3	The Clerk completes the appropriate general ledger distribution information.
Step 4	The completed CR is forwarded to the Controller or assigned for approval. Upon his/her approval, the Accounts Payable clerk can then enter the invoice into the accounting system for payment processing.

Payment of invoices will follow best practices for payment of invoice. The Clerk will pay within terms of the invoice and will make every effort to take advantage of allowable discounts.

Where possible, arrangements are made for the vendor to bill KHS via an invoice after the goods/services are received. If this is not possible, a check is processed based on the purchase authorization alone. After check processing, Accounting Staff will not file the CR until the invoice/receipt is received. That invoice/receipt is then reconciled to the authorized purchase order.

**ATTACHMENTS:**

- ❖ Attachment A Request for Quote (RFQ)
- ❖ Attachment B Request for Proposal (RFP)
- ❖ Attachment C Check Request (CR)
- ❖ Attachment D Currently approved Professional Services Agreement Contract.

**REFERENCE:**

**Revision 2018-07:** Policy updated by Finance and Corporate Services. **Revision 2016-04:** Policy reviewed by Director of Procurement and Facilities. Titles updated, dollar amount corrected to reflect RFP. **Revision 2014-08:** Update limit for Board of Directors approval to \$30,000.00. **Revision 2012-12:** Revisions provided by KHS Chief Financial Officer. Contractual agreements will be made on standard KHS Purchase Orders or Purchase Service Agreements whenever possible. If the contractual agreements is drafted with non-standard contractual language it must be approved by legal counsel prior to execution by KHS management or Board. New Attachment D that contains PSA and BAA. **Revision 2011-12:** Revised by Purchasing Manager. **Revision 2011-10:** Major revision provided by Controller and Purchasing and Facilities Manager. **Revision 2006-09:** New policy created per management request. This policy will replace policies that were previously maintained by the Accounting Department.



## KERN HEALTH SYSTEMS

<b>KERN HEALTH SYSTEMS</b>					
<b>POLICY AND PROCEDURES</b>					
SUBJECT: Contracting Policy for Administrative Contracts				POLICY #: 100.12-I	
DEPARTMENT: <u>Corporate Services Administration</u>					
Effective Date: 01/2010	Review/Revised Date: <span style="color: red;">05/04/2016</span>	DMHC		PAC	
		DHCS		QI/UM COMMITTEE	
		BOD	X	FINANCE COMMITTEE	

\_\_\_\_\_ Date \_\_\_\_\_  
 Douglas A. Hayward  
 Chief Executive Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Financial Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Operating Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Controller

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Information Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Director of Compliance and Regulatory Affairs

\_\_\_\_\_ Date \_\_\_\_\_  
 Director of Procurement and Facilities

**POLICY:**

The Kern Health Systems Director of Procurement and Facilities shall manage and administer all administrative contracts according to the provisions of this Policy to ensure payment and performance by the parties according to the terms of the contracts and the requirements of all regulatory agencies.

**DEFINITIONS:**

<b>Administrative Contracts</b>	Administrative Contracts are all contracts other than provider agreements.
<b>Central Compliance Document</b>	The document that verifies compliance with this Policy.
<b>Contract Manager</b>	A management level employee, reporting to the Chief Financial Officer, responsible for contract administration.
<b>Contracts Committee</b>	A committee comprised of the Director of Procurement and Facilities and members of the KHS staff as assigned by the Chief Executive Officer.
<b>Internal Reporting Requirement</b>	The interval of time (monthly, quarterly, semi-annually, or annually) assigned by the Chief Financial Officer.

**PROCEDURES:**

**1.0 CONTRACT INITIATION**

To initiate consideration of a new contract, purchase, or ~~to an~~ amendment ~~to extend~~ the terms of an existing contract, the Contract Owner must submit a Specifications Sheet (Spec Sheet) identifying a requirement. After vendor selection, a Purchase Requisition (PR) will be entered in Accpac along with a copy of the approved contract and attach a specifications sheet or previous contract if applicable. Hardware, software, and maintenance warranties will be processed as a PR (See Attachment B). For any contracts of purchases above \$5,000, the Contract Owner will provide a completed signed Agreement-At-A-Glance (AAAG) to the Director of Procurement and Facilities. For contracts requiring approval by the committee, executives or KHS' board of directions the contract owner should provide the PR two months in advance. The Director of Procurement and Facilities shall present to the Contracts Committee a Contract Review Packet. The Contract Owner or a representative must be present during the Contracts Committee meeting to answer any questions pertaining to the contract. The presented completed Contract Packet will that includes all the following and a completed Agreement at a Glance form:

- a. A concise statement of the reason for the new contract or amendment;
- b. A written justification for the recommended vendor or contractor that addresses price, KHS requirements, anticipated usage and any other information the Director of Procurement and Facilities believes is relevant;
- c. If competitive bids were considered for the contract, copies of all bids received, along with a bid matrix and vendor selection justification. -(See Acquisitions and Payment of Expenditures Policy #8.11-1). Sole source bids may be considered in certain circumstances. (See section 2.0 of this policy)
- d. If the contract is intended to assist in the administration of a Project, a copy of the Project budget and a summary of the Project contractor's duties;

- e. A copy of the proposed contract or amendment;
- f. The Director of Procurement and Facilities recommendation regarding the proposed contract or amendment;
- g. A completed Agreement at a Glance form requiring the signatures of the Chief Financial Officer, the Chief Operating Officer, Director of Compliance and Regulatory Affairs and confirmation that legal counsel has reviewed the contract before the contract may be approved;
- h. An Agreement at a Glance form and bid matrix will be presented to the KHS Board of Directors. (See Attachment A).
- i. A statement or approval from the Chief Financial Officer or Controller as to whether funds for the contract are included in the current budget.

Every contract shall include a detailed scope of services to be provided, the contractor's performance obligations, a payment cap on maximum KHS exposure, a provision authorizing termination without cause when applicable, the contractor's commitment to comply with all KHS policies regarding reimbursement for travel business expenses.

## **2.0 SOLE SOURCE CONTRACTS**

Sole Source Acquisition (Exception to Bid) may be considered if the competitive process cannot be used to procure services or the Purchasing Department feels that such a process would not be appropriate or in KHS' best interest. —a sole source acquisition will be performed. Discretion for best interest resides with the CEO and it is presented to the Board of Directors based on the Acquisition limits in this policy and Policy 8.112 Acquisitions and Payment of Expenditures.

## **3.0 CONTRACT AMENDMENTS**

Contracts established by means of the RFP process may have an initial term of a maximum of three (3) years. Agreements may be renewed by written amendment for up to one (1) additional three (3) year term. The department should work with Counsel to make the final determination regarding any amendment extending the term based upon the scope and length of time the service is needed by the department, the availability of other qualified providers, cost and changes in technology.

## **2.0 43.0 CONTRACT APPROVAL**

After the Contracts Committee considers the Contract Review Packet, the Director of Procurement and Facilities shall forward the Contract Review Packet, together with its recommendation regarding the proposed contract or amendment, to the Director of Compliance and Regulatory Affairs. The Director of Compliance and Regulatory Affairs may prepare a separate recommendation and shall return the Contract Review Packet to the Director of Procurement and Facilities —to forward the Contract Review Packet and all recommendations to KHS legal counsel and to the Chief Executive Officer.

Following this review by legal counsel, the Chief Executive Officer may approve or disapprove the contract or amendment, provided, however, that any contract or amendment

with a total price (this includes tax and shipping charges) of \$50,000 or more if not budgeted and \$100,000 or more if budgeted shall be first submitted to the KHS Board of Directors for consideration. The dollar parameters will take into account any subsequent amendments that occur and will be presented to the KHS Board of Directors prior to the execution of any amendments if the original contract and subsequent amendment exceed the aforementioned approval amounts. A listing of all administrative contracts that are over \$30,000 are to be included with the monthly Chief Financial Officer Report that is presented to the Finance Committee and Board of Directors.

After approval but before execution, the contract or amendment shall be submitted to the contractor for signature. Upon receipt of the contract or amendment executed by the contractor, the Chief Executive Officer may execute the contract on behalf of KHS. Only the Chief Executive Officer may execute a contract or amendment. In the absence of the Chief Executive Officer, the KHS Chairman of the Board can grant contract signature authority to the Chief Financial Officer or Chief Operating Officer.

After the contract or amendment is executed, a copy shall be submitted to the Director of Compliance and Regulatory Affairs who shall file it with any necessary regulatory agency. The original will be filed in and scanned into the Alchemy and MFiles contract folder.

Corporate Services staff shall update the central contract compliance document and notify the Contract Owner and the Accounting Department that the contract has been executed.

Once a contract is approved, Corporate Services will scan a complete copy into Alchemy and MFiles. ~~will file the o~~Original copy in Corporate Services. The Director of Procurement and Facilities- will approve the PR and Corporate Services will email the Accpac generated P.O. that was created as a result of the approved P.R. to the vendor.

If the contract or amendment is denied, the Chief Executive Officer shall forward the Contract Review Packet to the Director of Procurement and Facilities -for filing as denied.

3-0 **5.0 MONITORING AND REPORTING**

The Contract Owner shall monitor payments made under the contract and the parties' performance of the contract. Before a contract terminates, the Director of Procurement and Facilities -shall initiate any renewal process at least three months prior to the contract termination date and in accordance with the requirements of the contract and this policy. It is the Contracts Owner responsibility to provide approval for the renewal.

The Accounting Department shall monitor all payments and expenditures and shall account for expenditures from all the project budgets. The Accounting Department shall provide monthly reports on project budget expenditures to the Contract Owner.

**6.0 CONTRACT TERMINATION PROCESS**

It is the Contract's Owner responsibility to provide timely notice for termination of an agreement and final approval to the Director of Procurement and Facilities. The Contracts Coordinator will notify vendor and will begin process for contract termination. Contract Owner will receive final notification from Contracts Coordinator after termination of agreement.

---

**ATTACHMENTS:**

Attachment A: *Agreement At A Glance*

Attachment B: *Support/Maintenance Warranties*

**REFERENCE:**

**Revision 2018-07:** **Revision 2016-04:** Request from CFO to raise contract limits from 30,000 to 50,000 if not budgeted and 100,000 or more if budgeted shall be first submitted to KHS Board of Directors for consideration. Titles updated. **Revision 2015-04:** Minor revisions to correct/clarify language. **Revision 2014-11:** Language added to clarify how to submit a request for contract to Purchasing Manager. **Revision 2014-04:** Processes reviewed by Chief Information Officer and Purchasing Manager. Titles updated. **Revision 2013-11:** Request from KHS Controller to raise contract limit from \$10,000 to \$30,000. **Revision 2011-06:** Reassigned responsibilities from Executive Committee to Contracts Committee and Chief Operating Officer changed to Chief Financial Officer. Granted contract approval to the Chief Financial Officer and Chief Operating Officer with authority from the KHS Chairman of the Board. **Revision 2010-03:** Created to ensure effective oversight of all administrative contracts.



## KERN HEALTH SYSTEMS

<b>KERN HEALTH SYSTEMS</b>					
<b>POLICY AND PROCEDURES</b>					
SUBJECT: Contracting Policy for Administrative Contracts			POLICY #: 100.12-I		
DEPARTMENT: <del>Corporate Services</del> Administration					
Effective Date:  01/2010	Review/Revised Date:  05/04/2016	DMHC		PAC	
		DHCS		QI/UM COMMITTEE	
		BOD	X	FINANCE COMMITTEE	

\_\_\_\_\_ Date \_\_\_\_\_  
 Douglas A. Hayward  
 Chief Executive Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Financial Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Operating Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Controller

\_\_\_\_\_ Date \_\_\_\_\_  
 Chief Information Officer

\_\_\_\_\_ Date \_\_\_\_\_  
 Director of Compliance and Regulatory Affairs

\_\_\_\_\_ Date \_\_\_\_\_  
 Director of Procurement and Facilities

**POLICY:**

The Kern Health Systems Director of Procurement and Facilities shall manage and administer all administrative contracts according to the provisions of this Policy to ensure payment and performance by the parties according to the terms of the contracts and the requirements of all regulatory agencies.

**DEFINITIONS:**

<b>Administrative Contracts</b>	Administrative Contracts are all contracts other than provider agreements.
<b>Central Compliance Document</b>	The document that verifies compliance with this Policy.
<b>Contract Manager</b>	A management level employee, reporting to the Chief Financial Officer, responsible for contract administration.
<b>Contracts Committee</b>	A committee comprised of the Director of Procurement and Facilities and members of the KHS staff as assigned by the Chief Executive Officer.
<b>Internal Reporting Requirement</b>	The interval of time (monthly, quarterly, semi-annually, or annually) assigned by the Chief Financial Officer.

**PROCEDURES:****1.0 CONTRACT INITIATION**

To initiate consideration of a new contract, purchase, or ~~to an~~ amendment ~~to extend~~ the terms of an existing contract, the Contract Owner must submit a Specifications Sheet (Spec Sheet) identifying a requirement. After vendor selection, a Purchase Requisition (PR) will be entered in Accpac along with a copy of the approved contract and attach a specifications sheet or previous contract if applicable. Hardware, software, and maintenance warranties will be processed as a PR (See Attachment B). For any contracts of purchases above \$5,000, —the Contract Owner will provide a ~~completed~~signed Agreement-At-A-Glance (AAAG) to the Director of Procurement and Facilities. For contracts requiring approval by the committee, executives or KHS' board of directions the contract owner should provide the PR two months in advance. The Director of Procurement and Facilities —shall present to the Contracts Committee a Contract Review Packet. The Contract Owner or a representative must be present during the Contracts Committee meeting to answer any questions pertaining to the contract. The presented completed Contract Packet will—that includes all the following and a completed Agreement at a Glance form:

- a. A concise statement of the reason for the new contract or amendment;
- b. A written justification for the recommended vendor or contractor that addresses price, KHS requirements, anticipated usage and any other information the Director of Procurement and Facilities believes is relevant;
- c. If competitive bids were considered for the contract, copies of all bids received, along with a bid matrix and vendor selection justification. —(See Acquisitions and Payment of Expenditures Policy #8.11-1). Sole source bids may be considered in certain circumstances. (See section 2.0 of this policy)
- d. If the contract is intended to assist in the administration of a Project, a copy of the Project budget and a summary of the Project contractor's duties;

- e. A copy of the proposed contract or amendment;
- f. The Director of Procurement and Facilities recommendation regarding the proposed contract or amendment;
- g. A completed Agreement at a Glance form requiring the signatures of the Chief Financial Officer, the Chief Operating Officer, Director of Compliance and Regulatory Affairs and confirmation that legal counsel has reviewed the contract before the contract may be approved;
- h. An Agreement at a Glance form and bid matrix will be presented to the KHS Board of Directors. (See Attachment A).
- i. A statement or approval from the Chief Financial Officer or Controller as to whether funds for the contract are included in the current budget.

Every contract shall include a detailed scope of services to be provided, the contractor's performance obligations, a payment cap on maximum KHS exposure, a provision authorizing termination without cause when applicable, the contractor's commitment to comply with all KHS policies regarding reimbursement for travel business expenses.

## **2.0 SOLE SOURCE CONTRACTS**

Sole Source Acquisition (Exception to Bid) may be considered if the competitive process cannot be used to procure services or the Purchasing Department feels that such a process would not be appropriate or in KHS' best interest., a sole source acquisition will be performed. Discretion for best interest resides with the CEO and it is presented to the Board of Directors based on the Acquisition limits in this policy and Policy 8.112 Acquisitions and Payment of Expenditures.

## **3.0 CONTRACT AMENDMENTS**

Contracts established by means of the RFP process may have an initial term of a maximum of three (3) years. Agreements may be renewed by written amendment for up to one (1) additional three (3) year term. The department should work with Counsel to make the final determination regarding any amendment extending the term based upon the scope and length of time the service is needed by the department, the availability of other qualified providers, cost and changes in technology.

## **2.0 43.0 CONTRACT APPROVAL**

After the Contracts Committee considers the Contract Review Packet, the Director of Procurement and Facilities shall forward the Contract Review Packet, together with its recommendation regarding the proposed contract or amendment, to the Director of Compliance and Regulatory Affairs. The Director of Compliance and Regulatory Affairs may prepare a separate recommendation and shall return the Contract Review Packet to the Director of Procurement and Facilities —to forward the Contract Review Packet and all recommendations to KHS legal counsel and to the Chief Executive Officer.

Following this review by legal counsel, the Chief Executive Officer may approve or disapprove the contract or amendment, provided, however, that any contract or amendment

with a total price (this includes tax and shipping charges) of \$50,000 or more if not budgeted and \$100,000 or more if budgeted shall be first submitted to the KHS Board of Directors for consideration. The dollar parameters will take into account any subsequent amendments that occur and will be presented to the KHS Board of Directors prior to the execution of any amendments if the original contract and subsequent amendment exceed the aforementioned approval amounts. A listing of all administrative contracts that are over \$30,000 are to be included with the monthly Chief Financial Officer Report that is presented to the Finance Committee and Board of Directors.

After approval but before execution, the contract or amendment shall be submitted to the contractor for signature. Upon receipt of the contract or amendment executed by the contractor, the Chief Executive Officer may execute the contract on behalf of KHS. Only the Chief Executive Officer may execute a contract or amendment. In the absence of the Chief Executive Officer, the KHS Chairman of the Board can grant contract signature authority to the Chief Financial Officer or Chief Operating Officer.

After the contract or amendment is executed, a copy shall be submitted to the Director of Compliance and Regulatory Affairs who shall file it with any necessary regulatory agency. The original will be filed in and scanned into the Alchemy and MFiles contract folder.

Corporate Services staff shall update the central contract compliance document and notify the Contract Owner and the Accounting Department that the contract has been executed.

Once a contract is approved, Corporate Services will scan a complete copy into Alchemy and MFiles. ~~will file the e~~Original copy in Corporate Services. The Director of Procurement and Facilities ~~will approve the PR and Corporate Services will email the Accpac generated P.O. that was created as a result of the approved P.R. to the vendor.~~

If the contract or amendment is denied, the Chief Executive Officer shall forward the Contract Review Packet to the Director of Procurement and Facilities ~~for filing as denied.~~

### **3-9 5.0 MONITORING AND REPORTING**

The Contract Owner shall monitor payments made under the contract and the parties' performance of the contract. Before a contract terminates, the Director of Procurement and Facilities ~~shall initiate any renewal process~~ at least three months prior to the contract termination date and in accordance with the requirements of the contract and this policy. It is the Contracts Owner responsibility to provide approval for the renewal.

The Accounting Department shall monitor all payments and expenditures and shall account for expenditures from all the project budgets. The Accounting Department shall provide monthly reports on project budget expenditures to the Contract Owner.

### **6.0 CONTRACT TERMINATION PROCESS**

It is the Contract's Owner responsibility to provide timely notice for termination of an agreement and final approval to the Director of Procurement and Facilities. The Contracts Coordinator will notify vendor and will begin process for contract termination. Contract Owner will receive final notification from Contracts Coordinator after termination of agreement.

---

**ATTACHMENTS:**

Attachment A: *Agreement At A Glance*

Attachment B: *Support/Maintenance Warranties*

**REFERENCE:**

**Revision 2018-07: Revision 2016-04:** Request from CFO to raise contract limits from 30,000 to 50,000 if not budgeted and 100,000 or more if budgeted shall be first submitted to KHS Board of Directors for consideration. Titles updated. **Revision 2015-04:** Minor revisions to correct/clarify language. **Revision 2014-11:** Language added to clarify how to submit a request for contract to Purchasing Manager. **Revision 2014-04:** Processes reviewed by Chief Information Officer and Purchasing Manager. Titles updated. **Revision 2013-11:** Request from KHS Controller to raise contract limit from \$10,000 to \$30,000. **Revision 2011-06:** Reassigned responsibilities from Executive Committee to Contracts Committee and Chief Operating Officer changed to Chief Financial Officer. Granted contract approval to the Chief Financial Officer and Chief Operating Officer with authority from the KHS Chairman of the Board. **Revision 2010-03:** Created to ensure effective oversight of all administrative contracts.



**To: KHS Board of Directors**

**From: Robert Landis, Chief Financial Officer**

**Date: August 9, 2018**

**Re: Amendment to Professional Services Agreement with PaySpan, Inc.**

---

**Background**

In February 2015, KHS released an RFP for the outsourcing of Provider Claims Payments. KHS received three proposals. PaySpan was selected as the provider for these services due to their cost and ability to integrate with our new Claims Core System. PaySpan is a specialized vendor offering payment solutions along with print and mail fulfillment that improves efficiencies, reduces administrative costs and increases provider satisfaction. This outsourcing process has become standard industry practice. KHS is seeking to amend/extend the current agreement with PaySpan agreement for an additional three year term.

KHS produces approximately 40,000 provider payments annually. Along with each provider check is a Remittance Advice ("RA") which describes that payment. Prior to PaySpan, RAs were printed on paper and required significant KHS Accounting Staff involvement to print the checks and RAs, match the check to the RA and then prepare for mailing. KHS has been very satisfied with PaySpan services and would like to continue to outsource the current provider payment process to PaySpan. Management believes that PaySpan will continue to increase the amount of providers utilizing electronic fund transfers. PaySpan provides an electronic settlement network delivering comprehensive capabilities for a variety of payment methods, while delivering savings and efficiencies to both payers and providers. PaySpan's application is a web-based solution designed to provide a technology-based approach to the claims settlement process between healthcare payers and providers.

PaySpan has more than 25 years of payments expertise and provides services to more than 650 Health Plans, 100 million Members and 1 million Providers.

**Requested Action**

As recommended by the Finance Committee at its meeting of August 3<sup>rd</sup>, request the Board approve the amendment/extension with PaySpan, Inc. for a period of three (3) years in an amount not to exceed \$240,000.00 per year.

**Proposed administrative contract over \$100,000, August 9, 2018.**

1. Operational Agreement with Payspan

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Robert Landis, Chief Financial Officer

c. Background

KHS produces approximately 40,000 provider payments annually along with each provider check is a Remittance Advice (“RA”) which describes that payment. RAs are printed on paper and require significant KHS Accounting Staff involvement to print the checks and RAs, match the check to the RA and then prepare for mailing. This is a very manual, cumbersome and time consuming weekly process.

d. Discussion

KHS is proposing to amend/extend the current contract with Payspan for the provider check payment process. Continuing to outsource the provider payment process to PaySpan, a specialized vendor offering payment solution along with print and mail fulfillment, improved efficiencies, reduced administrative costs and increased provider satisfaction has become standard industry practice. PaySpan’s application is a web-based solution designed to provide a technology-based approach to the claims settlement process between healthcare payers and providers with print and mail services along with EFT payments for a three (3) year period.

e. Fiscal Impact

Not to exceed \$240,000.00 annually

f. Risk Assessment

Payspan has more than 25 years of payments expertise and provides services to more than 650 Health Plans, 100 million Members and 1 million Providers.

g. Attachments

An Agreement at a Glance form is 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: Accounting

Department Head: Robin Plumb

Contract Vendor: PaySpan

Vendor contact Name & e-mail: Claire Campbell, claire.campbell@payspan.com

What services will this vendor provide to KHS? PaySpan will provide KHS with a web-based application designed to provide a technology-based approach to the claims settlement process between healthcare payers and providers with print and mail services along with EFT payments for a three (3) year period.

### Description of Contract

Type of Agreement: Professional Services Background: KHS produces approximately 40,000 provider payments annually Along with each provider check is a Remittance Advice ("RA") which describes that payment. RAs are printed on paper and require significant KHS Accounting Staff involvement to print the checks and RAs, match the check to the RA and then prepare for mailing. This is a very manual, cumbersome and time consuming weekly process.

Establish a new agreement

Previous Agreement No. \_\_\_\_\_ or Amendment No. \_\_\_\_\_

Amendment

Date Agreement Began \_\_\_\_\_

Continuation of an Existing Contract

Brief Explanation KHS is proposing to outsource the current provider payment process to PaySpan, specialized vendor offering payment solutions along with print and mail fulfillment, to improve efficiencies and to reduce administrative costs for both KHS and its network providers. This outsourcing process has become standard industry practice. In addition to replicating the current electronic and manual processes, management believes that they will be able to increase the amount of providers utilizing EFTs.

Replacement

Addendum

Retroactive Agreement

Reason for delay in approval: \_\_\_\_\_

Retroactive Date \_\_\_\_\_

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

Brief vendor selection justification: \_\_\_\_\_

Sole source – no competitive process can be performed.

Brief reason for sole source: KHS currently has an ongoing contract with PaySpan for EFT services.

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

Form updated 11/28/16

**Fiscal Impact**

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

Budgeted Cost Center 210 GL# 5495

Will this require additional funds?  NO  YES

Maximum cost of this agreement not to exceed: \$240,000.00 per year

Notes: 90 day term option with no cause.

**Contract Terms and Conditions**

Effective date: 8/21/2018 Termination date: 8/20/2021

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

**Approvals**

**Contract Owner:**

[Signature]  
Department Head

7/24/18  
Date

**Purchasing:**

[Signature]  
Director of Procurement

7/23/18  
Date

**Reviewed as to Budget:**

[Signature]  
Chief Financial Officer or Controller

7/25/18  
Date

**Recommended by the Executive Committee:**

[Signature]  
Committee Chairman

7/24/18  
Date

**Compliance Review:**

[Signature]  
Chief Compliance Officer

7/24/18  
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





**To: KHS Board of Directors**

**From: Isabel Silva, Director of Health Education, Cultural & Linguistics Services**

**Date: August 9, 2018**

**Re: Agreement with Coffey Communications**

---

**Background**

All Medi-Cal Managed Care Health Plans generate and distribute member newsletters to their member households. As a contractual requirement with DHCS, KHS must maintain a health education system that provides educational interventions (i.e. member newsletters) addressing appropriate use of health care services, risk-reduction and healthy lifestyles, and self-care and management of health conditions.

In July 2018, KHS published an RFP for the selection of a vendor that can develop, print and mail copies of the member newsletter on a bi-annual basis to KHS' members. KHS received two proposals, one proposal from Wax Communications and another from Coffey Communications. Although Wax Communications was the lowest bidder, they lack a national library of pre-written articles which would require KHS to dedicate more staff time towards the research and development of articles for each issue of the member newsletter. As a result, KHS selected Coffey Communications for this service.

Coffey Communications has produced a high quality member newsletter and provided excellent customer service in the development of articles, illustrations, layout, translations, and helpful resources to KHS for more than 15 years. Coffey Communications gives KHS access to their national library which consists of hundreds of pre-written articles available in English and Spanish which allows KHS the flexibility of using a Coffey produced article or customizing a local article.

**Requested Action**

The Finance Committee at its August 3<sup>rd</sup> meeting reviewed management's proposal and recommends Board approval of the agreement with Coffey Communications for a period of one (1) year in an amount not to exceed \$119,483.00 per one year.

**Proposed administrative contract over \$100,000, August 9, 2018.**

1. Operational Agreement with Coffey Communications

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Isabel Silva, Director of Health Education, Cultural & Linguistics Services

c. Background

All Medi-Cal Managed Care Health Plans generate and distribute member newsletters to their member households. As a contractual requirement with DHCS, KHS must maintain a health education system that provides educational interventions (i.e. member newsletters) addressing:

- Appropriate use of health care services;
- Risk-reduction and healthy lifestyles and;
- Self-care and management of health conditions.

For more than 15 years, KHS has maintained a contract with Coffey Communications to produce high quality and easy to read member newsletters that contain attractive illustrations and helpful resources. In the most recent group needs assessment, the member newsletter was listed as one of the preferred learning methodologies among KHS members.

d. Discussion

KHS utilizes the member newsletter to consistently communicate a wealth of information to members in a single, concise mailing.

Many of KHS' policies and procedures and projects reference the member newsletter as a strategy for educating and informing members. Each issue averages about 18-24 articles and covers an array of topics which include but are not limited to:

- Health education
- Access to services
- Member rights and responsibilities
- Instructions on accessing interpreting services or filing a grievance
- Changes in benefits
- Availability of community resources

KHS utilizes the national articles developed by Coffey Communications and relies on this vendor to assess the reading levels of newsletter articles, design the layout of the newsletter, evaluate for cultural and linguistic appropriateness, as well as coordinate the printing and household mailings.

e. Fiscal Impact

Not to exceed \$119,483.00 per one year

f. Risk Assessment

The member newsletter is the simplest and most cost effective way of informing and educating KHS members on a variety of information through a single mailing. Without the member newsletter, KHS would experience cost increase due to:

- Postage for multiple member information mailings
- Staffing time to produce, design, mail and track multiple member information mailings

- Utilization of other communication methods (i.e. telephone, television/radio announcements)

g. Attachments

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

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

This contract is pending Legal review.



# KERN HEALTH SYSTEMS

- Contract
- Purchase

## AGREEMENT AT A GLANCE

Department Name: Health Education      Department Head: Isabel Silva

Contract Vendor: Coffey Communications

Vendor contact Name & e-mail: Eric Dutton, edutton@coffeycomm.com

What services will this vendor provide to KHS? Development (including access to library of national articles, ability to localize 100% of content and design/layout), printing, postage, and mailing of member newsletters in English and Spanish to members two times a year.

### Description of Contract

Type of Agreement: Printed Materials      Background: Two issues per year. Member newsletters contain health, member and benefit related articles in compliance with state contract and KHS P&Ps.

- |   |   |
|---|---|
| <input type="checkbox"/> Establish a new agreement<br><input type="checkbox"/> Amendment<br><input checked="" type="checkbox"/> Continuation of an Existing Contract<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Addendum<br><input type="checkbox"/> Retroactive Agreement<br>Retroactive Date _____ | Previous Agreement No. _____ or Amendment No. _____<br>Date Agreement Began _____<br>Brief Explanation <u>KHS has used Coffey Communications for development of the member newsletter for over 15 years.</u><br>Reason for delay in approval: _____ |
|---|---|

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

Brief vendor selection justification: Coffey Communications has produced a high quality member newsletter and provided excellent customer service in the development of articles, illustrations, layout, translations, and helpful resources to KHS for more than 15 years. Coffey Communications gives KHS access to their national library which consists of hundreds of pre-written articles available in English and Spanish which allows KHS the flexibility of using a Coffey produced article or customizing a local article. Although Wax Communications was the lowest bidder, they lack a national library of pre-written articles which would require KHS to dedicate more staff time towards the research and development of articles for each issue of the member newsletter.

Sole source – no competitive process can be performed.  
 Brief reason for sole source: \_\_\_\_\_

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

Form updated 11/17/15

**Fiscal Impact**

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

Budgeted Cost Center 312 GL# 5645

Will this require additional funds?  NO  YES

Maximum cost of this agreement not to exceed: \$119,483.00 per year

Notes: Based on the max of 125,000 copies at base cost \$0.2025 per copy, plus estimated postage and mailing services.

**Contract Terms and Conditions**

Effective date: 8/26/18

Termination date: 8/26/19

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

**Approvals**

**Contract Owner:**

*Antonio Silva*  
Department Head

7/24/18  
Date

**Purchasing:**

*[Signature]*  
Director of Procurement

7/24/18  
Date

**Reviewed as to Budget:**

*[Signature]*  
Chief Financial Officer or Controller

7/25/18  
Date

**Recommended by the Executive Committee:**

*[Signature]*  
Committee Chairman

7/24/18  
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

**KHS Bid Matrix & Decision Detail**

Description of Item: Members Newsletter 1 year contract, printed 2 times a year

**Bid Matrix**

<b>Vendor Name</b>	<b>Coffey Communications</b>	<b>Vendor Name</b>	<b>Wax Communications</b>	<b>Vendor Name</b>	<b>SmartPress</b>
<b>Contact</b>	Eric Dutton	<b>Contact</b>	Amanda Herriman	<b>Contact</b>	Tom Manthe
<b>Date of Quote</b>	7/9/18	<b>Date of Quote</b>	7/13/18	<b>Date of Quote</b>	No bid received
<b>Price per issue</b>	\$25,312.50	<b>Price per issue</b>	\$24,305.00	<b>Price per issue</b>	N/A
<b>Mailing &amp; Shipping service per issue</b>	\$9,373.00	<b>Mailing &amp; Shipping service per issue</b>	\$9,771.00	<b>Mailing &amp; Shipping service</b>	N/A
<b>Postage Est. per issue</b>	\$25,056.00	<b>Postage Est. Per piece</b>	\$25,056.00	<b>Postage Est. Per piece</b>	N/A
<b>Additional Comments</b>	*More than 15 years of high quality service to KHS. *Access to hundreds of pre-written articles in national library.	<b>Additional Comments</b>	*No access to pre-written articles developed by Wax. Customized articles requires more KHS staff time to meet with production team to research and develop the articles for each issue.	<b>Additional Comments</b>	Per vendor, this project is outside their core capabilities
<b>Annual purchase price</b>	\$119,483.00	<b>Total Purchase Price</b>	\$118,264.00	<b>Total Purchase Price</b>	N/A

**Decision Detail**

**Vendor Awarded: Coffey Communications**





**TO: KHS Board of Directors**

**FROM: Alan Avery, Chief Operating Officer**

**DATE: August 9, 2018**

**RE: Provider Contract Modeling & Pricing Software**

---

**Background**

Several months ago, KHS management organized a cross functional workgroup comprised of Claims, Provider Relations and I.T. to identify additional software solutions to further enhance and expand the functionality of the core QNXT system that was implemented in 2015. This project was anticipated in the 2018 budgeting process with \$1,066,461 included in the capital and expense budget to cover the projected first year expense.

In addition to expanding the functionality and increasing the configuration flexibility of the QNXT system, this software is also needed in order to support Alternative Payment Methodologies (“APM”) which is both a regulatory requirement and a corporate strategic goal for 2018. This software tool will allow provider contracting to model multiple contract types for APM relationships along with exploring various payment terms proposed by the provider or KHS. In addition, the software will increase the core system flexibility by increasing the provider contract payment methodologies from 15 payment types to 350 which is anticipated will decrease the need for manual pricing along with increasing claim auto adjudication.

It is projected that the savings realized from the implementation of this software will pay for itself within the initial two years.

**Requested Action**

As recommended by the Finance Committee at its meeting of August 3<sup>rd</sup>, request the Board approve authorizing the CEO to execute contracts with Cognizant to purchase the NetworX Modeler and Pricer Tool for the 2018 budgeted amount of \$1,066,461 with the total amount not to exceed \$1,489,162 over five years in operating and capital expenses.



# Provider Contract Modeling & Pricing Tool

Presented by Alan Avery, COO

## Agenda

- Software Tool Purpose
- Why Product is Necessary
- Review Process
- Selection Criteria
- Vendor Recommendation
- Board Request

## Software Product Purpose

- **Contract Modeling Tool**
  - Current QNXT system does not support Alternative Payment Methodologies
  - Allows KHS staff to model various contract reimbursement models as part of the negotiation process.
  - Provides financial impact report for contract models
  - Increases configuration flexibility
  - Reduce end-to-end setup time for new or amended provider contracts
  - Reduces the amount of time spent on manual testing
- **Contract Pricing Tool**
  - Real Time integration with core claims processing system QNXT
  - Increase auto adjudicated claims
  - Increase auto priced claims
  - Increase the amount of configurable payment methodologies from 15 to 350 payment types
  - Allows flexibility to provider contract reimbursement types

## Why Product is Necessary

- Regulatory Requirement-KHS is required to develop Alternative Payment Methodology contracts. QNXT is not designed to administer APM agreements.
- KHS Corporate Goal and Objective: As part of the three (3) year corporate goal and objective, KHS created a strategy to implement Alternative Payment Methodology contracts.
- KHS requires financial impact analysis on all new and amended provider contracts.
- Increase QNXT efficiency. To increase auto adjudication and auto pricing of claims, the add on system will allow configuration for operational efficiencies that are handled manually today.

## Workgroup Review Process

- Budgeted for a system in 2018 budget
- Organized Cross functional workgroup
- Defined internal requirements
- Reviewed commercial market solutions and peer health plans
- Documented System Benefits
- Defined Scope and Timeline
- Completed Cost Analysis
- Recommendation

## System Requirements

- Real time Integration with QNXT
- Expand provider contract configuration options along with reducing overall configuration time
- Support financial modeling and financial impact of provider agreements
- Increase claims auto adjudication and auto pricing

## NetworX Modeler & Pricer Tool Scope & Timeline

### 2018 Implementation Scope

- Model, Build, and Migrate fifteen (15) facilities contract templates in Modeler & Pricer Tool by 12/31/2018.

### 2019 Implementation Scope

- Model, Build, and Migrate (190+) professional contract templates in Modeler & Pricer Tool by 12/31/2019.

Local Initiative (LI) Health Plan References (All had favorable response to the system)

- Cal Optima
- Health Plan San Joaquin
- LA Care- pending 2019 project

## NetworX Modeler & Pricer Tool-System Benefits

Benefit	Description	Impacted Dept.	Expected Improvements
1	Integration into QNXT	Information Technology, Claims, Provider Relations, Finance	Only product that integrates with QNXT. Sole source agreement
2	Reduced Configuration Time	Information Technology	Reduce average setup time of new provider agreement <b>from 6.25 hours to 2 hours.</b>
3	Ability to easily model provider facility contracts	Information Technology	Reduce average modeling time <b>from 40 hours to 5 hours.</b>
4	Ability to easily conduct contract financial impact analysis	Provider Relations	Reduce average financial impact analysis <b>from 3 hours to 1 hour.</b>
5	Ability to reduce claim manual pricing	Claims	Reduce manual pricing <b>by 75%.</b> Currently 3% of total claims are priced manually.
6	Ability to reduce claim manual processing	Claims	Increase claims auto adjudication processing <b>by 6% to 82% overall.</b>
7	Ability to provider quicker turnaround time for provider payments	Provider Relations, Claims, Finance	Reduce average aging of claims
8	Increase efficiency for end to end contract setup time	Information Technology, Claims, Provider Relations	Decrease end to end setup time from <b>30+ days to 2 weeks.</b>

## Potential Savings Opportunities\*

- The potential savings opportunities yielded from the system benefits (from previous slide) will be realized annually and completed within the five (5) year period.

Department	Year 1	Year 2-5
Provider Relations	\$ 14,410	\$ 57,640
IT	\$ 91,704	\$ 366,816
Claims	\$ 685,077	\$ 2,740,308
Potential Savings Opportunities	\$ 791,191	\$ 3,164,764

\* If the contract with Cognizant for the NetworX modeler, pricer, and analytics tool is not approved, KHS will incur the “potential savings opportunities” as an expense year over year.

## 5 Year Cost Analysis

	Year 1	Year 2-5
License Fee	\$ 503,195	\$ -
Maintenance Fee	\$ 105,675	\$ 422,700
Implementation	\$ 417,592	\$ -
Training	\$ 40,000	\$ -
<b>1ST YR Cost</b>	<b>\$ 1,066,462</b>	
<b>2018 Capital Budget</b>	<b>\$ 1,123,758</b>	
Future Expense Budget	\$ -	\$ 422,700
Potential Savings Opportunities	\$ 791,191	\$ 3,164,764
<b>5Y TCO</b>	<b>\$</b>	<b>1,489,162</b>
<b>Estimated 5Y Savings</b>	<b>\$</b>	<b>3,955,955</b>
<b>NET 5Y TCO</b>	<b>\$</b>	<b>(2,466,793)</b>

## Board Request

- Authorize the CEO to approve the budgeted contracts associated to the NetworX Modeler and Pricer tool in the amount not to exceed **\$1,489,162** in operating and capital expenses associated to implementation of the new modeler and pricer tool.

## Questions

Please contact:

Alan Avery

661-664-5005

[Alan.Avery@khs-net.com](mailto:Alan.Avery@khs-net.com)

**Proposed administrative contract over \$100,000, August 9, 2018.**

1. Operational Agreement with Cognizant

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Richard Pruitt, Chief Information Officer

c. Background

KHS implemented a new core claims processing system, QNXT, in 2015. Due to some limitations of the core claims system and flexibility to configure Alternative Payment Methodology contracts, it is critical to purchase the NetworXs modeler, pricer and analytics tool.

d. Discussion

The NetworX tool has several system benefits including real time system integration, ability to expand configuration flexibility, support APM, support contract modeling, and increase claims auto adjudication and auto pricing. The tool will allow KHS to leverage 350 different payment types opposed to the current 15 payment types.

e. Fiscal Impact

Not to exceed \$1,489,162 per five years.

f. Risk Assessment

If the contract with Cognizant for the NetworX modeler, pricer, and analytics tool is not approved, KHS will remain limited to achieve strategic goals for APM contracts and auto adjudication.

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

## AGREEMENT AT A GLANCE

Contract

Purchase

Department Name: Information Technology Department Head: Richard Pruitt

Contract Vendor: Cognizant

Vendor contact Name & e-mail: Krithika Murali, Krithika.Murali@cognizant.com

What services will this vendor provide to KHS? Cognizant will provide KHS with a perpetual license for NetworX Modeler and Pricer with five years of support and maintenance in addition to implementation costs.

### Description of Contract

Type of Agreement: Professional Services Background: KHS implemented a new core claims processing system, QNXT, in 2015. Due to some limitations of the core claims system and flexibility to configure Alternative Payment Methodology contracts, it is critical to purchase the NetworXs modeler, pricer and analytics tool. The NetworX tool has several system benefits including real time system integration, expand configuration flexibility, support APM, support contract modeling, and increase claims auto adjudication and auto pricing.

Establish a new agreement

Previous Agreement No. \_\_\_\_\_ or Amendment No. \_\_\_\_\_

Amendment

Date Agreement Began \_\_\_\_\_

Continuation of an Existing Contract

Brief Explanation Cognizant will provide KHS with a perpetual license for NetworX modeler, pricer, and analytics with five (5) years of support. The contract will also include the implementation costs for 2018 project to model, build, and migrate fifteen (15) facility contracts by 12/31/18.

Replacement

Addendum

Retroactive Agreement

Reason for delay in approval: \_\_\_\_\_

Retroactive Date \_\_\_\_\_

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

Brief vendor selection justification: \_\_\_\_\_

Sole source – no competitive process can be performed.

Brief reason for sole source: NetworX tool is directly integrated into QNXT (KHS' Core claims processing system)

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

### Fiscal Impact

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

Budgeted Cost Center 225 GL# 166.3

Will this require additional funds?  NO  YES

Maximum cost of this agreement not to exceed: \$1,489,162 per five years.

Notes: Includes perpetual license for NetworX modeler and pricer with 5 years of support plus implementation costs.

**Contract Terms and Conditions**

Effective date: 8/15/18 Termination date: 8/14/23

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

**Approvals**

**Contract Owner:**

[Signature]

Department Head

7/24/18

Date

**Purchasing:**

[Signature]

Director of Procurement

7/23/18

Date

**Reviewed as to Budget:**

[Signature]

Chief Financial Officer or Controller

7/25/18

Date

**Recommended by the Executive Committee:**

[Signature]

Committee Chairman

7/24/18

Date

**Compliance Review:**

[Signature]

Chief Compliance Officer

7/24/18

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





**TO: KHS Board of Directors**

**FROM: Richard Pruitt, Chief Information Officer**

**DATE: August 9, 2018**

**RE: Backup and Recovery Solution**

---

**Background**

Several months ago, KHS management organized a workgroup comprised of several LHPC CIOs to identify a backup and recovery solution to further enhance and expand the functionality of the disaster recovery and business continuity plan. This project was anticipated in the 2018 budgeting process with \$600,000 included in the capital and expense budget to cover the projected three year expense.

The backup and recovery solution will allow KHS to consolidate five (5) different backup solutions into one to allow for consistency and standards for securing KHS data. As part of the disaster recovery and business continuity plan, KHS maintains a site in Fresno that requires hardware, software, facility costs, and internet to operate. By utilizing the new solution, KHS will be able to eliminate the Fresno site upon completion of migration of backups to archive to an enterprise cloud provider as part of the IT department goals and objectives.

It is projected that the savings realized from the implementation of the backup and recovery solution will pay for the software over a 2 – 3 year period.

**Requested Action**

As recommended by the Finance Committee at its meeting of August 3<sup>rd</sup>, request the Board approve authorizing the CEO to execute contracts with Rubrik to purchase a Backup and Recovery Solution for the 2018 budgeted amount of \$600,000 not to exceed \$559,174 over five years in operating and capital expenses.



## Backup Software

August 2018

Richard M. Pruitt

## Agenda

- Purpose
- Why Replace
- Review Process
- Selection Criteria
- Vendor Recommendation
- Board Request

## Why Replace

- System Selected will allow KHS to retire Fresno Disaster Recovery site upon completion of migration and move to new building.
- KHS currently uses five (5) different backup solutions to backup all KHS data. **(All data includes: i.e. member, provider, financial, claims, HR, medical, RX, and KHS employee)**
- KHS maintains a disaster recovery site for backups.
- System Selected is being purchased through local health plans like KHS through a group purchase to leverage pricing advantages.
- System Selected offers configurable and flexible system to meet the needs of KHS' business continuity and disaster recovery plan.
- Backup management and recovery is challenging due to having five (5) different backup solutions depending on type of system being backed up.

## Review Process

- Budgeted for a system
- Defined internal requirements
- Reviewed commercial market solutions and peer health plans
- Analyzed solution independently
- Collaboration with eleven (11) local health plans to group purchase
- Created Recommendation

## Selection Criteria

Selection Matrix						
Vendor	Company	System	Technology	Experience	System Price	Overall Ranking
1	1	1	1	1	1	1
2	1	2	2	2	2	2

## Vendor Recommendation

- Recommendation: KHS recommends that Vendor 1, the proposed solution be approved.

Vendor Comparison	Current Solution	Vendor 1	Vendor 2
Hardware	\$ 451,000	\$ 225,654	\$ 200,000
Software	\$ 135,000 **	N/A	\$ 335,985
Year 1-3 Support	\$ 141,000 **	\$ 194,580	\$ 135,972
Cloud Archive/Disaster Recovery	\$ 150,000 **	\$ 117,821	\$ 84,000
Tax		\$ 21,118	\$ 21,118
3Y Total Cost of Ownership	\$ 877,000	\$ 559,174	\$ 777,075
3Y Savings	\$ -	<b>\$ 317,826</b>	\$ 99,925

## Board Request

- Authorize the CEO to approve contracts associated to the budgeted Backup System in the amount not to exceed **\$559,174** in operating and capital expenses associated to implementation of the replacement backup system.

## Questions

Please contact:

Richard M. Pruitt

661-664-5078

[richard.pruitt@khs-net.com](mailto:richard.pruitt@khs-net.com)

**Proposed administrative contract over \$100,000, August 9, 2018.**

1. Operational Agreement with CDW-G

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Richard Pruitt, Chief Information Officer

c. Background

Several months ago, KHS management organized a workgroup comprised of several LHPC CIOs to identify a backup and recovery solution to further enhance and expand the functionality of the disaster recovery and business continuity plan

d. Discussion

The backup and recovery solution will allow KHS to consolidate five (5) different backup solutions into one to allow for consistency and standards for securing KHS data. As part of the disaster recovery and business continuity plan, KHS maintains a site in Fresno that requires hardware, software, facility costs, and internet to operate. By utilizing the new solution, KHS will be able to eliminate the Fresno site upon completion of migration of backups to archive to an enterprise cloud provider as part of the IT department goals and objectives.

e. Fiscal Impact

Not to exceed \$559, 174.00 per three years.

f. Risk Assessment

If the contract with CDW-G for the Backup and Recovery Solution is not approved, KHS will incur costs to maintain the Fresno site as well as remain limited with its Disaster Recovery and Business Continuity plan.

g. Attachments

An Agreement at a Glance form and presentation are attached.

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

This contract is pending legal approval.



# KERN HEALTH SYSTEMS

Contract

Purchase

## AGREEMENT AT A GLANCE

Department Name: Information Technology

Department Head: Richard Pruitt

Contract Vendor: CDW-G

Vendor contact Name & e-mail: Tom Latzke, tomlat@cdw.com

What services will this vendor provide to KHS? CDW-G will provide KHS with Rubrik backup and recovery solution and three (3) years of hardware support and maintenance.

### Description of Contract

Type of Agreement: Professional Services Background: Several months ago, KHS management organized a workgroup comprised of several LHPC CIOs to identify a backup and recovery solution to further enhance and expand the functionality of the disaster recovery and business continuity plan.

Establish a new agreement

Previous Agreement No. \_\_\_\_\_ or Amendment No. \_\_\_\_\_

Amendment

Date Agreement Began \_\_\_\_\_

Continuation of an Existing Contract

Brief Explanation The backup and recovery solution will allow KHS to consolidate five (5) different backup solutions into one to allow for consistency and standards for securing KHS data. As part of the disaster recovery and business continuity plan, KHS maintains a site in Fresno that requires hardware, software, facility costs, and internet to operate. By utilizing the new solution, KHS will be able to eliminate the Fresno site upon completion of migration of backups to archive to an enterprise cloud provider as part of the IT department goals and objectives.

Replacement

Addendum

Retroactive Agreement

Reason for delay in approval: \_\_\_\_\_

Retroactive Date \_\_\_\_\_

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

Brief vendor selection justification: Eleven (11) LHPC health plans reviewed several solutions and conducted analysis.

Sole source – no competitive process can be performed.

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

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

### Fiscal Impact

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

Budgeted Cost Center 225 GL# 1663

Will this require additional funds?  NO  YES

Maximum cost of this agreement not to exceed: \$559,174.00 per three years

Notes:

**Contract Terms and Conditions**

Effective date: 8/15/18 Termination date: 8/14/21

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

**Approvals**

**Contract Owner:**

**Purchasing:**

\_\_\_\_\_  
Department Head

[Signature]  
Director of Procurement

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

7/26/18

**Reviewed as to Budget:**

**Recommended by the Executive Committee:**

[Signature]  
Chief Financial Officer or Controller

[Signature]  
Committee Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

7/26/18

**Compliance Review:**

**Legal Review:**

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
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





**To: KHS Board of Directors**

**From: Richard Pruitt, Chief Information Officer**

**Date: August 9, 2018**

**Re: Travel Request for KHS Senior Network Systems Administrator to Attend Microsoft Ignite 2018 Conference**

---

### **Background**

In an effort to effectively maintain security within KHS infrastructure and be in the forefront of what is next in technology and skill building across Microsoft's technologies, it would be beneficial for Brad DeHart, the Senior Network Systems Administrator, to attend the Microsoft Ignite 2018 conference: September 24-28 in Orlando, FL. Mr. DeHart is a 15+ year Lead Architect in our IT Operations, and has not attended training within the last 7 years. After reviewing the Microsoft Ignite 2018 agenda, the return on the investment would be a major benefit as the event aligns directly with the core technology running every aspect of KHS. Microsoft only schedules the Ignite Conference in the United States once a year; all other dates are located internationally.

The Microsoft Ignite 2018 conference offers 548 sessions that will present insights on key technology trends in the industry, proffer IT professionals hands-on experience to enhance their technology skills, and elevate enterprise developers and architects looking for innovative ways to maximize application development. Brad plans to attend the sessions focused on security, automation and monitoring. The presenters at this conference are technical leaders and will provide opportunities to connect with IT professional and technology partners who will assist in moving KHS business forward. All of the presentations, including the opening/closing keynote address, plan to offer a big-picture perspective of the direction of Microsoft Technology.

### **Benefit to KHS**

Microsoft Ignite 2018 provides a leading forum for IT professionals looking to gain an in-depth education on Microsoft products from end user experience to the backend infrastructure, and how you build applications more efficiently. The Microsoft Ignite 2018 sessions will offer new insight to leveraging threat intelligence to secure any datacenter environment, and review Windows Server and its future direction. Additionally, as part of the conference, KHS will gain access to:

- Microsoft Experts and Engineers.
- Interactive Digital Labs
- Product road maps, vision, and strategies

### **Requested Action**

As recommended by the Finance Committee at its meeting of August 3<sup>rd</sup>, request the Board approve travel expense for Mr. DeHart to attend the Microsoft Ignite 2018 Conference.

 <b>KERN HEALTH SYSTEMS</b> 9700 Stockdale Hwy Bakersfield, CA 93311 661-664-5000	<h2 style="margin: 0;">REQUEST FOR TRAVEL AUTHORIZATION</h2>
--	--

**INSTRUCTIONS TO EMPLOYEE:**

- (1) This form shall be used to request authorization for all travel and training requiring airline, train, car rental and/or hotel arrangements.
- (2) This form must be signed by the employee and approved by the Management/Department Head and either the CEO or CFO before travel arrangements can be made.

Dept: 220

Name: Brad DeHart

Date: 4/11/2018

Please attach literature, brochure or pamphlet, if available, that describes:

Purpose of Travel: \_\_\_\_\_ Class: \_\_\_\_\_ Conference: X Cost: \$2,395.

Microsoft Ignite 2018, Orlando, FL, September 24-28, 2018, Orange County Convention Center and Hyatt Regency Orlando

Destination: 9801 International Drive, Orlando FL, 32819

Travel Departure Date and Time: 9/23/2018 00 am Travel Return Date and Time: 9/28/2018 12:00 pm

**Please check type of transportation and/or accommodations requesting:**

**Airline Reservation** Confirmation# \_\_\_\_\_ Cost: \$600.

**Car Reservation** Confirmation# \_\_\_\_\_ Cost: \_\_\_\_\_

**Hotel** – Please indicate room type: Confirmation# \_\_\_\_\_ Cost: 5 x \$267. + Taxes = \$1,469.  
(All rooms are king and non-smoking, unless otherwise specified. Gov't rates will be used when available.)

**Meals**  
Please Explain: S: \$59. M: \$29.50 T: \$29.50 W: \$29.50 TR \$29.50 F: \$29.50 \$206.50

**OTHER EXPENSES** (Per Diem, Taxi, Bus, Cab, Parking, misc) Cost: \$100.  
(If using your own vehicle for transportation complete and attach B Mileage Authorization and Insurance Form. See Policy #8.25 Employee Travel Expense Reimbursement.)

**Total Cost:** \$ \$4,771.

Budgeted \$ \$5,836.

By DHH  
EMPLOYEE SIGNATURE

Budgeted Balance \$ \$1,065.  
4/26/2018  
DATE

[Signature]  
MANAGER/DEPARTMENT HEAD SIGNATURE

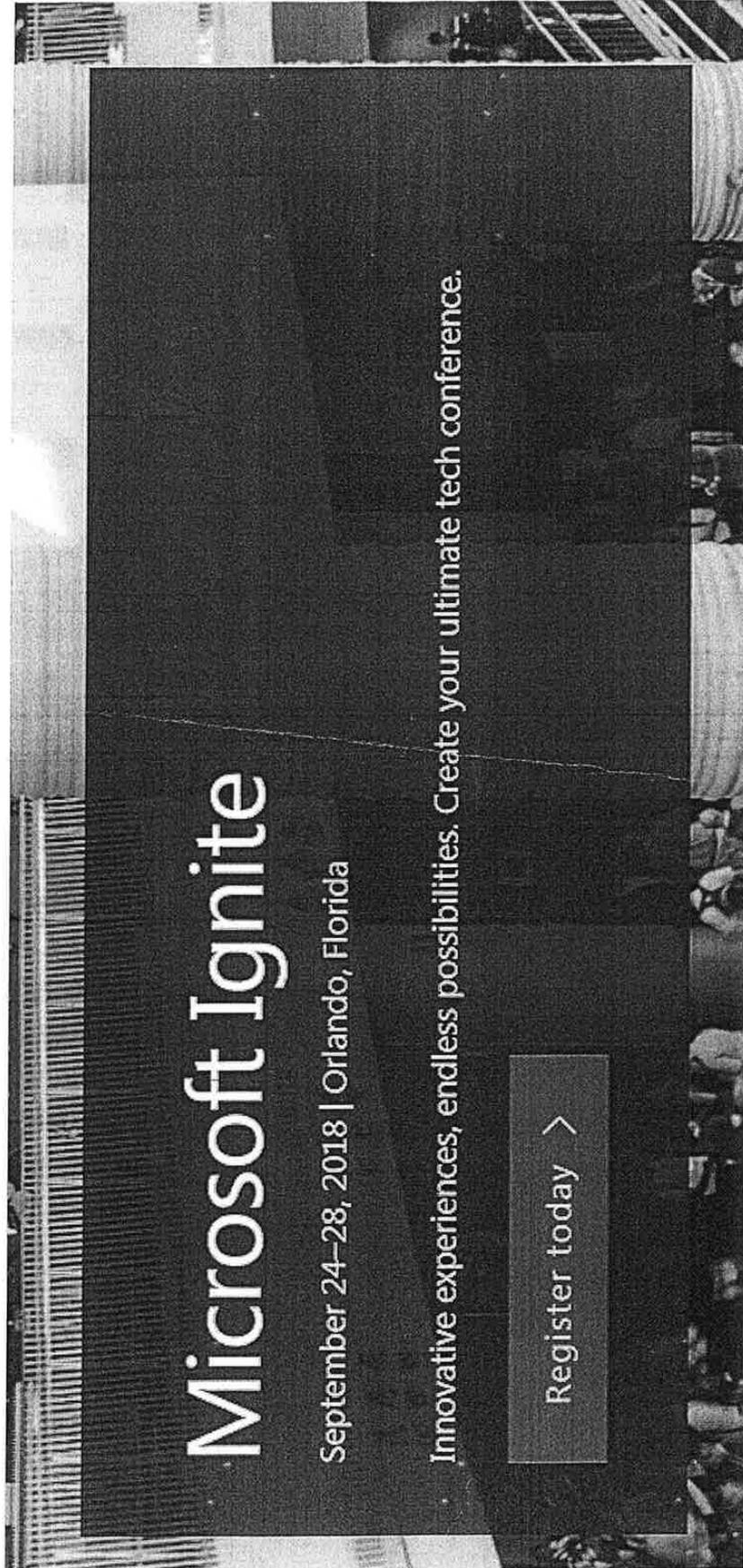
6/15/18  
DATE

[Signature]  
CEO, COO, OR CFO APPROVAL

\_\_\_\_\_  
DATE

[Signature]  
KHS BOARD APPROVAL FOR UNUSUAL TRAVEL

\_\_\_\_\_  
DATE

A promotional banner for Microsoft Ignite 2018. The background is a dark, textured collage of images, including a person on a stage, a crowd of people, and a large screen. The text is white and centered.

# Microsoft Ignite

September 24–28, 2018 | Orlando, Florida

Innovative experiences, endless possibilities. Create your ultimate tech conference.

[Register today >](#)

Microsoft Ignite will be held the week of September 24 – 28, 2018 in Orlando, Florida at the Orange County Convention Center and Hyatt Regency Orlando.

# What's happening at Microsoft Ignite

Create your ultimate tech conference, with hundreds of sessions and thousands of experts to choose from.

September 23 Sunday	September 24 Monday	September 25 Tuesday	September 26 Wednesday	September 27 Thursday	September 28 Friday
------------------------	------------------------	-------------------------	---------------------------	--------------------------	------------------------

Vision Keynote	Hear from Microsoft CEO Satya Nadella and other visionaries to kickoff Microsoft Ignite 2018.
Technical Keynotes	Hear and see the latest Microsoft product news from Microsoft solution area leaders and featured customers.
General Sessions	Learn about Microsoft products and services from Engineering, Product Marketing and other subject matter expert leaders.
Sessions and theaters	Various formats to choose from, from 20-minute theater presentations to 45-minute and 75-minute deep dives.
Hands-on learning	Strengthen newly acquired skills and techniques with hands-on training labs led by expert instructors.
Certification Testing	Get a discounted certification voucher and get certified while onsite or on your own time. Learn about the exciting new certification offerings.
Immersion Zone	Enjoy this exclusive Microsoft experience with lounge seating and hands-on learning opportunities, including expert led labs, interactive immersion workshops and other unique hands-on activities all in one space.
Community Central	Get involved with interactive theater sessions with MVPs, ad hoc meetup locations you can book to meet with your peers, Hub Talks with MVPs, and more.
Diversity and tech sessions	Celebrate the wonderful facets and faces of diversity and inclusion in the tech industry.
Microsoft Mechanics Live	Get informed and be part of the live studio audience to hear from leading experts getting interviewed about the latest product and service capabilities!
The Expo	See how our partners are working with Microsoft to innovate tomorrow and get your questions answered by the people behind the products you use every day.
Hangout	Do more than just hang out - if you're looking for a place to relax and still have the ability to catch all the Microsoft Ignite action this the place for you.

*Breakfast and lunch provided. Agenda is subject to change.*

# What's happening at Microsoft Ignite

Create your ultimate tech conference, with hundreds of sessions and thousands of experts to choose from.

September 23 Sunday	September 24 Monday	September 25 Tuesday	September 26 Wednesday	September 27 Thursday	September 28 Friday
------------------------	------------------------	-------------------------	---------------------------	--------------------------	------------------------

<b>Sessions and theaters</b>	Various formats to choose from, from 20-minute theater presentations to 45-minute and 75-minute deep dives.				
<b>Hands-on learning</b>	Strengthen newly acquired skills and techniques with hands-on training labs led by expert instructors.				
<b>Certification Testing</b>	Get a discounted certification voucher and get certified while onsite or on your own time. Learn about the exciting new certification offerings.				
<b>Immersion Zone</b>	Enjoy this exclusive Microsoft experience with lounge seating and hands-on learning opportunities, including expert led labs, interactive immersion workshops and other unique hands-on activities all in one space.				
<b>Community Central</b>	Get involved with interactive theater sessions with MVPs, ad hoc meetup locations you can book to meet with your peers, Hub Talks with MVPs, and more.				
<b>Diversity and tech sessions</b>	Celebrate the wonderful facets and faces of diversity and inclusion in the tech industry.				
<b>Microsoft Mechanics Live</b>	Get informed and be part of the live studio audience to hear from leading experts getting interviewed about the latest product and service capabilities!				
<b>The Expo</b>	See how our partners are working with Microsoft to innovate tomorrow and get your questions answered by the people behind the products you use every day.				
<b>Hangout</b>	Do more than just hang out - if you're looking for a place to relax and still have the ability to catch all the Microsoft Ignite action this the place for you.				

*Breakfast and lunch provided. Agenda is subject to change.*

# What's happening at Microsoft Ignite

Create your ultimate tech conference, with hundreds of sessions and thousands of experts to choose from.

September 23 Sunday	September 24 Monday	September 25 Tuesday	September 26 Wednesday	September 27 Thursday	September 28 Friday
------------------------	------------------------	-------------------------	---------------------------	--------------------------	------------------------

**Sessions and theaters**

Various formats to choose from, from 20-minute theater presentations to 45-minute and 75-minute deep dives.

**Hands-on learning**

Strengthen newly acquired skills and techniques with hands-on training labs led by expert instructors.

**Certification Testing**

Get a discounted certification voucher and get certified while onsite or on your own time. Learn about the exciting new certification offerings.

**Immersion Zone**

Enjoy this exclusive Microsoft experience with lounge seating and hands-on learning opportunities, including expert led labs, interactive immersion workshops and other unique hands-on activities all in one space.

**Community Central**

Get involved with interactive theater sessions with MVPs, ad hoc meetup locations you can book to meet with your peers, Hub Talks with MVPs, and more.

**Diversity and tech sessions**

Celebrate the wonderful facets and faces of diversity and inclusion in the tech industry.

**Microsoft Mechanics Live**

Get informed and be part of the live studio audience to hear from leading experts getting interviewed about the latest product and service capabilities!

**The Expo**

See how our partners are working with Microsoft to innovate tomorrow and get your questions answered by the people behind the products you use every day.

**Hangout**

Do more than just hang out - if you're looking for a place to relax and still have the ability to catch all the Microsoft Ignite action this the place for you.

*Breakfast and lunch provided. Agenda is subject to change.*

# What's happening at Microsoft Ignite

Create your ultimate tech conference, with hundreds of sessions and thousands of experts to choose from.

September 23 Sunday	September 24 Monday	September 25 Tuesday	September 26 Wednesday	September 27 Thursday	September 28 Friday
------------------------	------------------------	-------------------------	---------------------------	--------------------------	------------------------

<b>Sessions and theaters</b>	Various formats to choose from, from 20-minute theater presentations to 45-minute and 75-minute deep dives.				
<b>Hands-on learning</b>	Strengthen newly acquired skills and techniques with hands-on training labs led by expert instructors.				
<b>Certification Testing</b>	Get a discounted certification voucher and get certified while onsite or on your own time. Learn about the exciting new certification offerings.				
<b>Immersion Zone</b>	Enjoy this exclusive Microsoft experience with lounge seating and hands-on learning opportunities, including expert led labs, interactive immersion workshops and other unique hands-on activities all in one space.				
<b>Community Central</b>	Get involved with interactive theater sessions with MVPs, ad hoc meetup locations you can book to meet with your peers, Hub Talks with MVPs, and more.				
<b>Diversity and tech sessions</b>	Celebrate the wonderful facets and faces of diversity and inclusion in the tech industry.				
<b>Microsoft Mechanics Live</b>	Get informed and be part of the live studio audience to hear from leading experts getting interviewed about the latest product and service capabilities!				
<b>The Expo</b>	See how our partners are working with Microsoft to innovate tomorrow and get your questions answered by the people behind the products you use every day.				
<b>Hangout</b>	Do more than just hang out - if you're looking for a place to relax and still have the ability to catch all the Microsoft Ignite action this the place for you.				
<b>Microsoft Ignite Celebration</b>	Join us to celebrate a week of learning and innovation to unwind and have some fun with you peers at the Microsoft Ignite Attendee Celebration.				

*Breakfast and lunch provided. Agenda is subject to change.*

# What's happening at Microsoft Ignite

Create your ultimate tech conference, with hundreds of sessions and thousands of experts to choose from.

September 23 Sunday	September 24 Monday	September 25 Tuesday	September 26 Wednesday	September 27 Thursday	September 28 Friday
------------------------	------------------------	-------------------------	---------------------------	--------------------------	------------------------

- Sessions and theaters**      Various formats to choose from, from 20-minute theater presentations to 45-minute and 75-minute deep dives.
- Hands-on learning**      Strengthen newly acquired skills and techniques with hands-on training labs led by expert instructors.
- Certification Testing**      Get a discounted certification voucher and get certified while onsite or on your own time. Learn about the exciting new certification offerings.
- Immersion Zone**          Enjoy this exclusive Microsoft experience with lounge seating and hands-on learning opportunities, including expert led labs, interactive immersion workshops and other unique hands-on activities all in one space.
- Community Central**      Get involved with interactive theater sessions with MVPs, ad hoc meetup locations you can book to meet with your peers, Hub Talks with MVPs, and more.
- Diversity and tech sessions**      Celebrate the wonderful facets and faces of diversity and inclusion in the tech industry.
- Microsoft Mechanics Live**      Get informed and be part of the live studio audience to hear from leading experts getting interviewed about the latest product and service capabilities!
- Hangout**                      Do more than just hang out - if you're looking for a place to relax and still have the ability to catch all the Microsoft Ignite action this the place for you.

*Conference ends at 2:00 PM ET  
Breakfast and lunch provided. Agenda is subject to change.*

Hyatt Regency Orlando (Convenience Pass only)	9801 International Drive	32819	adjacent	\$	267.00
--	--------------------------------	-------	----------	----	--------

## FY 2018 Per Diem Rates for Orlando, Florida

(October 2017 - September 2018).

Cities not appearing below may be located within a county for which rates are listed. To determine what county a city is located in, visit the National Association of Counties (NACO) website (a non-federal website).

**October 2017 - September 2018** The following rates apply for Orlando, Florida. Max lodging by month (excluding taxes.) The last column is the Meals and Incidental Expense (M&IE) rate.

Primary Destination (1, 2)	County (3, 4)	2017 Oct	Nov	Dec	2018 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	M&IE (5)
Orlando	Orange	\$129	\$129	\$129	\$129	\$129	\$129	\$121	\$121	\$121	\$121	\$129	\$129	\$59





**To: KHS Board of Directors**

**From: Robert Landis, Chief Financial Officer**

**Date: August 9, 2018**

**Re: May 2018 Financial Results**

---

The May results reflect a \$208,621 Net Increase in Net Position which is a \$732,301 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$27.1 million favorable variance primarily due to:
  - A) \$2.0 million favorable variance relating to Family and Other primarily due to accounting for unbudgeted Proposition 56 monies received on an at risk basis and offset against amounts included in item 2B below.
  - B) \$1.5 million favorable variance relating to Expansion primarily due to higher than expected enrollment and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.7 million), lower than expected Maternity revenue (\$.2 million) and accounting for unbudgeted Proposition 56 monies received on an at risk basis (\$1.1 million) offset against amounts included in item 2B below.
  - C) \$.7 million favorable variance relating to SPD members primarily due to accounting for unbudgeted Proposition 56 monies received on an at risk basis and offset against amounts included in item 2B below.
  - D) \$1.3 million favorable variance in COB/Subrogation primarily due to higher than expected claim payment recoveries from the prior year where KHS was not primary.
  - E) \$21.5 million favorable adjustment relating to Rate/Income Adjustment primarily due to receiving payments relating to the prior year from the State on an at risk basis (AB 85 to cost payment of \$15.6 million and a Prop 56 payment of \$5.2 million) offset against amounts included in item 2C below.
- 2) Total Medical Costs reflect a \$26.9 million unfavorable variance primarily due to:
  - A) \$1.8 million unfavorable variance in Outpatient Hospital primarily due to higher than expected utilization.
  - B) \$3.7 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted Proposition 56 expenses on an at-risk basis offset against revenue mentioned under items 1A, 1B and 1C above.
  - C) \$20.9 million unfavorable variance in Non-Claims Expense Adjustment due to accruing for expenses relating to the prior year (AB 85 to cost expense of \$15.6 million and a Prop 56 expense of \$5.3 million) offset against amounts included in item 1E above.
  - D) \$1.9 million favorable IBNR adjustment from the prior year.

The May Medical Loss Ratio is 96.3% which is unfavorable to the 94.4% budgeted amount. The May Administrative Expense Ratio is 3.8% which is favorable to the 6.0% budgeted amount.

The results for the 5 months ended May 31, 2018 reflects a Net Increase in Net Position of \$1,999,834. This is a \$4,520,528 favorable variance to budget and includes approximately \$9.3 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 94.4% which is slightly unfavorable favorable to the 94.3% budgeted amount. The year-to-date Administrative Expense Ratio is 4.9% which is favorable to the 6.0% budgeted amount.

**Kern Health Systems  
Financial Packet  
May 2018**

**KHS – Medi-Cal Line of Business**

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

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

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

**KHS Administrative Analysis and Other Reporting**

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

<b>KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF MAY 31, 2018</b>			
<b>ASSETS</b>	<b>MAY 2018</b>	<b>APRIL 2018</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 89,501,819	\$ 90,769,098	\$ (1,267,279)
Short-Term Investments	163,355,417	164,005,156	(649,739)
Pass-through Monies Held for Future Payment	15,688,827	83,443,803	(67,754,976)
Premiums Receivable - Net	58,289,534	57,131,460	1,158,074
Interest Receivable	419,124	209,481	209,643
Other Receivables	2,209,744	1,643,817	565,927
Prepaid Expenses & Other Current Assets	806,009	1,055,070	(249,061)
<b>Total Current Assets</b>	<b>\$ 330,270,474</b>	<b>\$ 398,257,885</b>	<b>\$ (67,987,411)</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,098,624	6,203,634	(105,010)
Automobile - Net	15,840	16,232	(392)
Building and Building Improvements - Net	6,518,687	6,546,543	(27,856)
Capital Projects in Process	14,529,375	13,582,161	947,214
<b>Total Capital Assets</b>	<b>\$ 32,039,088</b>	<b>\$ 31,225,132</b>	<b>\$ 813,956</b>
<b>LONG TERM ASSETS:</b>			
Officer Life Insurance Receivables	684,910	684,910	-
<b>Total Long Term Assets</b>	<b>\$ 684,910</b>	<b>\$ 684,910</b>	<b>\$ -</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,890,063</b>	<b>\$ 2,890,063</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 366,184,535</b>	<b>\$ 433,357,990</b>	<b>\$ (67,173,455)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 39,917	\$ 33,433	6,484
Accrued Salaries and Employee Benefits	2,317,354	2,132,629	184,725
Accrued Other Operating Expenses	1,241,766	1,037,929	203,837
Accrued Taxes and Licenses	15,320,808	7,670,554	7,650,254
Other Medical Liabilities - Nonoperating Passthrough	15,688,827	83,443,803	(67,754,976)
Claims Payable (Reported)	14,031,193	15,270,186	(1,238,993)
IBNR - Inpatient Claims	34,023,940	38,407,512	(4,383,572)
IBNR - Physician Claims	11,352,092	12,997,753	(1,645,661)
IBNR - Accrued Other Medical	16,926,794	18,266,357	(1,339,563)
Risk Pool and Withholds Payable	3,320,544	3,417,955	(97,411)
Statutory Allowance for Claims Processing Expense	2,324,857	2,324,857	-
Other Liabilities	50,701,087	49,668,287	1,032,800
<b>Total Current Liabilities</b>	<b>\$ 167,289,179</b>	<b>\$ 234,671,255</b>	<b>\$ (67,382,076)</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	6,082,752	6,082,752	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 6,082,752</b>	<b>\$ 6,082,752</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 270,949</b>	<b>\$ 270,949</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	190,541,821	190,541,821	-
Increase (Decrease) in Net Position - Current Year	1,999,834	1,791,213	208,621
<b>Total Net Position</b>	<b>\$ 192,541,655</b>	<b>\$ 192,333,034</b>	<b>\$ 208,621</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 366,184,535</b>	<b>\$ 433,357,990</b>	<b>\$ (67,173,455)</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED MAY 31, 2018			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>								
166,685	164,900	1,785	Family Members	828,305	820,500	7,805		
59,232	58,150	1,082	Expansion Members	294,013	289,250	4,763		
15,224	14,050	1,174	SPD Members	72,149	70,250	1,899		
5,932	5,125	807	Other Members	29,384	25,375	4,009		
8,307	7,900	407	Kaiser Members	40,950	39,250	1,700		
255,380	250,125	5,255	<b>Total Members - MCAL</b>	1,264,801	1,244,625	20,176		
<b>REVENUES</b>								
23,080,439	21,089,290	1,991,149	Title XIX - Medicaid - Family and Other	105,370,692	104,972,568	398,124		
21,917,368	20,444,864	1,472,504	Title XIX - Medicaid - Expansion Members	104,214,775	101,704,598	2,510,177		
11,583,059	10,856,567	726,492	Title XIX - Medicaid - SPD Members	54,084,459	54,282,833	(198,374)		
7,883,583	7,623,110	260,473	Premium - MCO Tax	38,917,405	37,934,591	982,814		
392,144	270,498	121,646	Interest /Dividends	2,033,965	1,346,070	687,895		
-	113,846	(113,846)	Reinsurance Recoveries	-	566,526	(566,526)		
1,257,496	-	1,257,496	COB/Subrogation Collections	15,006,533	-	15,006,533		
21,528,562	-	21,528,562	Rate/Income Adjustments	24,912,256	-	24,912,256		
(99,712)	-	(99,712)	Other Income (Expense)	(930,774)	-	(930,774)		
87,542,939	60,398,175	27,144,764	<b>TOTAL REVENUES</b>	343,609,312	300,807,187	42,802,125		
<b>EXPENSES</b>								
Medical Costs:								
13,315,057	12,701,316	(613,741)	Physician Services	69,220,412	63,232,492	(5,987,920)		
3,414,591	2,803,816	(610,775)	Other Professional Services	15,085,032	13,863,952	(1,221,080)		
4,510,035	4,138,305	(371,730)	Emergency Room	23,457,959	20,599,100	(2,858,859)		
13,932,093	13,264,996	(667,097)	<b>Inpatient</b>	71,849,895	66,071,406	(5,778,489)		
115,783	113,846	(1,937)	Reinsurance Expense	572,622	566,526	(6,096)		
6,587,061	4,795,459	(1,791,602)	Outpatient Hospital	28,571,780	23,884,078	(4,687,703)		
6,103,942	2,404,532	(3,699,410)	Other Medical	15,222,104	11,987,330	(3,234,773)		
9,203,737	9,105,699	(98,038)	Pharmacy	45,678,544	45,365,957	(312,587)		
494,146	484,450	(9,696)	Pay for Performance Quality Incentive	2,447,702	2,410,750	(36,952)		
20,941,682	-	(20,941,682)	Non-Claims Expense Adjustment	20,941,682	-	(20,941,682)		
(1,917,277)	-	1,917,277	IBNR, Incentive, Paid Claims Adjustment	(5,334,565)	-	5,334,565		
76,700,850	49,812,417	(26,888,433)	<b>Total Medical Costs</b>	287,713,166	247,981,591	(39,731,576)		
10,842,089	10,585,758	256,331	<b>GROSS MARGIN</b>	55,896,146	52,825,596	3,070,550		
Administrative:								
1,916,952	2,000,418	83,466	Compensation	9,522,410	10,006,280	483,870		
636,968	612,444	(24,524)	Purchased Services	3,149,939	3,094,746	(55,193)		
71,465	101,244	29,779	Supplies	266,722	506,599	239,877		
122,140	132,103	9,963	Depreciation	636,171	654,516	18,345		
279,546	306,786	27,240	Other Administrative Expenses	1,339,878	1,482,893	143,015		
3,027,071	3,152,995	125,924	<b>Total Administrative Expenses</b>	14,915,120	15,745,033	829,913		
79,727,921	52,965,412	(26,762,509)	<b>TOTAL EXPENSES</b>	302,628,286	263,726,624	(38,901,663)		
7,815,018	7,432,764	382,254	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	40,981,026	37,080,563	3,900,463		
7,650,254	7,623,110	(27,144)	<b>MCO TAX</b>	38,111,534	37,934,591	(176,943)		
164,764	(190,347)	355,111	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	2,869,492	(854,028)	3,723,520		
<b>NONOPERATING REVENUE (EXPENSES)</b>								
-	-	-	Reserve Fund Projects/Community Grants	-	-	-		
43,857	(333,333)	377,190	Health Home	(869,658)	(1,666,666)	797,008		
43,857	(333,333)	377,190	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(869,658)	(1,666,666)	797,008		
208,621	(523,680)	732,301	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	1,999,834	(2,520,694)	4,520,528		
96.3%	94.4%	-1.9%	<b>MEDICAL LOSS RATIO</b>	94.4%	94.3%	-0.1%		
3.8%	6.0%	2.2%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	4.9%	6.0%	1.1%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED MAY 31, 2018			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
			<b>ENROLLMENT</b>					
166,685	164,900	1,785	Family Members	828,305	820,500	7,805		
59,232	58,150	1,082	Expansion Members	294,013	289,250	4,763		
15,224	14,050	1,174	SPD Members	72,149	70,250	1,899		
5,932	5,125	807	Other Members	29,384	25,375	4,009		
8,307	7,900	407	Kaiser Members	40,950	39,250	1,700		
255,380	250,125	5,255	<b>Total Members - MCAL</b>	<b>1,264,801</b>	<b>1,244,625</b>	<b>20,176</b>		
			<b>REVENUES</b>					
133.71	124.04	9.67	Title XIX - Medicaid - Family and Other	122.85	124.10	(1.25)		
370.03	351.59	18.44	Title XIX - Medicaid - Expansion Members	354.46	351.61	2.84		
760.84	772.71	(11.87)	Title XIX - Medicaid - SPD Members	749.62	772.71	(23.09)		
31.91	31.47	0.44	Premium - MCO Tax	31.80	31.47	0.33		
1.59	1.12	0.47	Interest/Dividends	1.66	1.12	0.55		
0.00	0.47	(0.47)	Reinsurance Recoveries	0.00	0.47	(0.47)		
5.09	0.00	5.09	COB/Subrogation Collections	12.26	0.00	12.26		
87.13	0.00	87.13	Rate/Income Adjustments	20.36	0.00	20.36		
(0.40)	0.00	(0.40)	Other Income (Expense)	(0.76)	0.00	(0.76)		
354.32	249.35	104.97	<b>TOTAL REVENUES</b>	<b>280.76</b>	<b>249.55</b>	<b>31.21</b>		
			<b>EXPENSES</b>					
			<b>Medical Costs:</b>					
53.89	52.44	(1.46)	Physician Services	56.56	52.46	(4.10)		
13.82	11.58	(2.24)	Other Professional Services	12.33	11.50	(0.82)		
18.25	17.08	(1.17)	Emergency Room	19.17	17.09	(2.08)		
56.39	54.76	(1.63)	<b>Inpatient</b>	58.71	54.81	(3.89)		
0.47	0.47	0.00	Reinsurance Expense	0.47	0.47	0.00		
26.66	19.80	(6.86)	Outpatient Hospital	23.35	19.81	(3.53)		
24.71	9.93	(14.78)	Other Medical	12.44	9.94	(2.49)		
37.25	37.59	0.34	Pharmacy	37.32	37.64	0.31		
2.00	2.00	0.00	Pay for Performance Quality Incentive	2.00	2.00	0.00		
84.76	0.00	(84.76)	Non-Claims Expense Adjustment	17.11	0.00	(17.11)		
(7.76)	0.00	7.76	IBNR, Incentive, Paid Claims Adjustment	(4.36)	0.00	4.36		
310.44	205.65	(104.79)	<b>Total Medical Costs</b>	<b>235.09</b>	<b>205.73</b>	<b>(29.36)</b>		
43.88	43.70	0.18	<b>GROSS MARGIN</b>	<b>45.67</b>	<b>43.83</b>	<b>1.85</b>		
			<b>Administrative:</b>					
7.76	8.26	0.50	Compensation	7.78	8.30	0.52		
2.58	2.53	(0.05)	Purchased Services	2.57	2.57	(0.01)		
0.29	0.42	0.13	Supplies	0.22	0.42	0.20		
0.49	0.55	0.05	Depreciation	0.52	0.54	0.02		
1.13	1.27	0.14	Other Administrative Expenses	1.09	1.23	0.14		
12.25	13.02	0.77	<b>Total Administrative Expenses</b>	<b>12.19</b>	<b>13.06</b>	<b>0.88</b>		
322.69	218.66	(104.03)	<b>TOTAL EXPENSES</b>	<b>247.28</b>	<b>218.79</b>	<b>(28.48)</b>		
31.63	30.69	0.95	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>33.49</b>	<b>30.76</b>	<b>2.72</b>		
30.96	31.47	0.51	<b>MCO TAX</b>	<b>31.14</b>	<b>31.47</b>	<b>0.33</b>		
0.67	(0.79)	1.45	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>2.34</b>	<b>(0.71)</b>	<b>3.05</b>		
			<b>NONOPERATING REVENUE (EXPENSES)</b>					
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00		
(0.17)	(1.38)	(1.20)	Health Home	0.69	(6.88)	(7.57)		
(0.17)	(1.38)	(1.20)	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>0.69</b>	<b>(6.88)</b>	<b>(7.57)</b>		
0.84	(2.16)	3.01	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>1.63</b>	<b>(2.09)</b>	<b>3.73</b>		
96.3%	94.4%	-1.9%	<b>MEDICAL LOSS RATIO</b>	<b>94.4%</b>	<b>94.3%</b>	<b>-0.1%</b>		
3.8%	6.0%	2.2%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>4.9%</b>	<b>6.0%</b>	<b>1.1%</b>		

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH MAY 31, 2018	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	13 MONTH TOTAL
	<b>ENROLLMENT</b>													
Members - MICAL	241,282	241,716	239,716	239,363	240,564	240,556	239,434	241,567	241,677	243,813	244,941	246,347	247,073	3,148,049
<b>REVENUES</b>														
Title XIX - Medicaid - Family and Other	21,057,784	21,560,930	21,061,787	21,157,058	21,889,455	20,639,049	21,430,630	20,910,809	19,848,982	20,328,489	21,226,405	20,886,377	23,080,439	275,078,194
Title XIX - Medicaid - Expansion Members	21,843,761	21,316,549	20,420,390	20,057,872	20,019,384	20,016,706	20,222,674	20,131,172	20,478,437	20,367,468	20,638,072	20,813,430	21,917,368	268,243,243
Title XIX - Medicaid - SPD Members	9,972,611	10,383,303	10,531,094	10,594,072	10,978,599	10,859,865	11,017,790	10,850,984	10,530,550	10,764,258	10,871,613	11,883,059	11,589,599	139,089,811
Premium - MCO Tax	7,504,758	7,517,457	7,674,906	7,622,484	8,087,180	7,402,479	7,651,559	7,859,452	7,859,452	7,859,452	7,859,452	7,859,452	7,859,452	100,006,357
Interest/Dividends	376,466	265,238	243,800	385,982	302,348	303,875	268,899	320,414	489,128	312,296	330,992	509,405	392,144	4,500,387
Reinsurance Recoveries	-	-	-	-	124,814	781,756	217,296	-	-	-	-	-	-	1,122,866
COR/Subrogation Collections	3,514,662	3,698,257	3,234,724	5,392,339	3,431,408	3,148,842	5,324,912	2,458,885	-	10,248,425	3,503,612	3,503,612	1,257,496	45,210,562
Rate/Income Adjustments	(3,949)	(340,730)	(84,108)	1,061,917	9,476,726	126,333	378	(20,460)	(708,938)	(200,000)	(384,933)	(360,661)	(99,712)	(1,952,168)
Other Income (Expense)	9	(88,814)	(18,408)	104	(185,865)	378	(20,460)	(708,938)	114,532	(200,000)	(384,933)	(360,661)	(99,712)	(1,952,168)
<b>TOTAL REVENUES</b>	64,266,102	64,312,190	63,064,185	66,345,512	73,614,708	62,741,067	68,625,290	62,051,308	60,497,598	59,297,299	71,730,403	64,541,073	87,582,939	868,629,875
<b>EXPENSES</b>														
Medical Costs:														
Physician Services	13,797,185	15,174,897	14,423,866	13,877,006	14,239,482	12,862,609	14,607,980	13,358,821	13,239,777	12,606,454	15,608,603	14,450,521	13,315,057	181,562,258
Other Professional Services	2,584,649	3,292,595	2,903,026	2,989,387	2,851,866	2,920,876	3,065,669	2,810,522	2,973,811	2,788,474	2,996,590	2,911,566	3,414,591	38,503,422
Emergency Room	3,942,442	4,764,752	4,665,069	5,099,658	4,696,197	3,995,827	5,095,039	3,888,819	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	59,605,762
Inpatient	14,725,286	14,193,273	13,361,803	13,546,637	13,862,008	13,575,463	16,815,315	14,316,486	13,588,714	13,055,324	16,975,565	14,300,202	13,932,093	186,246,166
Reinsurance Expense	107,515	106,164	106,355	105,475	105,320	105,848	105,845	105,351	113,536	118,427	117,345	107,531	115,783	1,420,495
Outpatient Hospital	5,787,957	6,293,878	5,430,584	6,154,715	6,213,267	5,886,144	7,151,422	5,457,451	5,307,045	5,138,504	5,322,082	6,217,088	6,587,061	76,947,338
Other Medical	2,750,233	2,620,808	1,975,195	1,800,207	1,883,596	2,362,997	1,997,103	2,487,691	2,422,606	1,923,264	2,576,860	2,195,432	6,103,942	32,874,933
Pharmacy	8,855,628	9,035,094	8,935,835	9,525,333	8,228,934	8,958,655	8,669,446	8,546,330	9,767,063	8,544,614	9,369,495	8,793,635	9,203,737	116,433,799
Pay for Performance Quality Incentive	567,013	568,032	563,333	562,303	565,325	565,307	562,670	567,682	483,354	487,626	489,882	492,694	494,146	6,969,567
Non-Claims Expense Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IBNR, Incentive, Paid Claims Adjustment	(744,814)	(2,227,790)	(38,273)	1,034,615	7,973,649	332,212	(382,239)	(105,403)	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	17,392
Total Medical Costs	52,353,094	53,211,503	52,336,793	54,695,536	60,619,644	51,565,938	57,488,250	51,428,840	49,826,819	48,751,703	58,733,294	53,700,500	76,700,850	721,522,864
<b>GROSS MARGIN</b>	11,913,008	10,990,687	10,727,392	11,649,976	12,995,064	11,175,129	11,136,940	10,622,469	10,670,779	10,545,596	12,997,109	10,840,573	10,882,089	147,106,810
Administrative:														
Compensation	1,904,742	1,869,066	1,816,065	1,922,751	1,762,043	1,869,031	1,897,938	2,047,251	1,983,731	1,857,459	2,076,645	1,687,623	1,916,952	24,651,297
Purchased Services	344,437	364,433	354,712	371,842	322,883	339,809	952,528	659,696	519,892	545,740	804,716	642,623	636,968	7,200,169
Supplies	89,505	30,984	65,875	131,877	168,244	208,982	160,257	(329,638)	104,203	27,993	(9,431)	72,492	71,465	792,758
Depreciation	136,197	129,115	126,867	125,913	126,881	126,396	127,444	127,464	128,722	127,578	127,464	130,267	122,140	1,661,748
Other Administrative Expenses	296,524	363,803	171,677	267,320	200,081	267,832	317,828	688,273	210,466	225,000	339,883	284,983	279,546	3,913,216
Administrative Expense Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Administrative Expenses	2,771,405	2,757,291	2,535,146	2,859,703	2,779,132	3,012,050	3,456,295	5,235,280	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	40,321,423
<b>TOTAL EXPENSES</b>	55,124,499	56,078,794	54,871,939	57,555,239	63,398,776	54,577,988	60,944,645	56,664,120	52,775,833	51,535,473	62,072,571	56,518,488	79,727,921	761,844,287
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	9,341,603	8,233,396	8,192,246	8,790,273	10,215,932	8,163,079	7,680,645	5,387,188	7,723,765	7,761,826	9,657,832	8,022,585	7,815,018	106,785,388
<b>MCO TAX</b>	7,198,592	7,197,359	7,674,900	7,775,859	8,059,738	7,454,395	7,650,173	7,652,171	7,650,254	7,510,749	7,650,023	7,650,254	7,650,254	98,774,721
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	1,943,011	1,036,037	517,346	1,014,414	2,156,194	708,684	30,472	(2,264,983)	73,511	251,077	2,007,809	372,331	164,764	8,010,667
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	(11,588)	-	(23,175)	-	(23,175)	(662,708)	-	(625,436)	(18,785)	(140,027)	(615,733)	(138,970)	43,857	(2,151,740)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	1,931,423	1,036,037	494,171	1,014,414	2,133,019	45,976	30,472	(2,890,419)	54,726	111,050	1,392,076	233,361	208,621	5,794,927
<b>MEDICAL LOSS RATIO</b>	92.2%	93.9%	94.5%	93.1%	92.5%	93.2%	94.2%	94.3%	94.4%	94.7%	91.9%	94.7%	96.3%	93.9%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	4.9%	4.9%	4.6%	4.9%	4.2%	5.8%	5.7%	5.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.2%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM THROUGH MAY 31, 2018	MAY 2017	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	13 MONTH TOTAL
	241,282	241,716	239,716	239,363	240,564	240,556	239,434	241,567	241,677	243,813	244,941	246,347	247,073	3,148,049
<b>REVENUES</b>														
Members - MCAL	124.01	126.74	124.89	125.53	129.26	122.06	126.92	123.23	116.91	118.93	123.47	121.12	133.71	1,243.37
Title XIX - Medicaid - Family and Other	376.19	356.43	351.84	350.11	352.46	359.17	359.17	349.73	354.64	347.78	351.14	348.64	370.03	3,567.73
Title XIX - Medicaid - SPD Members	743.39	749.37	764.45	772.58	754.83	748.37	760.39	769.40	730.41	735.40	755.17	765.50	760.84	7,546.65
Premium - MCO Tax	31.10	31.10	32.02	31.84	33.62	30.77	31.86	31.67	31.95	31.33	31.91	31.90	31.91	317.77
Interest/Dividends	1.56	1.10	1.02	1.61	1.26	1.12	1.12	1.32	2.02	1.28	1.35	2.07	1.59	14.43
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.52	0.52	0.37	0.90	0.00	0.00	0.00	0.00	0.00	0.36
COB Subrogation Collections	14.57	15.30	13.49	22.53	14.26	13.09	22.24	10.18	0.00	0.00	41.83	14.22	5.09	143.36
Rate/Income Adjustments	(0.02)	(1.41)	(0.35)	4.44	39.39	0.53	8.89	0.22	6.25	1.31	4.47	1.86	87.13	11.86
Other Income (Expense)	0.00	(0.37)	(0.08)	0.00	(0.77)	0.00	(0.09)	(2.93)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	(6.63)
<b>TOTAL REVENUES</b>	<b>266,335</b>	<b>266,007</b>	<b>263,008</b>	<b>277,118</b>	<b>306,011</b>	<b>260,832</b>	<b>286,611</b>	<b>256,837</b>	<b>250,332</b>	<b>243,211</b>	<b>292,885</b>	<b>246,199</b>	<b>354,332</b>	<b>2,759,933</b>
<b>EXPENSES</b>														
Medical Costs:														
Physician Services	57.18	62.78	60.17	57.97	59.19	53.47	61.01	55.30	54.78	51.71	63.72	58.66	53.89	57.67
Other Professional Services	10.71	13.62	12.11	12.49	11.85	12.14	12.80	11.63	12.30	11.44	12.23	11.82	13.82	12.23
Emergency Room	16.34	19.71	19.46	21.31	19.52	16.61	21.28	16.10	17.67	17.11	21.47	21.30	18.25	18.93
Inpatient	61.03	58.72	55.74	56.59	57.62	56.43	70.23	59.27	56.23	53.55	69.30	58.05	56.39	59.16
Reinsurance Expense	0.45	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.48	0.48	0.44	0.47	0.45
Outpatient Hospital	23.99	26.04	22.65	25.71	25.83	24.47	29.87	22.59	21.96	21.08	21.73	25.24	26.66	24.44
Other Medical	11.32	10.84	8.24	7.52	7.83	9.82	7.51	10.28	10.02	7.89	10.52	8.91	24.71	10.44
Pharmacy	36.70	37.38	37.28	39.79	34.21	37.24	36.21	35.38	40.41	35.05	38.25	35.70	37.25	36.99
Pay for Performance Quality Incentive	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.00	2.00	2.00	2.00	2.00	2.21
Non-Claims Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IBNR, Incentive, Paid Claims Adjustment	(3.09)	(11.29)	(0.12)	4.32	33.15	1.38	(1.60)	(0.44)	(9.68)	(0.33)	0.07	(4.12)	(7.76)	0.01
Total Medical Costs	216.98	220.60	218.33	228.50	251.99	214.36	240.10	212.90	206.17	199.96	239.79	217.99	310.44	2,792.20
<b>GROSS MARGIN</b>	<b>49.37</b>	<b>45.47</b>	<b>44.75</b>	<b>48.67</b>	<b>54.02</b>	<b>46.46</b>	<b>46.51</b>	<b>43.97</b>	<b>44.15</b>	<b>43.25</b>	<b>53.06</b>	<b>44.01</b>	<b>43.88</b>	<b>46.73</b>
Administrative:														
Compensation	7.89	7.73	7.58	8.20	7.32	7.77	7.93	8.47	8.21	7.62	8.48	6.85	7.76	7.83
Purchased Services	1.43	1.51	1.48	1.55	2.17	2.24	3.98	2.73	2.15	2.24	3.29	2.61	2.58	2.31
Supplies	0.37	0.13	0.27	0.55	0.70	0.87	0.67	(1.36)	0.43	0.11	(0.04)	0.29	0.29	0.25
Depreciation	0.56	0.53	0.53	0.53	0.52	0.53	0.53	0.53	0.53	0.52	0.52	0.53	0.49	0.53
Other Administrative Expenses	1.23	1.51	0.72	1.12	0.83	1.11	1.33	2.85	0.87	0.92	1.39	1.16	1.13	1.24
Administrative Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Administrative Expenses	11.49	11.41	10.58	11.95	11.55	14.44	12.19	12.67	12.19	11.42	13.63	11.44	12.25	12.81
<b>TOTAL EXPENSES</b>	<b>228.47</b>	<b>232.00</b>	<b>228.90</b>	<b>240.45</b>	<b>263.54</b>	<b>226.88</b>	<b>254.54</b>	<b>234.57</b>	<b>218.37</b>	<b>211.37</b>	<b>253.42</b>	<b>229.43</b>	<b>322.69</b>	<b>2,421.01</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>37.89</b>	<b>34.06</b>	<b>34.17</b>	<b>36.72</b>	<b>42.47</b>	<b>33.95</b>	<b>32.08</b>	<b>22.30</b>	<b>31.96</b>	<b>31.84</b>	<b>39.43</b>	<b>32.57</b>	<b>31.63</b>	<b>33.92</b>
<b>MCO TAX</b>	<b>29.83</b>	<b>29.78</b>	<b>32.02</b>	<b>32.49</b>	<b>33.50</b>	<b>30.99</b>	<b>31.95</b>	<b>31.68</b>	<b>31.65</b>	<b>30.81</b>	<b>31.23</b>	<b>31.05</b>	<b>30.96</b>	<b>31.38</b>
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>(0.05)</b>	<b>0.00</b>	<b>(0.10)</b>	<b>0.00</b>	<b>(0.10)</b>	<b>(2.75)</b>	<b>0.00</b>	<b>(2.59)</b>	<b>(0.08)</b>	<b>(0.57)</b>	<b>(2.51)</b>	<b>(0.56)</b>	<b>0.18</b>	<b>(0.70)</b>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>8.00</b>	<b>4.29</b>	<b>2.06</b>	<b>4.24</b>	<b>8.87</b>	<b>0.19</b>	<b>0.13</b>	<b>(11.97)</b>	<b>0.23</b>	<b>0.46</b>	<b>5.68</b>	<b>0.95</b>	<b>0.84</b>	<b>1.84</b>
<b>MEDICAL LOSS RATIO</b>	<b>92.2%</b>	<b>93.9%</b>	<b>94.5%</b>	<b>95.1%</b>	<b>92.5%</b>	<b>93.2%</b>	<b>94.2%</b>	<b>94.5%</b>	<b>94.4%</b>	<b>94.3%</b>	<b>91.9%</b>	<b>94.7%</b>	<b>96.3%</b>	<b>93.9%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>4.9%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.9%</b>	<b>4.2%</b>	<b>5.3%</b>	<b>5.7%</b>	<b>9.0%</b>	<b>5.6%</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.0%</b>	<b>3.8%</b>	<b>5.2%</b>



KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED MAY 31, 2018				YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
3,097,782	2,782,938	(314,844)	14,589,889	13,849,778	(740,111)
8,733,446	8,809,793	76,347	47,072,646	43,865,873	(3,206,773)
1,474,529	1,099,285	(375,244)	7,512,577	5,471,540	(2,041,037)
9,300	9,300	-	45,300	45,300	-
13,315,057	12,701,316	(613,741)	69,220,412	63,232,492	(5,987,920)
<b>PHYSICIAN SERVICES</b>					
246,347	249,122	2,775	1,218,345	1,239,729	21,384
755,456	768,216	12,760	3,663,474	3,740,934	77,460
91,557	118,862	27,305	530,977	594,312	63,335
80,056	89,883	9,827	371,902	423,435	51,533
95,489	100,242	4,753	462,028	501,206	39,178
48,687	50,527	1,840	223,667	252,635	28,968
64,544	79,572	15,028	305,687	397,861	92,174
524,803	437,758	(87,045)	2,344,546	2,184,392	(160,154)
431,902	53,564	(378,338)	1,033,805	266,760	(767,046)
1,075,750	856,069	(219,681)	4,930,600	4,262,689	(667,911)
3,414,591	2,803,816	(610,775)	15,085,032	13,863,952	(1,221,080)
4,510,035	4,138,305	(371,730)	23,457,959	20,599,100	(2,858,859)
13,932,093	13,264,996	(667,097)	71,849,895	66,071,406	(5,778,489)
115,783	113,846	(1,937)	572,622	566,526	(6,096)
6,587,061	4,795,459	(1,791,602)	28,571,780	23,884,078	(4,687,703)
<b>OTHER MEDICAL</b>					
381,817	333,020	(48,797)	1,749,836	1,657,308	(92,528)
278,153	356,388	78,235	1,577,080	1,776,986	199,906
241,649	262,929	21,280	954,033	1,314,643	360,610
808,413	803,322	(5,091)	4,195,781	4,005,742	(190,039)
-	121,113	121,113	9,604	602,688	593,084
3,585,959	-	(3,585,959)	3,585,959	-	(3,585,959)
807,951	527,760	(280,191)	3,149,811	2,629,964	(519,847)
6,103,942	2,404,532	(3,699,410)	15,222,104	11,987,330	(3,234,773)
<b>PHARMACY SERVICES</b>					
8,060,735	7,860,368	(200,367)	40,216,958	39,157,277	(1,059,681)
483,336	832,026	348,690	2,869,983	4,147,031	1,277,048
823,066	517,184	(305,882)	3,266,403	2,579,127	(687,276)
(163,400)	(103,879)	59,521	(674,800)	(517,478)	157,322
9,203,737	9,105,699	(98,038)	45,678,544	45,365,957	(312,587)
494,146	484,450	(9,696)	2,447,702	2,410,750	(36,952)
20,941,682	-	(20,941,682)	20,941,682	-	(20,941,682)
(1,917,277)	-	1,917,277	(5,334,565)	-	5,334,565
76,700,850	49,812,417	(26,888,433)	287,713,166	247,981,591	(39,731,576)

\* Medical costs per DMHC regulations

CURRENT MONTH		VARIANCE	YEAR-TO-DATE		
ACTUAL	BUDGET		ACTUAL	BUDGET	
<b>KERN HEALTH SYSTEMS</b> MEDICAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED MAY 31, 2018					
12.54	11.49	(1.05)	11.92	11.49	(0.43)
35.35	36.37	1.02	38.46	36.39	(2.07)
5.97	4.54	(1.43)	6.14	4.54	(1.60)
0.04	0.04	0.00	0.04	0.04	0.00
53.89	52.44	(1.46)	56.56	52.46	(4.10)
<b>PHYSICIAN SERVICES</b>					
1.00	1.03	0.03	1.00	1.03	0.03
3.06	3.17	0.11	2.99	3.10	0.11
0.37	0.49	0.12	0.43	0.49	0.06
0.32	0.37	0.05	0.30	0.35	0.05
0.39	0.41	0.03	0.38	0.42	0.04
0.20	0.21	0.01	0.18	0.21	0.03
0.26	0.33	0.07	0.25	0.33	0.08
2.12	1.81	(0.32)	1.92	1.81	(0.10)
1.75	0.22	(1.53)	0.84	0.22	(0.62)
4.35	3.53	(0.82)	4.03	3.54	(0.49)
13.82	11.58	(2.24)	12.33	11.50	(0.82)
18.25	17.08	(1.17)	19.17	17.09	(2.08)
56.39	54.76	(1.63)	58.71	54.81	(3.89)
0.47	0.47	0.00	0.47	0.47	0.00
26.66	19.80	(6.86)	23.35	19.81	(3.53)
<b>OTHER MEDICAL</b>					
1.55	1.37	(0.17)	1.43	1.37	(0.05)
1.13	1.47	0.35	1.29	1.47	0.19
0.98	1.09	0.11	0.78	1.09	0.31
3.27	3.32	0.04	3.43	3.32	(0.11)
0.00	0.50	0.50	0.01	0.50	0.49
14.51	0.00	(14.51)	2.93	0.00	(2.93)
3.27	2.18	(1.09)	2.57	2.18	(0.39)
24.71	9.93	(14.78)	12.44	9.94	(2.49)
<b>PHARMACY SERVICES</b>					
32.62	32.45	(0.17)	32.86	32.49	(0.38)
1.96	3.43	1.48	2.35	3.44	1.10
3.33	2.14	(1.20)	2.67	2.14	(0.53)
(0.66)	(0.43)	0.23	(0.55)	(0.43)	0.12
37.25	37.59	0.34	37.32	37.64	0.31
2.00	2.00	0.00	2.00	2.00	0.00
84.76	0.00	(84.76)	17.11	0.00	(17.11)
(7.76)	0.00	(7.76)	(4.36)	0.00	(4.36)
310.44	205.65	(104.79)	235.09	205.73	(29.36)

\* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH MAY 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	YEAR TO DATE 2018
<b>PHYSICIAN SERVICES</b>						
Primary Care Physician Services	2,920,677	2,742,958	2,795,669	3,032,803	3,097,782	14,589,889
Referral Specialty Services	9,240,467	8,846,562	10,522,041	9,730,130	8,733,446	47,072,646
Urgent Care & After Hours Advise	1,069,333	1,008,534	2,281,593	1,678,588	1,474,529	7,512,577
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	45,300
<b>TOTAL PHYSICIAN SERVICES</b>	<b>13,239,777</b>	<b>12,606,454</b>	<b>15,608,603</b>	<b>14,450,521</b>	<b>13,315,057</b>	<b>69,220,412</b>
<b>OTHER PROFESSIONAL SERVICES</b>						
Vision Service Capitation	241,567	249,668	251,973	228,790	246,347	1,218,345
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,729	642,963	755,456	3,663,474
311 - Health Services - Quality Improvement - UM Allocation *	118,821	107,550	123,692	89,357	91,557	530,977
312 - Health Services - Education - UM Allocation *	76,022	65,961	79,421	70,442	80,056	371,902
313 - Health Services - Pharmacy - UM Allocation *	96,522	85,975	103,112	80,930	95,489	462,028
314 - Health Homes - UM Allocation *	44,203	41,266	48,457	41,054	48,687	223,667
616 - Disease Management - UM Allocation *	56,128	59,793	70,852	54,370	64,544	305,687
Behavior Health Treatment	488,079	385,879	454,810	490,975	524,803	2,344,546
Mental Health Services	63,645	122,453	96,062	319,743	431,902	1,033,805
Other Professional Services	1,027,749	965,677	968,482	892,942	1,075,750	4,930,600
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>2,973,811</b>	<b>2,788,474</b>	<b>2,996,590</b>	<b>2,911,566</b>	<b>3,414,591</b>	<b>15,085,032</b>
<b>EMERGENCY ROOM</b>	<b>4,269,344</b>	<b>4,171,278</b>	<b>5,259,525</b>	<b>5,247,777</b>	<b>4,510,035</b>	<b>23,457,959</b>
<b>INPATIENT HOSPITAL</b>	<b>13,588,711</b>	<b>13,055,324</b>	<b>16,973,565</b>	<b>14,300,202</b>	<b>13,932,093</b>	<b>71,849,895</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>113,536</b>	<b>117,345</b>	<b>118,427</b>	<b>107,531</b>	<b>115,783</b>	<b>572,622</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>5,307,045</b>	<b>5,138,504</b>	<b>5,322,082</b>	<b>6,217,088</b>	<b>6,587,061</b>	<b>28,571,780</b>
<b>OTHER MEDICAL</b>						
Ambulance	338,351	352,496	350,066	327,106	381,817	1,749,836
Home Health Services & CBAS	387,076	354,315	265,517	292,019	278,153	1,577,080
Utilization and Quality Review Expenses	284,192	42,175	226,751	159,266	241,649	954,033
Long Term/SNF/Hospice	999,658	777,625	923,259	686,826	808,413	4,195,781
Enhanced Medical Benefits	-	9,604	-	-	-	9,604
Provider Enhancement Expense	-	-	-	-	3,585,959	3,585,959
Non-Medical Transportation	413,329	387,049	811,267	730,215	807,951	3,149,811
<b>TOTAL OTHER MEDICAL</b>	<b>2,422,606</b>	<b>1,923,264</b>	<b>2,576,860</b>	<b>2,195,432</b>	<b>6,103,942</b>	<b>15,222,104</b>
<b>PHARMACY SERVICES</b>						
RX - Drugs & OTC	8,533,080	7,533,478	8,276,129	7,813,536	8,060,735	40,216,958
RX - HEP-C	729,042	557,006	600,369	500,230	483,336	2,869,983
Rx - DME	620,941	570,130	608,997	643,269	823,066	3,266,403
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(674,800)
<b>TOTAL PHARMACY SERVICES</b>	<b>9,767,063</b>	<b>8,544,614</b>	<b>9,369,495</b>	<b>8,793,635</b>	<b>9,203,737</b>	<b>45,678,544</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>483,354</b>	<b>487,626</b>	<b>489,882</b>	<b>492,694</b>	<b>494,146</b>	<b>2,447,702</b>
<b>NON-CLAIMS EXPENSE ADJUSTMENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,941,682</b>	<b>20,941,682</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(2,338,427)</b>	<b>(81,180)</b>	<b>18,265</b>	<b>(1,015,946)</b>	<b>(1,917,277)</b>	<b>(5,334,565)</b>
<b>Total Medical Costs</b>	<b>49,826,819</b>	<b>48,751,703</b>	<b>58,733,294</b>	<b>53,700,500</b>	<b>76,700,850</b>	<b>287,713,166</b>

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH MAY 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	YEAR TO DATE 2018
<b>PHYSICIAN SERVICES</b>						
Primary Care Physician Services	12.09	11.25	11.41	12.31	12.54	11.92
Referral Specialty Services	38.23	36.28	42.96	39.50	35.35	38.46
Urgent Care & After Hours Advise	4.42	4.14	9.31	6.81	5.97	6.14
Hospital Admitting Team	0.04	0.03	0.04	0.04	0.04	0.04
<b>TOTAL PHYSICIAN SERVICES</b>	<b>54.78</b>	<b>51.71</b>	<b>63.72</b>	<b>58.66</b>	<b>53.89</b>	<b>56.56</b>
<b>OTHER PROFESSIONAL SERVICES</b>						
Vision Service Capitation	1.00	1.02	1.03	0.93	1.00	1.00
310 - Health Services - Utilization Management - UM Allocation *	3.15	2.89	3.26	2.61	3.06	2.99
311 - Health Services - Quality Improvement - UM Allocation *	0.49	0.44	0.50	0.36	0.37	0.43
312 - Health Services - Education - UM Allocation *	0.31	0.27	0.32	0.29	0.32	0.30
313 - Health Services - Pharmacy - UM Allocation *	0.40	0.35	0.42	0.33	0.39	0.38
314 - Health Homes - UM Allocation *	0.18	0.17	0.20	0.17	0.20	0.18
616 - Disease Management - UM Allocation *	0.23	0.25	0.29	0.22	0.26	0.25
Behavior Health Treatment	2.02	1.58	1.86	1.99	2.12	1.92
Mental Health Services	0.26	0.50	0.39	1.30	1.75	0.84
Other Professional Services	4.25	3.96	3.95	3.62	4.35	4.03
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>12.30</b>	<b>11.44</b>	<b>12.23</b>	<b>11.82</b>	<b>13.82</b>	<b>12.33</b>
<b>EMERGENCY ROOM</b>	<b>17.67</b>	<b>17.11</b>	<b>21.47</b>	<b>21.30</b>	<b>18.25</b>	<b>19.17</b>
<b>INPATIENT HOSPITAL</b>	<b>56.23</b>	<b>53.55</b>	<b>69.30</b>	<b>58.05</b>	<b>56.39</b>	<b>58.71</b>
REINSURANCE EXPENSE PREMIUM	0.47	0.48	0.48	0.44	0.47	0.47
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>21.96</b>	<b>21.08</b>	<b>21.73</b>	<b>25.24</b>	<b>26.66</b>	<b>23.35</b>
<b>OTHER MEDICAL</b>						
Ambulance	1.40	1.45	1.43	1.33	1.55	1.43
Home Health Services & CBAS	1.60	1.45	1.08	1.19	1.13	1.29
Utilization and Quality Review Expenses	1.18	0.17	0.93	0.65	0.98	0.78
Long Term/SNF/Hospice	4.14	3.19	3.77	2.79	3.27	3.43
Enhanced Medical Benefits	0.00	0.04	0.00	0.00	0.00	0.01
Provider Enhancement Expense		0.00	0.00	0.00	14.51	2.93
Non-Medical Transportation	1.71	1.59	3.31	2.96	3.27	2.57
<b>TOTAL OTHER MEDICAL</b>	<b>10.02</b>	<b>7.89</b>	<b>10.52</b>	<b>8.91</b>	<b>24.71</b>	<b>12.44</b>
<b>PHARMACY SERVICES</b>						
RX - Drugs & OTC	35.31	30.90	33.79	31.72	32.62	32.86
RX - HEP-C	3.02	2.28	2.45	2.03	1.96	2.35
Rx - DME	2.57	2.34	2.49	2.61	3.33	2.67
RX - Pharmacy Rebates	(0.48)	(0.48)	(0.47)	(0.66)	(0.66)	(0.55)
<b>TOTAL PHARMACY SERVICES</b>	<b>40.41</b>	<b>35.05</b>	<b>38.25</b>	<b>35.70</b>	<b>37.25</b>	<b>37.32</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>NON-CLAIMS EXPENSE ADJUSTMENT</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>84.76</b>	<b>17.11</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(9.68)</b>	<b>(0.33)</b>	<b>0.07</b>	<b>(4.12)</b>	<b>(7.76)</b>	<b>(4.36)</b>
<b>Total Medical Costs</b>	<b>206.17</b>	<b>199.96</b>	<b>239.79</b>	<b>217.99</b>	<b>310.44</b>	<b>235.09</b>

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED MAY 31, 2018						
CURRENT MONTH		YEAR-TO-DATE				
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
143,752	248,694	104,942	1,062,832	1,205,778	142,946	
106,858	144,768	37,910	609,279	723,834	114,555	
376,551	394,574	18,023	1,945,718	1,972,869	27,151	
151,271	178,336	27,065	689,488	891,676	202,188	
163,797	319,526	155,729	960,989	1,597,620	636,631	
484,785	450,170	(34,615)	2,242,119	2,255,800	13,681	
95,057	100,658	5,601	387,674	503,292	115,618	
(404)	2,583	2,987	5,514	12,917	7,403	
-	3,042	3,042	697	15,208	14,511	
705	553	(152)	912	2,767	1,855	
99,028	94,991	(4,037)	485,354	479,955	(5,399)	
(25)	2,325	2,350	779	11,625	10,846	
-	101	101	129	504	375	
251,582	201,519	(50,063)	1,078,431	1,009,341	(69,090)	
564,101	511,174	(52,927)	2,758,034	2,555,862	(202,172)	
291,810	293,621	1,811	1,364,329	1,462,102	97,773	
52,331	59,285	6,954	264,326	296,427	32,101	
78,893	57,400	(21,493)	209,979	297,396	87,417	
39,311	62,896	23,585	231,729	314,476	82,747	
127,668	151,777	24,109	616,808	760,572	143,764	
-	(124,999)	(124,999)	-	(624,987)	(624,987)	
3,027,071	3,152,995	125,924	14,915,120	15,745,033	829,913	

KERN HEALTH SYSTEMS MEDI-CAL		JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	YEAR TO DATE 2018
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED MAY 31, 2018							
110 - Executive		249,360	227,269	224,150	218,301	143,752	1,062,832
210 - Accounting		121,592	122,208	139,362	119,259	106,858	609,279
220 - Management Information Systems (MIS)		432,742	431,903	432,298	272,224	376,551	1,945,718
221 - Business Intelligence		122,020	134,571	151,816	129,810	151,271	689,488
225 - Infrastructure		126,761	233,198	186,762	250,471	163,797	960,989
230 - Claims		476,893	392,682	482,563	405,196	484,785	2,242,119
240 - Project Management		83,613	64,943	73,023	71,038	95,057	387,674
310 - Health Services - Utilization Management		5,036	(156)	768	270	(404)	5,514
311 - Health Services - Quality Improvement		10	358	329	-	-	697
312 - Health Services - Education		147	(130)	-	190	705	912
313 - Pharmacy		104,959	104,858	84,757	91,752	99,028	485,354
314 - Health Homes		83	(76)	99	698	(25)	779
616 - Disease Management		-	129	-	-	-	129
320 - Provider Relations		262,401	186,821	205,072	172,555	251,582	1,078,431
330 - Member Services		406,721	390,353	869,265	527,594	564,101	2,758,034
340 - Corporate Services		327,904	251,490	222,176	270,949	291,810	1,364,329
360 - Audit & Investigative Services		55,126	54,243	55,402	47,224	52,331	264,326
410 - Advertising Media		4,575	21,825	23,427	81,259	78,893	209,979
420 - Sales/Marketing/Public Relations		50,590	41,234	44,701	55,893	39,311	231,729
510 - Human Resources		116,481	126,047	143,307	103,305	127,668	616,808
Total Department Expenses		2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	14,915,120

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF MAY 31, 2018</b>			
<b>ASSETS</b>	<b>MAY 2018</b>	<b>APRIL 2018</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,449,702	\$ 1,449,702	-
Interest Receivable	3,480	1,740	1,740
Prepaid Expenses & Other Current Assets	834	1,667	(833)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,454,016</b>	<b>\$ 1,453,109</b>	<b>\$ 907</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	11,937	11,937	-
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 365,786</b>	<b>\$ 365,786</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,081,027	1,081,027	-
Increase (Decrease) in Net Position - Current Year	7,203	6,296	907
Total Net Position	\$ 1,088,230	\$ 1,087,323	\$ 907
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,454,016</b>	<b>\$ 1,453,109</b>	<b>\$ 907</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED MAY 31, 2018	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
-	-	-	Members	-	-	-
<b>REVENUES</b>						
-	-	-	Premium	-	-	-
1,740	-	1,740	Interest	8,701	-	8,701
-	-	-	Other Investment Income	2,668	-	2,668
1,740	-	1,740	<b>TOTAL REVENUES</b>	11,369	-	11,369
<b>EXPENSES</b>						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
1,740	-	1,740	<b>GROSS MARGIN</b>	11,369	-	11,369
833	-	(833)	Administrative Management Fee Expense and Other Admin Exp	4,166	-	(4,166)
833	-	(833)	Total Administrative Expenses	4,166	-	(4,166)
833	-	(833)	<b>TOTAL EXPENSES</b>	4,166	-	(4,166)
907	-	907	<b>OPERATING INCOME (LOSS)</b>	7,203	-	7,203
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-
907	-	907	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	7,203	-	7,203
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	0%	0%	0%
48%	0%	-48%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	37%	0%	-37%

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

	2018 MEMBER MONTHS											
	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
<b>MEDI-CAL</b>												
<b>ADULT AND FAMILY</b>												
PA - FAMILY	34,790	34,221	34,687	33,840	33,542							
MN - FAMILY	0	0	0	0	0							
REFUGEE - FAMILY	0	0	0	0	0							
FOSTER CARE	707	679	719	731	701							
POVERTY-133/200%	1	1	1	1	1							
POVERTY-100%	0	0	0	0	0							
MI - CHILD	107,133	108,725	109,378	110,181	111,205							
CHILD-ACA	115	104	120	40	40							
FAMILY - UNDER 19	21,195	21,355	21,188	21,708	21,196							
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>163,941</b>	<b>165,085</b>	<b>166,093</b>	<b>166,501</b>	<b>166,685</b>	<b>0</b>						

<b>MEDI-CAL EXPANSION</b>	
LIHP Transition Pre-ACA	236
ACA Expansion Adult-Citizen	291,571
ACA Expansion CAL Fresh Adult	26
LIHP Transition Pre-ACA	2,180
<b>SUB-TOTAL MANDATORY</b>	<b>294,013</b>

<b>SDP MEMBERS</b>	
SSI-AGED	919
MN - AGED	7,437
SSI - BLIND & DIS-ABLED	61,371
MN - BLIND & DIS-ABLED	2,428
<b>SUB-TOTAL MANDATORY SPD</b>	<b>72,149</b>
<b>TOTAL MANDATORY</b>	<b>1,194,467</b>

<b>OTHER MEMBERS</b>	
BCCTP-TOBACCO SETTLEMENT	127

<b>DUALS</b>	
PA - FAMILY DUALS	72
PART D SSI-AGED	3,903
PART D MN - AGED	6,739
PART D SSI - BLIND & DIS-ABLED	11,665
PART D MN - BLIND & DIS-ABLED	4,952
PART D BCCTP-TOBACCO SETTLEMENT	5
PART D MI - ADULT	0
PART D MI - CHILD	1,927
<b>SUB-TOTAL DUALS</b>	<b>29,257</b>

<b>TOTAL OTHERS</b>	<b>29,384</b>
<b>TOTAL KAISER</b>	<b>40,950</b>

<b>TOTAL MEDI-CAL MEMBERS</b>	<b>1,264,801</b>
-------------------------------	------------------

52	52	52	52	28								
57,307	58,118	58,262	59,224	58,660								
5	5	6	5	5								
380	389	454	418	539								
<b>57,744</b>	<b>58,564</b>	<b>58,774</b>	<b>59,699</b>	<b>59,232</b>	<b>0</b>							

191	182	174	186	186								
1,457	1,414	1,533	1,483	1,544								
12,242	12,366	12,213	12,177	12,373								
259	358	334	356	1,121								
<b>14,149</b>	<b>14,320</b>	<b>14,254</b>	<b>14,202</b>	<b>15,224</b>	<b>0</b>							

235,834	237,969	239,121	240,402	241,141	0	0	0	0	0	0	0	0
28	26	25	24	24								

24	14	19	23	-8								
----	----	----	----	----	--	--	--	--	--	--	--	--

771	776	767	784	805								
1,295	1,364	1,331	1,359	1,390								
2,338	2,300	2,314	2,389	2,324								
1,038	978	973	980	983								
3	1	1	0	0								
0	0	0	0	0								
346	385	390	386	414								
<b>5,815</b>	<b>5,818</b>	<b>5,795</b>	<b>5,921</b>	<b>5,908</b>	<b>0</b>							

<b>5,943</b>	<b>5,844</b>	<b>5,820</b>	<b>5,945</b>	<b>5,932</b>	<b>0</b>							
--------------	--------------	--------------	--------------	--------------	----------	----------	----------	----------	----------	----------	----------	----------

<b>7,991</b>	<b>8,160</b>	<b>8,225</b>	<b>8,267</b>	<b>8,307</b>								
<b>249,668</b>	<b>251,973</b>	<b>253,166</b>	<b>254,614</b>	<b>255,380</b>	<b>0</b>							



**To: KHS Board of Directors**  
**From: Robert Landis, Chief Financial Officer**  
**Date: August 9, 2018**  
**Re: June 2018 Financial Results**

---

The June results reflect a \$161,292 Net Increase in Net Position which is a \$660,904 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.7 million favorable variance primarily due to:
  - A) \$.7 million favorable variance relating to Family and Other primarily due to higher than expected Maternity revenue (\$.2 million) and accounting for unbudgeted Proposition 56 monies received on an at risk basis (\$.5 million) and offset against amounts included in item 2C below.
  - B) \$.7 million favorable variance relating to Expansion primarily due to higher than expected enrollment and a lower than expected budgeted rate decrease from the State effective July 1, 2017 (\$.7 million), lower than expected Maternity revenue (\$.2 million) and accounting for unbudgeted Proposition 56 monies received on an at risk basis (\$.3 million) offset against amounts included in item 2C below.
  - C) \$1.0 million favorable variance in COB/Subrogation primarily due to higher than expected claim payment recoveries from the prior year where KHS was not primary.
  - D) \$1.7 million unfavorable adjustment relating to Rate/Income Adjustment primarily due to retroactive rate adjustments by the State relating to the classification of certain Expansion members into a dual status, which is at a lower rate due to KHS not being primary.
- 2) Total Medical Costs reflect a \$1.4 million unfavorable variance primarily due to:
  - A) \$.6 million unfavorable variance in Emergency Room primarily due to higher than expected utilization by Family and Other members.
  - B) \$1.1 million unfavorable variance in Outpatient Hospital primarily due to higher than expected utilization.
  - C) \$.9 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted Proposition 56 expenses on an at-risk basis offset against revenue mentioned under items 1A and 1B above.
  - D) \$1.2 million favorable IBNR adjustment from the prior year.

The June Medical Loss Ratio is 94.3% which is slightly favorable to the 94.4% budgeted amount. The June Administrative Expense Ratio is 5.4% which is favorable to the 5.9% budgeted amount.

The results for the 6 months ended June 30, 2018 reflects a Net Increase in Net Position of \$2,161,126. This is a \$5,181,432 favorable variance to budget and includes approximately \$8.8 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 94.4% which is equal to the 94.4% budgeted amount. The year-to-date Administrative Expense Ratio is 5.0% which is favorable to the 5.9% budgeted amount.

**Kern Health Systems  
Financial Packet  
June 2018**

**KHS – Medi-Cal Line of Business**

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

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

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

**KHS Administrative Analysis and Other Reporting**

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

<b>KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF JUNE 30, 2018</b>			
<b>ASSETS</b>	<b>JUNE 2018</b>	<b>MAY 2018</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 75,970,209	\$ 89,501,819	\$ (13,531,610)
Short-Term Investments	159,488,803	163,355,417	(3,866,614)
Pass-through Monies Held for Future Payment	-	15,688,827	(15,688,827)
Premiums Receivable - Net	60,563,775	58,289,534	2,274,241
Interest Receivable	305,103	419,124	(114,021)
Other Receivables	1,423,404	2,209,744	(786,340)
Prepaid Expenses & Other Current Assets	1,180,261	806,009	374,252
<b>Total Current Assets</b>	<b>\$ 298,931,555</b>	<b>\$ 330,270,474</b>	<b>\$ (31,338,919)</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEPREE:</b>			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,022,164	6,098,624	(76,460)
Automobile - Net	15,449	15,840	(391)
Building and Building Improvements - Net	6,490,832	6,518,687	(27,855)
Capital Projects in Process	16,454,738	14,529,375	1,925,363
<b>Total Capital Assets</b>	<b>\$ 33,859,745</b>	<b>\$ 32,039,088</b>	<b>\$ 1,820,657</b>
<b>LONG TERM ASSETS:</b>			
Officer Life Insurance Receivables	684,772	684,910	(138)
<b>Total Long Term Assets</b>	<b>\$ 684,772</b>	<b>\$ 684,910</b>	<b>\$ (138)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,890,063</b>	<b>\$ 2,890,063</b>	<b>\$ -</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 336,666,135</b>	<b>\$ 366,184,535</b>	<b>\$ (29,518,400)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 24,133	\$ 39,917	(15,784)
Accrued Salaries and Employee Benefits	2,465,125	2,317,354	147,771
Accrued Other Operating Expenses	1,303,921	1,241,766	62,155
Accrued Taxes and Licenses	-	15,320,808	(15,320,808)
Other Medical Liabilities - Nonoperating Passthrough	-	15,688,827	(15,688,827)
Claims Payable (Reported)	15,949,237	14,031,193	1,918,044
IBNR - Inpatient Claims	34,673,464	34,023,940	649,524
IBNR - Physician Claims	10,141,309	11,352,092	(1,210,783)
IBNR - Accrued Other Medical	17,517,165	16,926,794	590,371
Risk Pool and Withholds Payable	2,799,631	3,320,544	(520,913)
Statutory Allowance for Claims Processing Expense	2,324,857	2,324,857	-
Other Liabilities	50,410,645	50,701,087	(290,442)
<b>Total Current Liabilities</b>	<b>\$ 137,609,487</b>	<b>\$ 167,289,179</b>	<b>\$ (29,679,692)</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	6,082,752	6,082,752	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 6,082,752</b>	<b>\$ 6,082,752</b>	<b>\$ -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 270,949</b>	<b>\$ 270,949</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position - Beg. of Year	190,541,821	190,541,821	-
Increase (Decrease) in Net Position - Current Year	2,161,126	1,999,834	161,292
<b>Total Net Position</b>	<b>\$ 192,702,947</b>	<b>\$ 192,541,655</b>	<b>\$ 161,292</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 336,666,135</b>	<b>\$ 366,184,535</b>	<b>\$ (29,518,400)</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JUNE 30, 2018			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>								
166,684	165,300	1,384	Family Members	994,989	985,800	9,189		
59,975	58,300	1,675	Expansion Members	353,988	347,550	6,438		
14,590	14,050	540	SPD Members	86,739	84,300	2,439		
6,068	5,150	918	Other Members	35,452	30,525	4,927		
8,294	7,925	369	Kaiser Members	49,244	47,175	2,069		
255,611	250,725	4,886	<b>Total Members - MCAL</b>	1,520,412	1,495,350	25,062		
<b>REVENUES</b>								
21,832,796	21,136,678	696,118	Title XIX - Medicaid - Family and Other	127,203,488	126,109,247	1,094,242		
21,204,090	20,496,837	707,253	Title XIX - Medicaid - Expansion Members	125,418,865	122,201,435	3,217,430		
11,083,761	10,856,567	227,194	Title XIX - Medicaid - SPD Members	65,168,220	65,139,400	28,820		
7,817,901	7,641,206	176,695	Premium - MCO Tax	46,735,306	45,575,797	1,159,509		
493,098	271,140	221,958	Interest /Dividends	2,527,063	1,617,210	909,853		
139,352	114,116	25,236	Reinsurance Recoveries	139,352	680,642	(541,290)		
1,027,705	-	1,027,705	COB/Subrogation Collections	16,034,238	-	16,034,238		
(1,680,199)	-	(1,680,199)	Rate/Income Adjustments	23,232,057	-	23,232,057		
345,348	-	345,348	Other Income (Expense)	(585,426)	-	(585,426)		
62,263,852	60,516,544	1,747,308	<b>TOTAL REVENUES</b>	405,873,164	361,323,731	44,549,433		
<b>EXPENSES</b>								
<b>Medical Costs:</b>								
13,013,296	12,728,724	(284,572)	Physician Services	82,233,708	75,961,216	(6,272,492)		
3,111,320	2,822,747	(288,573)	Other Professional Services	18,196,352	16,777,861	(1,418,491)		
4,780,947	4,147,547	(633,400)	Emergency Room	28,238,906	24,746,647	(3,492,259)		
13,267,422	13,290,353	22,931	Inpatient	85,117,317	79,361,760	(5,755,558)		
116,124	114,116	(2,008)	Reinsurance Expense	688,746	680,642	(8,104)		
5,930,118	4,804,780	(1,125,338)	Outpatient Hospital	34,501,898	28,688,858	(5,813,040)		
3,282,963	2,408,064	(874,899)	Other Medical	18,505,067	14,395,394	(4,109,672)		
8,567,706	9,121,953	554,247	Pharmacy	54,246,250	54,487,910	241,660		
494,634	485,600	(9,034)	Pay for Performance Quality Incentive	2,942,336	2,896,350	(45,986)		
(11,991)	-	11,991	Non-Claims Expense Adjustment	20,929,691	-	(20,929,691)		
(1,197,835)	-	1,197,835	IBNR, Incentive, Paid Claims Adjustment	(6,532,400)	-	6,532,400		
51,354,704	49,923,885	(1,430,819)	<b>Total Medical Costs</b>	339,067,870	297,996,637	(41,071,233)		
10,909,148	10,592,659	316,489	<b>GROSS MARGIN</b>	66,805,294	63,327,093	3,478,200		
<b>Administrative:</b>								
1,884,868	1,986,388	101,520	Compensation	11,407,278	11,901,506	494,228		
578,949	611,195	32,246	Purchased Services	3,728,888	3,705,941	(22,947)		
68,507	101,344	32,837	Supplies	335,229	607,943	272,714		
127,238	132,103	4,865	Depreciation	763,409	786,619	23,210		
275,729	286,701	10,972	Other Administrative Expenses	1,615,607	1,769,595	153,988		
2,935,291	3,117,731	182,440	<b>Total Administrative Expenses</b>	17,850,411	18,771,603	921,192		
54,289,995	53,041,616	(1,248,379)	<b>TOTAL EXPENSES</b>	356,918,281	316,768,240	(40,150,041)		
7,973,857	7,474,928	498,929	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	48,954,883	44,555,491	4,399,392		
7,578,828	7,641,206	62,378	<b>MCO TAX</b>	45,690,362	45,575,797	(114,565)		
395,029	(166,278)	561,307	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	3,264,521	(1,020,306)	4,284,827		
<b>NONOPERATING REVENUE (EXPENSES)</b>								
-	-	-	Reserve Fund Projects/Community Grants	-	-	-		
(233,737)	(333,334)	99,597	Health Home	(1,103,395)	(2,000,000)	896,605		
(233,737)	(333,334)	99,597	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(1,103,395)	(2,000,000)	896,605		
161,292	(499,612)	660,904	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	2,161,126	(3,020,306)	5,181,432		
94.3%	94.4%	0.1%	<b>MEDICAL LOSS RATIO</b>	94.4%	94.4%	0.0%		
5.4%	5.9%	0.5%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	5.0%	5.9%	1.0%		

**KERN HEALTH SYSTEMS  
MEDI-CAL  
STATEMENT OF REVENUE, EXPENSES, AND  
CHANGES IN NET POSITION - PMPM  
FOR THE MONTH ENDED JUNE 30, 2018**

CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>					
166,684	165,300	1,384	994,989	985,800	9,189
59,975	58,300	1,675	353,988	347,550	6,438
14,590	14,050	540	86,739	84,300	2,439
6,068	5,150	918	35,452	30,525	4,927
8,294	7,925	369	49,244	47,175	2,069
255,611	250,725	4,886	1,520,412	1,495,350	25,062
<b>REVENUES</b>					
126.38	124.01	2.38	123.45	124.08	(0.64)
353.55	351.58	1.97	354.30	351.61	2.69
759.68	772.71	(13.03)	751.31	772.71	(21.40)
31.61	31.47	0.14	31.77	31.47	0.30
1.99	1.12	0.88	1.72	1.12	0.60
0.56	0.47	0.09	0.09	0.47	(0.38)
4.16	0.00	4.16	10.90	0.00	10.90
(6.79)	0.00	(6.79)	15.79	0.00	15.79
1.40	0.00	1.40	(0.40)	0.00	(0.40)
251.76	249.24	2.51	275.88	249.50	26.38
<b>EXPENSES</b>					
<b>Medical Costs:</b>					
52.62	52.42	(0.19)	55.90	52.45	(3.44)
12.58	11.63	(0.95)	12.37	11.59	(0.78)
19.33	17.08	(2.25)	19.19	17.09	(2.11)
53.65	54.74	1.09	57.86	54.80	(3.06)
0.47	0.47	0.00	0.47	0.47	0.00
23.98	19.79	(4.19)	23.45	19.81	(3.64)
13.27	9.92	(3.36)	12.58	9.94	(2.64)
34.64	37.57	2.93	36.87	37.63	0.75
2.00	2.00	0.00	2.00	2.00	0.00
(0.05)	0.00	0.05	14.23	0.00	(14.23)
(4.84)	0.00	4.84	(4.44)	0.00	4.44
207.65	205.62	(2.03)	230.48	205.77	(24.70)
<b>GROSS MARGIN</b>					
44.11	43.63	0.48	45.41	43.73	1.68
<b>Administrative:</b>					
7.62	8.18	0.56	7.75	8.22	0.46
2.34	2.52	0.18	2.53	2.56	0.02
0.28	0.42	0.14	0.23	0.42	0.19
0.51	0.54	0.03	0.52	0.54	0.02
1.11	1.18	0.07	1.10	1.22	0.12
11.87	12.84	0.97	12.13	12.96	0.83
<b>TOTAL EXPENSES</b>					
219.52	218.46	(1.06)	242.61	218.74	(23.87)
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>					
32.24	30.79	1.46	33.28	30.77	2.51
<b>MCO TAX</b>					
30.64	31.47	0.83	31.06	31.47	0.41
<b>OPERATING INCOME (LOSS) NET OF TAX</b>					
1.60	(0.68)	2.28	2.22	(0.70)	2.92
<b>NONOPERATING REVENUE (EXPENSES)</b>					
0.00	0.00	0.00	0.00	0.00	0.00
0.91	(1.37)	(2.29)	0.73	(8.24)	(8.96)
0.91	(1.37)	(2.29)	0.73	(8.24)	(8.96)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>					
0.65	(2.06)	2.71	1.47	(2.09)	3.55
<b>MEDICAL LOSS RATIO</b>					
94.3%	94.4%	0.1%	94.4%	94.4%	0.0%
<b>ADMINISTRATIVE EXPENSE RATIO</b>					
5.4%	5.9%	0.5%	5.0%	5.9%	1.0%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JUNE 30, 2018	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	13 MONTH TOTAL
	<b>ENROLLMENT</b>													
<b>M e m b e r s - M C A L</b>	241,716	239,716	239,363	240,564	240,556	239,434	241,567	241,677	243,813	244,941	246,347	247,073	247,317	3,154,084
<b>R E V E N U E S</b>														
Title XIX - Medicaid - Family and Other	21,560,930	21,061,787	21,157,058	21,889,455	20,639,049	21,430,630	20,910,809	19,848,982	20,328,489	21,226,405	20,886,377	23,080,439	21,832,796	275,853,206
Title XIX - Medicaid - Expansion Members	21,316,549	20,420,390	20,057,872	20,019,384	20,016,706	20,222,674	20,131,172	20,478,437	20,637,468	20,638,072	20,813,430	21,917,368	21,204,090	267,603,612
Title XIX - Medicaid - SPD Members	10,383,303	10,531,094	10,667,756	10,594,072	10,978,591	10,859,865	11,017,790	10,530,984	10,530,984	10,764,253	10,871,613	11,583,059	11,083,761	140,200,691
Premium - MCO Tax	7,517,457	7,674,906	7,622,484	8,087,180	7,402,479	7,628,229	7,651,559	7,720,467	7,638,903	7,815,000	7,859,452	7,883,583	7,817,901	100,319,600
Interest/Dividends	265,238	243,800	385,982	302,348	303,875	268,899	320,014	489,128	312,296	330,992	509,405	392,144	493,098	4,617,219
Reinsurance Recoveries	3,698,257	3,234,724	5,392,339	3,431,408	3,148,842	5,324,912	2,458,885	2,127,296	-	10,245,425	3,503,612	1,257,496	1,139,352	1,263,218
COB/Subrogation Collections	(340,730)	(84,108)	1,061,917	9,476,726	126,333	2,128,785	57,721	1,511,501	319,159	1,095,189	457,845	21,528,562	(1,680,199)	35,653,701
Rate/Income Adjustments	(68,814)	(18,408)	104	(185,865)	378	(20,460)	(708,938)	114,532	(200,000)	(384,933)	(360,661)	(99,712)	345,348	(1,607,429)
Other Income (Expense)	64,312,190	63,064,185	66,345,512	73,614,708	62,741,067	68,625,290	62,051,308	60,497,598	59,297,299	71,730,403	64,541,073	87,542,939	62,263,852	866,627,425
<b>TOTAL REVENUES</b>	15,174,897	14,423,866	13,877,006	14,239,482	12,862,609	14,607,980	13,358,821	13,239,777	12,606,454	15,608,603	14,450,521	13,315,057	13,013,296	180,778,369
Medical Costs:	3,291,395	2,903,026	2,989,387	2,851,866	2,920,876	3,065,669	2,810,522	2,973,811	2,788,474	2,996,890	2,911,566	3,414,591	3,111,320	39,030,093
Physician Services	4,764,752	4,665,069	5,099,658	4,696,197	3,995,827	5,095,639	3,888,819	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	60,444,267
Other Professional Services	14,193,273	13,361,803	13,546,637	13,861,008	13,575,463	16,813,315	14,316,486	13,588,711	13,055,324	16,973,565	14,900,202	13,932,093	13,267,422	184,788,302
Emergency Room	106,164	106,355	105,475	105,320	105,848	105,848	105,351	113,536	117,345	118,427	107,531	115,783	116,124	1,429,104
Reinsurance Expense	6,293,878	5,430,584	6,154,715	6,213,267	5,886,144	7,151,522	5,457,541	5,307,045	5,138,504	5,372,082	6,217,088	6,587,061	5,930,118	77,089,549
Outpatient Hospital	2,620,808	1,975,195	1,800,207	1,883,596	2,362,997	1,797,103	2,482,691	2,422,606	1,923,264	2,576,860	2,195,432	6,103,942	3,282,963	33,427,663
Other Medical	9,035,094	8,935,835	9,525,333	8,228,934	8,958,655	8,669,446	8,546,330	9,767,063	8,544,614	9,369,495	8,793,635	9,203,737	8,567,706	116,145,877
Pharmacy	568,032	563,333	562,503	565,325	565,307	562,670	567,682	483,554	487,626	489,882	492,694	494,146	494,634	6,897,188
Pay for Performance Quality Incentive	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Claims Expense Adjustment	(2,727,790)	(282,723)	1,034,615	7,973,649	332,212	(382,239)	(105,403)	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,197,835)	(435,629)
IBNR, Incentive, Paid Claims Adjustment	53,321,503	52,336,793	54,695,536	60,619,644	51,565,938	57,488,330	51,428,840	49,826,819	48,751,703	58,733,294	53,700,500	76,700,850	51,354,704	720,524,474
<b>TOTAL MEDICAL COSTS</b>	10,990,687	10,727,392	11,649,976	12,995,064	11,175,129	11,369,940	10,622,469	10,670,779	10,345,596	12,997,109	10,840,573	10,842,089	10,909,148	146,102,950
<b>GROSS MARGIN</b>	1,869,066	1,816,065	1,962,751	1,762,043	1,869,031	1,897,938	2,047,251	1,983,731	1,857,459	2,076,645	1,687,623	1,916,952	1,884,868	24,631,423
Administrative:	364,323	354,712	371,842	522,883	539,809	952,528	659,636	519,892	545,740	804,716	642,623	636,968	578,949	7,494,681
Compensation	30,984	65,825	131,877	168,244	208,982	160,257	(329,638)	104,203	27,993	72,492	72,492	71,465	68,507	771,760
Purchased Services	123,115	126,867	125,913	125,881	126,396	127,744	127,464	128,722	127,578	127,464	130,267	122,140	127,238	1,652,789
Supplies	363,803	171,677	267,320	200,081	267,852	317,828	688,273	210,466	225,000	339,883	284,983	279,546	275,729	3,892,421
Depreciation	2,757,291	2,535,146	2,859,703	2,779,132	3,012,050	3,456,295	5,235,280	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,291	40,485,309
Administrative Expense Adjustments	56,078,794	54,871,939	57,555,239	63,398,776	54,377,988	60,944,645	56,664,120	52,778,833	51,535,473	62,072,571	56,518,488	79,727,921	54,289,995	761,009,783
<b>TOTAL EXPENSES</b>	8,233,396	8,192,246	8,790,273	10,215,932	8,163,079	7,680,445	5,387,188	7,723,765	7,671,826	9,657,832	8,022,585	7,815,018	7,973,887	105,617,642
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	7,197,359	7,674,900	7,775,859	8,059,738	7,454,395	7,650,733	7,652,171	7,650,454	7,510,749	7,650,023	7,650,254	7,650,254	7,578,828	99,154,351
MCO TAX	1,036,037	517,346	1,014,414	1,156,194	708,684	30,472	(2,264,983)	73,511	251,077	2,007,809	372,331	164,764	395,029	6,462,685
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	-	(231,175)	-	(231,175)	(662,708)	-	(628,436)	(18,785)	(140,027)	(615,733)	(138,970)	43,857	(233,737)	(2,437,889)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	1,036,037	494,171	1,014,414	2,135,019	45,976	30,472	(2,890,419)	54,726	111,050	1,392,076	233,361	208,621	161,292	4,024,796
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	93.9%	94.5%	93.1%	92.5%	93.2%	94.2%	94.5%	94.4%	94.4%	94.9%	94.7%	96.3%	94.3%	94.0%
<b>MEDICAL LOSS RATIO</b>	4.9%	4.6%	4.9%	4.2%	5.4%	5.7%	5.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.2%	5.3%
<b>ADMINISTRATIVE EXPENSE RATIO</b>														

KERN HEALTH SYSTEMS MEDICAL - STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JUNE 30, 2018	JUNE 2017	JULY 2017	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	13 MONTH TOTAL
	241,716	239,716	339,363	240,564	240,556	239,434	241,567	241,677	243,813	244,941	246,347	247,073	247,317	3,154,084
<b>REVENUES</b>														
Members - MCAL														
Title XIX - Medicaid - Family and Other	126,74	124,89	125,53	129,26	122,06	126,92	123,23	116,91	118,93	123,47	121,12	133,71	126,38	124,55
Title XIX - Medicaid - Expansion Members	369,16	356,43	351,84	350,11	352,46	359,17	349,73	354,64	347,78	351,14	348,64	370,03	353,55	354,97
Title XIX - Medicaid - SPD Members	749,37	764,45	772,58	754,83	748,37	760,39	769,40	730,41	735,40	755,17	765,50	760,84	759,68	755,86
Premium - MCO Tax	31,10	32,02	31,84	33,62	30,77	31,86	31,67	31,95	31,67	31,97	31,90	31,81	31,81	31,81
Interest/Dividends	1,10	1,02	1,61	1,26	1,26	1,12	1,32	2,02	1,28	1,35	2,07	1,59	1,99	1,46
Reinsurance Recoveries	0,00	0,00	0,00	0,52	0,52	0,00	0,90	0,00	0,00	0,00	0,00	0,00	0,00	0,40
COB/Subrogation Collections	15,30	13,49	22,53	14,26	13,09	22,24	10,18	0,00	0,00	41,83	14,22	5,09	4,16	13,55
Rate/Income Adjustments	(1,41)	(0,35)	4,44	39,39	0,53	8,89	0,22	6,25	1,31	4,47	1,86	87,13	(6,79)	11,30
Other Income (Expense)	(0,37)	(0,03)	0,00	(0,77)	0,00	(0,09)	(2,93)	0,47	(0,82)	(1,57)	(1,46)	(0,40)	(0,40)	(0,51)
<b>TOTAL REVENUES</b>	266,07	263,08	277,18	306,01	260,82	286,61	256,87	250,32	243,21	292,85	246,347	247,073	251,76	274,76
<b>EXPENSES</b>														
Medical Costs:														
Physician Services	62,78	60,17	57,97	59,19	53,47	61,01	55,30	54,78	51,71	63,72	58,66	53,89	52,62	57,32
Other Professional Services	13,62	12,11	12,49	11,85	12,14	12,80	11,63	12,30	11,44	12,23	11,82	13,82	12,58	12,37
Emergency Room	19,71	19,46	21,31	19,52	16,61	21,28	16,10	17,67	17,11	21,47	21,30	18,25	19,33	19,16
Inpatient	58,72	55,74	56,59	57,62	56,43	70,23	59,27	56,23	53,55	69,30	58,05	56,39	53,65	58,59
Reinsurance Expense	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,44	0,45
Outpatient Hospital	26,04	22,65	25,71	25,83	24,47	29,87	22,59	21,96	21,08	21,73	25,24	26,06	23,98	24,44
Other Medical	10,84	8,24	7,52	7,83	9,82	7,51	10,28	10,02	7,89	10,52	8,91	24,71	13,27	10,60
Pharmacy	37,38	37,28	39,79	34,21	37,24	36,21	35,38	40,41	35,05	38,25	35,70	37,25	34,64	36,82
Pay for Performance Quality Incentive	2,35	2,35	2,35	2,35	2,35	2,35	2,35	2,00	2,00	2,00	2,00	2,00	2,00	2,19
Non-Claims Expense Adjustment	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6,64
IBNR, Incentive, Paid Claims Adjustment	(11,29)	(0,12)	4,32	33,15	1,38	(1,60)	(0,44)	(9,68)	(0,33)	0,07	(4,12)	(7,76)	(4,84)	(0,14)
<b>Total Medical Costs</b>	220,60	218,33	228,50	251,99	214,36	240,10	212,90	206,17	199,96	239,79	217,99	310,44	207,65	228,44
<b>GROSS MARGIN</b>	45,47	44,75	48,67	54,02	46,46	46,51	43,97	44,15	43,25	53,06	44,01	43,88	44,11	46,32
Administrative:														
Compensation	7,23	7,58	8,20	7,32	7,77	7,93	8,47	8,21	7,62	8,48	6,85	7,76	7,62	7,81
Purchased Services	1,51	1,48	1,55	2,17	2,24	3,98	2,73	2,15	2,24	3,29	2,61	2,58	2,34	2,38
Supplies	0,13	0,27	0,55	0,70	0,87	0,67	(1,56)	0,43	0,11	(0,04)	0,29	0,29	0,28	0,24
Depreciation	0,53	0,53	0,53	0,53	0,53	0,53	0,53	0,53	0,52	0,52	0,53	0,49	0,51	0,52
Other Administrative Expenses	1,51	0,72	1,12	0,83	1,11	1,33	2,85	0,87	0,92	1,39	1,16	1,13	1,11	1,23
Administrative Expense Adjustment	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,65
Total Administrative Expenses	11,41	10,58	11,95	11,55	12,52	14,44	14,44	12,19	11,42	13,63	11,44	12,25	11,87	12,84
<b>TOTAL EXPENSES</b>	232,00	228,90	240,45	263,54	226,88	254,54	234,57	218,37	211,37	253,42	229,43	322,69	219,52	241,28
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	34,06	34,17	36,72	42,47	33,93	32,08	22,30	31,96	31,84	39,43	32,57	31,63	32,24	33,49
MCO TAX	29,78	32,02	32,49	33,50	30,99	31,95	31,68	31,65	30,81	31,23	31,05	30,96	30,64	31,44
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	4,29	2,16	4,24	8,96	2,95	0,13	(9,38)	0,30	1,03	8,20	1,51	0,67	1,60	2,05
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	0,00	(0,10)	0,00	(0,10)	(2,75)	0,00	(2,59)	(0,08)	(0,57)	(2,51)	(0,56)	0,18	(0,25)	(0,77)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	4,29	2,06	4,24	8,87	0,19	0,13	(11,97)	0,23	0,46	5,68	0,95	0,84	0,65	1,28
<b>MEDICAL LOSS RATIO</b>	93,9%	94,5%	93,1%	92,5%	95,2%	94,3%	94,5%	94,4%	94,4%	91,9%	94,7%	96,3%	94,3%	94,0%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	4,9%	4,6%	4,9%	4,2%	5,4%	5,7%	9,6%	5,0%	5,4%	5,2%	5,0%	5,3%	5,4%	5,3%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED JUNE 30, 2018				YEAR-TO-DATE	
ACTUAL	CURRENT MONTH BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
REVENUES					
Title XIX - Medicaid - Family & Other					
18,691,592	18,715,700	(24,108)	111,602,030	111,598,047	3,983
2,236,321	2,022,939	213,382	11,282,779	12,137,634	(854,855)
31,507	176,403	(144,896)	283,567	1,051,822	(768,255)
278,522	134,402	144,120	993,004	801,385	191,619
503,786	-	503,786	2,494,241	-	2,494,241
91,068	87,234	3,834	547,867	520,359	27,508
21,832,796	21,136,678	696,118	127,203,488	126,109,247	1,094,241
Total Title XIX - Medicaid - Family & Other					
Title XIX - Medicaid - Expansion Members					
20,342,685	19,681,963	660,722	120,312,576	117,328,008	2,984,568
161,835	405,339	(243,504)	1,408,804	2,432,033	(1,023,229)
393,843	378,927	14,916	2,158,260	2,258,940	(100,680)
273,032	-	273,032	1,346,255	-	1,346,255
32,695	30,608	2,088	192,970	182,454	10,517
21,204,090	20,496,837	707,253	125,418,865	122,201,435	3,217,430
Total Title XIX - Medicaid - Expansion Members					
Title XIX - Medicaid - SPD Members					
10,548,038	10,274,765	273,273	61,907,899	61,648,588	259,311
78,769	320,007	(241,238)	1,138,206	1,920,042	(781,836)
342,777	261,795	80,982	1,565,339	1,570,770	(5,431)
114,177	-	114,177	556,776	-	556,776
11,083,761	10,856,567	227,194	65,168,220	65,139,400	28,820
Total Title XIX - Medicaid - SPD Members					



KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED JUNE 30, 2018		CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
11.80	11.49	(0.31)	11.90	11.49	(0.41)
36.20	36.36	0.16	38.08	36.39	(1.70)
4.58	4.54	(0.04)	5.88	4.54	(1.34)
0.04	0.04	0.00	0.04	0.04	0.00
52.62	52.42	(0.19)	55.90	52.45	(3.44)
<b>PHYSICIAN SERVICES</b>					
1.00	1.03	0.03	1.00	1.03	0.03
3.34	0.72	(2.62)	0.56	0.73	0.16
0.98	2.82	1.84	2.65	2.77	0.12
0.02	0.37	0.35	0.36	0.37	0.01
0.35	0.37	0.02	0.31	0.35	0.04
(0.09)	0.33	0.41	0.30	0.33	0.03
0.19	0.21	0.01	0.18	0.21	0.02
(0.19)	0.23	0.42	0.18	0.23	0.06
1.57	1.80	0.24	1.86	1.81	(0.05)
1.17	0.22	(0.95)	0.90	0.22	(0.68)
4.25	3.53	(0.72)	4.07	3.54	(0.53)
12.58	11.63	(0.95)	12.37	11.59	(0.78)
19.33	17.08	(2.25)	19.19	17.09	(2.11)
53.65	54.74	1.09	57.86	54.80	(3.06)
0.47	0.47	0.00	0.47	0.47	0.00
23.98	19.79	(4.19)	23.45	19.81	(3.64)
<b>OTHER MEDICAL</b>					
1.04	1.37	0.33	1.36	1.37	0.01
1.35	1.47	0.12	1.30	1.47	0.17
0.99	1.08	0.10	0.81	1.09	0.28
3.19	3.31	0.12	3.39	3.32	(0.07)
0.03	0.50	0.47	0.01	0.50	0.49
3.82	0.00	(3.82)	3.08	0.00	(3.08)
2.85	2.18	(0.67)	2.62	2.18	(0.44)
13.27	9.92	(3.36)	12.58	9.94	(2.64)
<b>PHARMACY SERVICES</b>					
30.96	32.43	1.47	32.54	32.48	(0.06)
1.84	3.43	1.59	2.26	3.44	1.18
2.50	2.13	(0.37)	2.64	2.14	(0.50)
(0.66)	(0.43)	0.23	(0.57)	(0.43)	0.14
34.64	37.57	2.93	36.87	37.63	0.75
2.00	2.00	0.00	2.00	2.00	0.00
(0.05)	0.00	0.05	14.23	0.00	(14.23)
(4.84)	0.00	4.84	(4.44)	0.00	4.44
207.65	205.62	(2.03)	230.48	205.77	(24.70)

\* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JUNE 30, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	YEAR TO DATE 2018
<b>PHYSICIAN SERVICES</b>							
Primary Care Physician Services	2,920,677	2,742,958	2,795,669	3,032,803	3,097,782	2,918,671	17,508,560
Referral Specialty Services	9,240,467	8,846,562	10,522,041	9,730,130	8,733,446	8,952,433	56,025,079
Urgent Care & After Hours Advise	1,069,333	1,008,534	2,281,593	1,678,588	1,474,529	1,133,192	8,645,769
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000	54,300
<b>TOTAL PHYSICIAN SERVICES</b>	<b>13,239,777</b>	<b>12,606,454</b>	<b>15,608,603</b>	<b>14,450,521</b>	<b>13,315,057</b>	<b>13,013,296</b>	<b>82,233,708</b>
<b>OTHER PROFESSIONAL SERVICES</b>							
Vision Service Capitation	241,567	249,668	251,973	228,790	246,347	247,073	1,465,418
221 - Business Intelligence	-	-	-	-	-	825,183	825,183
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,729	642,963	755,456	241,323	3,904,797
311 - Health Services - Quality Improvement - UM Allocation *	118,821	107,550	123,692	89,357	91,557	3,715	534,692
312 - Health Services - Education - UM Allocation *	76,022	65,961	79,421	70,442	80,056	86,012	457,914
313 - Health Services - Pharmacy - UM Allocation *	96,522	85,975	103,112	80,930	95,489	(21,368)	440,660
314 - Health Homes - UM Allocation *	44,203	41,266	48,457	41,054	48,687	47,918	271,585
616 - Disease Management - UM Allocation *	56,128	59,793	70,852	54,370	64,544	(47,728)	257,959
Behavior Health Treatment	488,079	385,879	454,810	490,975	524,803	387,958	2,732,504
Mental Health Services	63,645	122,453	96,062	319,743	431,902	290,129	1,323,934
Other Professional Services	1,027,749	965,677	968,482	892,942	1,075,750	1,051,105	5,981,705
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>2,973,811</b>	<b>2,788,474</b>	<b>2,996,590</b>	<b>2,911,566</b>	<b>3,414,591</b>	<b>3,111,320</b>	<b>18,196,352</b>
<b>EMERGENCY ROOM</b>	<b>4269,344</b>	<b>4,171,278</b>	<b>5,259,525</b>	<b>5,247,777</b>	<b>4,510,035</b>	<b>4,780,947</b>	<b>28,238,906</b>
<b>INPATIENT HOSPITAL</b>	<b>13,588,711</b>	<b>13,055,324</b>	<b>16,973,565</b>	<b>14,300,202</b>	<b>13,932,093</b>	<b>13,267,422</b>	<b>85,117,317</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>113,536</b>	<b>117,345</b>	<b>118,427</b>	<b>107,531</b>	<b>115,783</b>	<b>116,124</b>	<b>688,746</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>5,307,045</b>	<b>5,138,504</b>	<b>5,322,082</b>	<b>6,217,088</b>	<b>6,587,061</b>	<b>5,930,118</b>	<b>34,501,898</b>
<b>OTHER MEDICAL</b>							
Ambulance	338,351	352,496	350,066	327,106	381,817	257,885	2,007,721
Home Health Services & CBAS	387,076	354,315	265,517	292,019	278,153	334,350	1,911,430
Utilization and Quality Review Expenses	284,192	42,175	226,751	159,266	241,649	243,855	1,197,888
Long Term/SNF/Hospice	999,658	777,625	923,259	686,826	808,413	789,958	4,985,739
Enhanced Medical Benefits	-	9,604	-	-	-	6,862	16,466
Provider Enhancement Expense	-	-	-	-	3,585,959	945,276	4,531,235
Non-Medical Transportation	413,329	387,049	811,267	730,215	807,951	704,777	3,854,588
<b>TOTAL OTHER MEDICAL</b>	<b>2,422,606</b>	<b>1,923,264</b>	<b>2,576,860</b>	<b>2,195,432</b>	<b>6,103,942</b>	<b>3,282,963</b>	<b>18,505,067</b>
<b>PHARMACY SERVICES</b>							
RX - Drugs & OTC	8,533,080	7,533,478	8,276,129	7,813,536	8,060,735	7,657,236	47,874,194
RX - HEP-C	729,042	557,006	600,369	500,230	483,336	454,893	3,324,876
Rx - DME	620,941	570,130	608,997	643,269	823,066	618,977	3,885,380
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(163,400)	(838,200)
<b>TOTAL PHARMACY SERVICES</b>	<b>9,767,063</b>	<b>8,544,614</b>	<b>9,369,495</b>	<b>8,793,635</b>	<b>9,203,737</b>	<b>8,567,706</b>	<b>54,246,250</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>483,354</b>	<b>487,626</b>	<b>489,882</b>	<b>492,694</b>	<b>494,146</b>	<b>494,634</b>	<b>2,942,336</b>
<b>NON-CLAIMS EXPENSE ADJUSTMENT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,941,682</b>	<b>(11,991)</b>	<b>20,929,691</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(2,338,427)</b>	<b>(81,180)</b>	<b>18,265</b>	<b>(1,015,946)</b>	<b>(1,917,277)</b>	<b>(1,197,835)</b>	<b>(6,532,400)</b>
Total Medical Costs	49,826,819	48,751,703	58,733,294	53,700,500	76,700,850	51,354,704	339,067,870

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JUNE 30, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	YEAR TO DATE 2018
<b>PHYSICIAN SERVICES</b>							
Primary Care Physician Services	12.09	11.25	11.41	12.31	12.54	11.80	11.90
Referral Specialty Services	38.23	36.28	42.96	39.50	35.35	36.20	38.08
Urgent Care & After Hours Advise	4.42	4.14	9.31	6.81	5.97	4.58	5.88
Hospital Admitting Team	0.04	0.03	0.04	0.04	0.04	0.04	0.04
<b>TOTAL PHYSICIAN SERVICES</b>	<b>54.78</b>	<b>51.71</b>	<b>63.72</b>	<b>58.66</b>	<b>53.89</b>	<b>52.62</b>	<b>55.90</b>
<b>OTHER PROFESSIONAL SERVICES</b>							
Vision Service Capitation	1.00	1.02	1.03	0.93	1.00	1.00	1.00
221 - Business Intelligence	0.00	0.00	0.00	0.00	0.00	3.34	0.56
310 - Health Services - Utilization Management - UM Allocation *	3.15	2.89	3.26	2.61	3.06	0.98	2.65
311 - Health Services - Quality Improvement - UM Allocation *	0.49	0.44	0.50	0.36	0.37	0.02	0.36
312 - Health Services - Education - UM Allocation *	0.31	0.27	0.32	0.29	0.32	0.35	0.31
313 - Health Services - Pharmacy - UM Allocation *	0.40	0.35	0.42	0.33	0.39	(0.09)	0.30
314 - Health Homes - UM Allocation *	0.18	0.17	0.20	0.17	0.20	0.19	0.18
616 - Disease Management - UM Allocation *	0.23	0.25	0.29	0.22	0.26	(0.19)	0.18
Behavior Health Treatment	2.02	1.58	1.86	1.99	2.12	1.57	1.86
Mental Health Services	0.26	0.50	0.39	1.30	1.75	1.17	0.90
Other Professional Services	4.25	3.96	3.95	3.62	4.35	4.25	4.07
<b>TOTAL OTHER PROFESSIONAL SERVICES</b>	<b>12.30</b>	<b>11.44</b>	<b>12.23</b>	<b>11.82</b>	<b>13.82</b>	<b>12.58</b>	<b>12.37</b>
<b>EMERGENCY ROOM</b>	<b>17.67</b>	<b>17.11</b>	<b>21.47</b>	<b>21.30</b>	<b>18.25</b>	<b>19.33</b>	<b>19.19</b>
<b>INPATIENT HOSPITAL</b>	<b>56.23</b>	<b>53.55</b>	<b>69.30</b>	<b>58.05</b>	<b>56.39</b>	<b>53.65</b>	<b>57.86</b>
<b>REINSURANCE EXPENSE PREMIUM</b>	<b>0.47</b>	<b>0.48</b>	<b>0.48</b>	<b>0.44</b>	<b>0.47</b>	<b>0.47</b>	<b>0.47</b>
<b>OUTPATIENT HOSPITAL SERVICES</b>	<b>21.96</b>	<b>21.08</b>	<b>21.73</b>	<b>25.24</b>	<b>26.66</b>	<b>23.98</b>	<b>23.45</b>
<b>OTHER MEDICAL</b>							
Ambulance	1.40	1.45	1.43	1.33	1.55	1.04	1.36
Home Health Services & CBAS	1.60	1.45	1.08	1.19	1.13	1.35	1.30
Utilization and Quality Review Expenses	1.18	0.17	0.93	0.65	0.98	0.99	0.81
Long Term/SNF/Hospice	4.14	3.19	3.77	2.79	3.27	3.19	3.39
Enhanced Medical Benefits	0.00	0.04	0.00	0.00	0.00	0.03	0.01
Provider Enhancement Expense	1.71	0.00	0.00	0.00	14.51	3.82	3.08
Non-Medical Transportation	1.71	1.59	3.31	2.96	3.27	2.85	2.62
<b>TOTAL OTHER MEDICAL</b>	<b>10.02</b>	<b>7.89</b>	<b>10.52</b>	<b>8.91</b>	<b>24.71</b>	<b>13.27</b>	<b>12.58</b>
<b>PHARMACY SERVICES</b>							
<b>RX - Drugs &amp; OTC</b>	<b>35.31</b>	<b>30.90</b>	<b>33.79</b>	<b>31.72</b>	<b>32.62</b>	<b>30.96</b>	<b>32.54</b>
<b>RX - HEP-C</b>	<b>3.02</b>	<b>2.28</b>	<b>2.45</b>	<b>2.03</b>	<b>1.96</b>	<b>1.84</b>	<b>2.26</b>
<b>Rx - DME</b>	<b>2.57</b>	<b>2.34</b>	<b>2.49</b>	<b>2.61</b>	<b>3.33</b>	<b>2.50</b>	<b>2.64</b>
<b>RX - Pharmacy Rebates</b>	<b>(0.48)</b>	<b>(0.48)</b>	<b>(0.47)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.66)</b>	<b>(0.57)</b>
<b>TOTAL PHARMACY SERVICES</b>	<b>40.41</b>	<b>35.05</b>	<b>38.25</b>	<b>35.70</b>	<b>37.25</b>	<b>34.64</b>	<b>36.87</b>
<b>PAY FOR PERFORMANCE QUALITY INCENTIVE</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>NON-CLAIMS EXPENSE ADJUSTMENT</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>84.76</b>	<b>(0.05)</b>	<b>14.23</b>
<b>IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT</b>	<b>(9.68)</b>	<b>(0.33)</b>	<b>0.07</b>	<b>(4.12)</b>	<b>(7.76)</b>	<b>(4.84)</b>	<b>(4.44)</b>
<b>Total Medical Costs</b>	<b>206.17</b>	<b>199.96</b>	<b>239.79</b>	<b>217.99</b>	<b>310.44</b>	<b>207.65</b>	<b>230.48</b>

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
215,868	230,116	1,278,700	1,435,896
172,387	144,768	781,666	868,601
348,119	394,575	2,293,837	2,367,444
(687,770)	3,166	1,718	18,987
146,181	319,527	1,107,170	1,917,147
423,369	452,010	2,665,488	2,707,810
81,230	100,658	468,904	603,950
483,745	87,087	489,259	511,506
102,349	32,758	103,046	196,544
12	553	924	3,320
210,335	121,042	695,689	706,250
2,930	2,325	3,709	13,950
110,553	23,972	110,682	143,835
191,269	201,519	1,269,700	1,210,860
554,776	511,174	3,312,810	3,067,036
309,374	293,621	1,673,703	1,755,723
52,008	59,285	316,334	355,712
38,290	49,900	248,269	347,296
40,380	62,896	272,109	377,372
139,886	151,777	756,694	912,350
-	(124,999)	-	(749,986)
2,935,291	3,117,731	17,850,411	18,771,603
	182,440		921,192

**KERN HEALTH SYSTEMS**  
**MEDI-CAL**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT**  
**FOR THE MONTH ENDED JUNE 30, 2018**

KERN HEALTH SYSTEMS MEDI-CAL		JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	YEAR TO DATE 2018
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JUNE 30, 2018								
110 - Executive		249,360	227,269	224,150	218,301	143,752	215,868	1,278,700
210 - Accounting		121,592	122,208	139,362	119,259	106,858	172,387	781,666
220 - Management Information Systems (MIS)								
		432,742	431,903	432,298	272,224	376,551	348,119	2,293,837
221 - Business Intelligence		122,020	134,571	151,816	129,810	151,271	(687,770)	1,718
225 - Infrastructure		126,761	233,198	186,762	250,471	163,797	146,181	1,107,170
230 - Claims		476,893	392,682	482,563	405,196	484,785	423,369	2,665,488
240 - Project Management		83,613	64,943	73,023	71,038	95,057	81,230	468,904
310 - Health Services - Utilization Management		5,036	(156)	768	270	(404)	483,745	489,259
311 - Health Services - Quality Improvement		10	358	329	-	-	102,349	103,046
312 - Health Services - Education		147	(130)	-	190	705	12	924
313 - Pharmacy		104,959	104,858	84,757	91,752	99,028	210,335	695,689
314 - Health Homes		83	(76)	99	698	(25)	2,930	3,709
616 - Disease Management		-	129	-	-	-	110,553	110,682
320 - Provider Relations		262,401	186,821	205,072	172,555	251,582	191,269	1,269,700
330 - Member Services		406,721	390,353	869,265	527,594	564,101	554,776	3,312,810
340 - Corporate Services		327,904	251,490	222,176	270,949	291,810	309,374	1,673,703
360 - Audit & Investigative Services		55,126	54,243	55,402	47,224	52,331	52,008	316,334
410 - Advertising Media		4,575	21,825	23,427	81,259	78,893	38,290	248,269
420 - Sales/Marketing/Public Relations		50,590	41,234	44,701	55,893	39,311	40,380	272,109
510 - Human Resources		116,481	126,047	143,307	103,305	127,668	139,886	756,694
Total Department Expenses		2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,291	17,850,411

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF JUNE 30, 2018</b>			
<b>ASSETS</b>	<b>JUNE 2018</b>	<b>MAY 2018</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,449,702	\$ 1,449,702	-
Interest Receivable	5,220	3,480	1,740
Prepaid Expenses & Other Current Assets	-	834	(834)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,454,922</b>	<b>\$ 1,454,016</b>	<b>\$ 906</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	11,937	11,937	-
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 365,786</b>	<b>\$ 365,786</b>	<b>\$ -</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,081,027	1,081,027	-
Increase (Decrease) in Net Position - Current Year	8,109	7,203	906
Total Net Position	\$ 1,089,136	\$ 1,088,230	\$ 906
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,454,922</b>	<b>\$ 1,454,016</b>	<b>\$ 906</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JUNE 30, 2018			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
			<b>ENROLLMENT</b>					
-	-	-	Members			-	-	-
			<b>REVENUES</b>					
-	-	-	Premium			-	-	-
1,740	-	1,740	Interest			10,441	-	10,441
-	-	-	Other Investment Income			2,668	-	2,668
1,740	-	1,740	<b>TOTAL REVENUES</b>			13,109	-	13,109
			<b>EXPENSES</b>					
-	-	-	Medical Costs			-	-	-
-	-	-	IBNR and Paid Claims Adjustment			-	-	-
-	-	-	Total Medical Costs			-	-	-
1,740	-	1,740	<b>GROSS MARGIN</b>			13,109	-	13,109
			Administrative					
834	-	(834)	Management Fee Expense and Other Admin Exp			5,000	-	(5,000)
834	-	(834)	Total Administrative Expenses			5,000	-	(5,000)
834	-	(834)	<b>TOTAL EXPENSES</b>			5,000	-	(5,000)
906	-	906	<b>OPERATING INCOME (LOSS)</b>			8,109	-	8,109
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>			-	-	-
906	-	906	<b>NET INCREASE (DECREASE) IN NET POSITION</b>			8,109	-	8,109
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>			0%	0%	0%
48%	0%	-48%	<b>ADMINISTRATIVE EXPENSE RATIO</b>			38%	0%	-38%

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

	2018 MEMBER MONTHS
--	--------------------

	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
<b>ADULT AND FAMILY</b>												
PA - FAMILY	34,790	34,221	34,687	33,840	33,542	33,859						
MIN - FAMILY	0	0	0	0	0	0						
REFUGEE - FAMILY	0	0	0	0	0	0						
FOSTER CARE	707	679	719	731	701	713						
POVERTY-133/200%	1	1	1	1	1	1						
POVERTY-100%	0	0	0	0	0	0						
MI - CHILD	107,133	108,725	109,378	110,181	111,205	110,796						
CHILD-ACA	115	104	120	40	40	43						
FAMILY - UNDER 19	21,195	21,355	21,188	21,708	21,196	21,272						
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>163,941</b>	<b>165,085</b>	<b>166,093</b>	<b>166,501</b>	<b>166,685</b>	<b>166,684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MEDI-CAL EXPANSION</b>												
LHP Transition Pre-ACA	52	52	52	52	28	49						
ACA Expansion Adult-Citizen	57,307	58,178	58,262	59,224	58,660	59,473						
ACA Expansion CAL Fresh Adult	5	5	6	5	5	5						
LHP Transition Pre-ACA	380	389	454	418	539	508						
<b>SUB-TOTAL MANDATORY</b>	<b>57,744</b>	<b>58,564</b>	<b>58,774</b>	<b>59,699</b>	<b>59,232</b>	<b>59,975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>SDP MEMBERS</b>												
SSI-AGED	191	182	174	186	186	195						
MI - AGED	1,457	1,414	1,533	1,483	1,544	1,551						
SSI - BLIND & DIS-ABLED	12,242	12,366	12,213	12,177	12,373	12,386						
MI - BLIND & DIS-ABLED	259	358	334	356	1,121	458						
<b>SUB-TOTAL MANDATORY SPD</b>	<b>14,149</b>	<b>14,320</b>	<b>14,254</b>	<b>14,202</b>	<b>15,224</b>	<b>14,590</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL MANDATORY</b>	<b>235,834</b>	<b>237,969</b>	<b>239,121</b>	<b>240,402</b>	<b>241,141</b>	<b>241,249</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>OTHER MEMBERS</b>												
BCCTP-TOBACCO SETTLEMENT	28	26	25	24	24	23						

<b>DUALS</b>												
PA - FAMILY DUALS	24	14	19	23	-8	19						
PART D SSI - AGED	771	776	767	784	805	787						
PART D MI - AGED	1,295	1,364	1,331	1,359	1,390	1,364						
PART D SSI - BLIND & DIS-ABLED	2,338	2,300	2,314	2,389	2,324	2,463						
PART D MI - BLIND & DIS-ABLED	1,038	978	973	980	983	980						
PART D BCCTP-TOBACCO SETTLEMENT	3	1	1	0	0	0						
PART D MI - ADULT	0	0	0	0	0	0						
PART D MI - CHILD	346	385	390	386	414	432						
<b>SUB-TOTAL DUALS</b>	<b>5,815</b>	<b>5,818</b>	<b>5,795</b>	<b>5,921</b>	<b>5,908</b>	<b>6,045</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OTHERS</b>	<b>5,843</b>	<b>5,844</b>	<b>5,820</b>	<b>5,945</b>	<b>5,932</b>	<b>6,068</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>TOTAL KAISER</b>	<b>7,991</b>	<b>8,160</b>	<b>8,225</b>	<b>8,267</b>	<b>8,307</b>	<b>8,294</b>						
---------------------	--------------	--------------	--------------	--------------	--------------	--------------	--	--	--	--	--	--

<b>TOTAL MEDICAL MEMBERS</b>	<b>249,668</b>	<b>251,973</b>	<b>253,166</b>	<b>254,614</b>	<b>255,380</b>	<b>255,611</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
------------------------------	----------------	----------------	----------------	----------------	----------------	----------------	----------	----------	----------	----------	----------	----------



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC *****	480,429.24	1,122,775.34	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	395,596.11	1,965,301.02	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY, LLC	296,870.45	1,289,649.91	DEC 2017-MAR 2018 MEDICAL/NON-MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T4350	COMPUTER ENTERPRISE INC.	153,860.00	830,602.33	JAN - APR 2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2726	DST PHARMACY SOLUTIONS, INC.	91,475.34	384,878.95	PHARMACY AND CLAIMS PROCESSING JANUARY - MARCH 2018	PHARMACY
T4237	FLUIDEDGE CONSULTING, INC.	87,262.61	785,800.96	NOV. - DEC. 2017-JAN. - APR. 2018 CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING / ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T3460	THE GUARDIAN LIFE INSURANCE CO.	58,525.62	291,221.94	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4696	ZNALYTICS, LLC	55,640.00	407,219.77	JAN - MAR 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T4685	NATIONAL GIFT CARD CORP	39,460.00	153,916.16	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4582	HEALTHX, INC.	38,000.00	195,200.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND	CAPITAL PROJECT - MEMBER & PROVIDER
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	30,367.54	114,970.20	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4563	SPH ANALYTICS****	29,761.65	30,461.65	MEMBER SATISFACTION SURVEY	MEMBER SERVICES / PROVIDER RELATIONS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	29,539.56	159,112.82	FEB & MAR 2018 OCR SERVICES	CLAIMS
T4538/T4902	CHANGE HEALTHCARE LLC	27,368.25	216,069.70	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4415	DANIELLS, PHILLIPS, VAUGHN & BOCK	26,700.00	49,175.00	FINANCIAL REPORTING SERVICES	ADMINISTRATIVE
T4308	TRUXTUN PLACE PARTNERS	25,807.00	145,122.25	TRUXTUN- MAR. 2018 LEASE & UTILITIES	CORPORATE SERVICES
T4695	EDIFCS, INC.	24,000.00	165,600.00	JAN - MAR. 2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T1071	CLINICA SIERRA VISTA	22,754.92	1,164,375.68	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT- RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T4165	SHI INTERNATIONAL CO.	22,329.59	125,170.83	STORAGE MAINTENANCE/HARDWARE	CAPITAL PROJECT IN PROGRESS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	20,993.10	35,179.95	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T4421	JON SLAGLE	18,255.15	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T4546	LEVEL 3 COMMUNICATIONS, LLC	17,837.25	105,372.87	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4654	DELAWIE	16,446.78	54,941.16	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T3011	OFFICE ALLY, INC.	16,021.75	82,802.25	2018 EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO	15,141.25	72,642.98	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4467	MEDISOFTRX, LLC.	13,676.84	68,469.98	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4460	PAYSPAN, INC	13,108.18	81,205.93	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T4782	KP LLC	11,100.00	21,100.00	DRUG FORMULARY	PHARMACY
		<u>2,078,037.18</u>			
	TOTAL VENDORS OVER \$10,000	2,078,037.18			
	TOTAL VENDORS UNDER \$10,000	395,269.64			
	TOTAL VENDOR EXPENSES - YTD JAN - MAY 2018	<u><u>2,473,306.82</u></u>			

Note:

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



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	1,965,301.02	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY, LLC	1,289,849.91	DEC.2017-MAR 2018 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T1071	CLINICA SIERRA VISTA	1,164,375.68	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT-RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T4290	S C ANDERSON, INC *****	1,122,775.34	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T4391	OMNI FAMILY HEALTH	875,561.63	SEPT- NOV. 2017 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T4350	COMPUTER ENTERPRISE INC.	865,558.05	JAN - APR 2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4237	FLUIDEDGE CONSULTING, INC.	789,969.40	NOV. - DEC. 2017; JAN - APR 2018. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T3130	OPTUMINSIGHT, INC.	569,611.00	CES DIRECT LICENSE - 12/17 - 12/18 ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS
T2167	PG&E	546,460.77	NEW BUILDING UNDERGROUND UTILITIES/ANNUAL TRUE-UP FOR 2017 USAGE/UTILITIES	CAPITAL PROJECT IN PROGRESS - NEW BUILDING/ CORPORATE SERVICES
T2726	DST PHARMACY SOLUTIONS, INC.	475,321.94	PHARMACY AND CLAIMS PROCESSING JANUARY - MARCH 2018	PHARMACY
T4699	Z6OMEGA, INC.	337,472.64	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4696	ZNALYTICS, LLC	336,043.24	JAN - MAR 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T2292	CITY OF BAKERSFIELD	330,264.05	BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUILDING
T3460	THE GUARDIAN LIFE INSURANCE CO.	291,926.79	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T1408	DELL MARKETING L.P.	253,303.60	HARDWARE- 6- LATTITUDE E5480, 1 DELL SMART PRINTER 6610, 20 OPTIPLEX 3060 DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T1001	KERN MEDICAL CENTER	246,854.51	KM GROW CLINIC REIMBURSEMENT	COMMUNITY GRANTS
T4538/T4902	CHANGE HEALTHCARE LLC	216,069.70	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4562	HEALTHX, INC.	196,700.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4695	EDIFCS, INC.	165,600.00	JAN - MAR. 2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	159,112.82	FEB & MAR 2018 OCR SERVICES	CLAIMS
T4685	NATIONAL GIFT CARD CORP	155,133.15	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4308	TRUXTUN PLACE PARTNERS	145,122.25	TRUXTUN- MAR. 2018 LEASE & UTILITIES	CORPORATE SERVICES
T1183	MILLIMAN USA	141,318.13	NOV- DEC 2017 ACTUARIAL SERVICES, CY2016 RDT, 2018 RATE SUPPORT, VALUE-BASED PURCHASING ANALYSIS, OTHER CONSULTING SERVICES	ADMINISTRATION
T4165	SHI INTERNATIONAL CO.	125,170.83	STORAGE MAINTENANCE/ HARDWARE	CAPITAL PROJECT IN PROCESS
T2469	DST HEALTH SOLUTIONS, INC.	116,800.00	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT& ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	116,323.67	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T2413	TREK IMAGING INC	115,885.92	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T2707	ACT 1 PERSONNEL SERVICES, INC.	108,799.06	TEMPORARY HELP -MARCH - MIS -2; MS -2; CS - 1	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	105,372.87	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2933	SIERRA PRINTERS, INC.	83,456.05	MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY	VARIOUS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	87,138.49	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	82,802.25	2018 EDI CLAIM PROCESSING	CLAIMS
T4460	PAYSPAN, INC	81,205.93	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T2287	CALIFORNIA WATER SERVICE	74,646.53	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING /WATER
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	74,451.75	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	72,807.61	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4396	KAISER FOUNDATION HEALTH/DHMO	72,642.98	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4421	JON SLAGLE	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T4467	MEDISOFTRX, LLC.	68,469.98	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1785	AT&T	66,318.88	NEW BUILDING UNDERGROUND UTILITIES TELEPHONE SERVICE	CAPITAL PROJECT IN PROGRESS / MIS
T4873	L5 HEALTHCARE SOLUTIONS, INC.	66,000.00	ONE TIME LICENSE FEE/IMPLEMENTATION/ANNUAL MAINTENANCE & SUPPORT FEES-ALCHEMY	CAPITAL PROJECT IN PROGRESS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2018 ACAP DUES	ADMINISTRATION
T1597	BAKERSFIELD MEMORIAL HOSP	64,186.85	DEC. 2017 BMH GROW CLINIC	COMMUNITY GRANTS
T4899	SUMMEET BHINDER, MD INC	60,167.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4452	WELLS FARGO	60,140.05	EXECUTIVE MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T2564	UNITED STATES POSTAL SVC.-HASLER	60,000.00	POSTAGE-METERED	VARIOUS
T3077	V/MWARE, INC	59,544.72	VSPHERE 5 ENTERPRISE RENEWAL	MIS
T1644	BRIGHT HOUSE NETWORK	57,628.71	UNDERGROUND UTILITIES FOR NEW BUILDING/INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T4654	DELAWIE	54,941.16	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T1272	COFFEY COMMUNICATIONS INC.	54,238.65	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4483	MICRO-DYN MEDICAL SYSTEMS INC	53,880.00	ANNUAL LICENSE	MIS
T2686	ALLIANT INSURANCE SERVICES INC.	52,457.18	EARTH MOVEMENT INSURANCE-NEW BUILDING	CAPITAL PROJECT IN PROGRESS / INSURANCE
T2837	TOYS/BABIES R US	51,981.42	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T1861	CEREDIAN BENEFITS SERVICES	51,628.25	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T4415	DANIELLS, PHILLIPS, VAUGHN & BOCK	49,175.00	FINANCIAL REPORTING SERVICES	ADMINISTRATIVE
T4039	KERN RURAL WELLNESS CENTERS, INC	45,647.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4345	ASHOK PARMAR	44,254.04	NOV 2017 PROVIDER RECRUITMENT & RETENTION GRANT	COMMUNITY GRANTS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	40,621.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T2918	STINSON'S	36,812.25	OFFICE SUPPLIES	VARIOUS



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	38,530.00	JANITORIAL SERVICES	CORPORATE SERVICES
T1957	MERCY FOUNDATION-BAKERSFIELD	38,000.00	DA VINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4168	RELAYHEALTH	36,164.52	2018 -EDI CLAIM PROCESSING	CLAIMS
T4767	VALLEY ANESTHESIA ASSOCIATES, INC	36,016.42	OCT 17 PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	35,179.95	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T4884	GAINES SOLUTIONS , INC.	35,000.00	ANNUAL HOSTING FEE (SPR/SP) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
T4603	ECFIRST.COM	34,491.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM HIPAA SECURITY	CAPITAL PROJECT IN PROCESS
T4876	CIRESON, LLC	34,321.50	BUSINESS MANAGEMENT SOLUTIONS, LICENSES; SOFTWARE ;3 YR MAINTENANCE & SUPPORT , CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	34,109.00	2018 ANNUAL DUES ASSESSMENT CAHP SEMINAR FEES	ADMINISTRATION
T2961	SOLUTION BENCH, LLC	33,235.08	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4563	SPH ANALYTICS***	30,461.65	MEMBER SATISFACTION SURVEY	MEMBER SERVICES /PROVIDER RELATIONS
T4537	BURKE, WILLIAMS & SORENSEN, LLP	29,842.51	OCT- DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING) -	CAPITAL PROJECT-NEW BUILDING
T3449	CDW GOVERNMENT	29,637.92	HARDWARE AND LICENSES - 20 ADOBE A CRO LICENSES, 15 CISCO IP PHONES & LICENSES, 1 PROJECTOR SURFACE PRO DOCKS, ACCESSORIES, SOFTWARE	MIS INFRASTRUCTURE
T2969	AMERICAN BUSINESS MACHINES INC	28,782.53	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE
T4733	UNITED STAFFING ASSOCIATES	27,783.80	TEMPORARY HELP	VARIOUS
T4801	ZEAL STAFFING LLC DBA Z STAFFING	27,442.45	TEMPORARY HELP	VARIOUS
T1189	APPLE ONE INC	27,317.36	TEMPORARY HELP	VARIOUS
T3084	KERN COUNTY - COUNTY COUNSEL	26,587.00	LEGAL FEES	ADMINISTRATIVE
T2232	DLT SOLUTIONS, LLC	24,154.83	SOL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4785	COMMIGAP	23,047.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T1128	HALL LETTER SHOP INC.	22,902.25	NEW MEMBER PACKETS / MEMBERSHIP CARDS	MEMBER SERVICES
T4561	SRI & SHARMA, LLC	21,875.00	PARKING RENTAL	CORPORATE SERVICES
T4792	KP LLC	21,100.00	DRUG FORMULARY	PHARMACY
T4497	SKILLSOFT CORPORATION	20,836.93	ANNUAL LICENSE FEE- ONLINE TRAINING & DESKTOP VIDEOS	HUMAN RESOURCE
T3986	JACQUELYN S JANS	20,448.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
T4739	SECURITAS SECURITY SERVICES USA INC	19,414.08	SECURITY SERVICES	CORPORATE
T2446	AT&T MOBILITY	18,939.64	CELLULAR PHONE / INTERNET	MIS
T1180	LANGUAGE LINE SERVICES, INC	18,437.56	INTERPRETATION SERVICES	MEMBER SERVICES
T2441	LAURA BREZINSKI	18,105.00	MARKETING MATERIALS	MARKETING
T4747	SYED ALAM, M.D. INC.	17,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	17,495.00	ONSITE SECURITY	CORPORATE SERVICES
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	16,459.00	SPONSORSHIPS	COMMUNITY ACTIVITIES
T4708	HEALTH MANAGEMENT ASSOCIATES INC***	16,453.75	CONSULTING SERVICES -2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION
T4883	MARTHA TASINGA	14,887.66	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES
T4228	THE SSI GROUP, LLC	14,667.20	EDI CLAIMS	CLAIMS
T3990	SPARKLETT'S, INC	14,230.91	BOTTLED WATER SERVICE	VARIOUS
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1347	ADVANCED DATA STORAGE	13,814.11	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T4583	SOILS ENGINEERING INC***	13,731.62	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T1022	UNUM LIFE INSURANCE CO	13,706.80	EMPLOYEE PREMIUMS LONG TERM CARE	VARIOUS
T2840	ATALASOFT, INC.	13,596.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOT IMAGE	MIS INFRASTRUCTURE



May AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4183	LAMAR ADVERTISING OF BAKERSFIELD	13,525.00	BILLBOARD ADVERTISING	MEDIA & ADVERTISING
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	13,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE I	CAPITAL PROJECT-NEW BUILDING
T4425	PRO RESTORATION SERVICES INC	12,859.75	RESTORATION - STRUCTURAL REPAIR, WATER EXTRACTION AND REMEDIATION	CORPORATE SERVICES
T4297	PRAGMATIC WORKS SOFTWARE	12,500.80	3 YEAR RENEWAL MAINTENANCE WORKBENCH PRO UPGRADE	MIS
T4198	LAW OFFICES OF CARL SHUSTERMAN	12,320.00	LEGAL SERVICES- H-1B D. YAVAD & M. KUMAR	ADMINISTRATION
T2938	SAP AMERICA, INC	12,308.32	BUSINESS OBJECTS ANNUAL MAINTENANCE	MIS - SOFTWARE SUPPORT
T2941	KERN PRINT SERVICES INC	11,812.19	ENVELOPES AND LETTERHEAD WELL CHILD INCENTIVE VOUCHERS	CORPORATE SERVICES/HEALTH EDUCATION
T4567	MCINTOSH & ASSOCIATE	11,305.26	PROFESSIONAL SERVICES ENGINEERING NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC***	11,250.00	LEASE AGREEMENT PARKING SPACE- STOCKDALE HWAY	CORPORATE SERVICES
T4594	MEDVERSANT TECHNOLOGIES LLC	11,000.00	MONTHLY MONITORING FEES	PROVIDER RELATIONS
T1032	THE BAKERSFIELD CALIFORNIAN ***	10,592.00	EMPLOYMENT AD	HUMAN RESOURCE
T4707	SHAFTER PEDIATRICS	10,144.82	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4683	CLAUDIA M. BACA	10,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
		<u>16,338,297.48</u>		
	TOTAL VENDORS OVER \$10,000	16,338,297.48		
	TOTAL VENDORS UNDER \$10,000	558,394.43		
	TOTAL VENDOR EXPENSES - YTD JAN - MAY 2018	<u>16,896,691.91</u>		

# KERN • HEALTH SYSTEMS

JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4699	ZeOMEGA, INC.	1,039,158.31	1,376,990.09	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2704	MCG HEALTH LLC****	599,840.68	599,840.68	SOFTWARE LICENSE - HEALTH CARE MANAGEMENT 6/5/18- 6/4/19	UTILIZATION MANAGEMENT
T4290	S C ANDERSON, INC ****	550,747.12	1,673,522.46	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	402,211.40	2,367,512.42	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4237	FLUIDEDGE CONSULTING, INC.	179,990.08	969,959.48	NOV. - DEC. 2017, JAN - APR 2018 ,CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4696	ZNALYTICS, LLC	99,000.00	435,043.24	JAN - MAR 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T2726	DST PHARMACY SOLUTIONS, INC.	96,788.04	572,109.98	PHARMACY AND CLAIMS PROCESSING JANUARY - MARCH, 2018	PHARMACY
T4685	NATIONAL GIFT CARD CORP	81,695.31	236,828.46	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4582	HEALTHX, INC.	78,800.00	275,500.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T3460	THE GUARDIAN LIFE INSURANCE CO.	59,472.64	351,399.43	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4792	KP LLC	44,707.71	67,171.08	DRUG FORMULARY	PHARMACY
T2584	UNITED STATES POSTAL SVC.-HASLER	40,000.00	100,000.00	POSTAGE-METERED	VARIOUS
T2413	TREK IMAGING INC	39,347.98	160,172.22	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTHED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	34,558.72	150,882.39	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4902	CHANGE HEALTHCARE LLC	27,168.95	228,866.26	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4390	SOLARWINDS WORLDWIDE, LLC****	26,000.00	26,000.00	SOFTWARE LICENSES - 2018	MIS
T4308	TRUXTUN PLACE PARTNERS	25,807.00	179,187.52	TRUXTUN- MAR. 2018 LEASE & UTILITIES	CORPORATE SERVICES
T1272	COFFEY COMMUNICATIONS INC.	25,043.60	79,282.25	NEWSLETTER PUBLICATION/MAILING	VARIOUS



JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4391	OMNI FAMILY HEALTH	21,497.06	897,058.89	SEPT. NOV. 2017 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	19,947.44	179,060.26	FEB & MAR 2018 OCR SERVICES	CLAIMS
T4546	LEVEL 3 COMMUNICATIONS, LLC	17,911.54	123,284.41	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	17,884.75	100,687.00	2018 EDI CLAIM PROCESSING	CLAIMS
T4460	PAYSPAN, INC	16,434.93	97,740.41	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T4925	VMEDU, INC ****	16,000.00	16,000.00	PMP ON-SITE TRAINING (JUNE 11-14,2018)	PROJECT MANAGEMENT
T4396	KAISER FOUNDATION HEALTH-DHMO	15,141.25	87,784.23	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T2707	ACT 1 PERSONNEL SERVICES, INC.	13,926.16	127,184.90	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1; MARCH	VARIOUS
T4467	MEDISOFTRX, LLC,	13,757.60	82,227.58	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE****	13,349.03	13,349.03	SUBMITTED 2013 UNCLAIMED PROPERTY	ACCOUNTING
T2686	ALLIANT INSURANCE SERVICES INC.	12,678.00	65,135.18	EARTH MOVEMENT INSURANCE-NEW BUILDING	CAPITAL PROJECT IN PROGRESS / INSURANCE
T2787	SAGE SOFTWARE****	12,474.00	12,474.00	PROFESSIONAL SERVICES	ACCOUNTING
T4654	DELAWARE	11,987.79	75,866.01	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T1071	CLINICA SIERRA VISTA	10,744.76	1,175,120.44	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT-RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T1861	CERIDIAN HCM, INC.	10,619.61	10,619.01	PAYROLL	HUMAN RESOURCE
T4935	RKL LLLP ****	10,602.62	10,602.62	SAGE LICENSE RENEWAL & 3 ADDITIONAL USERS	ACCOUNTING
			<u>3,685,294.08</u>		
	TOTAL VENDORS OVER \$10,000		3,685,294.08		
	TOTAL VENDORS UNDER \$10,000		332,690.92		
	TOTAL VENDOR EXPENSES - YTD JAN - JUNE 2018		<u><u>4,017,985.00</u></u>		

# KERN·HEALTH SYSTEMS

JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH	2,367,512.42	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4290	S. C. ANDERSON, INC *****	1,673,522.46	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T4699	ZeOMEGA, INC.	1,376,990.09	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4738	AMERICAN LOGISTICS COMPANY, LLC	1,289,849.91	DEC 2017-MAR 2018 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T1071	CLINICA SIERRA VISTA	1,175,120.44	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT-RETENTION GRANT	HEALTH SERVICES - UM/ COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	969,959.48	NOV. - DEC. 2017 - JAN - APR 2018. CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4391	OMNI FAMILY HEALTH	897,058.69	SEPT- NOV. 2017 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T4350	COMPUTER ENTERPRISE INC.	878,478.05	JAN - APR 2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2704	MCG HEALTH LLC****	599,840.68	SOFTWARE LICENSE - HEALTH CARE MANAGEMENT 6/5/18 - 6/4/19	UTILIZATION MANAGEMENT
T3130	OPTUMINSIGHT, INC.	572,111.00	CES DIRECT LICENSE - 12/17 - 12/18 ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS
T2726	DST PHARMACY SOLUTIONS, INC.	572,109.98	PHARMACY AND CLAIMS PROCESSING JANUARY - MARCH 2018	PHARMACY
T2167	PG&E	546,460.77	NEW BUILDING UNDERGROUND UTILITIES/ANNUAL TRUE-UP FOR 2017 USAGE/UTILITIES	CAPITAL PROJECT IN PROGRESS - NEW BUILDING/ CORPORATE SERVICES
T4696	ZNALYTICS, LLC	435,043.24	JAN - MAR 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T3460	THE GUARDIAN LIFE INSURANCE CO.	351,399.43	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS



JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2292	CITY OF BAKERSFIELD	330,753.22	BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUILDING/
T4662	HEALTHX, INC.	275,500.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT- MEMBER & PROVIDER PORTAL
T1408	DELL MARKETING L.P.	253,303.60	HARDWARE- 6- LATITUDE E5480, 1 DELL SMART PRINTER, 6510, 20 OPTIPLEX, 3050 DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T1001	KERN MEDICAL CENTER	246,854.51	KM GROW CLINIC REIMBURSEMENT	COMMUNITY GRANTS
T4665	NATIONAL GIFT CARD CORP	236,828.46	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4902	CHANGE HEALTHCARE LLC	228,866.26	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4308	TRUXTUN PLACE PARTNERS	179,187.52	TRUXTUN- MAR. 2018 LEASE & UTILITIES	CORPORATE SERVICES
T4193	TECHNOSOCIALWORK.COM DBA STRIA	179,060.26	FEB & MAR. 2018 OCR SERVICES	CLAIMS
T4695	EDIFCS, INC.	166,659.04	JAN - MAR. 2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T2413	TREK IMAGING INC	160,172.22	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	150,882.39	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T1183	MILLIMAN USA	146,462.63	NOV- DEC 2017 ACTUARIAL SERVICES, CY2016 RDT, 2018 RATE SUPPORT, VALUE-BASED PURCHASING ANALYSIS, OTHER CONSULTING SERVICES	ADMINISTRATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	127,184.90	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1	VARIOUS
T4165	SHI INTERNATIONAL CO.	125,170.83	STORAGE MAINTENANCE/ HARDWARE	CAPITAL PROJECT IN PROCESS
T4546	LEVEL 3 COMMUNICATIONS, LLC	123,284.41	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2469	DST HEALTH SOLUTIONS, INC.	116,800.00	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE

# KERN·HEALTH SYSTEMS

JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3011	OFFICE ALLY, INC.	100,687.00	2018 EDI CLAIM PROCESSING	CLAIMS
T2584	UNITED STATES POSTAL SVC.-HASLER	100,000.00	POSTAGE-METERED	VARIOUS
T4460	PAYSPAN, INC	97,740.41	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	91,138.49	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	89,211.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4396	KAISER FOUNDATION HEALTH-DHMO	87,784.23	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	87,180.00	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T2933	SIERRA PRINTERS, INC.	86,738.42	MEMBER EDUCATION MATERIAL / PROVIDER DIRECTORY	VARIOUS
T4467	MEDISOFTX, LLC,	82,227.58	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T1272	COFFEY COMMUNICATIONS INC.	79,282.25	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4854	DELAWIE	75,866.01	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T2287	CALIFORNIA WATER SERVICE	75,222.09	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING / WATER
T4421	JON SLAGLE	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T4792	KP LLC	67,171.08	DRUG FORMULARY	PHARMACY
T1785	AT&T	66,465.50	NEW BUILDING UNDERGROUND UTILITIES TELEPHONE SERVICE	CAPITAL PROJECT IN PROGRESS / MIS
T4873	L5 HEALTHCARE SOLUTIONS, INC.	66,000.00	ONE TIME LICENSE FEE/IMPLEMENTATION/ANNUAL MAINTENANCE & SUPPORT FEES-ALCHEMY	CAPITAL PROJECT IN PROGRESS
T4452	WELLS FARGO	65,456.79	EXECUTIVE, MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T2866	ALLIANT INSURANCE SERVICES INC.	65,135.18	EARTH MOVEMENT INSURANCE-NEW BUILDING	CAPITAL PROJECT IN PROGRESS / INSURANCE



JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2018 ACAP DUES	ADMINISTRATION
T1597	BAKERSFIELD MEMORIAL HOSP	64,186.85	DEC, 2017 BMH GROW CLINIC	COMMUNITY GRANTS
T1861	CEREDIAN BENEFITS SERVICES	62,247.86	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T4899	SUMEET BHINDER, MD INC	60,167.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T3077	VMWARE, INC	59,544.72	VSPHERE 5 ENTERPRISE RENEWAL	MIS
T1644	BRIGHT HOUSE NETWORK	58,911.27	UNDERGROUND UTILITIES FOR NEW BUILDING, INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T4433	MICRO-DYN MEDICAL SYSTEMS INC	53,880.00	ANNUAL LICENSE	MIS
T2837	TOYS/BABIES R US	51,981.42	WELL CHILD & PREGNANCY INCENTIVE PROGRAM	HEALTH EDUCATION
T4415	DANIELLS, PHILLIPS, VAUGHN & BOCK	49,175.00	FINANCIAL REPORTING SERVICES	ADMINISTRATIVE
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	46,679.00	JANITORIAL SERVICES	CORPORATE SERVICES
T4039	KERN RURAL WELLNESS CENTERS, INC	45,647.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T2918	STINSON'S	45,233.53	OFFICE SUPPLIES	VARIOUS
T4345	ASHOK PARMAR	44,254.04	NOV 2017 PROVIDER RECRUITMENT, & RETENTION GRANT	COMMUNITY GRANTS
T4603	ECFIRST.COM	42,986.29	PROFESSIONAL SERVICES - INFORMATION SYSTEM HIPAA SECURITY	CAPITAL PROJECT IN PROCESS
T4801	ZEAL STAFFING LLC DBA Z STAFFING	41,970.28	TEMPORARY HELP	VARIOUS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	40,621.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T1957	MERCY FOUNDATION-BAKERSFIELD	38,000.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4785	COMMIGAP	36,997.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T4168	RELAYHEALTH	36,164.52	2018 - EDI CLAIM PROCESSING	CLAIMS

# KERN·HEALTH SYSTEMS

JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4767	VALLEY ANESTHESIA ASSOCIATES, INC	36,016.42	OCT 17 PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	35,179.95	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T4884	GAINES SOLUTIONS, INC.	35,000.00	ANNUAL HOSTING FEE (SPR/SPI) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
T4876	CIRESON, LLC	34,321.50	BUSINESS MANAGEMENT SOLUTIONS, LICENSES; SOFTWARE; 3 YR MAINTENANCE & SUPPORT; CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	34,109.00	2018 ANNUAL DUES ASSESSMENT CAHP SEMINAR FEES	ADMINISTRATION
T4733	UNITED STAFFING ASSOCIATES	33,918.43	TEMPORARY HELP	VARIOUS
T2961	SOLUTION BENCH, LLC	33,235.08	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4537	BURKE, WILLIAMS & SORENSEN, LLP	30,634.51	OCT- DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING) -	CAPITAL PROJECT-NEW BUILDING
T4563	SPH ANALYTICS	30,461.65	MEMBER SATISFACTION SURVEY	MEMBER SERVICES /PROVIDER RELATIONS
T2969	AMERICAN BUSINESS MACHINES INC	29,906.46	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE
T3449	CDW GOVERNMENT	29,637.92	HARDWARE AND LICENSES - 20 ADOBE ACRO LICENSES, 15 CISCO IP PHONES & LICENSES, 1 PROJECTOR SURFACE PRO DOCKS, ACCESSORIES, SOFTWARE	MIS INFRASTRUCTURE
T3084	KERN COUNTY - COUNTY COUNSEL	29,079.40	LEGAL FEES	ADMINISTRATIVE
T2446	AT&T MOBILITY	28,430.16	CELLULAR PHONE /INTERNET	MIS
T1189	APPLE ONE INC	27,317.36	TEMPORARY HELP	VARIOUS
T1128	HALL LETTER SHOP INC.	27,202.10	NEW MEMBER PACKETS / MEMBERSHIP CARDS	MEMBER SERVICES
T2232	DLT SOLUTIONS, LLC	26,537.76	SQL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE
T4561	SRI & SHARMA, LLC	26,250.00	PARKING RENTAL	CORPORATE SERVICES



JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4390	SOLARWINDS WORLDWIDE, LLC***	26,000.00	SOFTWARE LICENSES - 2018	MIS
T3986	JACQUELYN S JANS	24,615.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
T2941	KERN PRINT SERVICES INC	23,604.27	ENVELOPES AND LETTERHEAD WELL CHILD INCENTIVE VOUCHERS	CORPORATE SERVICES, HEALTH EDUCATION
T4663	SOILS ENGINEERING INC****	22,231.62	SOIL SAMPLING OBSERVATION - OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T4501	ALLIED UNIVERSAL SECURITY SERVICES	21,255.00	ONSITE SECURITY	CORPORATE SERVICES
T4739	SECURITAS SECURITY SERVICES USA INC	21,228.48	SECURITY SERVICES	CORPORATE
T2441	LAURA BREZINSKI	21,105.00	MARKETING MATERIALS	MARKETING
T4497	SKILLSOFT CORPORATION	20,836.93	ANNUAL LICENSE FEE- ONLINE TRAINING & DESKTOP VIDEOS	HUMAN RESOURCE
T4183	LAMAR ADVERTISING OF BAKERSFIELD	19,150.00	BILLBOARD ADVERTISING	MEDIA & ADVERTISING
T1180	LANGUAGE LINE SERVICES, INC	18,437.56	INTERPRETATION SERVICES	MEMBER SERVICES
T4228	THE SSI GROUP, LLC	18,109.60	EDI CLAIMS	CLAIMS
T4747	SYED ALAM, M.D. INC.	17,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T1022	UNUM LIFE INSURANCE CO	17,470.00	EMPLOYEE PREMIUMS LONG TERM CARE	VARIOUS
T3990	SPARKLETT'S, INC	17,097.62	BOTTLED WATER SERVICE	VARIOUS
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	16,459.00	SPONSORSHIPS	COMMUNITY ACTIVITIES
T4708	HEALTH MANAGEMENT ASSOCIATES INC****	16,453.75	CONSULTING SERVICES -2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION
T4925	VIMEDU, INC ****	16,000.00	PMP ON-SITE TRAINING (JUNE 11-14, 2018)	PROJECT MANAGEMENT
T1347	ADVANCED DATA STORAGE	15,997.67	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T4883	MARTHA TASINGA	14,887.66	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES

# KERN·HEALTH SYSTEMS

JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER****	13,911.00	LEGAL SERVICES	ADMINISTRATION
T2840	ATALASOFT, INC.	13,596.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	13,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE I	CAPITAL PROJECT-NEW BUILDING
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC****	13,500.00	LEASE AGREEMENT PARKING SPACE -STOCKDALE HWY	CORPORATE SERVICES
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE****	13,349.03	SUBMITTED 2013 UNCLAIMED PROPERTY	ACCOUNTING
T4587	MCINTOSH & ASSOCIATE	13,083.76	PROFESSIONAL SERVICES ENGINEERING NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T4425	PRO RESTORATION SERVICES INC	12,889.75	RESTORATION - STRUCTURAL REPAIR, WATER EXTRACTION AND REMEDIATION	CORPORATE SERVICES
T3065	CAREERBUILDER, LLC****	12,750.00	JOB POSTINGS & ADVERTISEMENT	HUMAN RESOURCE
T4297	PRAGMATIC WORKS SOFTWARE	12,500.80	3 YEAR RENEWAL MAINTENANCE WORKBENCH PRO UPGRADE	MIS
T2787	SAGE SOFTWARE****	12,474.00	PROFESSIONAL SERVICES	ACCOUNTING
T4198	LAW OFFICES OF CARL SHUSTERMAN	12,320.00	LEGAL SERVICES- H-IB D. YAI/AD & M. KUMAR	ADMINISTRATION
T2938	SAP AMERICA, INC	12,308.32	BUSINESS OBJECT ANNUAL MAINTENANCE	MIS - SOFTWARE SUPPORT
T4544	BARNES WEALTH MANAGEMENT GROUP****	12,250.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T4594	MEDVERSANT TECHNOLOGIES LLC	11,000.00	MONTHLY MONITORING FEES	PROVIDER RELATIONS
T4417	KAISER FOUNDATION HEALTH PLAN****	10,807.02	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T1032	THE BAKERSFIELD CALIFORNIAN ****	10,592.00	EMPLOYMENT AD	HUMAN RESOURCE
T4935	RKL LLP ****	10,602.62	SAGE LICENSE RENEWAL & 3 ADDITIONAL USERS	ACCOUNTING



JUNE AP Vendor Report  
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4707	SHAFTER PEDIATRICS	10,144.82	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & 2016 SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3502	VIRTUAL GRFFITI, INC****	10,041.54	SOFTWARE LICENSE - 2018	MIS
T4683	CLAUDIA M. BACA	10,000.00	CONSULTING SERVICES	PROJECT MANAGEMENT
		<u>20,302,809.75</u>		
	TOTAL VENDORS OVER \$10,000	20,302,809.75		
	TOTAL VENDORS UNDER \$10,000	611,867.14		
	TOTAL VENDOR EXPENSES - YTD JAN - JUNE 2018	<u>20,914,676.89</u>		

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
<b>January</b>							
Jacquelyn Janis	\$50,004.00	Yes	MRK	Louie Iurriria	Marketing and corporate image consulting	1/1/2018	12/31/2018
Poppyrock	\$36,000.00	Yes	MRK	Louie Iurriria	Graphic design services	1/1/2018	12/31/2018
Medisoft, Rx	\$84,680.00	Yes	IT	Richard Pruitt	Software solutions for HHP	1/1/2018	6/30/2018
J Services	\$90,120.00	Yes	CS	Alonso Hurtado	Janitorial services	1/1/2018	12/31/2018
<b>February</b>							
Gain Solutions, Inc.	\$80,000.00	Yes	PR	Emily Duran	Provider directory data verification for SB 137	2/9/2018	2/8/2019
Century Link/Level 3	\$68,059.08	Yes	IT	Richard Pruitt	Internet services in Fresno for DR site	2/9/2018	2/19/2019
<b>March</b>							
Lifesigns, Inc.	\$45,000.00	Yes	HE	Isabel Silva	Face-to-face ASL interpreting services	3/2/2018	3/12/2019
Cognizant	\$49,300.00	Yes	IT	Richard Pruitt	True-up Amendment for QNXT licenses	3/23/2018	12/31/2018
<b>April</b>							
Micro-Dyn	\$53,880.00	Yes	IT	Richard Pruitt	APR-DRG Groupware Software licenses	4/15/2018	4/15/2019
SPH Analytics	\$45,286.00	Yes	MS/PR	Nate Scott/Emily Duran	Custom member & provider satisfaction survey	4/10/2018	4/9/2019
ZeOmega	\$33,450.00	Yes	UM	Deborah Murr	Appeals Implementation (Quote#483)	4/10/2018	12/31/2018
ZeOmega	\$78,300.00	Yes	UM	Deborah Murr	Auto Authorization Implementation (Quote#484)	4/10/2018	12/31/2018
Deil	\$99,549.41	Yes	MIS	Richard Pruitt	Citrix Licenses with support and NetScer with support	4/10/2018	4/10/2021
<b>May</b>							
Milliman, Inc	\$49,000.00	Yes	ACCT	Robin Plumb	RDT & discussion guide support	5/9/2018	5/9/2019
ZeOmega	\$31,500.00	Yes	UM	Deborah Murr	Consulting services	5/30/2018	12/31/2018
Language Line Services	\$70,000.00	Yes	MS	Nate Scott	Interpreter services for members	5/29/2018	5/28/2018
<b>June</b>							
Stria, LLC	\$84,000.00	Yes	CLM	Robin Dow-Morales	OCR services for paper medical claims	6/1/2018	8/31/2018
Nexstar Broadcastsing	\$53,850.00	Yes	MKT	Louie Iurriria	English & Spanish TV advertisements	6/12/2018	12/31/2018
Scripps-KERO	\$39,995.00	Yes	MKT	Louie Iurriria	English & Spanish TV advertisements	6/12/2018	12/31/2018
Univision	\$33,915.00	Yes	MKT	Louie Iurriria	Spanish TV advertisements	6/12/2018	12/31/2018
Commgap	\$65,000.00	Yes	HE	Isabel Silva	Interpreter services for members	7/6/2018	7/5/2019



**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
NEW VENDOR CONTRACTS FOR JULY AND AUGUST  
BOD: AUGUST 9, 2018**

Legal Name	DBA	Specialty	Address	Comments	Contract Effective Date
<b>PAC 08/01/2018</b>					
Americare Corporation	Acoustic Imaging Services	Mobile Radiology	5301 Office Park Drive Ste. 305 Bakersfield CA 93309	Legal Name change and TIN	9/1/2018
Healthquest Esoterics, Inc		Laboratory	9805 Research Drive Irvine CA 92618	Buying out ExcelTox Laboratories	9/1/2018
Hospital Medicine Physicians of California, Inc.	Sound Physicians	Hospitalists Group	2615 Chester Avenue Bakersfield CA 93301	Hospitalist Group for Adventist Health Bakersfield (SJCH)	Retro-Eff 8/1/2018
Optimal Health Pharmacy	Optimal Pharmacy	Pharmacy	700 Airport Drive Unit C Bakersfield CA, 93308		9/1/2018
Zoll Services, LLC	Zoll Lifecor Corp.	DME Supplier	121 Gamma Drive Pittsburg, PA 15238	Wearable Cardioverter Defibrillator (WCD)	9/1/2018

**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
TERMED CONTRACTS  
AUGUST 9, 2017**

Legal Name	DBA / Address	Specialty	Comments	Effective Date
Agia Pharmacy & Café Inc.	276 S Mill St. Ste.A, Tehachapi, CA 93561	Pharmacy	During PR visit it was discovered office was closed as of 5/25/18.	5/25/2018
Bakersfield Surgery Center, LLC	2120 19th Street Bakersfield CA 93301	ASC	Business Closed	6/29/2018
Cal City Clinic	9300 N. Loop Blvd Ste. A&B California City CA 93505	PCP	Closed Office	6/12/2018
St. Therese Medical Group, Inc.	901 Olive Drive Ste. B Bakersfield CA 93308	PCP	Closed Office	6/4/2018
Neurologic Center, Inc	7400 Distric Blvd. Bakersfield, CA 93313	Neurology	Provider closed as she is now working under United Neuro. This contract was only for procedures resulting from telehealth.	7/2/2018

7/30/2018



**TO: KHS Board of Directors**

**FROM: Alan Avery, Chief Operating Officer**

**DATE: August 9, 2018**

**RE: Operations Report**

---

Except for an increase in Member Grievances for the 2<sup>nd</sup> Quarter, all other operational transactional activity was fairly consistent with activity in the 1<sup>st</sup> Quarter, 2018.

### **Claims**

The total incoming claims volume was similar to previous quarter with 724,334 claims being submitted by providers. We were successful in decreasing the paper claims by 1%, thus increasing electronic claims submission by 1% to 89%. Due to the focus on implementation and testing of the new Claims Editing software effective in July, Claims Processed within 30 days decreased slightly from previous quarter to 93% from 97% in the 1<sup>st</sup> Quarter but continued to surpass goal. We expect this area will rebound in the 3<sup>rd</sup> quarter.

### **Member Services**

Incoming member call activity for the 2<sup>nd</sup> quarter was similar to 1<sup>st</sup> quarter with 66,591 calls being handled by Member Services. Even with the significant incoming call volume, staff was able to handle the calls with .5% abandonment rate compared to the targeted goal of 5%. The top five reasons for member all remained the same-(1) New member calls, (2) PCP changes, (3) Demographic changes, (4) Checking referral status and (5) Requesting new ID card. We continue to encourage members to sign up and use the Member Portal as all of the top five reasons for calls into Member Services can be performed using the Member Portal. During the 2<sup>nd</sup> Quarter 2,045 additional members signed up for the portal.

### **Provider Relations**

Primary Care network remained stable during the 2<sup>nd</sup> quarter along with minimal (3.7%) growth of the specialty provider network. Hall Ambulance provided notice to terminate their current capitated provider agreement effective in October, but will continue to provide services on a non-contracted fee-for-service basis.

### **Human Resources**

Employee turnover of 5.02% in the 2<sup>nd</sup> Quarter continues in a positive trend, well below the 12% goal. Human Resources staff successfully completed all open enrollment activity for the September 1<sup>st</sup> effective date.

### **Grievance Report**

The Health Plan's reported grievances grew by 72% during the 2<sup>nd</sup> quarter, primarily in the Medical Necessity category. We believe the continued growth in this category is due to the Mega Rule changes that went into effect in July 2017 which requires reporting of any member with an issue as a grievance. Of the 297 Medical Necessity grievances, 55 were related to pharmacy and 242 were related to medical services. We are also experiencing an increase in providers filing grievances on behalf of the members, with 27 of the 55 pharmacy grievances filed by providers on behalf of the member and 87 of the 242 medical services grievances filed by providers.

### **Transportation Update**

Transportation activity during the 2<sup>nd</sup> Quarter continued with the same trending as 1<sup>st</sup> quarter, however, June utilization did not increase at the same pace as April and May. ALC has implemented our proposed monthly transit passes option in place of LYFT rides. We will continue to monitor utilization trends.



# 2018 2<sup>nd</sup> Quarter Operational Reports

# Claims Department Indicators

Activity	Goal	2 <sup>nd</sup> Quarter	Compliance
Claims Received		724,334	
Electronic	85%	89%	
Paper	15%	11%	
Claims Processed Within 30 days	90%	93%	
Claims Processed within 45 days	95%	98%	
Claims Processed within 90 days	99%	99%	
Claims Inventory-Under 30 days	96%	97%	
31-45 days	<3%	<2%	
Over 45 days	<1%	<1%	
Auto Adjudication	75%	74.32%	
Audited Claims with Errors	<3%	1%	
Claims Disputes	<5%	1%.	

# Member Service Indicators

Activity	Goal	2 <sup>nd</sup> Quarter	Compliance
Incoming Calls		66,689	
Abandonment Rate	<5%	.5%	
Average Speed to Answer	<2:00	:11	
Average Talk Time	<8:00	6:46	
Top Reasons for Member Calls	Trend	1-New Member Calls 2-PCP Changes 3-Demographic Updates 4-Checking Referral Status 5-ID Card	
Outbound Calls	Trend	87,538	
# of Walk Ins	Trend	556	
Member Portal Accounts	4%	6,337 = 2.5% (2045 added in 2 <sup>nd</sup> Quarter)	

# Provider Network Indicators

Activity	Goal	2 <sup>nd</sup> Quarter 2018	Compliance
# of Primary Care Providers	Maintain	0% (343)	
# of Specialty Care Providers	>1% growth	3.7% (1,425)	
% Provider Terminations	<5% term	1.73%	
Termination Reasons		75%-left group 9%-terminated 9%-site closed 5%-Resigned 2% Practice sold	
Provider Appointment Survey	Average wait time		
Primary Care	< 10 days	5.85 days	
Specialty Care	< 15 days	8.28 days	

# Human Resources Indicators

Activity	Budget/Goal	2018 Actual	Compliance
Staffing Count	395	380	
Employee Turnover	12%	5.02%	
Turnover Reasons	Voluntary Involuntary Deceased	81% 15% 4%	

# 2nd 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

Category	Q2 2018	Trend	Issue	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Access to Care	42	Green	Appointment Availability	34	25	26	7
Coverage Dispute	37	Green	Authorizations and Pharmacy	45	37	44	13
Medical Necessity	297	Yellow	Questioning denial of service	121	67	53	14
Other Issues	1	Green	Miscellaneous	0	0	2	8
Quality of Service	27	Green	Questioning services provided. All cases forwarded to Quality Dept.	31	26	46	38
Quality of Service	3	Green	Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department	5	44	178	163
Grievances	407	Yellow		236	199	349	243

# Additional Insights-Q2 Grievance Report

## 297 Medical Necessity Grievances-Denial of Service

297 Medical Necessity Grievances	Grievance Types: Pharmacy Medical	Grievances filed by Members	Grievances filed by Providers on behalf of Members	Q2 Total Rx and Medical Authorizations Processed
55	Pharmacy Grievances	28	27	10,428
242	Medical Grievances	155	87	34,242

# Transportation Update

Operational Statistics	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Pre July Experience
ALC Calls	60,283	31,752	29,338	14,057	2,181
One Way Rides Scheduled	81,594	66,517	43,273	17,443	7,800
NMT	45,832	33,459	16,833	4,603	0
Bus Passes Distributed	4,813	5,383	3,821	1,037	
Lyft Rides Delivered	41,019	28,076	13,012	3,566	
Lyft No Shows	3,008	3,826	1,838	583	
NEMT	35,762	33,058	26,440	12,840	7,800
Van Rides Scheduled	35,283	32,662	26,066	12,584	
Gurney Rides Scheduled	479	396	374	256	
Member Reimbursement	164	47	28	0	



**To: KHS Board of Directors**

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

**Date: August 9<sup>th</sup> 2018**

**Re: Health Services Trend Report**

---

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

**Physician Services: (PCPs, Specialists, Hospitalist, Other Professional and Urgent Care):**

The utilization and cost of physician services by the SPDs continue to trend higher than budget. The number of visits continues to exceed expectation which could be good if it leads to stabilizing the patient's medical condition and avoiding hospitalization.

The Overall (all Aid Categories) PMPM cost is stable and trending down and the cost per visit has leveled off as well. We continue to implement new population based programs for 2018 to address inappropriate utilization such as Urgent Care for medical conditions which should be treated by the member's PCP. If we are successful with redirecting care to more appropriate settings, we should see a downward trend in PMPM cost for SPDs which will bring SPD PMPM cost in line with budget.

The most frequent diagnosis for physician services for all Aid Categories is a wellness exam but Type 2 Diabetes is a close second. Puerperium complication after childbirth is the second highest diagnosis after wellness exams for the Family Aid Category. Hence, we are focusing our efforts to identify our pregnant members early in pregnancy and provide them the care they need so we can improve the pregnancy outcomes and reduce complications during Puerperium.

Chronic kidney disease is the number one diagnosis for SPDs and Type II Diabetes is a close second. We are focusing our disease management efforts on our members with Hypertension and Diabetes. These two diagnosis together have severe adverse effects on kidneys. We are also evaluating the possibilities of using telemedicine to expand our Diabetic Disease Management Program.

### **Pharmacy**

The monthly cost and utilization per enrollee for all Aid Categories is at or below budget through June 2018. However, the average cost per script is higher than budget. We continue to analyze utilization patterns and costs to identify ways to better financially manage this benefit. Although some of our programs may increase medication usage, in long run however, the cost associated with this higher utilization should be offset by lower ER visits and fewer hospital admissions. We continue to work with the Pharmacy and Therapeutic Committee to identify less expensive bioequivalent drugs and when available, we add them to our formulary.

### **Inpatient Services**

The overall PMPM inpatient cost is below budget. The # of bed-days utilization per 1000 members is also below budget as is the average cost per day in the hospital. Our admissions increased in June due to increase admissions in the SPD aid Category, We continue to focus on better management of chronic condition in compliance with evidenced based guidelines and we believe this is favorably impacting the long term trend in hospital utilization. The top Inpatient diagnosis for the family Aid Code members is single live born infant and full-term uncomplicated delivery. The top inpatient admission diagnosis for SPD and the Expansion populations is Sepsis. This is driven by the national focus on early identification and management of sepsis and changes to the definition of “sepsis”.

The top hospital used for inpatient services remains Bakersfield Memorial Hospital with Adventist San Joaquin a close second. Kern Medical rounds out the top 3 (**Attachment B**).

The C/Section rate in was 15% which continues to be below State average for low –risk, first birth deliveries (**Attachment C**).

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

The PMPM cost and number of ER visits is below budget for June for all aid Categories. 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 for the ER for all groups is Urinary Tract Infection at 1.25 visits per 1000 with Upper Respiratory Infection running close second.

Most of the ER visits are occurring at BMH with Mercy and MSW hospital a close second (**Attachment D**).

## **Hospital Outpatient**

Hospital outpatient utilization has stabilized. The cost of visits for all Aid Categories is over budget. This is much higher than budget in the SPD Population. However, we note that this cost has leveled off since March 2018 and we believe we will see a downward trend before the end of this year. We are doing analytics to identify the key drivers of hospital outpatient utilization. We are also evaluating the availability of free standing facilities that provide the same services as hospital outpatient but at a lower cost such as surgery centers, infusion centers, imaging etc.

### **HEDIS Trending Dashboard Report (Attachment D)**

The Healthcare Effectiveness Data and Information Set (HEDIS) is a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. The purpose of this report is to show, in "real time", how KHS is performing year-to-date in most HEDIS measurement Categories. For the most part, the data for this report is based on information from medical service claims.

Each measurement count requires a patient encounter specific to service(s), that when performed, will indicate the measurement was met for that patient. All KHS members identified as having the medical condition associated with the measurement represent the denominator. When members receive service(s), it is recorded as "compliant" becoming part of the numerator. The level of achievement is shown as the percentage (%) of members receiving the required (service(s). The minimum target performance percentage (MPL) is established by DHCS each year and the previous year's MPL is used here to determine how well our HEDIS program performs against this standard. Subsequent pages of the report give a snap shot summary of each measurement year- to- date. It is color coded in green when current rate is on or above previous year trending rate, yellow when below previous year's trending rate but statistically in line with expectation and red when below previous year's trending rate and if continued, could fail to meet the minimum standard set by the State. Since the final HEDIS tally does not occur until the end of the reporting period (12/2018), 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 15 HEDIS measures displayed here, 8 measures are in green and on target to meet expectation. There are 4 measures in yellow show a 5% or less variance to the previous year's rate and 3 that are in the red. In such cases, staff closely monitors yellow measures to see that trends come back in line with prior year's results.

Regarding the three measures in red, in collaboration with providers, KHS is undertaking several steps to try to improve results including:

#### **Prenatal and Postpartum Care Measure**

- working with the Department of Public Health and other community based organizations where women typically go for pregnancy tests, to help us identify our pregnant members.
- incentivizing women to begin prenatal care (within 12 weeks) and going for postpartum care following delivery.
- reminding the PCP doing the majority of the pregnancy tests that provision of the first prenatal visit is within the scope of practice for a PCP and if they complete the assessment, they will be compensated accordingly for the visit.

#### **Adolescent Immunization Measure**

- Providing poor performing providers with HPV Posters to be displayed on their exam rooms to motivate HPV immunization compliance
- Providing poor performing providers with HPV pamphlets for member information. One provider began distributing pamphlets on sign-in and found more parents asking about this immunization during the office visit. This successful intervention has been spread to other offices.
- Reminder calls sent out to parents of children 9-12 years old who are not caught up with HPV shot series. 9,342 Reminder calls have gone out YTD.

#### **Childhood Immunization Measure**

- Working with one FQHC to increase immunization for children in the African-American population
- Sending list monthly of children to PCPs still needing immunizations
- Growth chart with immunization requirements given to new mothers
- Phone calls and post cards to reach members to schedule appointments.



# **Kern Health Systems**

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



Governed Reporting System

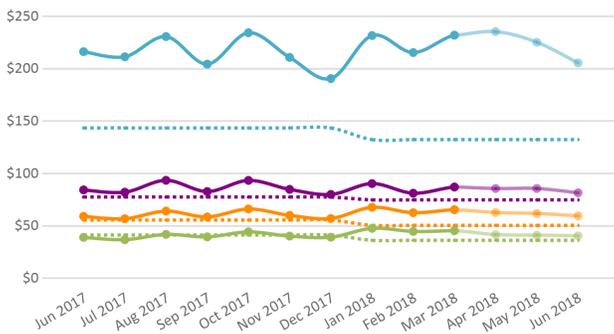


Physician Services

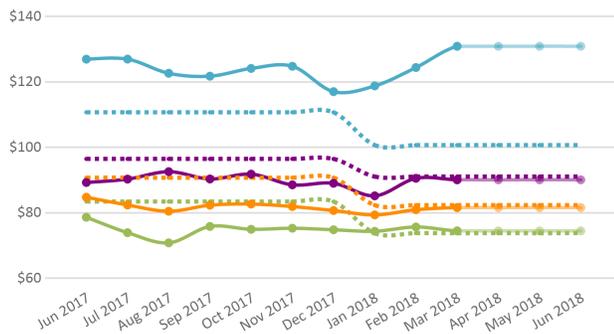
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

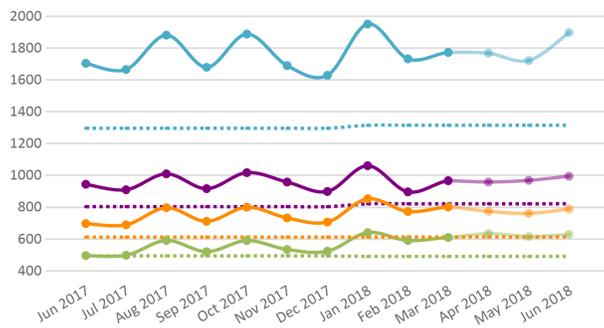
Professional Services Incurred by Aid Group PMPM



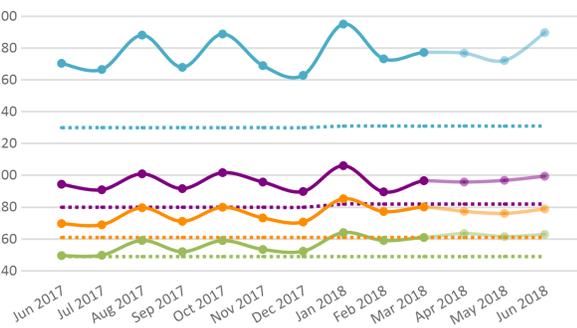
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





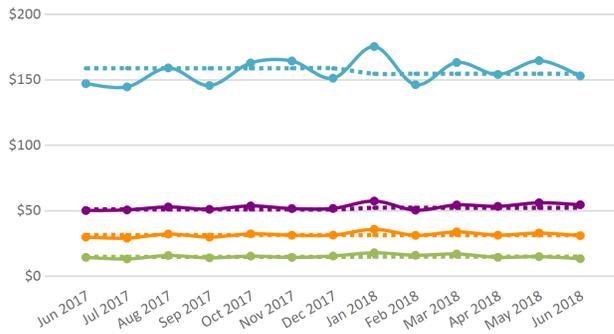
Governed Reporting System

Pharmacy

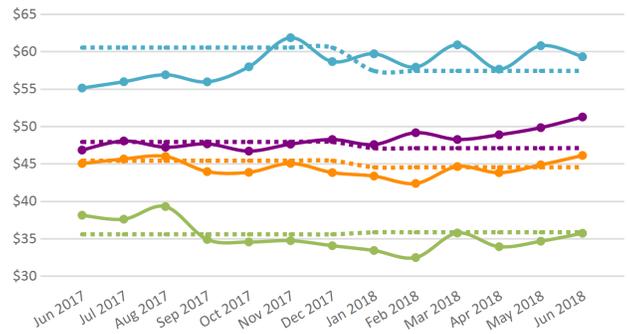
(Includes: Claims paid by PBM)

- 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

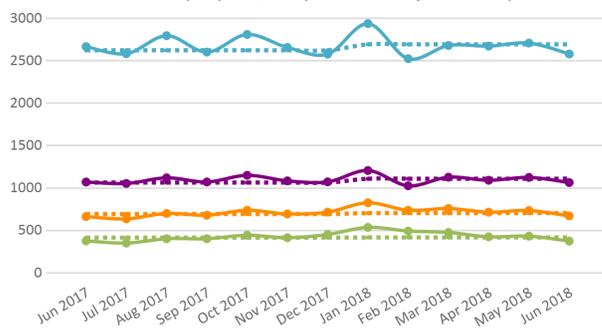
Pharmacy Services Incurred by Aid Group PMPM



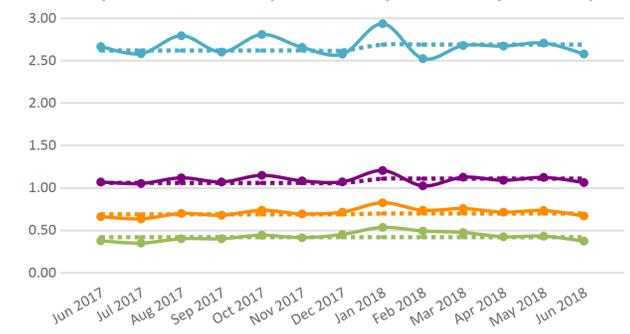
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





Governed Reporting System

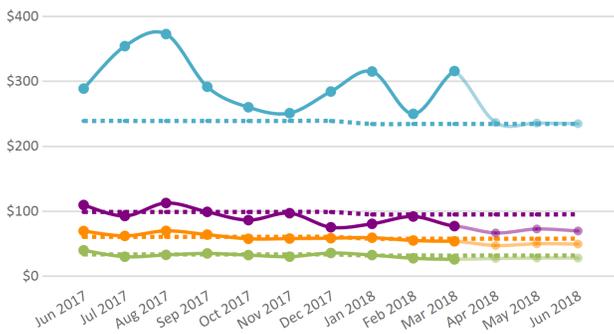


Inpatient

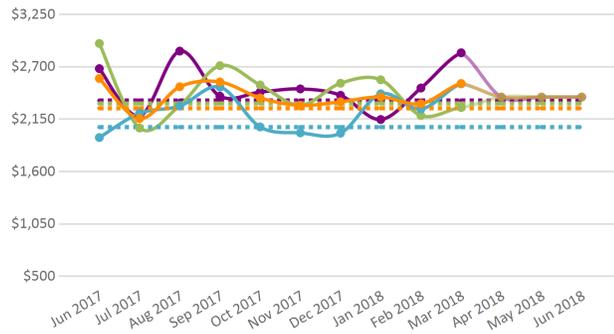
(Includes: Inpatient Hospital Claims)

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

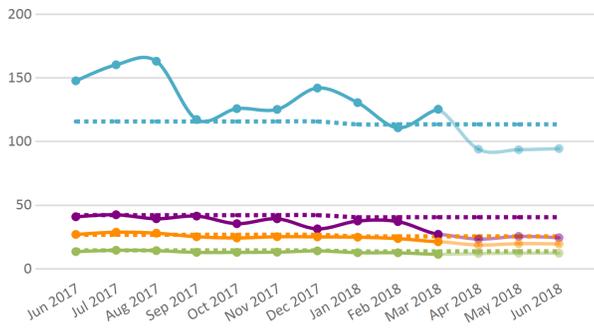
Inpatient Services Incurred by Aid Group PMPM



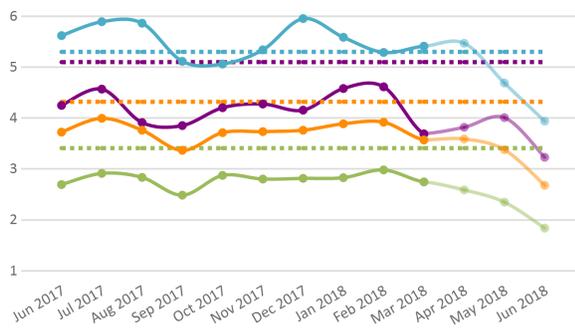
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





Governed Reporting System

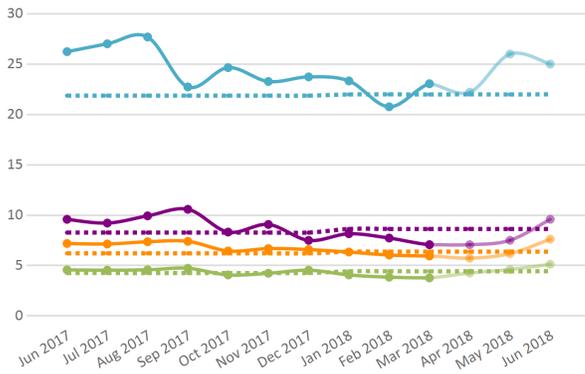


Inpatient

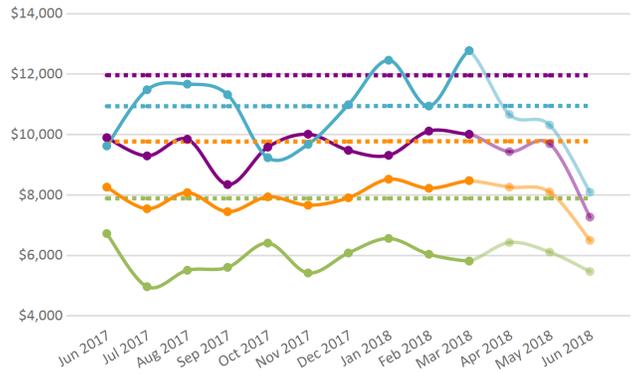
(Includes: Inpatient Hospital Claims)

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

Incurring Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

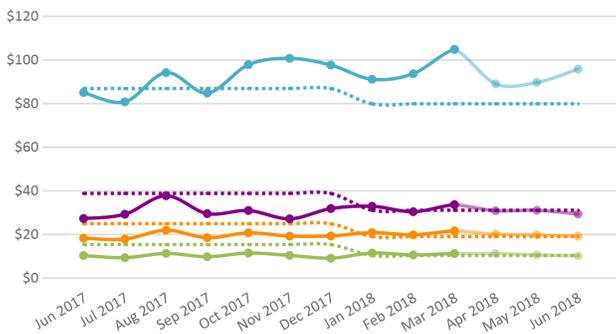


Outpatient Hospital

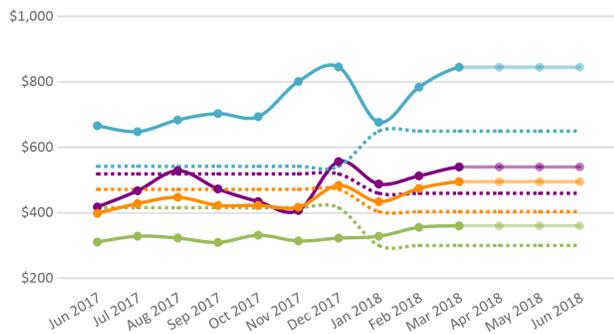
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

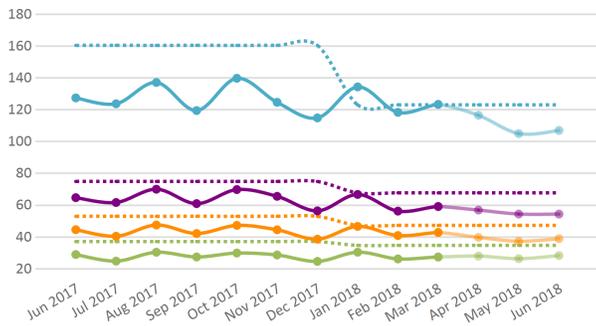
Outpatient Services Incurred by Aid Group PMPM



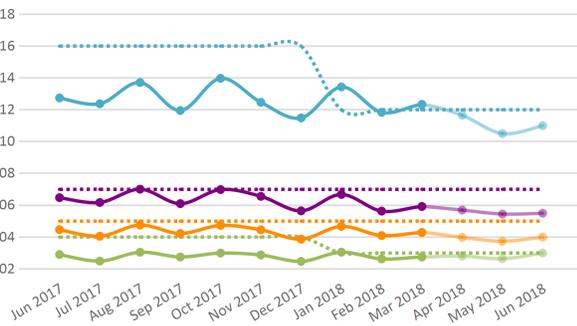
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





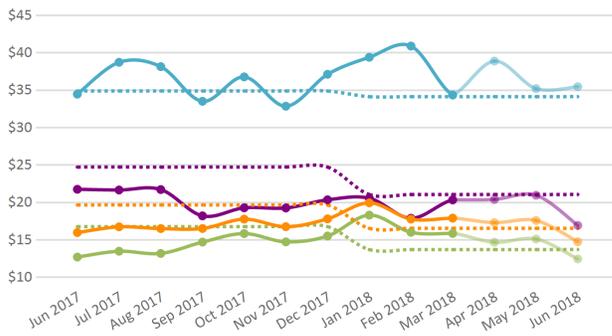
Governed Reporting System



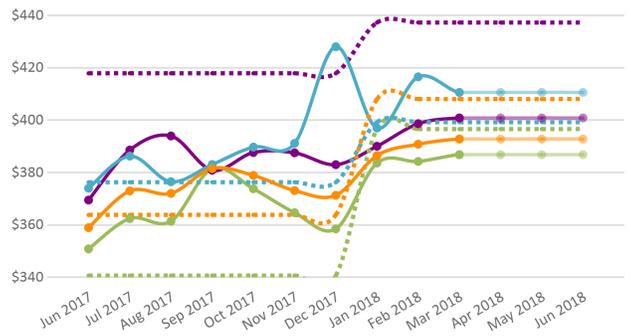
Emergency Room

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

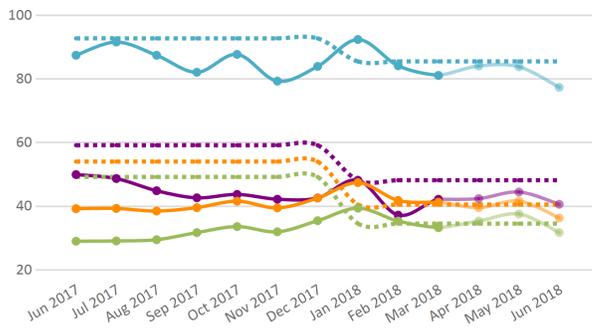
ER Services Incurred by Aid Group PMPM



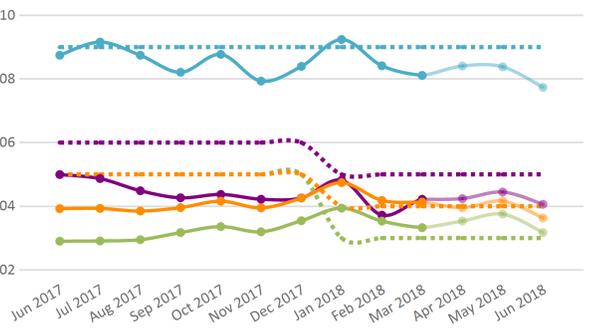
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



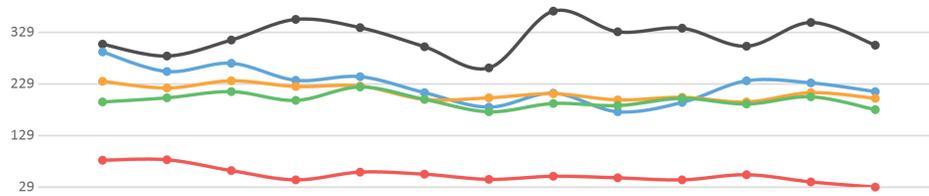
ER Visits per Member per Month by Aid Group



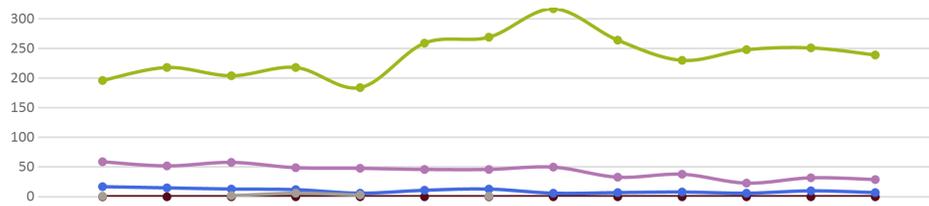


Governed Reporting System

Inpatient Admits by Hospital



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
BAKERSFIELD MEMORIAL	306	283	314	354	338	301	260	370	330	337	302	348	304
SAN JOAQUIN COMMUNITY	291	253	269	236	243	212	184	211	175	193	235	231	214
KERN MEDICAL	234	221	235	224	225	199	202	210	198	203	194	212	201
MERCY HOSPITAL	194	202	214	197	223	199	175	191	187	201	190	204	179
GOOD SAMARITAN HOSPITAL	81	82	61	43	58	54	44	50	47	43	53	39	29



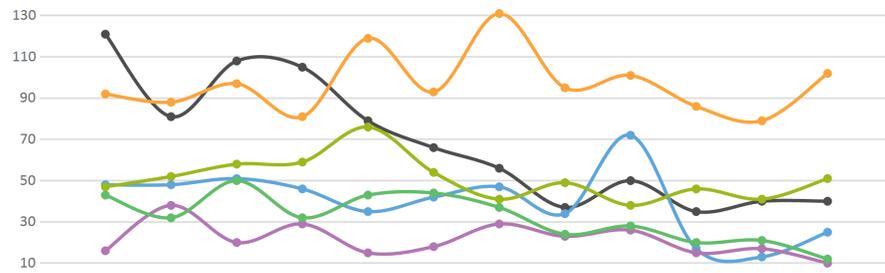
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
OUT OF AREA	196	218	204	218	184	259	269	317	264	230	248	251	239
BAKERSFIELD HEART HOSP	43	44	49	47	52	67	70	83	57	65	44	56	51
DELANO REGIONAL HOSPITAL	59	52	58	49	48	46	46	50	33	38	23	32	29
KERN VLY HLTHCRE HOSP	17	15	13	12	6	11	13	6	7	8	6	10	7
ADVENTIST HEALTH MEDICAL CENTER	1	0	2	6	3	0	1	0	0	0	0	0	0



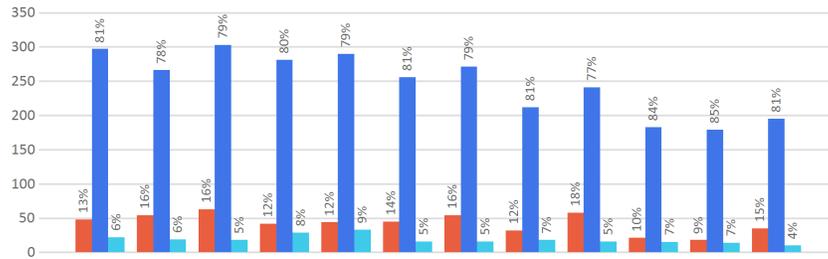
Attachment C

Governed Reporting System

Obstetrics Metrics



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
BAKERSFIELD MEMORIAL	121	81	108	105	79	66	56	37	50	35	40	40
KERN MEDICAL	92	88	97	81	119	93	131	95	101	86	79	102
SAN JOAQUIN COMMUNITY	48	48	51	46	35	42	47	34	72	17	13	25
MERCY HOSPITAL	43	32	50	32	43	44	37	24	28	20	21	12
DELANO REGIONAL HOSPITAL	16	38	20	29	15	18	29	23	26	15	17	10
OTHER	47	52	58	59	76	54	41	49	38	46	41	51

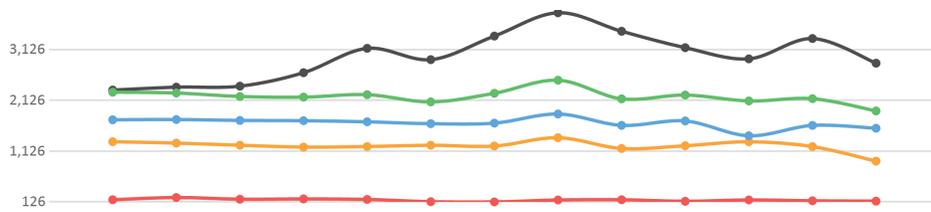


	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
VAGINAL DELIVERY	297	266	303	281	290	256	271	212	241	183	179	195
C-SECTION DELIVERY	48	54	63	42	44	45	54	32	58	21	18	35
PREVIOUS C-SECTION DELIVERY	22	19	18	29	33	16	16	18	16	15	14	10

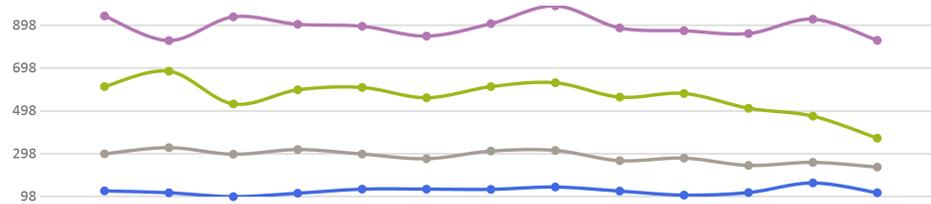


Governed Reporting System

Emergency Visits by Hospital



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
BAKERSFIELD MEMORIAL	2,328	2,385	2,405	2,670	3,150	2,927	3,391	3,850	3,486	3,163	2,943	3,343	2,857
MERCY HOSPITAL	2,286	2,270	2,202	2,189	2,238	2,095	2,265	2,522	2,155	2,230	2,114	2,159	1,917
SAN JOAQUIN COMMUNITY	1,743	1,748	1,730	1,725	1,703	1,666	1,677	1,857	1,633	1,720	1,429	1,632	1,576
KERN MEDICAL	1,311	1,284	1,242	1,205	1,216	1,241	1,226	1,390	1,178	1,232	1,310	1,215	928
BAKERSFIELD HEART HOSP	169	212	179	185	175	130	126	164	169	138	165	148	141



	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
DELANO REGIONAL HOSPITAL	942	827	938	903	894	848	906	989	886	873	860	927	828
OUT OF AREA	612	684	531	597	608	560	612	630	563	580	511	474	371
ADVENTIST HEALTH MEDICAL CENTER	298	327	296	318	297	275	311	314	266	278	244	258	236
KERN VLY HLTHCRE HOSP	125	116	98	114	133	133	132	143	124	105	117	162	116



Attachment E

*Governed Reporting System*

# Kern Health Systems

## HEDIS Trending Dashboard July 2018

### HEDIS Trending Year-Over-Year Comparison

Hybrid Measures	<p><b>CCS</b></p> <p><b>41.48%</b></p> <p>Prior Year 42.06%</p> <p>% Point Change -0.58%</p>	<p><b>CDC - Eye Exam</b></p> <p><b>21.06%</b></p> <p>Prior Year 20.97%</p> <p>% Point Change 0.09%</p>	<p><b>CDC - Hba1c Test</b></p> <p><b>67.51%</b></p> <p>Prior Year 65.08%</p> <p>% Point Change 2.44%</p>	<p><b>CDC - Nephropathy</b></p> <p><b>78.61%</b></p> <p>Prior Year 77.84%</p> <p>% Point Change 0.77%</p>
	<p><b>CIS - Combo 3</b></p> <p><b>27.22%</b></p> <p>Prior Year 34.73%</p> <p>% Point Change -7.51%</p>	<p><b>IMA - Combo 2</b></p> <p><b>26.87%</b></p> <p>Prior Year 38.31%</p> <p>% Point Change -11.44%</p>	<p><b>PPC - Prenatal</b></p> <p><b>66.21%</b></p> <p>Prior Year 74.88%</p> <p>% Point Change -8.67%</p>	<p><b>PPC - Postpartum</b></p> <p><b>54.34%</b></p> <p>Prior Year 51.31%</p> <p>% Point Change 3.02%</p>
	<p><b>W34</b></p> <p><b>39.58%</b></p> <p>Prior Year 40.42%</p> <p>% Point Change -0.83%</p>			
	Administrative Measures	<p><b>AAB</b></p> <p><b>53.52%</b></p> <p>Prior Year 51.49%</p> <p>% Point Change 2.03%</p>	<p><b>AMR</b></p> <p><b>23.30%</b></p> <p>Prior Year 24.13%</p> <p>% Point Change -0.83%</p>	<p><b>BCS</b></p> <p><b>43.29%</b></p> <p>Prior Year 45.25%</p> <p>% Point Change -1.96%</p>
<p><b>MPM - Ace Inhibitors</b></p> <p><b>75.48%</b></p> <p>Prior Year 73.53%</p> <p>% Point Change 1.95%</p>		<p><b>MPM - Diuretics</b></p> <p><b>76.82%</b></p> <p>Prior Year 73.64%</p> <p>% Point Change 3.18%</p>		



*Governed Reporting System*

---

## Hybrid Measures

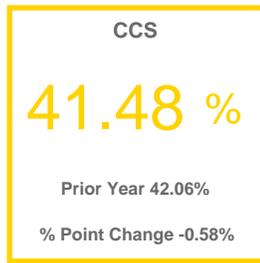


Governed Reporting System

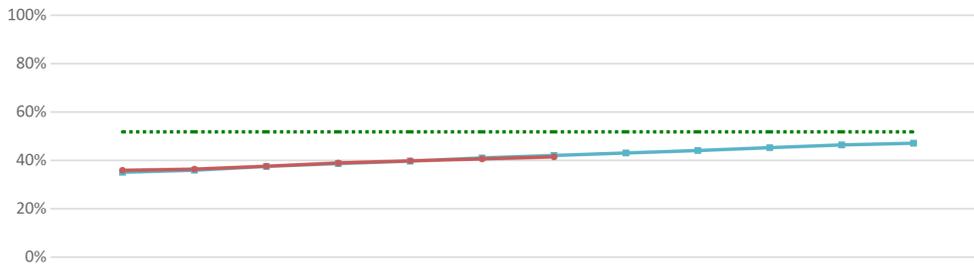
## HEDIS Trending Year-Over-Year Comparison

### Cervical Cancer Screening (CCS)

Cervical Cancer Screening



$$\frac{21,144}{50,973} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	35.10%	35.97%	37.53%	38.72%	39.72%	41.04%	42.06%	43.08%	44.09%	45.29%	46.42%	47.12%
<b>2018</b>	35.93%	36.41%	37.61%	38.95%	39.83%	40.63%	41.48%					
<b>MPL</b>	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%	51.82%



Governed Reporting System

## 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.

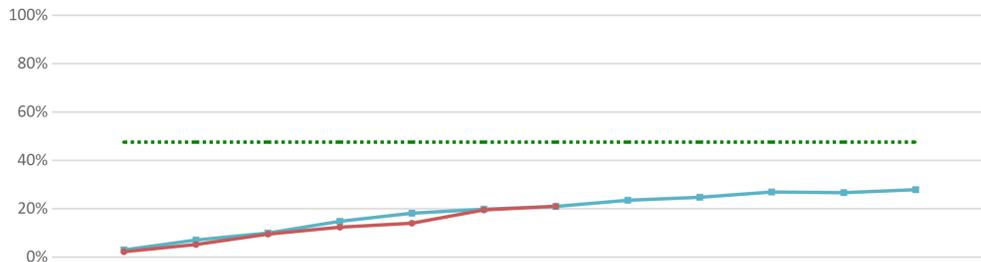
**CDC - Eye Exam**

**21.06 %**

Prior Year 20.97%

% Point Change 0.09%

$$\frac{2,380}{11,303} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
2018	2.25%	5.22%	9.51%	12.39%	14.02%	19.52%	21.06%					
MPL	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%	47.57%



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**

**67.51 %**

Prior Year 65.08%

% Point Change 2.44%

$$\frac{7,631}{11,303} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
2018	9.90%	22.02%	37.31%	48.54%	56.72%	63.50%	67.51%					
MPL	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%	84.25%



Governed Reporting System

## 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.

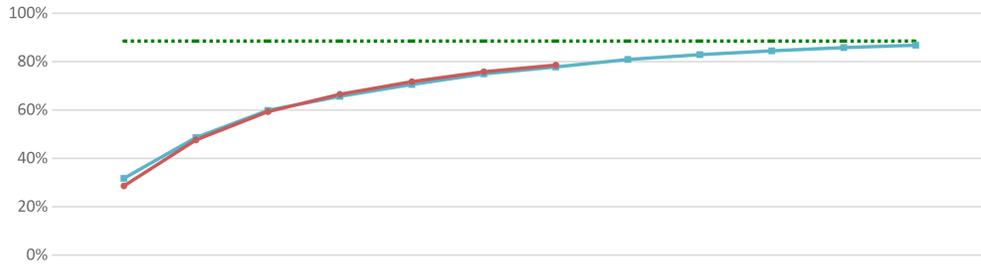
**CDC - Nephropathy**

**78.61 %**

Prior Year 77.84%

% Point Change 0.77%

$$\frac{8,885}{11,303} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
2018	28.64%	47.64%	59.35%	66.53%	71.75%	75.84%	78.61%					
MPL	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%



Governed Reporting System

## HEDIS Trending Year-Over-Year Comparison

### Childhood Immunization Status (CIS - COMBO 3)

Childhood Immunization Status

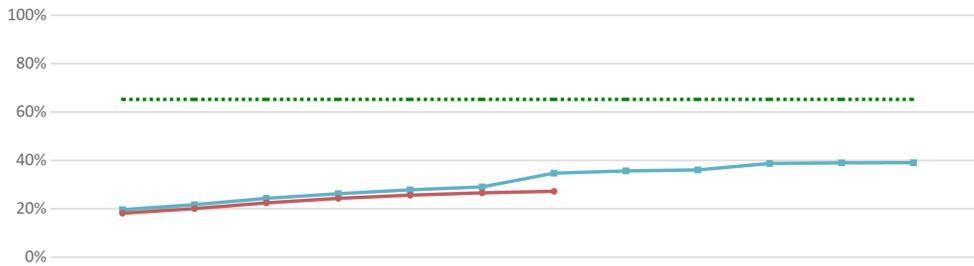
CIS - Combo 3

**27.22 %**

Prior Year 34.73%

% Point Change -7.51%

$$\frac{1,807}{6,638} \quad \begin{matrix} \text{Numerator} \\ \text{Denominator} \end{matrix}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	19.63%	21.68%	24.32%	26.23%	27.84%	29.03%	34.73%	35.67%	36.07%	38.76%	39.00%	39.07%
<b>2018</b>	18.18%	20.07%	22.45%	24.31%	25.64%	26.59%	27.22%					
<b>MPL</b>	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%	65.25%



Governed Reporting System

## HEDIS Trending Year-Over-Year Comparison

### Immunizations for Adolescents (IMA - COMBO 2)

Immunizations for Adolescents

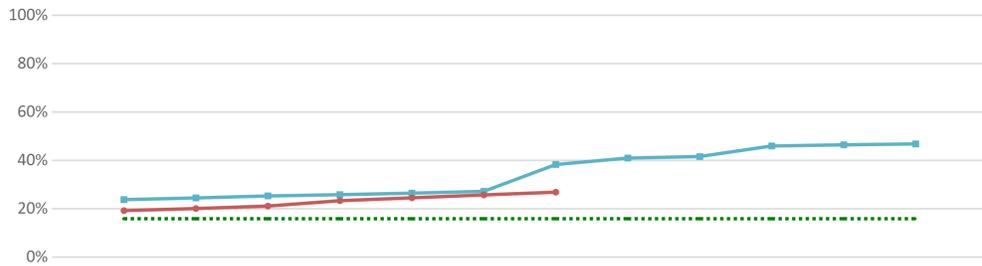
**IMA - Combo 2**

**26.87 %**

Prior Year 38.31%

% Point Change -11.44%

$$\frac{1,722}{6,408} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	23.78%	24.48%	25.31%	25.84%	26.46%	27.21%	38.31%	40.99%	41.62%	45.98%	46.46%	46.83%
<b>2018</b>	19.25%	20.10%	21.13%	23.35%	24.53%	25.74%	26.87%					
<b>MPL</b>	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%	15.87%



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.

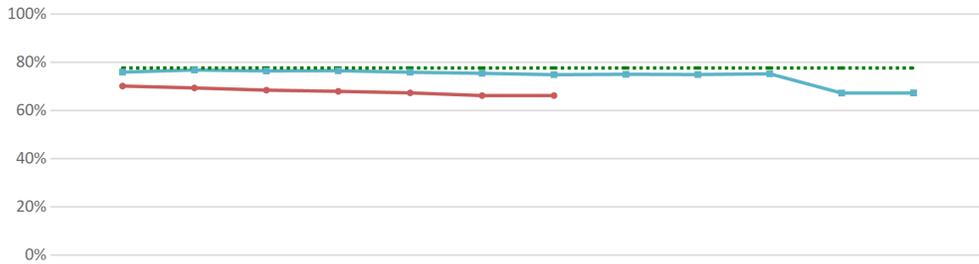
**PPC - Prenatal**

**66.21 %**

Prior Year 74.88%

% Point Change -8.67%

$$\frac{1,840}{2,779} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
2018	70.16%	69.38%	68.47%	67.97%	67.33%	66.20%	66.21%					
MPL	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%	77.66%



Governed Reporting System

## 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.

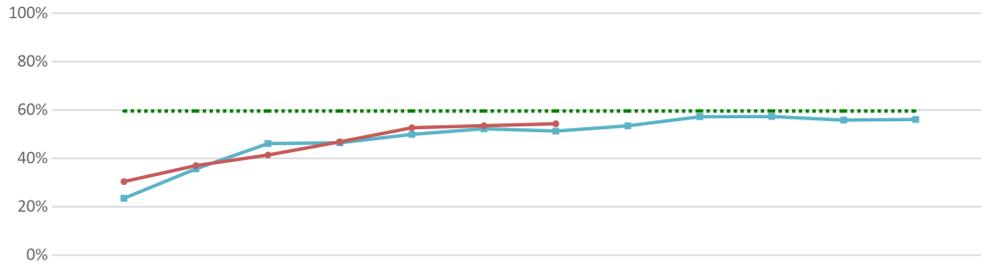
**PPC - Postpartum**

**54.34 %**

Prior Year 51.31%

% Point Change 3.02%

$$\frac{1,510}{2,779} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	23.52%	35.69%	46.15%	46.46%	49.95%	52.26%	51.31%	53.50%	57.24%	57.33%	55.84%	56.12%
<b>2018</b>	30.42%	37.04%	41.40%	46.87%	52.69%	53.53%	54.34%					
<b>MPL</b>	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%	59.59%

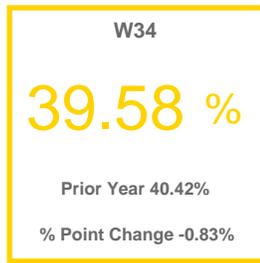


Governed Reporting System

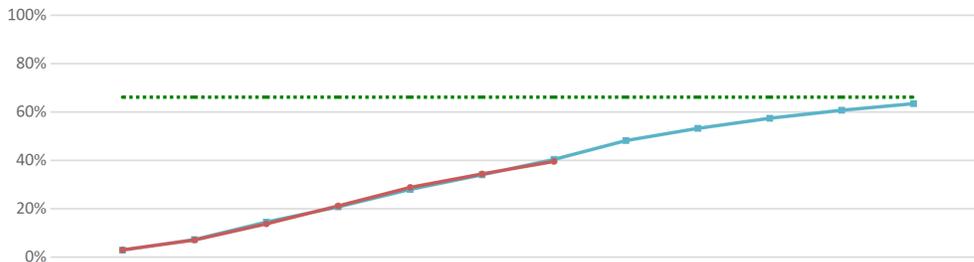
## HEDIS Trending Year-Over-Year Comparison

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

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



$$\frac{10,928}{27,607} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	2.92%	7.25%	14.51%	20.80%	28.01%	34.07%	40.42%	48.21%	53.27%	57.44%	60.76%	63.48%
<b>2018</b>	3.00%	7.08%	13.77%	21.20%	28.85%	34.41%	39.58%					
<b>MPL</b>	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%	66.18%



*Governed Reporting System*

---

## Administrative Measures



Governed Reporting System

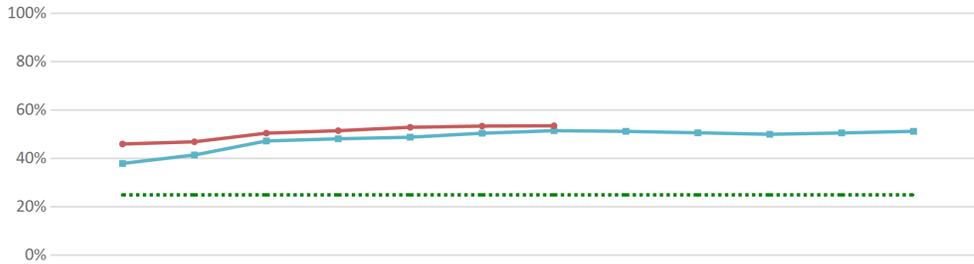
## HEDIS Trending Year-Over-Year Comparison

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

Avoidance of Antibiotic Treatment in Adults With Acute Bronchitis



$$\frac{936}{1,749} \quad \begin{matrix} \text{Numerator} \\ \text{Denominator} \end{matrix}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	37.92%	41.42%	47.22%	48.13%	48.77%	50.43%	51.49%	51.20%	50.60%	49.98%	50.53%	51.22%
<b>2018</b>	45.97%	46.88%	50.45%	51.48%	52.88%	53.37%	53.52%					
<b>MPL</b>	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%	24.91%

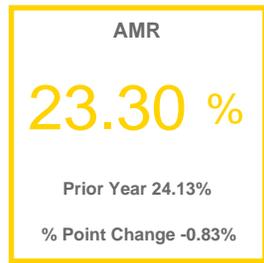


Governed Reporting System

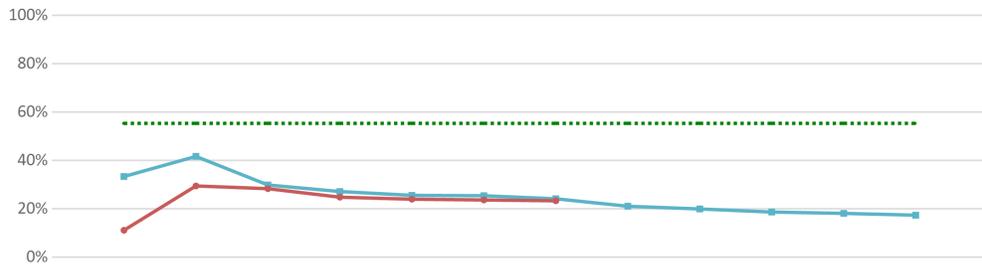
## HEDIS Trending Year-Over-Year Comparison

### Asthma Medication Ratio (AMR)

Asthma Medication Ratio



$$\frac{233}{1,000} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	33.33%	41.67%	29.84%	27.13%	25.54%	25.39%	24.13%	21.05%	19.92%	18.65%	18.09%	17.36%
<b>2018</b>	11.11%	29.44%	28.31%	24.79%	23.96%	23.64%	23.30%					
<b>MPL</b>	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%	55.33%

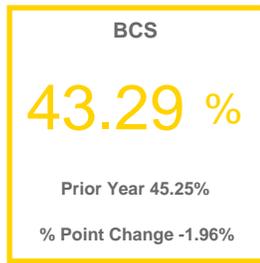


Governed Reporting System

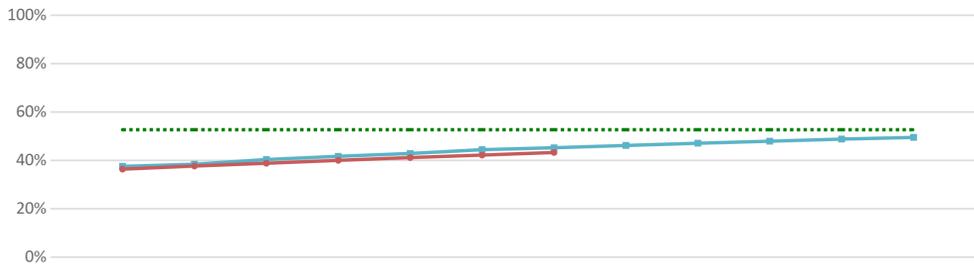
## HEDIS Trending Year-Over-Year Comparison

### Breast Cancer Screening (BCS)

Breast Cancer Screening



$$\frac{5,592}{12,917} \quad \begin{matrix} \text{Numerator} \\ \text{Denominator} \end{matrix}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	37.54%	38.44%	40.38%	41.70%	42.87%	44.44%	45.25%	46.19%	47.11%	47.95%	48.82%	49.52%
<b>2018</b>	36.39%	37.69%	38.84%	40.04%	41.19%	42.21%	43.29%					
<b>MPL</b>	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%	52.70%



Governed Reporting System

## HEDIS Trending Year-Over-Year Comparison

### Use of Imaging Studies for Low Back Pain (LBP)

Use of Imaging Studies for Low Back Pain



$$\frac{882}{1,192} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2017</b>	78.67%	76.05%	71.92%	70.44%	69.25%	69.37%	69.78%	70.21%	69.76%	69.87%	70.32%	69.48%
<b>2018</b>	80.71%	77.34%	73.33%	73.17%	74.21%	74.11%	73.99%					
<b>MPL</b>	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%	66.23%



Governed Reporting System

## 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

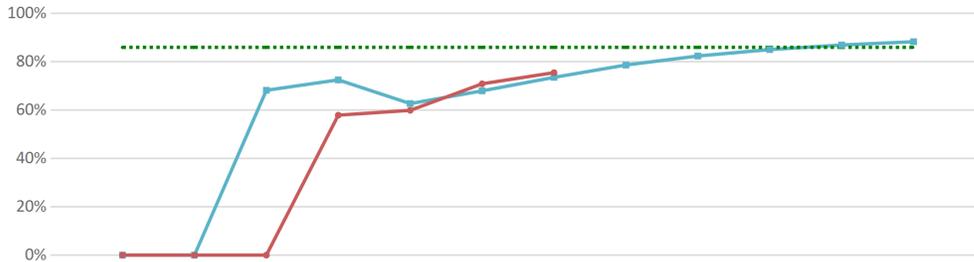
**MPM - Ace Inhibitors**

75.48 %

Prior Year 73.53%

% Point Change 1.95%

$$\frac{1,764}{2,337} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
2018	0.00%	0.00%	0.00%	57.89%	59.89%	70.87%	75.48%					
MPL	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%	85.93%



Governed Reporting System

## 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

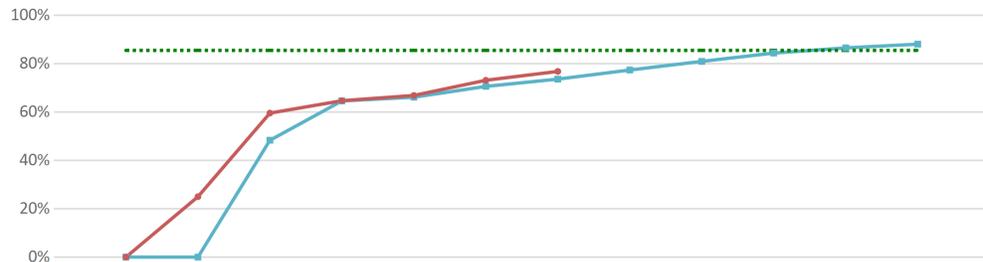
**MPM - Diuretics**

**76.82 %**

Prior Year 73.64%

% Point Change 3.18%

$$\frac{971}{1,264} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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%
2018	0.00%	25.00%	59.57%	64.71%	66.88%	73.17%	76.82%					
MPL	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%	85.52%



**KERN HEALTH SYSTEMS**  
**CHIEF EXECUTIVE OFFICER'S REPORT**  
**For August 9<sup>th</sup>, 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 the State 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 Attachments 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.

*2018 Annual Network Certification*

On July 5<sup>th</sup>, KHS received its 2018 Annual Network Certification. No deficiencies were found so KHS was compliant and passed the 2018 DHCS Certification Audit Attachment D is an extract from the report showing KHS one of 16 health plans statewide to receive this designation.

Kern Health Systems  
Board of Directors Meeting  
CEO Report – August, 2018  
Page 2 of 9

## **PROGRAM DEVELOPMENT SUMMARY UPDATE**

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

KHS is working with DHCS and Hospital Providers in preparation for changes to Hospital Directed Payments. An internal KHS project is being initiated to help coordinate this effort. Final Rule requirements related to Provider Screening/Enrollment and Network Adequacy Review have been operationalized. Lastly, CMS is still reviewing the 2017 Plan Contract Amendment submitted by DHCS.

The 2018 Plan Contract Amendment related to the CMS Managed Care Regulation was shared with plans in mid-March and is still under review by DHCS.

### ***Health Home Program***

Operational preparations are underway for both Premier Medical Group's and OMNI Shafter's Health Home sites. Both sites are scheduled to open in Q3 2018. OMNI's Roberts Lane location has been operating since October and has been meeting expectations. Dignity launched their clinic in April and they have been meeting their enrollment targets. CSV and KHS leadership have had preliminary discussions regarding implementation of two sites in 2019.

### ***Provider Supplemental Payments***

The 2017-2018 California State budget allocated some of the recent Tobacco Tax funds to create a supplemental payment for certain CPT Codes to specified Medi-Cal providers. After receiving funds from the State, KHS staff has worked to generate payment to eligible providers. The first set of payments went out in July and included payment for dates of services between 7/1/17-6/30/18. For the 2018-2019 budget the State intends to expand the CPT Codes eligible for reimbursement and increase the supplemental payment amounts. DHCS has until September to finalize the methodology.

### ***BHT Transition/Expansion***

Effective July 1, 2018, Managed Care Plans are responsible for providing medically necessary Behavioral Health Treatment (BHT) services for all members under 21 years of age, regardless of diagnosis. Previously these services were only required when a child had a diagnosis of Autism. This will also include transitioning non-autistic members receiving BHT services from Kern Regional Center (KRC) over to KHS. As of August, KHS has transitioned about 85

Kern Health Systems  
Board of Directors Meeting  
CEO Report – August, 2018  
Page 3 of 9

members from KRC. DHCS continues to share monthly files listing members eligible for the transition. In mid-August KHS expects to receive the list of transitioning members for the final phase.

## **LEGISLATIVE SUMMARY UPDATE**

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

## **KHS AUGUST ENROLLMENT**

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

As of AUGUST 1, 2018, Medi-Cal enrollment is 172,645, which represents a decrease of 0.3% from JULY enrollment.

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

As of AUGUST 1, 2018, SPD enrollment is 13,208, which represents a decrease of 0.1% from JULY enrollment.

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

As of AUGUST 1, 2018, Expansion enrollment is 60,075, which represents a decrease of 0.7% from JULY enrollment.

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

As of AUGUST 1, 2018, Kaiser enrollment is 8,290, which represents an increase of 0.1% from JULY enrollment.

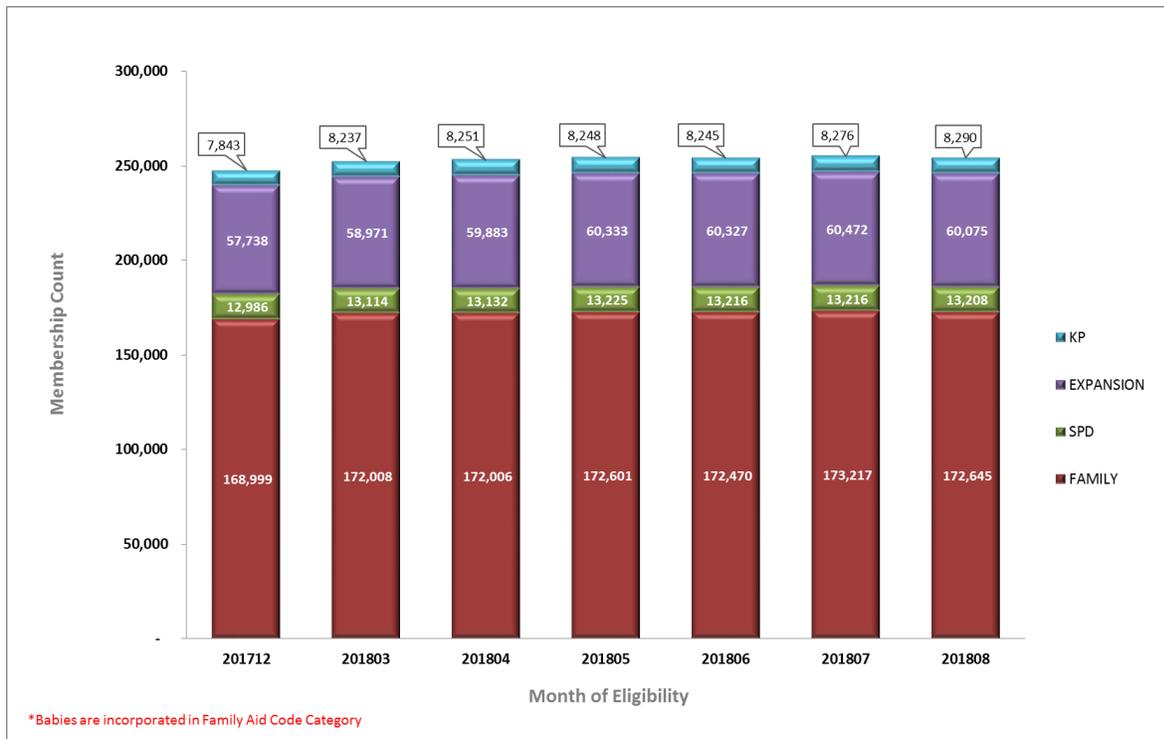
### ***Total KHS Medi-Cal Managed Care Enrollment***

As of AUGUST 1, 2018, total Medi-Cal enrollment is 254,218, which represents a decrease of 0.4% from JULY enrollment.

Kern Health Systems  
 Board of Directors Meeting  
 CEO Report – August, 2018  
 Page 4 of 9

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Monthly/Member Months Total
201712	168,568	12,986	57,738	7,843	431	247,566
201803	171,607	13,114	58,971	8,237	401	252,330
201804	171,626	13,132	59,883	8,251	380	253,272
201805	172,217	13,225	60,333	8,248	384	254,407
201806	172,083	13,216	60,327	8,245	387	254,258
201807	172,807	13,216	60,472	8,276	410	255,181
201808	172,163	13,208	60,075	8,290	482	254,218 *

\* Annually, starting in May of each year, the Kern County Department of Human Services focuses on processing Medi-Cal renewals which always leads to a decrease in enrollment before eligibility redetermination is complete (usually by October 1<sup>st</sup>).

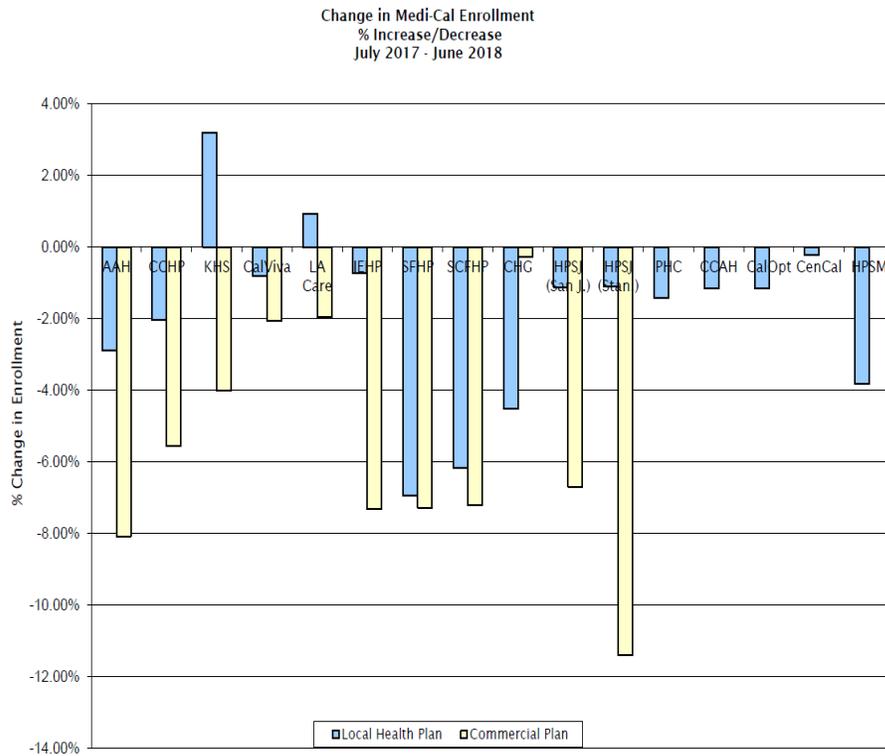


Kern Health Systems  
 Board of Directors Meeting  
 CEO Report – August, 2018  
 Page 5 of 9

***Change in Medi-Cal enrollment in Local Health Plans of California***

In its annual report, “*Medi-Cal Enrollment Report Fiscal Year Comparison*”, KHS represents one of two health plans statewide showing enrollment growth over the past twelve months (the other being LACare). In Kern County, KHS enrollment year over year grew close to 4% while HealthNet’s enrollment in Kern County decreased by 4%.

Local Health Plans of California



Kern Health Systems  
Board of Directors Meeting  
CEO Report – August, 2018  
Page 6 of 9

## **KHS ADMINISTRATIVE INITIATIVES**

### ***Provider Relations***

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

- Metro Physicians Medical Group – Nephrology
- Prop 56 amendments to ALL PCPs and Specialist – 72% collected
- Sound Hospitalist Group (AHH)
- HealthQuest Esoterics- LAB
- Optimal Health Pharmacy
- Zoll Services - DME

### **Credentialing Activities:**

- 24 in June & 29 in July - **New or Initial Credentialed providers**
- 21 in June & 28 in July - **Re-Credentialed providers**

### **Provider Grant Program:**

#### **ER Diversion Grants:**

- **Clinica Sierra Vista** - Following discussion with CSV's new CEO, a one year extension was given to CSV to undertake activities paid with the remaining balance for the ERD program. The ERD Grant Program Agreement with CSV was amended to incorporate this extension.

### **KHS Provider Recruitment and Retention Grants:**

- Final grant close out letters were sent to Grantees.

Kern Health Systems  
Board of Directors Meeting  
CEO Report – August, 2018  
Page 7 of 9

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

#### **Sponsorships:**

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

- KHS donated \$2,000 to the Valley Fever Americas Foundation to sponsor the 7th Annual Walk for Valley Fever Awareness on August 11th at the Kern County Museum in Bakersfield.
- KHS donated \$1,250 to the Central Valley Farmworker Foundation to sponsor the 2018 “Día de la Familia” event on September 9th in Delano.
- KHS donated \$6,500 to the Kern County Fair to sponsor the 2018 Kern County Fair (Kids Can Cook and Russ Leno Pumpkin Carving activities at KC’s Edible Garden) from September 19th-30th in Bakersfield.

#### **Community Events:**

In August and September, KHS will participate in:

- 8/3 Annual World Breast Feeding Week Resource Fair @ Valley Plaza Mall in Bakersfield
- 8/5 The Cesar Chavez Community Celebration @ Kern County Fairgrounds in Bakersfield
- 8/7 Health & Resource Fair @ Mojave High School
- 8/7 National Night Out @ KC Sheriff’s Office in Oildale
- 8/12 Oildale Community Health Fair @ Grace Assembly Church in Oildale
- 8/15 Homeless Healthcare Day @ Clinica Sierra Vista Old Town Kern in Bakersfield
- 8/22 Free Produce Event @ Catholic Charities in Bakersfield
- 8/25 Cirugia Sin Fronteras “Saving Lives” Health Fair @ Yokuts Park in Bakersfield

Kern Health Systems  
Board of Directors Meeting  
CEO Report – August, 2018  
Page 8 of 9

- 8/29 Bakersfield College Student Involvement Festival @ Bakersfield College main campus
- 9/5 Health & Resource Fair @ Boron High School
- 9/15 Health & Community Resource Fair @ Bakersfield High School
- 9/20 Homeless Consumer & Service Provider Day @ Bakersfield Homeless Center
- 9/22 American Cancer Society Relay for Life in Tehachapi
- 9/26 Free Produce Event @ Catholic Charities in Bakersfield

***Member & Employee Newsletters***

- Attached is the most recent Member Newsletter: Family Health, Summer 2018 (Attachment F).

***Dashboard Presentation***

- The 2<sup>nd</sup> Qtr. 2018 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment G
- The 2<sup>nd</sup> Qtr. 2018 Staffing Report is located under Attachment H.
- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment I.

**KHS OFFICES RELOCATION PROJECT UPDATE**

**Project Status: Green**

The activities undertaken since the last report include:

- KHS has established regular reporting with insurance carrier, GC and Developer for OCIP enrollment. Weekly enrollment logs are sent to KHS for all OCIP enrollees.
- KHS has established regular meetings (every 2 weeks) with GC and Developer to oversee schedule. Site visits occur regularly.

Kern Health Systems  
Board of Directors Meeting  
CEO Report – August, 2018  
Page 9 of 9

- KHS has established regular meetings with GC and Developer to oversee budget.
- KHS has established regular auditing schedule for certified payroll.
- Site visits are occurring often and regularly by KHS and Developer.
- Both slabs have been poured and steel erection has begun on Pad A.
- The cubicle design was completed and KHS Corporate Services is finalizing the contract with Stinson's to procure said cubicles.
- Elevator contract was negotiated directly between S.C. Anderson and OTIS.
- Monthly required reporting to U.S. Census Bureau regarding construction progress continues.
- 95% of Subcontracts have been novated to S.C. Anderson (outstanding: Window Coverings, Floor Coverings, Brick Veneer, possibly Solar).
- Board Room and Executive Conference Room finishes and furniture have been presented to CEO.
- KHS working closely with Ironshore regarding Pollution Claim.
- Sub Appreciation Luncheon scheduled
- Discussions on responsibility of security with GC and Developer.
- Met with commercial real estate group to discuss Stockdale sale



**KERN HEALTH  
SYSTEMS**

**Attachment A**

**Board of Directors Meeting**

**August 9, 2018**

**STATE**

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

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

The DHCS issued two (2) APLs during the months of June and July to provide guidance for Managed Care Plans (MCP).

*All Plan Letters (APL)*

*APL 18-011* - The purpose of this APL is to provide direction to Medi-Cal MCPs participating in the California Children's Services Whole Child Model program. KHS is not currently participating in this initiative.

*APL 18-012* - The purpose of this APL is to provide guidance regarding the provision of Health Homes Program (HHP) services and the development and operation of the HPP to MCPs implementing the HHP.

The DHCS has begun the implementation of the Health Home Program in California as of July 1, 2018 for specific counties and plans. Kern County is scheduled to begin in July 2019.

In advance of the APL publication, the Board of Directors of Kern Health Systems in 2016 approved Grant funding for KHS to implement a pilot Health Home Program (HHP) consistent with the State white paper.

KHS currently has 4 HHP sites with 3 community partners - Kern Authority – REACH and GROW, OMNI – Roberts Lane, and Dignity. There are plans to open 2 additional sites by the end of 2018.

There are over 1,700 members enrolled in these four (4) initial sites. The assigned members receive care from multidisciplinary teams that partner with each member to develop a customized health action plan. These health action plans identify member needs and establish concrete goals for improving their overall physical, behavioral, and social wellbeing. As State implementation approaches, the KHS HHP team will ensure that all State requirements are met and in place for a smooth transition to the State program.

## COMPLIANCE

### *All Plan & Policy Letter Reviews*

The following matrices are included with the month's BOD packet: Prospective Reviews of DHCS and DMHC All Plan Letters [Attachment B] and Retrospective Audits [Attachment C].

### *DHCS Medical Audit –2018*

*Update: The Plan has been submitting audit samples to the Department in advance of the on-site visit, which will be taking place August 14<sup>th</sup>.*

The Director of Compliance and Regulatory Affairs has initiated preliminary discussions with the DHCS Audit Team lead regarding the annual DHCS Medical Audit. The DHCS will be conducting their annual Medical Audit for the review period beginning August 1, 2017 through July 31, 2018. The audit will cover six categories: Utilization Management, Case Management, Access and Availability, Member Rights, Quality System and Delegation, and Administration and Organization Capacity.

### *DMHC Medical Audit – 2016*

*Update: The draft report for the 18 month follow-up audit of KHS' 2016 deficiencies is currently being reviewed by KHS management. The final draft report is expected in the next 30-45 days. Upon receipt, the report will be shared with the Board.*

**Reporting to government agencies**

**June 2018**

<b>Report Name/Item</b>	<b>Status</b>
BHT-CDE	On Time
MER	On Time
NMT-NEMT	On Time
Provider Calls	On Time

**July 2018**

<b>Report Name/Item</b>	<b>Status</b>
Arbitration (Quarterly) (DMHC)	On Time
BHT-CDE Monthly	On Time
BHT Quarterly	On Time
Call Center Quarterly	On Time
CBAS Quarterly	On Time
Dental Anesthesia Quarterly	On Time
Grievance (Quarterly) (DMHC)	On Time
MER	On Time
NMT-NEMT	On Time
Provider Calls	On Time
Provider Network Reports	On Time

**Kern Health Systems  
2018 DMHC All Plan Letter Index and Status Updates  
Attachment B**

2018 DMHC All Plan Letters		Kern Health Systems 2018 DMHC All Plan Letter Index and Status Updates Attachment B				
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#"><u>APL18-001</u></a>	Newly Enacted Statutes Impacting Health Plan License Files	Compliance Member Services	Compliance reviewed its current EOCs, other disclosure forms, provider contracts, and credentialing exhibits and confirms they do not conflict with AB 1074 and are aligned with SB133 and SB223.	2/28/2018	Kern Health Systems submitted a Compliance E-1, as directed in the Department's APL 18-001, to demonstrate compliance with certain statutes enacted in 2017.	
<a href="#"><u>APL18-002</u></a>	Timely Access Compliance Report MY 2018	Compliance Provider Relations	Compliance reviewed Provider Relations current processes to validate alignment with the requirements of the APL.	3/31/2018	KHS submitted its Timely Access report to DMHC prior to the March 31, 2018 deadline. A third-party vendor reviewed the Plan's timely access data quality to ensure compliance.	
<a href="#"><u>APL18-003</u></a>	Plan Year 2019 QHP/QDP Filing Requirements	N/A	N/A	N/A	N/A	N/A
<a href="#"><u>APL18-004</u></a>	Unified Billing	N/A	N/A	N/A	N/A	N/A
<a href="#"><u>APL18-005</u></a>	Administrative Services Agreement (ASA) Checklist	Compliance Procurement and Facilities	Compliance reviewed KHS Administrative Services Agreement and its adherence to DMHC requirements for consulting contracts or any other contract or contract amendment.	6/22/2018	P&P 100.12-I Currently being updated to reflect operational processes.	

**Kern Health Systems  
2018 DMHC All Plan Letter Index and Status Updates  
Attachment B**

2018 DMHC All Plan Letters		Kern Health Systems 2018 DMHC All Plan Letter Index and Status Updates Attachment B				
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#">APL18-006</a>	Annual Assessment	Compliance Finance	Compliance reviewed the APL which requires the Plan to file the "Report of the Enrollment Plan" by May 15, 2018. The APL provides guidance for submission of the document.	3/30/2018	KHS filed the "Report of the Enrollment Plan" timely.	
<a href="#">APL18-007</a>	Confidentiality of Information Submitted to Office of Plan Licensing	Compliance	Compliance reviewed the APL requirements for requesting confidentiality and determined that the Plan did not foresee any issues with adherence to the requirements of the APL.	3/21/2018	KHS is prepared to adhere to the requirements of APL18-007.	
<a href="#">APL18-008</a>	AB72 Delegated Entity Report	N/A	N/A	4/11/2018	N/A	N/A
<a href="#">APL18-009</a>	Responding to Help Center RHPis	N/A	N/A	5/29/2018	N/A	N/A
<a href="#">APL18-010 (PDF)</a>	Plan Compliance with MHPAEA Rules for Financial Requirements and Quantitative Treatment Limitations	N/A	N/A	7/27/2018	N/A	N/A
<a href="#">APL18-011 (PDF)</a>	Annual filing of SB 17 prescription drug cost information	N/A	N/A	7/27/2018	N/A	N/A
		KEY				
						Compliance - YES
						Compliance - NO
						Outcome Pending
						N/A - informational document

**Kern Health Systems  
2018 DHCS All Plan Letters and Status Updates  
Attachment B**

2018 DHCS All Plan Letters		Kern Health Systems 2018 DHCS All Plan Letters and Status Updates Attachment B				
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#">APL18-001 (PDF)</a>	Voluntary Inpatient Detoxification	Member Services Health Services	Clarification provided regarding voluntary inpatient detoxification.	1/25/2018	P&P 3.10-P Current and approved.	
<a href="#">APL18-002 (PDF)</a>	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.	
<a href="#">APL18-003 (PDF)</a>	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.	
<a href="#">APL18-004 (PDF)</a>	Immunization Requirements	Health Services Member Services Provider Relations	MCPs must ensure timely provision of immunizations to members in accordance with the most recent schedule and recommendations.	4/8/2018	P&P 3.05-P Current and approved.	
<a href="#">APL18-005 (PDF)</a>	Network Certification Requirements	Provider Relations Compliance	Guidance provided to MCPs regarding new Annual Network Certification, reporting requirements, and associated network adequacy standards.	5/23/2018	Stakeholders operationalizing mandate, will finalize P&P by June 2018.	
<a href="#">APL18-006 (PDF)</a>	Responsibilities for Behavioral Health Treatment Coverage for Members Under the Age of 21	Health Services Member Services Provider Relations	Guidance provided regarding the provision of medically necessary Behavioral Health Treatment services to eligible Medi-Cal members under 21 years.	6/26/2018	P&P 3.72-P Approved by DHCS, P&P will be circulated for signatures.	
<a href="#">APL18-007 (PDF)</a>	Requirements for Coverage of Early and Periodic Screening, Diagnostic, and Treatment for Medi-Cal Members Under the Age of 21	Health Services Member Services Provider Relations	Clarifies the responsibilities of MCPs to provide Early and Periodic Screening, Diagnostic, and Treatment services to eligible members under the age of 21.	6/26/2018	P&P 3.13-P Approved by DHCS, P&P will be circulated for signature.	

**Kern Health Systems  
2018 DHCS All Plan Letters and Status Updates  
Attachment B**

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<a href="#">APL18-008 (PDF)</a>	Continuity of Care for Medi-Cal members Who Transition into Medi-Cal Managed Care	Health Services Member Services Provider Relations	Clarifies continuity of care requirements for Medi-Cal members who transition into Medi-Cal managed care.	7/24/2018	P&P 3.40-1 Approved by DHCS. P&P will be updated to comply with APL revisions.	
<a href="#">APL18-009 (PDF)</a>	Memorandum of Understanding Requirements for Medi-Cal Managed Care Health Plans and Regional Centers.	Health Services Member Services Provider Relations	Clarifies the responsibilities of Medi-Cal managed care health plans when entering into a Memorandum of Understanding with a Regional Center to cover all members receiving Behavioral Health Treatment services, regardless of diagnosis.	7/24/2018	DHCS approved the MOU between Kern Regional Center and KHS.	
<a href="#">APL18-010 (PDF)</a>	Proposition 56 Directed Payment Expenditures for Specified Services for State Fiscal year 2017-18	Claims Provider Relations Finance IT	Identifies the requirements for MCPs to make direct payments for certain services funded through Proposition 56 for FY 2017-18.	7/25/2018	Initial Payments have been made with a DOS of 07/1/17 to 6/30/2018.	
<a href="#">APL18-011 (PDF)</a>	California Children's Services Whole Child Model Program	N/A	N/A	6/7/2018	N/A	N/A
<a href="#">APLAPL18-012 (PDF)</a>	All Med-Cal Managed Care Health Plans Participating in Health Homes Program	HHP Health Services Member Services IT	Provides guidance for the provision of Health Homes Program (HHP) services, and the development and operation of the HHP, to Medi-Cal managed care health plans	7/25/2018	KHS currently has an HHP. Stakeholders will review the requirements of the APL and align current operations with the mandates of the APL.	
KEY						
						Compliance - YES
						Compliance - NO
						Outcome Pending
						N/A - informational document

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

2017 DHCS All Plan Letter										
APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Start Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status	
<a href="#">APL17-001.pdf</a>	2017-2018 Medi-Cal Managed Care Health Plan Meds/834 Cutoff And Processing Schedule	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<a href="#">APL17-002.pdf</a>	Health Education and Cultural and Linguistic Group Needs Assessment (Supersedes PL 10-012)	Health Education	Annual GNA Survey	5/25/2018	7/31/2018	Policy 2.11-1, Group Needs Assessment, requires minor policy revisions.	Non-Compliant	The Plan revised 2.11-1, Group Needs Assessment.		
<a href="#">APL17-003.pdf</a>	Treatment of Recoveries Made by the Managed Care Health Plan of Overpayments to Providers	Claims	Recovery of overpayments	4/19/2018	6/15/2018	Policy 6.01- P, Claims Submission and Reimbursement, was updated with the required revisions. Policy 6.29-1, Recovery of Claims Overpayments requires minor policy revisions.	Non-Compliant	Policy 6.29-1, Recovery of Claims Overpayments was updated to reference Policy 6.01- P, Claims Submission and Reimbursement.		
<a href="#">APL17-004.pdf</a>	Subcontractual Relationships and Delegation	Health Services Provider Relations	Oversight of Delegated Entities							
<a href="#">APL17-005.pdf</a>	Certification of Document and Data Submissions	Claims Health Services Provider Relations Accounting Member Services Compliance Executive	Certification of data submissions to DHCS							
<a href="#">APL17-006.pdf</a>	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)	Health Services Member Services Provider Relations Compliance	Grievance and Appeals Processes	6/1/2018	7/31/2018	In Process: Pending response from the DHCS on the Exempt Grievances quarterly report.	Non-Compliant	Pending response from the DHCS on the Exempt Grievances quarterly report	In Process	
<a href="#">APL17-007.pdf</a>	Continuity of Care for New Enrollees Transitioned to Managed Care After Requesting a Medical Exemption and Implementation of Monthly Medical Exemption Review Denial Reporting (Supersedes All Plan Letter 15-001)	Health Services Provider Relations IT Member Services	Continuity of Care for New Members	5/4/2018	6/12/2018	The Plan failed to retain a copy of the Notification of the Medical Exemption Request (MER) sent to the Member.	Non-Compliant	Effective 5/25/18 the Plan implemented a process that requires MSRs to save a copy of the MER that is sent to the Member.		
<a href="#">APL17-008.pdf</a>	Requirement to Participate in the Medi-Cal Drug Utilization Review Program	Health Services Pharmacy	Requirements to Participate in the Medi-Cal Drug Utilization Review Program	7/2/2018	8/31/2018				In Process	
<a href="#">APL17-009.pdf</a>	Reporting Requirements Related to Provider Preventable Conditions	Health Services Claims Provider Relations IT	Reporting requirements for Claims Encounter Data resulting from PPCs.	6/1/2018	7/27/2018	The Plan did not generate a Provider Bulletin Notice advising Providers of current PPC reporting requirements.	Non-Compliant	The Plan generated a Provider Bulletin advising Providers of current PPC reporting requirements.		
<a href="#">APL17-010.pdf</a>	Non-Emergency Medical and Non-Medical Transportation Services	Member Services Provider Relations Health Services	Non-Emergency Medical and Non-Medical Transportation Services.	7/10/2018	9/28/2018	In Process: Currently performing a review of Policy and Procedures.	In Process			

**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 Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
<a href="#">APL17-011.pdf</a>	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	Member Services Provider Relations Health Services	Identifies standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	6/11/2018	7/17/2018	3.70-1, Cultural and Linguistic Services, 3.71-P Linguistic Services, and 12.02-1 Translation of Written Member Informing Materials, are in line with APL requirements.		Compliance Requirement Met	
<a href="#">APL17-012.pdf</a>	All Medi-Cal Managed Care Health Plan Operating in Coordinated Care Initiative Counties	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<a href="#">APL17-013.pdf</a>	Requirements for Health Risk Assessment Of Medi-Cal Seniors and Persons with Disabilities	Member Services Provider Relations Health Services	Requirements for Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities	5/23/2018	8/15/2018	In Process: Currently performing a review of Policy and Procedures.	In Process		
<a href="#">APL17-014.pdf</a>	Quality and Performance Improvement Requirements (Supersedes APL 16-018)	Health Services Quality Improvement	Outlines changes to the Quality and Performance Improvement Program						
<a href="#">APL17-015.pdf</a>	Palliative Care and Medi-Cal Managed Care	Health Services Provider Relations Member Services Health Homes	Outlines the obligations of MCPs to provide palliative care to their beneficiaries.						
<a href="#">APL17-016.pdf</a>	Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care (Supersedes APL 14-004)	Health Services Provider Relations Member Services	Outlines the obligations of MCPs to provide Alcohol Misuse Screening and Counseling.						
<a href="#">APL17-017.pdf</a>	Long Term Care Coordination and Disenrollment (Supersedes APL 03-003)	Health Services Provider Relations Member Services	Clarifies the requirements for coordination of care and placement of Members in LTC and disenrollment requirements of the program.						
<a href="#">APL17-018.pdf</a>	Medi-Cal Managed Care Health Plan Responsibilities for Outpatient Mental Health Services (Supersedes APL 13-021)	Health Services Provider Relations Member Services	Explains the contractual responsibilities of MCPs for the provision of medically necessary outpatient mental health services and the regulatory requirements for the Medicaid Mental Health Parity Final Rule.						
<a href="#">APL17-019.pdf</a>	Provider Credentialing / Recredentialing and Screening / Enrollment (Supersedes APL 16-012)	Provider Relations Quality Improvement	Updates the Plan's requirements related to screening, enrollment, credentialing, and Recredentialing of Providers.						

**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 Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
<a href="#">APL17-020.pdf</a>	American Indian Health Programs	Accounting Claims Configuration Provider Relations Member Services	Outlines reimbursement rates for the American Indian Health Programs, resulting in potential changes in contract and payments.	5/14/2018	6/22/2018	6.31-P American Indian Programs, is in line with the APL requirements.		Compliance Requirement Met	
<a href="#">APL17-021.pdf</a>	Workers' Compensation – Notice of Change to Workers' Compensation Recovery Program; Reporting and Other Requirements (Supersedes APL 04-004)	Claims Finance Compliance	Outlines DHCS Workers' Compensation Recovery Program requirements and KHS engagement in the recovery process.	5/7/2018	7/5/2018	60.06-I, Third Party Liability, policy revisions are in line with the APL requirements.		Compliance Requirement Met	
		<b>Key</b>							
								Compliance - Yes	
								Compliance - No	
								Outcome Pending	
								N/A-Informational	

COMPLIANCE ASSURANCE REPORT: Attachment D  
2018 ANNUAL NETWORK CERTIFICATION

available in-network within the timely access standards. Further, MCPs may not deny access to out-of-network services on the basis of payment or rate disputes with the provider. The temporary standard was communicated through a CAP. MCPs are required to authorize out-of-network providers and services until all CAP items have been corrected and the CAP is closed.

Network Adequacy findings for time and distance standards and provider to member ratios determined to require a CAP will be required to follow the guidelines outlined in [Section 6.1](#). MCPs determined to be out of compliance with the State Official Health Letter 16-006 or 42 C.F.R. 438.14(b)(1) for Mandatory Provider and Facility types are also subject to the CAP guidelines noted in [Section 6.1](#).

**6. MCP Network Certification Overall Results**

The following charts indicate the overall results of each MCP by reporting unit. MCP-specific results are noted in [Attachment G](#).

Annual Network Certification Key

<b>Pass with Conditions:</b> Standard is not met and/or standard is not met due to AAS Denial; temporary standard in place with CAP.
<b>AAS Pass:</b> Standard is met due to AAS approval.
<b>Pass:</b> Standard is met.
<b>Not Applicable (N/A):</b> Not applicable to MCP <sup>25</sup> .

Whole Child Model Key

<b>Standard Met:</b> Required overlap or contract is met.
<b>Standard Not Met:</b> Overlap requirement not met.
<b>Not Applicable (N/A):</b> Category not required for MCP

<sup>25</sup> MCPs are not contractually at risk for certain benefits.

COMPLIANCE ASSURANCE REPORT:  
2018 ANNUAL NETWORK CERTIFICATION

MCP Name	Reporting Unit	Results
Aetna Better Health	Sacramento County	Pass with Conditions
	San Diego County	Pass with Conditions
AIDS Healthcare Foundation	Los Angeles County	Pass
Alameda Alliance for Health	Alameda County	Pass
Anthem Blue Cross Partnership Plan	Alameda County	Pass with Conditions
	Contra Costa County	Pass with Conditions
	Fresno County	Pass with Conditions
	Kings County	Pass with Conditions
	Madera County	Pass with Conditions
	Region 1: Butte, Colusa, Glenn, Plumas, Sierra, Sutter and Tehama Counties	Pass with Conditions
	Region 2: Alpine, Amador, Calaveras, El Dorado, Inyo, Mariposa, Mono, Nevada, Placer, Tuolumne and Yuba Counties	Pass with Conditions
	Sacramento County	Pass with Conditions
	San Benito County	Pass with Conditions
	San Francisco County	Pass with Conditions
	Santa Clara County	Pass with Conditions
Tulare County	Pass with Conditions	
CalOptima	Orange County	Pass
CalViva	Fresno County	Pass
	Kings County	Pass
	Madera County	Pass
California Health & Wellness Plan	Imperial County	Pass with Conditions
	Region 1: Butte, Colusa, Glenn, Plumas, Sierra, Sutter and Tehama Counties	Pass with Conditions
	Region 2: Alpine, Amador, Calaveras, El Dorado, Inyo, Mariposa, Mono, Nevada, Placer, Tuolumne and Yuba Counties	Pass with Conditions
Care1st Partner Plan	San Diego County	Pass with Conditions
CenCal Health	San Luis Obispo County	Pass
	Santa Barbara County	Pass
Central California Alliance for Health	Merced County	Pass with Conditions
	Monterey/Santa Cruz Counties	Pass with Conditions
Community Health Group Partnership Plan	San Diego County	Pass
Contra Costa Health Plan	Contra Costa County	Pass
Gold Coast Health Plan	Ventura County	Pass

COMPLIANCE ASSURANCE REPORT:  
2018 ANNUAL NETWORK CERTIFICATION

MCP Name	Reporting Unit	Results
Health Net Community Solutions, Inc.	Kern County	Pass with Conditions
	Los Angeles County	Pass
	Sacramento County	Pass with Conditions
	San Diego County	Pass with Conditions
	San Joaquin County	Pass with Conditions
	Stanislaus County	Pass with Conditions
	Tulare County	Pass with Conditions
Health Plan of San Joaquin	San Joaquin County	Pass
	Stanislaus County	Pass
Health Plan of San Mateo	San Mateo County	Pass
Inland Empire Health Plan	Riverside/San Bernardino Counties	Pass with Conditions
Kaiser NorCal (KP Cal LLC)	KP North: Amador, El Dorado, Placer and Sacramento Counties	Pass
Kaiser SoCal (KP Cal LLC)	San Diego County	Pass
Kern Family Health Care	Kern County	Pass
LA Care Health Plan	Los Angeles County	Pass with Conditions
Molina Healthcare of California Partner Plan, Inc.	Imperial County	Pass
	Riverside/San Bernardino Counties	Pass
	Sacramento County	Pass
	San Diego County	Pass
Partnership Health Plan of California	Northeast: Lassen, Modoc, Shasta, Siskiyou and Trinity Counties	Pass
	Northwest: Del Norte and Humboldt Counties	Pass
	Southeast: Napa, Solano, Yolo Counties	Pass
	Southwest: Lake, Marin, Mendocino, and Sonoma Counties	Pass
Rady Children's Hospital	San Diego County	Pass
San Francisco Health Plan	San Francisco County	Pass
Santa Clara Family Health Plan	Santa Clara County	Pass
United Healthcare	Sacramento County	Pass with Conditions
	San Diego County	Pass with Conditions

COMPLIANCE ASSURANCE REPORT:  
2018 ANNUAL NETWORK CERTIFICATION

Annual Network Certification Results		MCP Name	Health Net
		Reporting Unit	Kern County
<b>Overall Results</b>			<b>Pass with Conditions</b>
<b>Provider to Member Ratios</b>			
PCP Ratio (1: 1,200)			Pass
Physician Extenders (1: 1,000)			N/A
Total Physician Ratio (1: 2,000)			Pass
<b>Time and Distance</b>			
PCPs	Adult		AAS Pass
	Pediatric		AAS Pass
OB/GYN	Primary Care		Pass
	Specialty Care		Pass
Specialists	Adult	Cardiology/ Interventional Cardiology	Pass
		Dermatology	AAS Pass
		Endocrinology	AAS Pass
		ENT/ Otolaryngology	Pass
		Gastroenterology	Pass
		General Surgery	Pass
		Hematology	AAS Pass
		HIV/AIDS Specialists/ Infectious Diseases	AAS Pass
		Nephrology	Pass
		Neurology	Pass
		Oncology	AAS Pass
		Ophthalmology	Pass
		Orthopedic Surgery	Pass
		Physical Medicine and Rehabilitation	AAS Pass
	Psychiatry	Pass	
	Pulmonology	Pass	
	Pediatric	Cardiology/ Interventional Cardiology	Pass with Conditions
		Dermatology	Pass with Conditions
		Endocrinology	Pass with Conditions
		ENT/ Otolaryngology	Pass with Conditions
		Gastroenterology	Pass with Conditions
		General Surgery	Pass with Conditions
		Hematology	Pass with Conditions
		HIV/AIDS Specialists/ Infectious Diseases	Pass with Conditions
		Nephrology	Pass with Conditions
		Neurology	Pass with Conditions
Oncology		Pass with Conditions	

**COMPLIANCE ASSURANCE REPORT:  
2018 ANNUAL NETWORK CERTIFICATION**

Annual Network Certification Results		MCP Name	Health Net
		Reporting Unit	Kern County
		Ophthalmology	Pass with Conditions
		Orthopedic Surgery	Pass with Conditions
		Physical Medicine and Rehabilitation	Pass with Conditions
		Psychiatry	Pass with Conditions
		Pulmonology	Pass with Conditions
Mental Health Outpatient Services			Pass
Facilities	Hospitals		AAS Pass
	Pharmacies		AAS Pass
<b>Mandatory Provider Types</b>			
FQHC, FBC, RHC, IHF	1 of each in the Provider Network		Pass
Midwifery Services	Available in the network		Pass
<b>Policies and Procedures</b>			
A&I Audits	Category 3.1. Appointment Procedures / Wait Times		Pass
A&I Audits	Category 3.2 Urgent Care / Emergency Care		Pass
A&I Audits	Category 3.3 Telephone Procedures / After Hours		Pass
A&I Audits	Category 3.4 Specialist and Specialty Services		Pass
Validation			Pass
Alternative Access Standards Requests			Pass with Conditions

Annual Network Certification Results		MCP Name	Health Net
		Reporting Unit	Los Angeles County
<b>Overall Results</b>			Pass
<b>Provider to Member Ratios</b>			
PCP Ratio (1: 1,200)			Pass
Physician Extenders (1: 1,000)			N/A
Total Physician Ratio (1: 2,000)			Pass
<b>Time and Distance</b>			
PCPs	Adult		AAS Pass
	Pediatric		AAS Pass
OB/GYN	Primary Care		AAS Pass
	Specialty Care		AAS Pass
Specialists	Adult	Cardiology/ Interventional Cardiology	AAS Pass
		Dermatology	Pass
		Endocrinology	AAS Pass
		ENT/ Otolaryngology	AAS Pass
		Gastroenterology	AAS Pass
		General Surgery	AAS Pass

**COMPLIANCE ASSURANCE REPORT:  
2018 ANNUAL NETWORK CERTIFICATION**

Annual Network Certification Results		MCP Name	Kern Family Health Care
		Reporting Unit	Kern County
Overall Results			Pass
Provider to Member Ratios			
PCP Ratio (1: 1,200)			Pass
Physician Extenders (1: 1,000)			N/A
Total Physician Ratio (1: 2,000)			Pass
Time and Distance			
PCPs	Adult		Pass
	Pediatric		Pass
OB/GYN	Primary Care		AAS Pass
	Specialty Care		Pass
Specialists	Adult	Cardiology/ Interventional Cardiology	Pass
		Dermatology	AAS Pass
		Endocrinology	AAS Pass
		ENT/ Otolaryngology	AAS Pass
		Gastroenterology	Pass
		General Surgery	Pass
		Hematology	AAS Pass
		HIV/AIDS Specialists/ Infectious Diseases	AAS Pass
		Nephrology	AAS Pass
		Neurology	AAS Pass
		Oncology	Pass
		Ophthalmology	AAS Pass
		Orthopedic Surgery	Pass
		Physical Medicine and Rehabilitation	AAS Pass
	Psychiatry	Pass	
	Pulmonology	AAS Pass	
	Pediatric	Cardiology/ Interventional Cardiology	Pass
		Dermatology	AAS Pass
		Endocrinology	AAS Pass
		ENT/ Otolaryngology	AAS Pass
		Gastroenterology	Pass
		General Surgery	Pass
		Hematology	AAS Pass
		HIV/AIDS Specialists/ Infectious Diseases	AAS Pass
		Nephrology	AAS Pass
		Neurology	AAS Pass
Oncology		Pass	

**COMPLIANCE ASSURANCE REPORT:  
2018 ANNUAL NETWORK CERTIFICATION**

Annual Network Certification Results		<i>MCP Name</i>	Kern Family Health Care
		<i>Reporting Unit</i>	Kern County
		Ophthalmology	AAS Pass
		Orthopedic Surgery	Pass
		Physical Medicine and Rehabilitation	AAS Pass
		Psychiatry	Pass
		Pulmonology	AAS Pass
Mental Health Outpatient Services			Pass
Facilities	Hospitals		AAS Pass
	Pharmacies		Pass
<b>Mandatory Provider Types</b>			
FQHC, FBC, RHC, IHF	1 of each in the Provider Network		Pass
Midwifery Services	Available in the network		Pass
<b>Policies and Procedures</b>			
A&I Audits	Category 3.1. Appointment Procedures / Wait Times		Pass
A&I Audits	Category 3.2 Urgent Care / Emergency Care		Pass
A&I Audits	Category 3.3 Telephone Procedures / After Hours		Pass
A&I Audits	Category 3.4 Specialist and Specialty Services		Pass
<b>Validation</b>			Pass
<b>Alternative Access Standards Requests</b>			AAS Pass

**ATTACHMENT E****Legislative Summary – August 2018**

**Federal Legislation** – In late June the House passed a large package of bills related to Opioids. Since that time Congress' focus has shifted away from opioids, resulting in little progress being made in the Senate. With mid-term elections rapidly approaching and with other priorities in Washington, it is unclear when the bills would advance.

**State Legislation** – The legislature was on recess for the month of July. Legislators returned on August 6th for the final month of session. Fiscal committees will meet and take action on bills for the first two weeks, followed by another two weeks of floor votes. The end of the session is August 31st. Below is a listing of bills that are still currently being considered with impact to KHS.

The 2018-2019 State Budget was approved in late June. Funds to expand Medi-Cal benefits and coverage were ultimately negotiated out of the budget. The budget did extend the Provider Supplemental (Prop 56) Payments into 2018-2019, and it expanded coverage of Hepatitis C medication to Medi-Cal beneficiaries regardless of liver fibrosis stage.

Title	Description	Status
<b>AB 11 (McCarty)</b>	<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><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB11">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB11</a></p>	7/3/2018 - Read second time and amended. Re-referred to Com. on APPR.
<b>AB 1998 (Rodriguez)</b>	<p>This bill would require, by July 1, 2019, every health care practitioner who prescribes, administers, or furnishes opioids classified as Schedule II and Schedule III to adopt, review, and periodically update a safe opioid prescribing policy, as specified. The bill would prohibit the safe opioid prescribing policy from placing a limitation on the prescription, ordering, administration, or furnishing of opioids to patients with prescribed conditions. The bill would require a health care practitioner who determines, based on his or her professional judgment, that the safe prescribing policy is not appropriate for a specific patient's treatment, to provide adequate documentation in the patient's record to support the treatment decision. The bill would make the failure to establish or adopt a safe opioid prescribing policy to be referred to the appropriate state professional licensing board for administrative sanctions.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1998">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1998</a></p>	7/2/2018 - Read second time and amended. Re-referred to Com. on APPR.

<p><b>AB 2029 (Garcia)</b></p>	<p>The bill would expand the meaning of “visit” to include FQHC and RHC services rendered outside of the facility location, as specified.</p> <p>FQHC and RHC services rendered to a Medi-Cal beneficiary at a premise such as a temporary shelter, a beneficiary’s residence, a location of another provider, or any location other than the location identified on the primary care clinic license or in the provider master file, shall be billed by the FQHC or RHC and reimbursed at the contracted rate when either of the following apply:</p> <p>(A) The location where the services are provided is approved by the federal Health Resources and Services Administration as part of the FQHC’s or RHC’s application for its grant under Section 330 of the Public Health Service Act.</p> <p>(B) The services are provided at a location requiring payment under Title XIX of the Social Security Act.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2029">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2029</a></p>	<p>7/2/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>AB 2122 (Reyes)</b></p>	<p>This bill would require the Department of Health Care Services to ensure that a child enrolled in Medi-Cal receives blood lead screening tests at 12 and 24 months of age, or at any time at which they are identified as having a high risk of lead exposure, and that a child 2 to 6 years of age, inclusive, receives a blood lead screening test if there is no record of a previous test for that child. The bill would require the department to report its progress toward blood lead screening tests for all enrolled children, as specified, in its annual External Accountability Set and annually on its Internet Web site, ensure Medi-Cal managed care plans make certain each enrolled child receives required blood lead screening tests, and ensure Medi-Cal managed care plans require health care providers to test enrolled children, as specified. The bill would require a contract between the department and a Medi-Cal managed care plan to ensure the plan meets a specified standard of care for lead testing.</p> <p>The bill would require the Department of Health Care Services to ensure a Medi-Cal managed care plan notifies and educates a contracted health care provider that fails to blood lead test at least 80% of the enrolled children examined in the preceding 12 months</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2122">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2122</a></p>	<p>7/3/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>

<p><b>AB 2193 (Maienschein)</b></p>	<p>Would require, by July 1, 2019, a licensed health care practitioner who provides prenatal or postpartum care for a patient to offer to screen or appropriately screen a mother for maternal mental health conditions.</p> <p>This bill would require health care service plans and health insurers, by July 1, 2019, to develop, consistent with sound clinical principles and processes, a maternal mental health clinical case management program, as specified.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2193">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2193</a></p>	<p>CAHP Oppose</p> <p>7/2/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>AB 2275 (Arambula)</b></p>	<p>This bill would require the department to establish a quality assessment and performance improvement program for all Medi-Cal managed care plans, through which the plans, commencing January 1, 2021, would be required to meet a minimum performance level (MPL) that improves quality and reduces health disparities, as specified. The bill would require managed care plans that meet the performance targets to receive specified financial incentives. The bill would require the department, in consultation with stakeholders, to develop a plan for a value-based financial incentive program. The bill would require the department to establish the measures by which the MPL and performance targets would be assessed and would require the measures to be collected annually, commencing July 1, 2019.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2275">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2275</a></p>	<p>CAHP Oppose</p> <p>7/2/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>AB 2299 (Chu)</b></p>	<p>Would require the State Department of Health Care Services to ensure that all written health education and informing materials, as defined, in English and those translated into threshold languages by managed care plans are at or below the equivalent of 6th grade reading level. The bill would require the department to require managed care plans or other contractors to conduct, by January 1, 2020, a one-time, targeted community review of health education and informing materials in English and each threshold language, in order for members to ensure the cultural and linguistic appropriateness of materials in community-based settings. The bill would require the managed care plans to adopt additional readability and suitability standards developed by the community-review process by July 1, 2020.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2299">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2299</a></p>	<p>CAHP/LHPC Oppose</p> <p>7/2/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>

<p><b>AB 2342 (Burke)</b></p>	<p>This bill would require health care service plans, health insurers, and the State Department of Health Care Services to cover breast and ovarian cancer susceptibility screening as recommended by the United States Preventive Services Task Force.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2342">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2342</a></p>	<p>7/2/2018 - Read second time and amended. Re-referred to Com. on APPR</p>
<p><b>AB 2430 (Arambula)</b></p>	<p>This bill would raise the income threshold for coverage up to 138% FPL for aged and disabled no later than July 2022.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2430">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2430</a></p>	<p>LHPC/CAHP Support</p> <p>7/2/2018 - In committee: Referred to APPR. suspense file.</p>
<p><b>AB 2472 (Wood)</b></p>	<p>This bill would require the board to prepare an analysis and evaluation to determine the feasibility of a public health insurance plan option to increase competition and choice for health care consumers. The bill would require the feasibility analysis to contain, among other things, an actuarial and economic analysis of a public health insurance plan and an analysis of the extent to which a new public health insurance plan option could address the underlying factors that limit health plan choices in some regions. The bill would require the board to submit the feasibility analysis to the Legislature on or before January 1, 2020.</p> <p>This bill, commencing on January 1, 2020, would require a health care service plan that has a contract with the State Department of Health Care Services to offer Medi-Cal managed care plans or prepaid health plans, and that meets other specified criteria, to offer to negotiate with the Exchange regarding offering individual products on the Exchange in the plan's approved service areas that overlap with counties in which there are 2 or fewer health care service plans offering products on the Exchange, as specified.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2472">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2472</a></p>	<p>CAHP Oppose Unless Amended</p> <p>6/26/2018 - Action From APPR: Read second time and amended. Re-referred to APPR.</p>
<p><b>AB 2579 (Burke)</b></p>	<p>Would require the State Department of Health Care Services, in collaboration with specified designated entities, to design, promulgate, and implement policies and procedures for an automated enrollment gateway system, operational no later than January 1, 2020, allowing children applying to the WIC Program to obtain express lane eligibility for, and to facilitate application for enrollment in, the Medi-Cal program, and allowing pregnant women applying to the WIC Program to obtain presumptive eligibility for the Medi-Cal program</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2579">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2579</a></p>	<p>CAHP/LHPC Support</p> <p>6/26/2018 - Action From APPR.: Read second time and amended. Re-referred to APPR.</p>

<p><b>AB 2593 (Grayson)</b></p>	<p>This bill would require the department to establish the Medi-Cal fee rate for air ambulance services provided either by fixed or rotary wing aircraft at a level equal to a percentage of the rural Medicare rates for those services, as described and effective July 1, 2019.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2593">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2593</a></p>	<p>CAHP Oppose Unless Amended</p> <p>7/3/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>AB 2674 (Aguiar-Curry)</b></p>	<p>This bill would require the Department of Managed Health Care to review complaints of unfair payment patterns on or before July 1, 2019, and annually thereafter. The bill would require the department to conduct an audit and an enforcement action, as specified, if the Director of the Department of Managed Health Care determines the complaint review indicates a possible unfair payment pattern. Upon a final determination by the department that a health care service plan's, or plan's capitated provider's, practice, policy, or procedure constitutes a demonstrable and unjust payment pattern or unfair payment pattern, the bill would require the director to assess an administrative penalty in, and to require the plan to pay the provider, an amount not less than the amount owed plus interest.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2674">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2674</a></p>	<p>CAHP Oppose</p> <p>6/28/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>AB 2760 (Wood)</b></p>	<p>Would require a prescriber, as defined, to offer a prescription for naloxone hydrochloride or another drug approved by the United States Food and Drug Administration for the complete or partial reversal of opioid depression to a patient when certain conditions are present and to provide education on overdose prevention and the use of naloxone hydrochloride or another drug to the patient and specified others.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2760">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2760</a></p>	<p>6/20/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>AB 2861 (Salas)</b></p>	<p>Would require, subject to Federal approval, the State Department of Health Care Services to allow a licensed practitioner of the healing arts or a certified substance use disorder counselor to receive Medi-Cal reimbursement for covered individual outpatient counseling services for substance use disorders provided through telehealth in accordance with the Medicaid state plan.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2861">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2861</a></p>	<p>6/28/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>

<p><b>AB 2965 (Arambula)</b></p>	<p>Would extend eligibility for full-scope Medi-Cal benefits to individuals who are under 26 years of age and who are otherwise eligible for those benefits but for their immigration status.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2965">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2965</a></p>	<p>CAHP Support</p> <p>6/21/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>AB 2976 (Quirk)</b></p>	<p>This bill would require the department to coordinate with specified state entities to gather data to determine whether children are being screened for lead poisoning as required by the regulation.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2976">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2976</a></p>	<p>7/2/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>SB 399 (Portantino)</b></p>	<p>Significantly expands the Autism coverage requirements in ways not supported by literature.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB399">http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB399</a></p>	<p>CAHP/LHPC Oppose</p> <p>6/20/2018 - Read second time and amended. Re-referred to Com. on APPR.</p>
<p><b>SB 906 (Beall)</b></p>	<p>This bill would require the State Department of Health Care Services to establish, no later than July 1, 2019, a statewide peer 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. The certification program's components would include, among others, defining responsibilities and practice guidelines, determining curriculum and core competencies, specifying training and continuing education requirements, establishing a code of ethics, and determining a certification revocation process. The bill would require an applicant for the certification as a peer support specialist to meet specified requirements, including successful completion of the curriculum and training requirements.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB906">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB906</a></p>	<p>6/20/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>

<p><b>SB 944 (Hertzberg)</b></p>	<p>Would create the Community Paramedicine Act of 2018. The bill would authorize a local EMS agency to develop a community paramedicine program, as defined, to provide specified community paramedic services. The bill would require the Emergency Medical Services Authority to review a local EMS agency's proposed community paramedicine program and approve, approve with conditions, or deny the proposed program within 6 months after it is submitted by the local EMS agency.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB944">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB944</a></p>	<p>LHPC Support</p> <p>06/27/18 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>SB 974 (Lara)</b></p>	<p>This bill would additionally extend eligibility for full-scope Medi-Cal benefits to individuals 65 years of age or older, if otherwise eligible for those benefits, but for their immigration status, subject to an appropriation.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB974">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB974</a></p>	<p>LHPC/CAHP Support</p> <p>6/20/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>SB 997 (Monning)</b></p>	<p>This bill would extend indefinitely the Physician-to-Enrollee requirements currently in place. Current law requires a health care service plan to ensure that there is at least one full-time equivalent primary care physician for every 2,000 enrollees and authorizes the assignment of up to an additional 1,000 enrollees to a primary care physician for each full-time equivalent non-physician medical practitioner supervised by that physician.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB997">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB997</a></p>	<p>7/11/2018 - Enrolled and presented to the Governor at 4 p.m.</p>
<p><b>SB 1023 (Hernandez )</b></p>	<p>This bill would require the Family PACT Program to cover services provided by a Family PACT Provider through direct video and telephonic communications with a provider and direct or asynchronous care provided through a smart phone application that is appropriate to be delivered remotely based on current clinical guidelines. The bill would allow Family PACT providers to determine program eligibility remotely and to enroll clients remotely, as specified, and would authorize the State Department of Health Care Services to develop program policies to support implementation of off-site eligibility determination and enrollment. The bill would, if a patient is ineligible for the Family PACT Program, but may be eligible for more comprehensive health care coverage through Medi-Cal or Covered California, require the Family PACT provider to share information with the patient about his or her coverage options.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1023">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1023</a></p>	<p>6/27/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>

<p><b>SB 1041 (Leyva)</b></p>	<p>This bill would make it a goal of the state that all children at risk of lead exposure receive blood lead screening tests, and would require the Department of Public Health to take action, and to require local agencies to take action, necessary to ensure these goals are met.</p> <p>The bill would require the department to annually notify health care providers who perform periodic health assessments for children about, and would require those health care providers to annually inform parents and guardians about, the tests.</p> <p>The bill would require the department to report on additional content, including the total number of children enrolled in Medi-Cal and who have secured blood lead screening tests.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1041">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1041</a></p>	<p>6/27/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>SB 1108 (Hernandez)</b></p>	<p>Would prohibit the State Department of Health Care Services from seeking or obtaining a Medicaid demonstration project or waiver to require work or community engagement activities as a condition of Medi-Cal eligibility or coverage, to require waiting periods, time limits, or coverage lockouts, as specified, or to require any other condition of Medi-Cal eligibility or coverage not authorized by any other provision of state law or federal statute or regulation.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1108">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1108</a></p>	<p>6/27/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>SB 1125 (Atkins)</b></p>	<p>This bill would authorize reimbursement to an FQHC/RHC for a maximum of 2 visits taking place on the same day at a single location if after the first visit the patient suffers illness or injury requiring additional diagnosis or treatment, or if the patient has a medical visit and a mental health or dental visit. The bill would also make an FQHC or RHC visit to a licensed acupuncturist reimbursable on a per-visit basis.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1125">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1125</a></p>	<p>LHPC Support</p> <p>6/27/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>SB 1264 (Stone)</b></p>	<p>This bill would include hypertension medication management services as a covered pharmacist service under the Medi-Cal program.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1264">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1264</a></p>	<p>6/20/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>

<p><b>SB 1287 (Hernandez)</b></p>	<p>This bill would revise the Medi-Cal definition of “medically necessary” for purposes of an individual under 21 years of age to incorporate the existing description of necessary EPSDT services under federal law. The bill would clarify the meaning of “medically necessary” with regard to prior authorization controls in the Medi-Cal program.</p> <p>The bill would require the department to notify Medi-Cal fee-for-service contractors and providers and Medi-Cal managed care plans, by July 1, 2019, that covered EPSDT services are not subject to either additional prior authorization or additional treatment authorization requests to document medical necessity. The bill would require the department and its contractors to update any model evidence of specified materials to ensure the medical necessity standard for coverage for individuals under 21 years of age is accurately reflected in all materials. The bill would require the department to implement, interpret, and make specific these provisions by means of all-county letters or similar instructions until regulations are revised or adopted by July 1, 2022.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1287">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1287</a></p>	<p>6/27/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>
<p><b>SB 1423 (Hernandez)</b></p>	<p>This bill would modify the minimum qualifications that an interpreter is required to possess to provide oral interpretation services to an LEP beneficiary enrolled in either a managed care plan or a mental health plan.</p> <p><a href="http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1423">http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1423</a></p>	<p>6/20/2018 - From committee: Do pass and re-refer to Com. on APPR.</p>

# family health



Attachment F

Summer • 2018



**L**iNK is Kern Family Health Care's (KFHC) mobile app, where you can access your Member Portal account in a single touch from your cellphone, tablet or mobile device. Use the helpful self-service tools or get health plan information online anytime and while you're on the go!

**You can...**

- Check your eligibility with KFHC and find out who your doctor is.

- View and print your KFHC member ID card.
- Change your doctor.
- Check your health status.
- Sign up for free health education classes.

**...and much more!** You can download KFHC LiNK for free

through the Apple App Store or through Android Apps on Google Play.

**Creating your own KFHC Member Portal account is easy!**

Just download KFHC LiNK or visit **kernfamilyhealthcare.com** and click on the "Member Login" button.

Don't wait! LiNK up with KFHC today!

» **FREE GIFT!** We will mail you a free \$10 Maya Cinemas gift card when you create a KFHC Member Portal account.

Standard  
U.S. Postage  
PAID  
Vallejo, CA  
Permit No. 44

**your health**



**Y**ou text your friends. Maybe you video chat with family. And now, you might do the same with your health care team. It's called telemedicine. It means using computers, phones and mobile

devices to deliver health care. It doesn't work for every health care situation. But it can be useful in many ways. For example: Is it hard for you to travel far to see a specialist? Instead, "visit" your

specialist by video chat at your PCP's office. Telemedicine is a growing trend. Kern Family Health Care is working to bring more of these services to you. Ask your PCP if telemedicine is an option for you.

**Member experience.** "The doctor takes the time to listen and is friendly," says Betty, a KFHC member. Betty recently used telemedicine as part of her medical care. She says, "I loved the experience." Betty liked that the provider, who was on the screen, took the time to listen and understand her symptoms. In addition to the provider, there was a medical assistant in the room to help guide Betty through this visit. Betty's visit with a specialist through telemedicine was sooner than an in-person visit and it was at her PCP's office.



**What is an endocrinologist?**

Growth spurts. Pregnancy. Hunger. What do they have in common? All are normal and controlled by hormones. But if something goes awry in one of those systems? Time to see an endocrinologist.

These doctors work with the endocrine system. That's the numerous glands and organs that produce hormones.

**AREAS OF EXPERTISE.** Diabetes is a common problem endocrinologists treat. They can also help with:

- Bone diseases.
- Trouble getting pregnant.

- Menopause.
- Metabolic disorders.
- Ovarian, breast or adrenal cancers.
- Thyroid conditions.

**WORKING AS A TEAM.** Most of these conditions can be treated by your primary care provider (PCP). But sometimes they can be hard to treat. This is where an endocrinologist can help. Keep your PCP in the loop. Both doctors working together means the best care for you.

Sources: American College of Physicians; American Diabetes Association; Endocrine Society



summer fun



# Summer physical activity games and exercises

**S**ummertime exercise games are a great way to make your family and friends laugh, stay active and limit screen time. These activities can be done indoors or outside. They are simple ways to make physical activity fun.

Check off the games or activities you would like to try with your family or friends this summer:

- Roll the dice fitness.** Each side or number on the die stands for an exercise or activity.
- Headstands.** This is a good activity for core muscles.
- Jump rope.** How long can you last?
- Obstacle course.** Have fun

making an obstacle course at home or at the park.

- Animal races.** Crawl like a crab or bear. Hop like a bunny or frog.
- Dance party.** Turn up the volume and show off your favorite dance moves.
- Hopscotch.** Use chalk to make hopscotch stencils outside on the driveway or sidewalk.
- Frisbee golf.** Make up targets at the park and try to hit them all.
- Look for the farthest parking spot from store entrances.**
- Write down a game or activity not listed here:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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



## Screen time vs. lean time

Time in front of a screen is time kids could be active.

**Children spend about five to seven hours a day in front of a screen using entertainment media. Nearly three to five of these hours are spent watching television.**

- Instead they could:
- Play basketball.
  - Walk the dog.
  - Dance to their favorite songs.
  - Jump rope.
  - Ride their bike.

### HOW CAN PARENTS HELP?

1. Make sure kids have one hour of physical activity each day.
2. Limit kids' total screen time to no more than one to two hours per day.
3. Remove TV sets from your child's bedroom.
4. Encourage other types of fun that include both physical and social activities, like joining a sports team or club.

For more information, visit [makinghealthasier.org](http://makinghealthasier.org).

**healthy living**



**KFHC'S HEALTHY EATING AND ACTIVE LIFESTYLE WORKSHOPS**

**Did you know?**

**K**ern Family Health Care (KFHC) has updated the Healthy Eating and Active Lifestyle Workshops to better serve you and your family. Each month we will offer FREE workshops focusing on one single topic at all of our various locations. If you miss a workshop, attend the same

workshop on a different day, time and location during the same month.

Our health educators are ready to answer your nutrition and asthma questions in our workshops. Don't forget about our FREE raffle prizes and giveaways at every workshop.

**Calendar for 2018**

Month	September	October	July November	August December
<b>Workshop</b>	"Funxersize"	"Rethink Your Drink"	"Learning how to plant, grow and eat from the garden"	"Cooking demo"
<b>Theme</b>	Yoga and Zumba	New ways to drink water	Intro to gardening	Healthy snacks and meals

**\*Calendar is subject to change at any time.**

**Call today!** To schedule your workshop, call **800-391-2000** and ask for the Health Education Department.

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



**Beat the heat and the sun**

Heat-related illness happens when the body's temperature control system is overloaded. Infants and children up to 4 years of age are at greatest risk. Everyone should limit hard exercise during hot weather. For heat-related illness, the best defense is prevention.

- **Never leave infants, children or pets in a parked car**, even if the windows are cracked open.
- Dress infants and children in loose, lightweight, light-colored clothing.
- Schedule outdoor activities for morning and evening hours.
- Stay cool with cool showers or baths.
- Call your doctor right away if your child has symptoms of heat-related illness.
- **Cover up.** Clothing that covers your and your child's skin helps protect against UV rays.
- **Use sunscreen** with at least SPF (sun protection factor) 15 and UVA (ultraviolet A) and UVB (ultraviolet B) protection every time you and your child go outside.

Just a few serious sunburns can increase your and your child's risk of skin cancer. Protect your skin from the sun's harmful ultraviolet (UV) rays when you're outdoors.

Source: [cdc.gov/family/kids/summer/index.htm](http://cdc.gov/family/kids/summer/index.htm)



## children's health

# Back to school, back to the doctor



### Back-to-school checklist

- Yearly physical
- Up-to-date immunization
- Flu shot
- Eye exam
- Dental checkup
- Asthma action plan (students with asthma)
- Asthma spacer (students with asthma)
- Insulin (students with diabetes)
- School medication authorization form
- Hand sanitizer
- Sunscreen
- Safe route home
- Lunch pail
- Healthy snacks for lunch
- Reusable water bottle

**W**here did the summer go? It's coming to an end, which means it's time for your child to head back to school. Chances are you're buying school supplies and clothes. And before you know it, you'll be filling out field trip slips.

But your to-do list isn't done unless you've scheduled a back-to-school doctor visit for your child. This might be a well-child visit. Or—if your child is an athlete—it might be a sports physical.

In either case, **it's the only visit many kids and teens have with their doctor each year.** That's why it's so important. The doctor can give your child a physical exam and check for any hidden health problems.

These visits are also a chance:

- To be sure your child's vaccines are up-to-date. Childhood vaccines help keep your child safe from 14 different diseases, some life-threatening. And kids don't outgrow their need for them. Even preteens and teens need vaccines.

- For you to bring up any concern you have about your child's health and development. *What's a healthy weight for your child? How can you help your child eat better or exercise more? What's the best way to discourage your child from smoking or help them cope with peer pressure?* Any question you have is an important one. When you speak up, your child's doctor will guide you.

Sources: American Academy of Pediatrics; Centers for Disease Control and Prevention

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

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

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

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

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

**member news**

# Keep your Medi-Cal active

**T**he way Medi-Cal renewals are processed has changed. The Kern County Department of Human Services (DHS) will try to verify your information electronically at your renewal. If they are able to complete your renewal electronically, the renewal will be considered complete, and your Medi-Cal benefits will be renewed with no action needed by you. You will receive a notice of action only if there is a change in your Medi-Cal benefits.

If they are unable to complete your renewal electronically, you may receive paperwork in the mail. Please fill out and return the forms with paper copies of the information that's being requested. There are four ways you can give DHS the renewal information they need:

**1. By mail.** Please use the postage-paid envelope DHS provides to return the forms to:

Human Services  
PO Box 511  
Bakersfield, CA 93302

**2. By phone.** You can give DHS this information by phone. Call their Customer Assistance TeleCenter at **877-410-8812**. If



proof of income is needed, it must be written verification.

**3. In person.** You can give DHS this information at any local office. Or you can visit the main DHS office in Bakersfield:

100 E. California Ave.  
Bakersfield, CA 93307

**4. By fax.** Please fax verifications to **661-633-7498**.

**Remember:** Changes in your home, including income or mailing address, need to be reported to DHS within 10 days. You can report a change by mail, by telephone, in person or by fax.

**Do you qualify for Medi-Cal benefits?** To see if you qualify based on income, look at the chart

below. Income numbers are based on your annual—or yearly—earnings.

Family size	138% poverty level
1	\$16,395
2	\$22,108
2 adults	\$22,108
3	\$27,821
4	\$33,534
5	\$39,248
6	\$44,961
7	\$50,688
8	\$56,429
9	\$62,169
10	\$67,910
11	\$73,651
12	\$79,392
Each additional person	Add \$5,741

Source: California Department of Health Care Services



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

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

**Editorial Board**  
**CEO**  
 Chief Medical Officer  
 Director, Marketing and Public Relations  
 Director of Health Education, Cultural & Linguistic Services  
 Sr. Member Health Educator  
 Member Health Educators

Douglas A. Hayward  
 Martha Tasinga, MD  
 Louis Iturrria  
 Isabel Silva  
 Carlos Bello  
 Bernardo Ochoa  
 Flor del Hoyo Galván

2018 © Coffey Communications, Inc. All rights reserved.

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

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

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

Watch the Kern Family Health Care channel on YouTube

## Kern Health Systems 2018 Project Summary – Q2



### Attachment G

#### Open Projects

Project Title	Start Date	End Date	Percent Complete	Project Objectives
Medical Management System Enhancements	3/2018	12/2018	50%	Implement enhancements to the JIVA product to improve the user experience for Health Services and providers.
Medical Management System Conversion - Phase II/III	1/2018	12/2018	Phase II - 100% Phase III - 30%	<i>Migrate Health Education, Case Management, Disease Management, Quality Improvement, Health Homes Program and Appeals departments from custom workflows to the Jiva Medical Management platform.</i>
Document Repository Migration	1/2017	12/2018	60%	Migrate KHS digital document repository from a product that is no longer supported. Implement and integrate the new digital document repository.
Electronic Data Interchange	1/2018	12/2018	65%	Migrate specified Electronic Data Interchange (EDI) transactions to the Edifecs Solution and create a baseline for EDI transaction builds and changes.
Health Home Program Expansion	1/2018	12/2018	60%	Launch at least 3 new Health Home Program Sites.
Claim Editing Software	1/2018	9/2018	95%	Implement Optum Claim Editing Software (CES) increasing Auto Adjudication by 2% (replacing ClaimCheck software which is end of life).
Internal Dashboards	1/2018	12/2018	60%	Create 3 additional internal KHS departmental dashboards with key performance indicators to encourage performance improvement and help provide levels of internal controls.
Alternative Payment Methodology Phase II	1/2018	12/2018	60%	Implement alternative payment methods that will contribute to cost savings, better patient outcomes, and shared risk through collaboration.
Coordination of Benefits for Dual-Eligible Members (COBA)	1/2018	9/2018	70%	Comply with DHCS regulatory requirements by working with CMS to exchange Coordination of Benefits information for dual-eligible members. Project extended to coordinate with state testing and internal system upgrade.
External Dashboards	2/2018	9/2018	60%	Redesign the Provider Practice dashboard. Provider adoption is expected to increase by 5%.
Provider and Member Portal Enhancements	2/2018	10/2018	60%	Implement portal enhancements to improve the user experience and increase portal utilization by 5%.
QI Site Review Automation Phase II	4/2018	12/2018	20%	Automate remaining site review forms to reduce site review time by 1 hour per review.
Claims Audit Tool	4/2018	9/2018	20%	Implement new auditing tool to reduce preventable errors and overpayments by 10%.
QNXT Upgrade Q4	10/2018	12/2018	n/a	Install QNXT upgrade and CA specific enhancements. Auto Adjudication is expected to increase by 0.5%.
Zelis Claims Review Process	8/2018	12/2018	n/a	Project added to implement the Zelis claims review process which will detect and prevent overpayments.
Hospital Directed Payments	8/2018	6/2019	n/a	Project added to allow KHS to accurately pass through hospital directed payments from DHCS based on accepted encounter data by KHS and DHCS.

## Kern Health Systems 2018 Project Summary – Q2



### Completed Projects

Project Title	Start Date	End Date	Realized Benefit
QI Site Review Automation	3/2016	10/2017	Procured and implemented 3 <sup>rd</sup> party tool to provide electronic form entry for 3 department forms. Reduced site review time by 2 hours. Eliminated manual data entry of each automated form. Improved accuracy of documented site review data.
QNXT Upgrade Q1	1/2018	3/2018	Installed QNXT upgrade and CA specific enhancements. Auto Adjudication is expected to increase by 0.5%. Benefits to be measured in Q3.
Palliative Care	9/2017	3/2018	Provided Palliative care as mandated by the state to all qualified KHS members.

Attachment H

 <b>KERN HEALTH SYSTEMS</b> MANAGED CARE STAFFING RATIOS - JUNE 30, 2018   2nd Quarter End   (revised)		KERN HEALTH SYSTEMS	
SEGMENTED CATEGORY:		<i>MediCal</i> <u>Actual</u> 259,700 Not for Profit	June 30, 2018 <u>Budgeted Membership</u> 250,125
ENROLLMENT TYPE			
MEMBERSHIP SIZE			
CORPORATE STATUS			
FULL TIME EMPLOYEE COUNT (FTE)		380	395
RATIO		1 FTE/Members	
<b>EXECUTIVE</b>			
Executive Dept. Total FTE		4	4
Executive Dept. RATIO FTEs/MEMBERS		64,925	62,531
<b>ACCOUNTING</b>			
Accounting Dept. Total FTE		12	14
Accounting Dept. RATIO FTEs/Members		21,642	17,866
<b>IT</b>			
IT Dept. Total FTE@		31	33
MIS Dept. RATIO FTEs/MEMBERS		8,377	7,580
<b>BI</b>			
BI Dept. Total FTE@		14	16
BI Dept. RATIO FTEs/MEMBERS		18,550	15,633
<b>CLAIMS</b>			
Claims Dept. Total FTE		55	55
Claims Dept. RATIO FTEs/MEMBERS		4,722	4,548
<b>PROJECT MANAGEMENT</b>			
Project Management Dept. Total FTE		9	9
Project Management Dept. RATIO FTEs/MEMBERS		28,856	27,792
<b>UTILIZATION MANAGEMENT</b>			
UM Mgmt. Dept. Total FTE		84	87
UM Dept. RATIO FTEs/MEMBERS		3,092	2,875
<b>HEALTH HOMES</b>			
Health Homes Dept. Total FTE		7	8
Health Homes Dept. RATIO FTEs/MEMBERS		37,100	31,266
<b>QI</b>			
QI Dept. Total FTE		12	12
QI Dept. RATIO FTEs/MEMBERS		21,642	20,844
<b>HEALTH ED</b>			
Health Ed Dept. Total FTE		11	11
Health Ed. RATIO FTEs/MEMBERS		23,609	22,739
<b>PHARMACY</b>			
Pharmacy Dept. Total FTE		11	11
Pharmacy Dept. RATIO FTEs/MEMBERS		23,609	22,739
<b>DISEASE MANAGEMENT</b>			
Disease Management Dept. Total FTE		9	9
Disease Management Dept. RATIO FTEs/MEMBERS		28,856	27,792
<b>PROVIDER RELATIONS</b>			
Provider Relations Dept. Total FTE		21	21
Provider Relations Dept. RATIO FTEs/MEMBERS		12,367	11,911
<b>MEMBER SERVICES</b>			
Member Services Dept. Total FTE		71	75
Member Services Dept. RATIO FTEs/MEMBERS		3,658	3,335
<b>CORPORATE SERVICES</b>			
Corporate Services Dept. Total FTE		8	8
Corporate Services Dept. RATIO FTEs/MEMBERS		32,463	31,266
<b>COMPLIANCE</b>			
Compliance Dept. Total FTE		6	6
Compliance Dept. RATIO FTEs/MEMBERS		43,283	41,688
<b>MARKETING</b>			
Marketing Dept. Total FTE		4	5
Marketing Dept. RATIO FTEs/MEMBERS		64,925	50,025
<b>HR</b>			
HR Dept. Total FTE		11	11
HR Dept. RATIO FTEs/MEMBERS		23,609	22,739
<b>ORGANIZATIONAL VIEW</b>			
Org. View Total FTE		380	395
Org. View RATIO FTEs/MEMBERS		683	633

©Kern Health Systems Human Resources



*Governed Reporting System*

# **Kern Health Systems Attachment I**

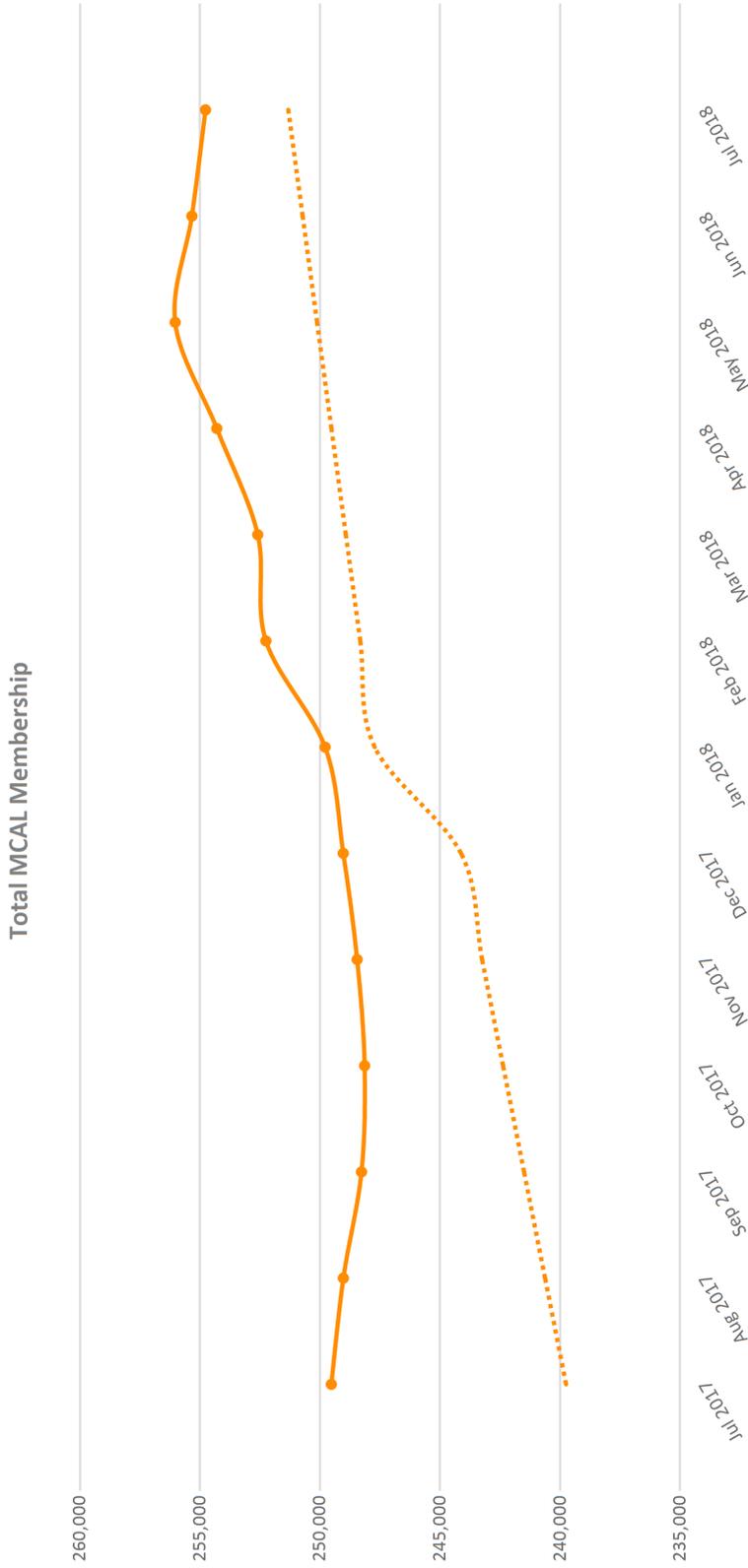
**KHS Dashboard Performance Reports  
(Critical Performance Measurements)**



Governed Reporting System

Membership

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





Governed Reporting System

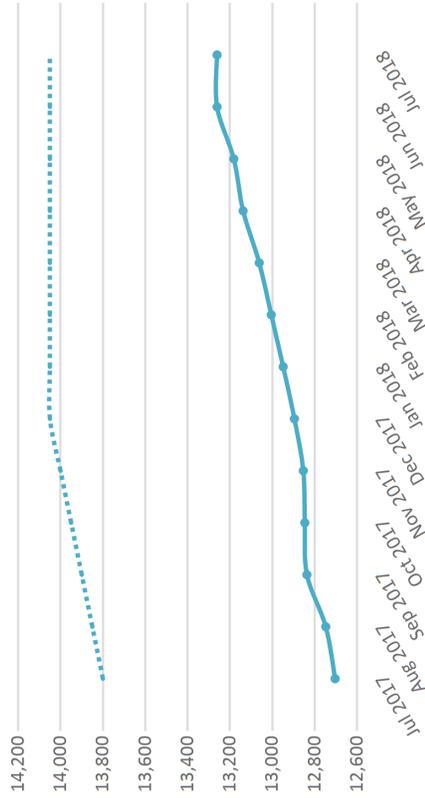
Membership

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

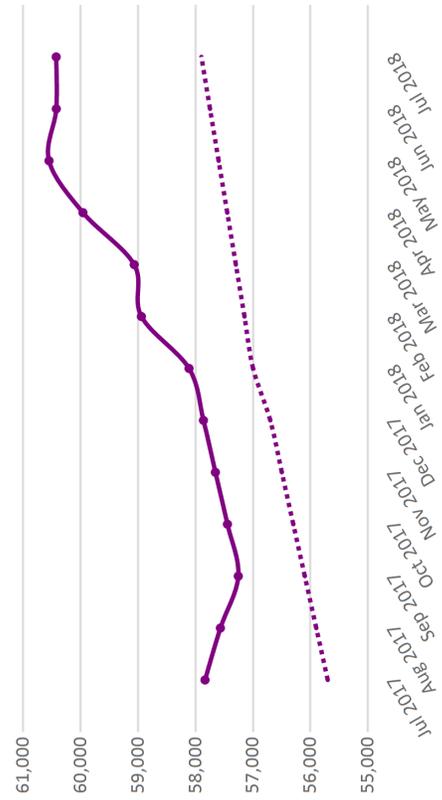
MCAL Family/Other Membership



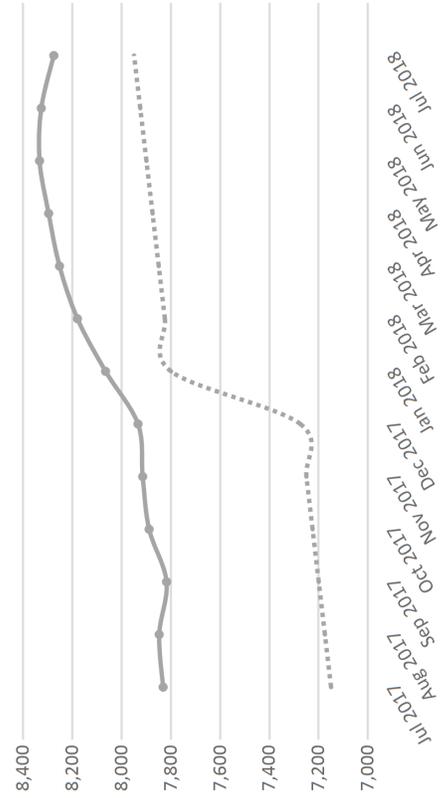
MCAL SPD Membership



MCAL Expansion Membership



KP Membership





Governed Reporting System

Revenue





*Governed Reporting System*

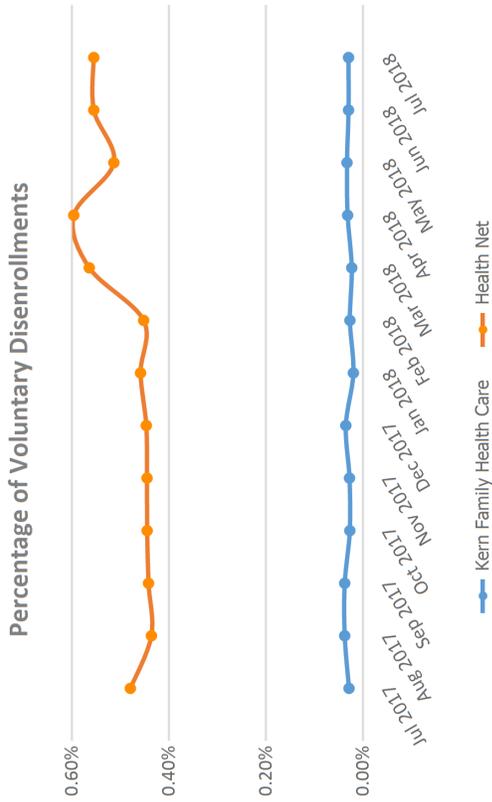
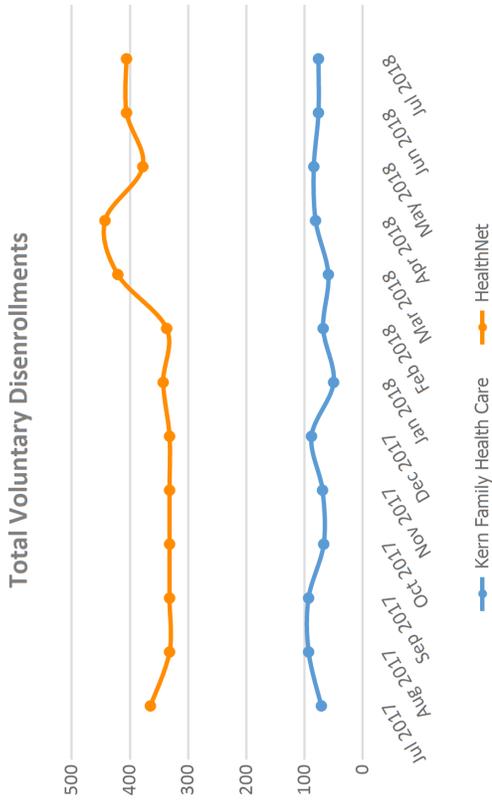
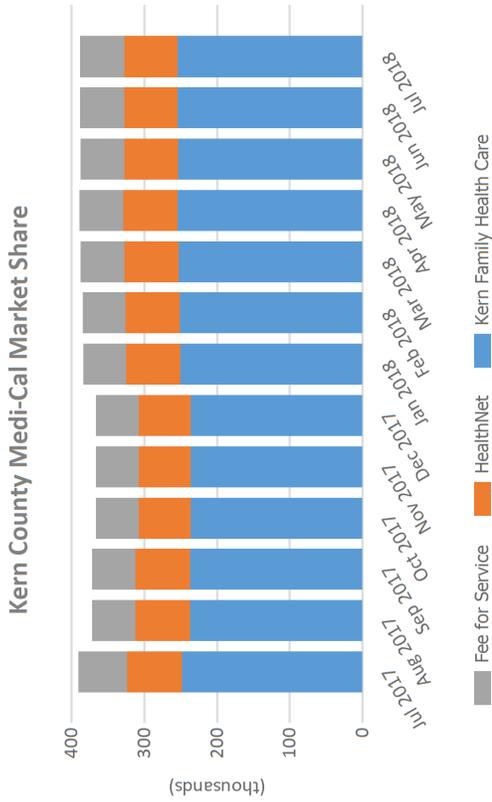
# **Kern Health Systems**

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



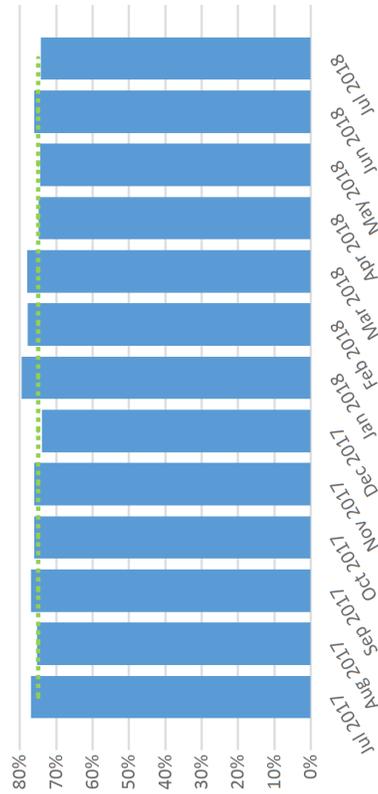
Governed Reporting System

# Enrollment - Market Share

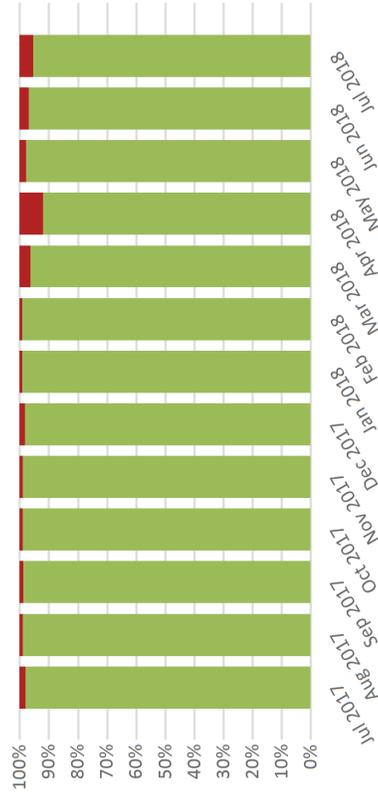


## Claims Efficiency and Quality

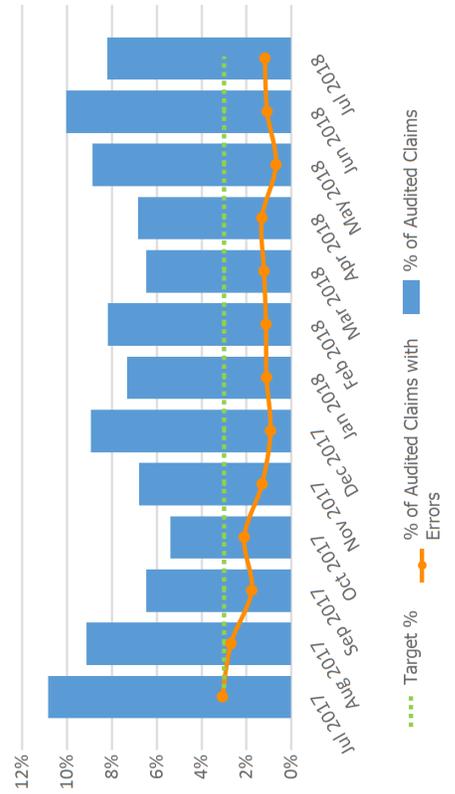
Claims Auto-Adjudication Rates



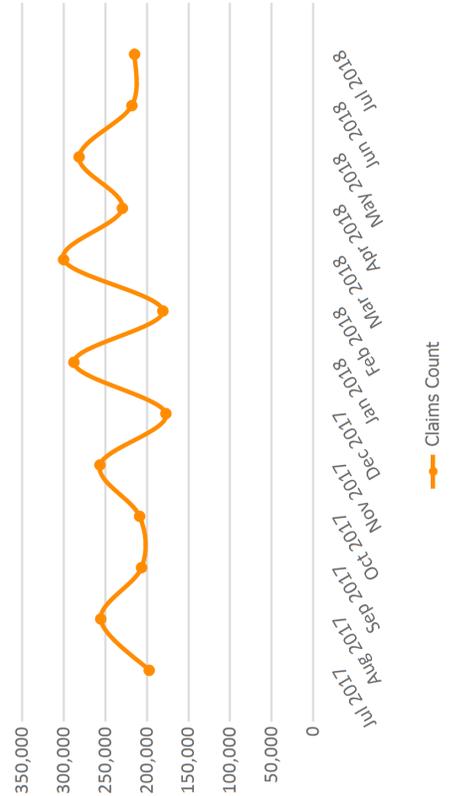
Claims Turnaround Days



Claims Audit Percentage and Accuracy



Claims Processed

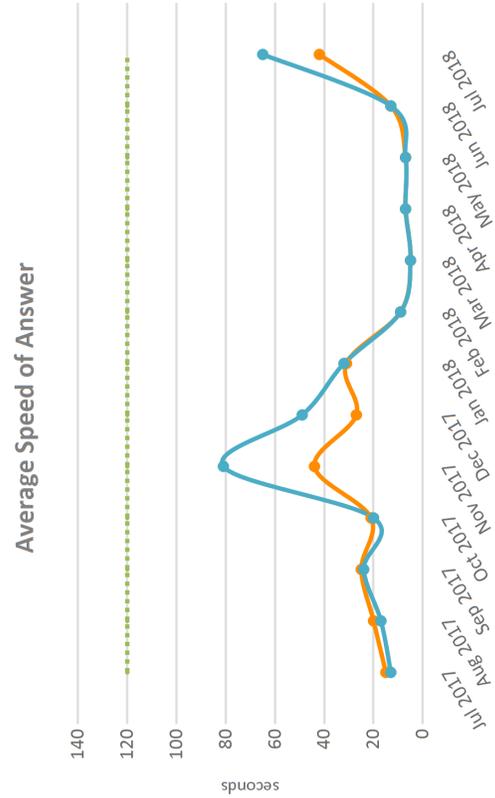
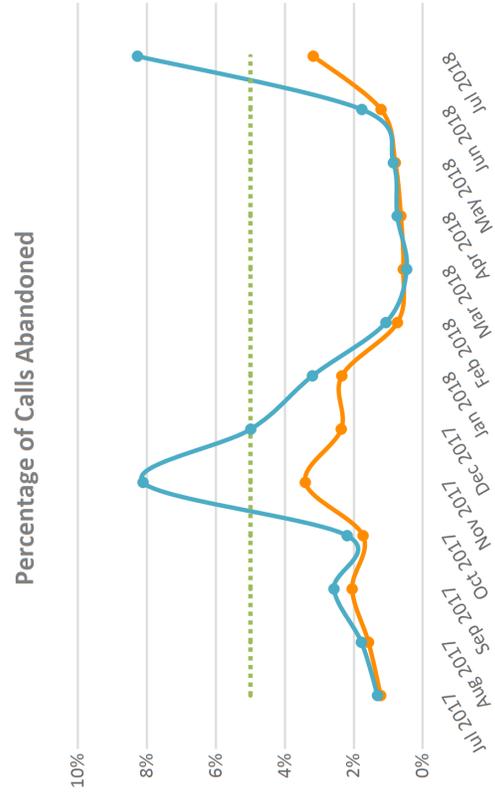
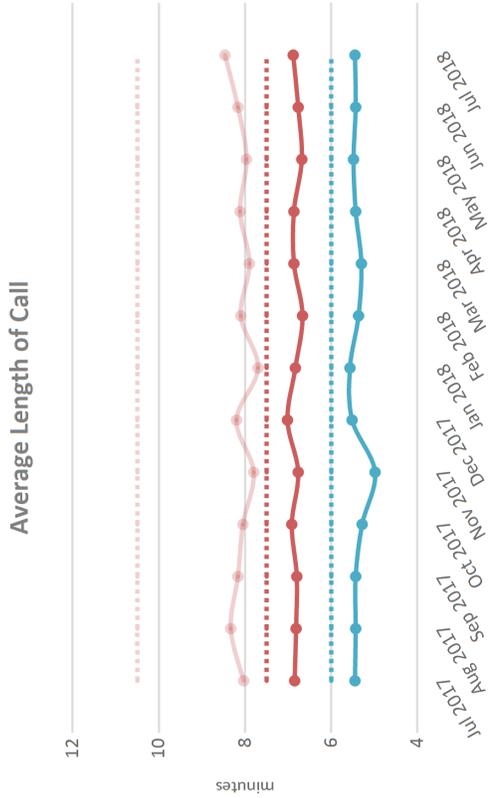
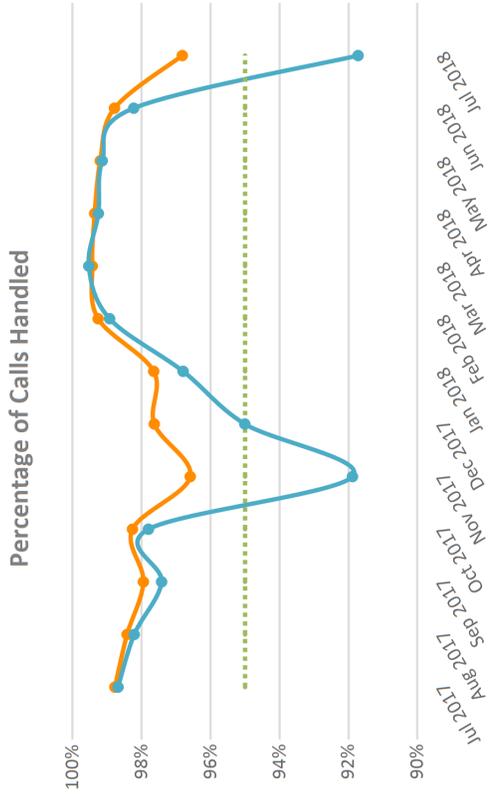




Governed Reporting System

Member Services

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

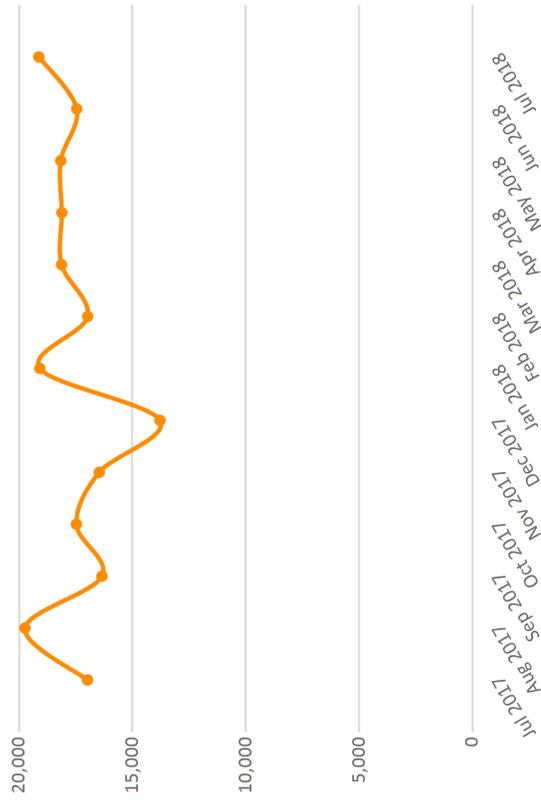




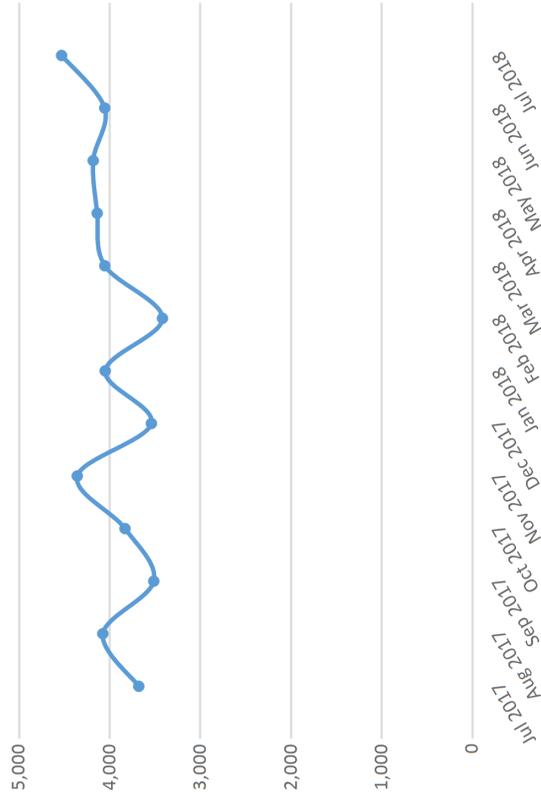
*Governed Reporting System*

## Member Services Calls Handled

Members Calls Handled



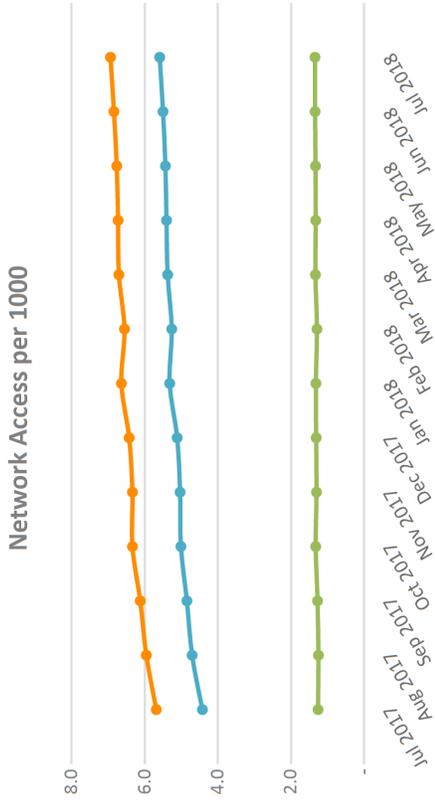
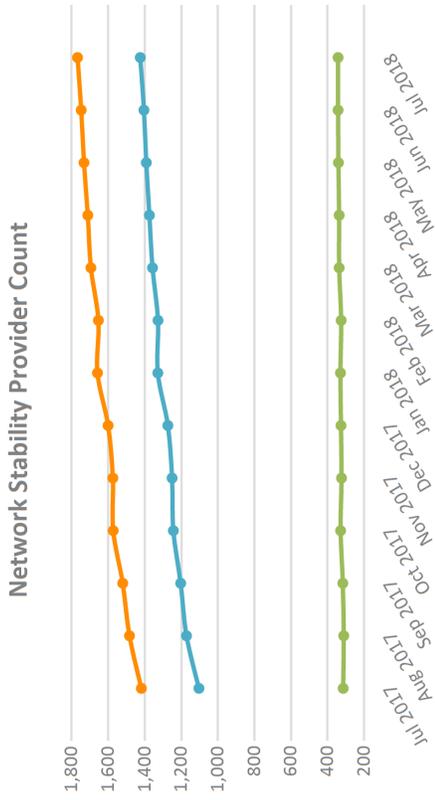
Providers Calls Handled



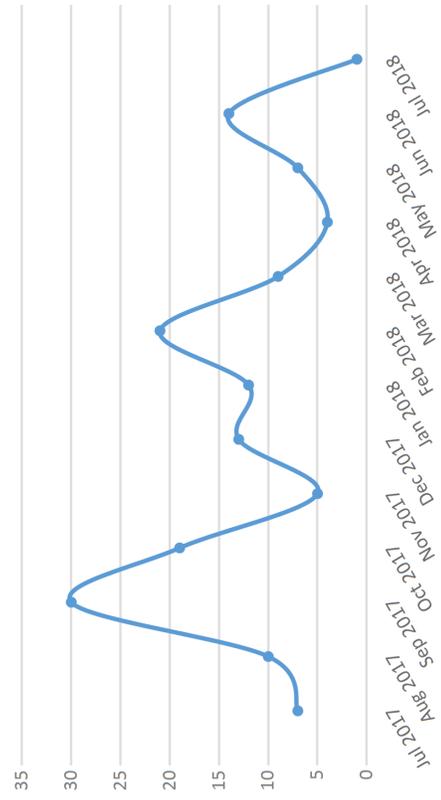


Governed Reporting System

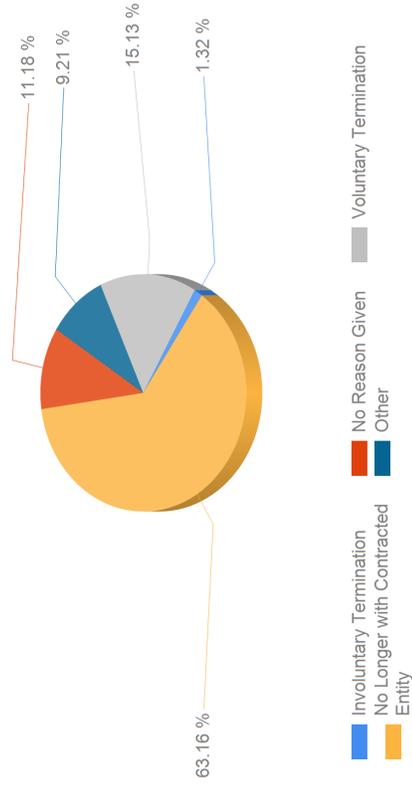
Provider Network and Terminations



Provider Terminations



Provider Terminations by Reason



## SUMMARY

### FINANCE COMMITTEE MEETING

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

Friday, June 8, 2018

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: Deats, McGlew, Rhoades

Members absent: Casas, Melendez

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

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

COMMITTEE ACTION SHOWN IN CAPS

#### PUBLIC PRESENTATIONS

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

---

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))  
**NO ONE HEARD**
- CA-3) Minutes for KHS Finance Committee meeting on April 6, 2018 -  
APPROVED  
**McGlew-Rhoades: 3 Ayes; 2 Absent – Casas, Melendez**
- 4) Report on KHS investment portfolio for the first quarter ending March 31, 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Rhoades: 3 Ayes; 2 Absent – Casas, Melendez**
- 5) Proposed renewal and binding of employee benefit plans for medical, vision, dental, life insurance, short-term and long-term disability, and long-term care effective September 1, 2018 (Fiscal Impact: \$5,780,000 Estimated; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 3 Ayes; 2 Absent – Casas, Melendez**
- 6) Proposed renewal and binding of insurance coverages for general liability, crime, property, workers' compensation, fiduciary liability, excess cyber insurance, managed care errors and omissions, earthquake insurance and flood insurance from July 1, 2018 through June 30, 2019 (Fiscal Impact: \$620,000 Estimated; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Rhoades: 3 Ayes; 2 Absent – Casas, Melendez**
- 7) Proposed Agreement with Stria, LLC, for Optical Character Recognition (OCR) services for paper medical claims from June 14, 2018 through June 14, 2021, in an amount not to exceed \$1,137,513.02 (Fiscal Impact: \$1,137,513.02; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Rhoades: 3 Ayes; 2 Absent – Casas, Melendez**
- 8) Proposed Amendment to American Logistics Company, LLC Agreement, for the administration of the Non-Emergency Medical Transportation Services, from April 17, 2017 through April 17, 2019 (Fiscal Impact: \$3,710,556; Not-Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 3 Ayes; 2 Absent – Casas, Melendez**

**SUMMARY**

Finance Committee Meeting  
Kern Health Systems

Page 3  
6/8/2018

---

- 9) Report on Kern Health Systems financial statements for February 2018, March 2018 and April 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 3 Ayes; 2 Absent – Casas, Melendez**
  
- 10) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted, and non-claims paid through QNXT system for February 2018, March 2018 and April 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 3 Ayes; 2 Absent – Casas, Melendez**

ADJOURN TO FRIDAY, AUGUST 3, 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.

