



**KERN HEALTH  
SYSTEMS**

**REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**Thursday, December 13, 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, December 13, 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, 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 Real Property Negotiator (Government Code section 54956.8): It is the intention of the Board to meet in closed session to have a conference with its Real Property Negotiator concerning the following:
  - a. Transaction: Sale of real property
  - b. Agency Negotiator: Douglas Hayward
  - c. Property Description: 9700 Stockdale Hwy., Bakersfield, CA 93311; APN # 390-380-194
  - d. Parties with whom negotiating: Prospective purchasers

Instructions to Negotiator will concern: Price

- 3) Conference with Legal Counsel-Anticipated Litigation (Number of potential cases unknown) – (Government Code Section 54956.9)

8:50 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 October 11, 2018 (Fiscal Impact: None) – APPROVE
- 7) Proposed Kern Health Systems Resolution Declaring Real Estate Property As Surplus and Declaring Intent to Sell Surplus Real Property (Fiscal Impact: None) – ADOPT RESOLUTION



- 
- CA-8) Report on Kern Health Systems investment portfolio for the third quarter ending September 30, 2018 (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-9) Report on Kern Health Systems 2019 Marketing Plan (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-10) Proposed policy with OPTUM for reinsurance to mitigate costs incurred by Kern Health Systems for members with high dollar inpatient admissions from January 1, 2019 through December 31, 2019 in an amount not to exceed \$0.51 per member per month (Fiscal Impact: \$1,521,891 estimated; Budgeted) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 11) Proposed Kern Health Systems 2019 Operating and Capital Budgets (Fiscal Impact: None) –  
 APPROVE
- 12) Proposed Budget Request for 2019 Project Consulting Professional Services, from January 1, 2019 through December 31, 2019 (Fiscal Impact: \$5,321,753; Budgeted) –  
 APPROVE
- CA-13) Proposed Information Technology 2019 New Building Purchases, from January 1, 2019 through December 31, 2019 (Fiscal Impact: \$1,665,250; Budgeted) –  
 APPROVE
- 14) Report on Kern Health Systems financial statements for September 2018 and October 2018 (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-15) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted for September 2018 and October 2018 (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-16) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –  
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 17) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –  
 RECEIVE AND FILE
- 18) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –  
 RECEIVE AND FILE
- CA-19) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) –  
 APPROVE
- CA-20) Proposed appointments of members to the Kern Health Systems Pharmacy & Therapeutics Committee (Fiscal Impact: None) –  
 MAKE APPOINTMENTS

CA-21) Miscellaneous Documents –  
RECEIVE AND FILE

A) Minutes for KHS Finance Committee meeting on October 5, 2018

ADJOURN TO FEBRUARY 14, 2019 AT 8:00 A.M.

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

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Board of Directors may request assistance at the Kern Health Systems office, 9700 Stockdale Highway, Bakersfield, California or by calling (661) 664-5000. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

## SUMMARY

### BOARD OF DIRECTORS

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

Regular Meeting  
Thursday, October 11, 2018

8:00 A.M.

#### BOARD RECONVENED

Directors present: Rhoades, Hoffmann, Hinojosa, Melendez, Patel, Stewart

Directors absent: McGlew, Deats, Judd, Patrick

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

**Patel**

#### 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) Request for Closed Session for the purpose of discussion of, or taking action on matters involving, health authority trade secrets (Welfare and Institutions Code Section 14087.38(n)(1)) – SEE RESULTS BELOW
- 3) CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code sections 54956.9(d)(2), 54956.9(e)(1)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against KHS but that the Board believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed. – SEE RESULTS BELOW

BOARD RECONVENED AT 8:45 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 SEPTEMBER 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 MORENO-CASTANEDA, PAUWELS, SABA; DIRECTOR PATEL ABSTAINED FROM VOTING ON ANTHONY; DIRECTOR STEWART ABSTAINED FROM VOTING ON BAINS, TAIWO

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING SEPTEMBER 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 RECREREDENTIALING; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON BETTER NIGHTS SLEEP, CHEN, PAYOR, POROT

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING OCTOBER 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 HARDY

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING OCTOBER 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 RECREREDENTIALING

Item No. 2 concerning a Request for Closed Session for the purpose of discussion of, or taking action on matters involving, health authority trade secrets (Welfare and Institutions Code Section 14087.38(n)(1)) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 3 concerning CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (Government Code sections 54956.9(d)(2), 54956.9(e)(1)) Number of cases: One (1) Significant exposure to litigation in the opinion of the Board on the advice of legal counsel, based on: Facts and circumstances that might result in litigation against KHS but that the Board believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed. – HEARD; NO REPORTABLE ACTION TAKEN

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!**  
**NO ONE HEARD**

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR RHOADES REPORTED THAT ESTELA CASAS HAS OFFICIALLY RESIGNED FROM THE BOARD AND STATED THAT SHE IS A VERY OUTSTANDING LADY; DIRECTOR RHOADES ALSO THANKED KERN HEALTH SYSTEMS FOR THEIR SIGNIFICANT CONTRIBUTION TO LAST WEEK'S GASTBY GALA

- CA-6) Minutes for Kern Health Systems Board of Directors regular meeting on August 9, 2018 (Fiscal Impact: None) –  
APPROVED  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 7) Proposed Authorizing the Chief Executive Officer to execute the solar contract to the lowest, responsive bidder and novate the agreement to S C Anderson, General Contractor, in an amount not to exceed \$494,750 (Fiscal Impact: \$494,750) – GREGORY BYNUM, GREGORY D. BYNUM & ASSOCIATES, INC., HEARD; .  
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Melendez-Stewart: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-8) Proposed Amendment No. 8 to Agreement with Douglas A. Hayward, for services as Chief Executive Officer, to incorporate performance goals for fiscal year 2018-2019 and approve notification of retirement language (Fiscal Impact: None) –  
APPROVED; AUTHORIZED CHAIRMAN TO SIGN  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 9) Proposed Financial Contribution to Kern Medical's Valley Fever Institute (Fiscal Impact: \$100,000) –  
APPROVED  
**Hoffmann-Patel: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**

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- CA-10) Proposed New Policy, Disposition of Surplus Real Property (Fiscal Impact: None) – APPROVED  
**Hinojosa-Melendez: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 11) Proposed Agreement with VOYA, to administer services related to the Employer 401(a) and 457(b) Retirement Plans (Fiscal Impact: None) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 12) Report on 2018 State of California Legislation of interest to Kern Health Systems (Fiscal Impact: None) – RECEIVED AND FILED  
**Stewart-Melendez: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-13) Report on Kern Health Systems strategic plan for the third quarter ending September 30, 2018 (Fiscal Impact: None) – RECEIVED AND FILED  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 14) Report on Kern Health Systems 2019 Corporate Projects and 2019 Department Goals and Objectives (Fiscal Impact: None) – RECEIVED AND FILED  
**Melendez-Stewart: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 15) Report on Kern Health Systems 2017-2018 School Wellness Grant Program (Fiscal Impact: \$288,000) – APPROVED  
**Hinojosa-Patel: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-16) Proposed Agreement with Crayon Software Experts, LLC, to purchase Microsoft Licensing, maintenance and technical support, from January 1, 2019 through December 31, 2021, in an amount not to exceed \$844,495 (Fiscal Impact: \$844,495; Budgeted) - APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-17) Proposed Purchasing agreements associated with the new building for technology infrastructure, from October 11, 2018 through December 31, 2018, in an amount not to exceed \$1,500,000 (Fiscal Impact: \$1,500,000; Budgeted) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-18) Travel request for the Kern Health Systems Director of Government Affairs and Business Development and, the Project Management Supervisor, to attend the Project Management Institute’s PMO Symposium in Washington DC, from November 11, 2018 through November 14, 2018, in an amount not to exceed \$8,129 (Fiscal Impact: \$8,129; Budgeted) – APPROVED  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**

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- 19) Report on Kern Health Systems financial statements for July 2018 and August 2018 (Fiscal Impact: None) – RECEIVED AND FILE  
**Hoffmann-Melendez: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-20) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted for July 2018 and August 2018 (Fiscal Impact: None) – RECEIVED AND FILED  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-21) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- CA-22) Report on Department of Managed Health Care Services Routine Survey for the period August 1, 2015 through July 31, 2016 (Fiscal Impact: None) – RECEIVED AND FILED  
**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**
- 23) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance report (Fiscal Impact: None) – ALAN AVERY, KHS CHIEF OPERATING OFFICER, PRESENTED THE 3<sup>RD</sup> QUARTER COO REPORT; THE POWERPOINT PRESENTATION INCLUDED A NEW DETAILED SUMMARY REPORT WHICH PROVIDED THE DISPOSITION OF THE GRIEVANCES RECEIVED BY THE PLAN DURING THE 3<sup>RD</sup> QUARTER; MR. AVERY OUTLINED FOR THE BOARD THE PROCESS FOLLOWED BY THE PLAN IN REVIEWING GRIEVANCES; EACH GRIEVANCE IS RECEIVED BY MEMBER SERVICES FROM EITHER A MEMBER OR A PROVIDER ON BEHALF OF A MEMBER; THE MEMBER SERVICES REPRESENTATIVE RESEARCHES THE FACTS OF THE GRIEVANCE, REQUESTS MEDICAL RECORDS IF NEEDED OR INPUT FROM THE PROVIDER; THIS INFORMATION IS FORWARDED TO A KERN HEALTH SYSTEMS MEDICAL DIRECTOR OF PHARMACIST TO REVIEW THE CLINICAL RECORDS TO DETERMINE IF NEW INFORMATION WAS RECEIVED TO REVISE THE DECISION AND A RECOMMENDATION IS MADE TO THE WEEKLY PLAN GRIEVANCE COMMITTEE; THE GRIEVANCE COMMITTEE IS COMPRISED OF A MEDICAL DIRECTOR, AND REPRESENTATIVES FROM UTILIZATION MANAGEMENT, QUALITY IMPROVEMENT, CASE MANAGEMENT, PROVIDER RELATIONS, COMPLIANCE AND CHIEF OPERATING OFFICER; THE COMMITTEE REVIEWS THE FACTS OF THE CASE PRIOR TO THE MEETING, DISCUSSES THE CASE AT THE MEETING AND COMES TO A DECISION; THAT DECISION IS THEN SHARED WITH THE MEMBER OR PROVIDER AND PROVIDED THEIR APPEALS RIGHTS

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MR. AVERY REVIEWED THE DETAILS OF THE TOTAL GRIEVANCES FOR THE 3<sup>RD</sup> QUARTER; 386 GRIEVANCES WERE RECEIVED, WITH 224 (58%) GRIEVANCE DECISIONS UPHELD BY THE PLAN, 108 (28%) DECISIONS OVERTURNED AND RULED FOR THE MEMBER AND 33 (14%) GRIEVANCES ARE STILL UNDER REVIEW; THE MEDICAL NECESSITY GRIEVANCES WAS BY FAR THE LARGEST GRIEVANCE CATEGORY; THE MAJORITY OF THE GRIEVANCES ARE RELATED TO RADIOLOGY REFERRALS AND PAIN MANAGEMENT REFERRALS; THE PRIMARY REASONS THE PLAN UPHOLDS THEIR DECISION IS THEY ARE UNABLE TO FIND SUPPORTING DOCUMENTATION FROM THE PROVIDER OR THE MEMBER TO CONFIRM THE REQUESTS MEETS APPROPRIATE MEDICAL CRITERIA; MR. AVERY WAS ASKED WHAT WAS THE PROCESS AND TIMELINE FOR NOTIFYING MEMBERS OF THEIR APPEAL RIGHTS AND IF MEMBERS COULD EXPEDITE THEIR REQUEST; MR. AVERY REVIEWED THE VARIOUS TIMELINES DEPENDENT UPON WHERE THE REQUEST CAME FROM;

HEARD - RECEIVED AND FILED

**Melendez-Patel: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**

NOTE - DIRECTOR HINOJOSA LEFT THE DAIS AT 10:35 A.M., DURING THE DISCUSSION OF ITEM 24 AND DID NOT RETURN

- 24) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVED AND FILED

**Melendez-Patel: 5 Ayes; 5 Absent - McGlew, Deats, Hinojosa, Judd, Patrick**

- 25) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED

**Hoffmann-Patel: 5 Ayes; 5 Absent - McGlew, Deats, Hinojosa, Judd, Patrick**

- CA-26) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) – APPROVED

**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**

- CA-27) Miscellaneous Documents – RECEIVED AND FILED

**Melendez-Hinojosa: 6 Ayes; 4 Absent - McGlew, Deats, Judd, Patrick**

- A) Minutes for KHS Finance Committee meeting on August 3, 2018

ADJOURN TO FRIDAY, DECEMBER 13, 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 A Hayward, CEO**  
**Date: December 13, 2018**  
**Re: Disposition of Surplus Real Property**

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**Background**

The Board of Directors of Kern Health Systems adopted a new policy titled “Disposition of Surplus Real Property” to initiate the sale of its building located at 9700 Stockdale Highway. This new policy provides guidelines on how to determine and process with a potential sale or lease of the soon to be vacant Stockdale Office building.

Following the policy guidance, the next step in this process is to formally declare the Stockdale Office building as surplus and our intent to sell this surplus property. A formal resolution from the Board of Directors declaring the company’s intent to sell its Stockdale Highway site will be presented to the Board for its approval during the 12/13/18 Board of Director’s meeting.

**Requested Action**

Following discussion, adoption of the proposed Kern Health Systems Resolution declaring real estate property as surplus and the company’s intent to sell surplus its real property located at:

9700 Stockdale Hwy.  
Bakersfield, CA 93311  
APN# 390-380-194





**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: December 13, 2018**

**Re: Quarterly Review of Kern Health Systems Investment Portfolio**

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**Background**

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

- Preservation of principal
- Liquidity
- Yield

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

**Short-Term Portfolio (Under 1 year)**

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

**Long-Term Portfolio (1-5 years)**

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

**Requested Action**

Receive and File.

**Kern Health Systems  
Investment Portfolio  
September 30, 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)	\$ 300,000	0.12%	100%	0.65%	1 Day	None
Morgan Stanley Money Market	(A)	\$ 31,400,000	12.90%	20%	1.99%	1 Day	None
Local Agency Investment Fund (LAIF)	(B)	\$ 59,600,000	24.48%	50%	2.09%	2 Days	None
US T-Bills at Wells Fargo	(1)	\$ 57,900,000	23.78%	100%	1.95%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	\$ 20,900,000	8.58%		1.87%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total		\$ 170,100,000	69.86%		1.99%		

**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)	\$ 71,400,000	29.32%		2.90%	3 Days	Subject to Interest Rate and Credit Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	\$ 2,000,000	0.82%		2.67%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total		\$ 73,400,000	30.14%		2.89%		
<b>Total Portfolio</b>		<b>\$ 243,500,000</b>	<b>100.00%</b>		<b>2.27%</b>		

**Yield Curve**

<u>Yield Curve</u>	<u>A</u>			
	<u>Treasuries</u>	<u>AA Corporate Bonds</u>	<u>Corporate Bonds</u>	<u>CD's</u>
1 year	2.60%	2.65%	2.75%	2.50%
2 year	2.88%	2.90%	3.00%	2.95%
3 year	2.97%	3.00%	3.10%	3.10%
5 year	3.05%	3.25%	3.45%	3.35%

- (A) \$15 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 \$88 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, amounts owed to the State for MCO Taxes, potential State premium recoupments and for amounts owed under the Expansion Risk Corridor. Extra liquidity is maintained in the event the State is late with its monthly capitation payment.
  - (2) Funds will be primarily utilized to fund 2019 capital projects, which includes the completion of the new office building.



# UBS Client Review

as of September 30, 2018

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

**Financial Advisor:**  
The Cohen Group  
661-663-3200

## Prepared for

Kern Health Systems

## Accounts included in this review

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

## What's inside

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Bond summary.....	4
Bond holdings.....	6
Additional information about your portfolio.....	14
Important information about this report.....	15



# Executive summary

as of September 30, 2018

## Asset allocation review

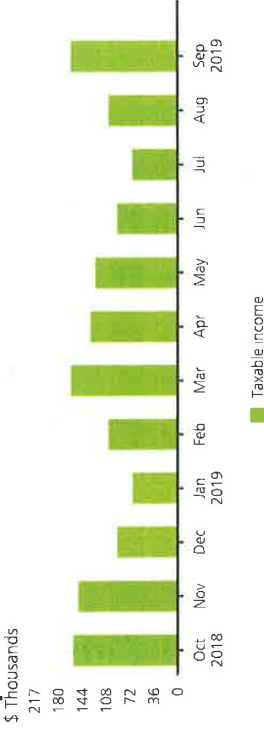
	Value on 09/30/2018 (\$)	% of portfolio
<b>A Cash</b>	<b>122,183.65</b>	<b>0.17</b>
Cash	122,183.65	0.17
<b>B Fixed Income</b>	<b>71,294,675.87</b>	<b>99.83</b>
US	71,294,675.87	99.83
<b>C Equity</b>	<b>0.00</b>	<b>0.00</b>
<b>D Commodities</b>	<b>0.00</b>	<b>0.00</b>
<b>E Non-Traditional</b>	<b>0.00</b>	<b>0.00</b>
<b>F Other</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Portfolio</b>	<b>\$71,416,859.52</b>	<b>100%</b>

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



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 Prepared for: Kern Health Systems  
 Risk profile: Conservative  
 Return Objective: Current Income

## Expected cash flow



**Total taxable income: \$1,452,121.75**  
**Total expected cash flow: \$1,452,121.75**

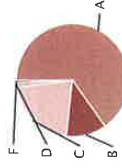
Cash flows displayed account for known events such as maturities and mandatory puts

## Equity sector analysis

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

## Credit quality of bond holdings

Effective credit rating	Issues	Value on 09/30/2018 (\$)	% of port.
<b>A</b> Aaa/AAA/AAA	19	46,483,562.21	65.34
<b>B</b> Aa/AA/AA	6	8,284,981.96	11.60
<b>C</b> A/A/A	15	15,058,721.22	20.99
<b>D</b> Baa/BBB/BBB	1	988,423.33	1.39
<b>E</b> Non-investment grade	0	0.00	0.00
<b>F</b> Certificate of deposit	3	479,487.15	0.67
<b>G</b> Not rated	0	0.00	0.00
<b>Total</b>	<b>44</b>	<b>\$71,294,675.87</b>	<b>100%</b>

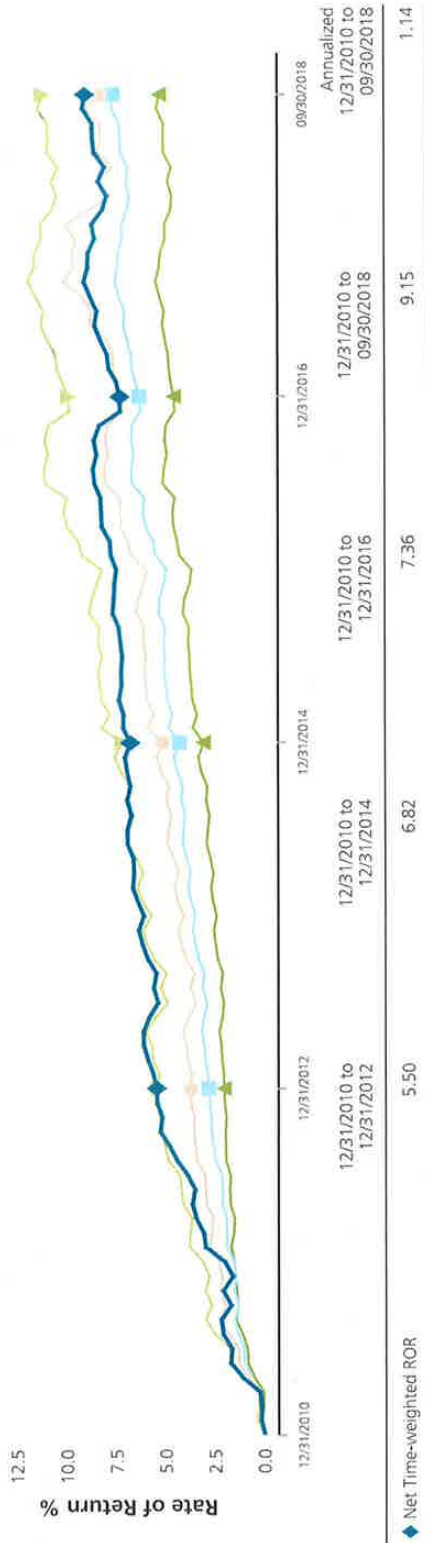




# Cumulative performance

as of September 30, 2018

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 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	9.15	1.14
● Barclays Agg Bond+	3.75	5.16	7.27	8.35	1.04
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	7.71	0.96
▼ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	11.30	1.39
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	5.35	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: November 12, 2018



# Bond summary

as of September 30, 2018

## Bond overview

Total quantity	72,297,000
Total market value	\$70,915,554.75
Total accrued interest	\$379,121.12
Total market value plus accrued interest	\$71,294,675.87
Total estimated annual bond interest	\$1,504,153.00
Average coupon	2.11%
Average current yield	2.12%
Average yield to maturity	2.90%
Average yield to worst	2.90%
Average modified duration	2.12
Average effective maturity	2.22

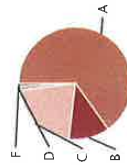
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## Investment type allocation

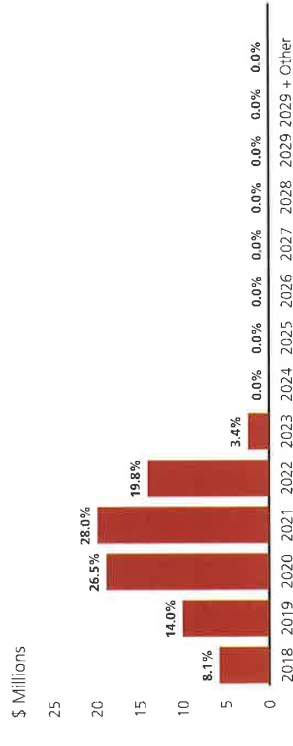
Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Certificates of deposit	479,487.15	0.00	479,487.15	0.67
Municipals	5,357,044.74	0.00	5,357,044.74	7.51
U.S. corporates	18,974,581.77	0.00	18,974,581.77	26.61
U.S. federal agencies	46,011,710.56	0.00	46,011,710.56	64.54
U.S. treasuries	471,851.65	0.00	471,851.65	0.66
<b>Total</b>	<b>\$71,294,675.87</b>	<b>\$0.00</b>	<b>\$71,294,675.87</b>	<b>100%</b>

## Credit quality of bond holdings

Effective credit rating	Issues	Value on 09/30/2018 (\$)	% of port.
<b>A</b> Aaa/AAA/AAA	19	46,483,562.21	65.34
<b>B</b> Aa/AAA	6	8,284,981.96	11.60
<b>C</b> A/A	15	15,058,221.22	20.99
<b>D</b> Baa/BBB/BBB	1	988,423.33	1.39
<b>E</b> Non-investment grade	0	0.00	0.00
<b>F</b> Certificate of deposit	3	479,487.15	0.67
<b>G</b> Not rated	0	0.00	0.00
<b>Total</b>	<b>44</b>	<b>\$71,294,675.87</b>	<b>100%</b>



## Bond maturity schedule



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

Includes all fixed income securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities  
 Report created on: November 12, 2018

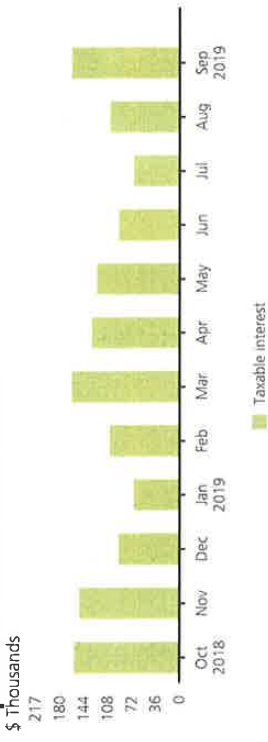




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 Prepared for: Kern Health Systems  
 Risk profile: Conservative  
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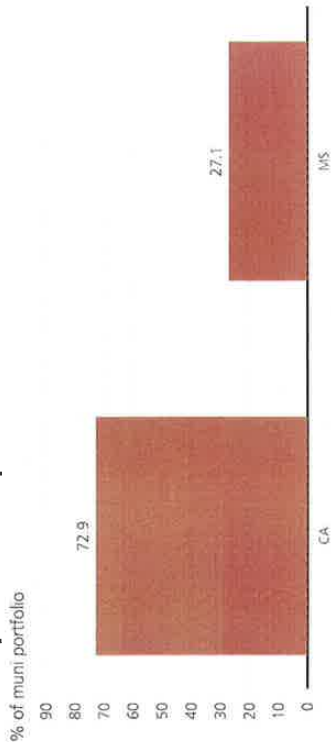
Bond summary - as of September 30, 2018 (continued)

**Expected bond cash flow**



**Total taxable income: \$1,452,121.75**  
**Total expected bond cash flow: \$1,452,121.75**  
 Cash flows displayed account for known events such as maturities and mandatory puts.

**Municipal state exposure**



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

as of September 30, 2018

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 Risk profile: Conservative  
 Return Objective: Current Income

## Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Yield to Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2018	2	5,750,000	104,062.50	1.81%	2.11%	2.11%	0.08	5,754,698.86	-4,516.36	5,791,976.77	8.11%
2019	7	9,979,000	203,607.50	2.04%	2.65%	2.65%	0.63	10,027,799.84	-66,237.29	10,032,538.26	14.05%
2020	13	19,059,000	416,582.50	2.21%	2.93%	2.93%	1.68	19,126,640.65	-319,197.36	18,925,749.17	26.52%
2021	13	20,520,000	380,878.00	1.91%	3.03%	3.03%	2.57	20,579,140.36	-678,114.66	19,961,675.02	28.06%
2022	8	14,489,000	335,272.50	2.39%	3.14%	3.14%	3.62	14,485,215.02	-429,974.31	14,129,709.57	19.82%
2023	1	2,500,000	63,750.00	2.61%	3.15%	3.15%	4.01	2,489,625	-49,525.00	2,453,027.08	3.44%
2024	0	0	0	NA	NA	NA	NA				
2025	0	0	0	NA	NA	NA	NA				
2026	0	0	0	NA	NA	NA	NA				
2027	0	0	0	NA	NA	NA	NA				
2028	0	0	0	NA	NA	NA	NA				
2029	0	0	0	NA	NA	NA	NA				
2030	0	0	0	NA	NA	NA	NA				
2031	0	0	0	NA	NA	NA	NA				
2032	0	0	0	NA	NA	NA	NA				
2033	0	0	0	NA	NA	NA	NA				
2034	0	0	0	NA	NA	NA	NA				
2035	0	0	0	NA	NA	NA	NA				
2036	0	0	0	NA	NA	NA	NA				
2037	0	0	0	NA	NA	NA	NA				
2038	0	0	0	NA	NA	NA	NA				
2039	0	0	0	NA	NA	NA	NA				
2040	0	0	0	NA	NA	NA	NA				
2041	0	0	0	NA	NA	NA	NA				
2042	0	0	0	NA	NA	NA	NA				
2043	0	0	0	NA	NA	NA	NA				
2044	0	0	0	NA	NA	NA	NA				
2045	0	0	0	NA	NA	NA	NA				
2046	0	0	0	NA	NA	NA	NA				
2047	0	0	0	NA	NA	NA	NA				
2047 +	0	0	0	NA	NA	NA	NA				
Other	0	0	0	NA	NA	NA	NA				
<b>Total</b>	<b>44</b>	<b>72,297,000</b>	<b>\$1,504,153.00</b>	<b>2.12%</b>	<b>2.90%</b>	<b>2.90%</b>	<b>2.12</b>	<b>\$72,463,119.73</b>	<b>\$-1,547,564.98</b>	<b>\$71,294,675.87</b>	

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign Securities.  
 Report created on: November 12, 2018



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

Bond holdings - as of September 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. gr (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Total Bond Portfolio</b>		<b>72,297,000</b>	<b>2.11%</b>	<b>12/19/2020</b>	<b>NA</b>	<b>\$1,504,153.00</b>	<b>2.90%</b>	<b>2.12</b>	<b>\$72,463,119.7</b>	<b>NA</b>	<b>\$70,915,554.75</b>	<b>100%</b>
												<b>\$379,121.12</b>
												<b>\$71,294,675.87</b>
<b>Maturing 2018</b>												
FHLB NTS 01.050 % DUE 10/26/18	Aaa/NR/AA+	5,000,000	1.05%	10/26/2018		52,500.00	2.02%	0.07	5,000,000.00	99.924	4,996,200.00	7.05%
DTD 07/26/16 FC 10/26/2016	NR/NR/NR					1.05%	2.02%		-3,800.00		22,458.34	
CUSIP: 3130A8RP0												
Initial Purchase Date: 08/02/2016												
MERRILL LYNCH GLOBAL NTS	A3/AA+/A-	750,000	6.88%	11/15/2018		51,562.50	2.72%	0.13	754,698.86	100.531	753,982.50	1.06%
06.875% 11/15/18 DTD 11/24/98	NR/NR/NR					6.84%	2.72%		-716.36		19,335.94	
FC051599												
CUSIP: 590188JN9												
Initial Purchase Date: 10/27/2015												
Original Maturity: 11/15/2018												
<b>Total 2018</b>		<b>5,750,000</b>	<b>1.81%</b>	<b>10/29/2018</b>		<b>\$104,062.50</b>	<b>2.11%</b>	<b>0.08</b>	<b>\$5,754,698.86</b>		<b>\$5,750,182.50</b>	<b>8.11%</b>
						<b>1.81%</b>	<b>2.11%</b>		<b>\$-4,516.36</b>		<b>\$41,794.27</b>	
<b>Maturing 2019</b>												
FFCB BOND 01.030 % DUE 04/05/19	Aaa/AA+/AA+	5,000,000	1.03%	04/05/2019		51,500.00	2.49%	0.51	4,996,250.00	99.251	4,962,550.00	7.00%
DTD 07/05/16 FC 10/05/2016	NR/NR/NR					1.04%	2.49%		-33,700.00		25,034.72	
CUSIP: 3133EGJW6												
Initial Purchase Date: 06/29/2016												
CALIFORNIA ST TAX	Aa3/AA+/AA-	2,500,000	2.25%	05/01/2019		56,250.00	2.74%	0.57	2,504,160.86	99.716	2,492,900.00	3.52%
2.250 05/01/19 DTD 05/01/14 /CA	Aa3/AA+/AA-					2.26%	2.74%		-11,260.86		23,281.25	
CUSIP: 13063CKL3												
Initial Purchase Date: 05/20/2014												
Original Maturity: 05/01/2019												
FNMA NTS 01.125 % DUE 07/26/19	Aaa/AA+/AA+	594,000	1.13%	07/26/2019	10/26/2018	6,682.50	2.59%	0.81	593,109.00	98.810	586,931.40	0.83%
DTD 07/26/16 FC 01/26/2017	NR/NR/NR				100.00	1.14%	2.59%		-6,177.60		1,188.00	
CUSIP: 3135G0M/59												
Initial Purchase Date: 08/02/2016												
Original Maturity: 07/26/2019												

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



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 Risk profile: Conservative  
 Return Objective: Current Income

Bond holdings - as of September 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 2019</b>												
MORGAN STANLEY 05.625%	A3/A888+	750,000	5.63%	09/23/2019		42,187.50	3.04%	0.95	772,214.86	102.488	768,660.00	1.08%
092319 DTD092309 FC032310	NR/NR/NR					5.49%	3.04%		-3,554.86		820.31	
CUSIP: 61747YCJ2												
Initial Purchase Date: 08/28/2015												
Original Maturity: 09/23/2019												
CALIFORNIA ST TAX	Aa3/AA+/AA-	400,000	6.20%	10/01/2019		24,800.00	2.86%	0.95	416,591.37	103,293	413,172.00	0.58%
6.200 100119 DTD 101509 /CA	Aa3/AA+/NR					6.00%	2.86%		-3,419.37		12,331.11	
CUSIP: 13063A7G3												
Initial Purchase Date: 12/30/2015												
Original Maturity: 10/01/2019												
FHLMC MED TERM NTS 00.0000%	Aaa/AAA/AAA+	485,000		10/01/2019			2.76%	0.98	474,790.43	97.289	471,851.65	0.67%
DUE 100119	NR/NR/NR						2.76%		-2,938.78		0.00	
CUSIP: 3128X2SW6												
Initial Purchase Date: 06/03/2015												
Original Maturity: 10/01/2019												
UNTD TECHNOLOGIES CORP	Baa1/MID/A-	250,000	8.88%	11/15/2019		22,187.50	3.24%	1.05	270,683.32	106.199	265,497.50	0.37%
08.875% 111519 DTD 111389	NR/NR/NR					8.36%	3.24%		-5,185.82		8,320.31	
FC051590 DEB												
CUSIP: 913017ARO												
Initial Purchase Date: 09/08/2016												
Original Maturity: 11/15/2019												
<b>Total 2019</b>		<b>9,979,000</b>	<b>2.17%</b>	<b>05/24/2019</b>		<b>\$203,607.50</b>	<b>2.65%</b>	<b>0.63</b>	<b>\$10,027,799.8</b>		<b>\$9,961,562.55</b>	<b>14.05%</b>
						<b>2.04%</b>	<b>2.65%</b>		<b>\$-66,237.29</b>		<b>\$70,975.71</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 2020</b>												
GOLDMAN SACHS BANK NY US RT	CD	100,000	2.00%	02/04/2020		2,000.00	2.66%	1.32	99,161.77	99.131	99,131.00	0.14%
02.0000% MAT 02/04/20 FIXED						2.02%	2.66%		-30.77		312.33	
RATE CD /NY												
CUSIP: 38148JKC4												
Initial Purchase Date: 09/14/2018												
Original Maturity: 02/04/2020												
BANK OF AMERICA NA NC US RT	CD	240,000	2.45%	02/18/2020		5,880.00	2.67%	1.35	239,664.00	99.700	239,280.00	0.34%
02.4500% MAT 02/18/20 FIXED						2.46%	2.67%		-384.00		741.04	
RATE CD /NC												
CUSIP: 06051VB54												
Initial Purchase Date: 09/14/2018												
Original Maturity: 02/18/2020												

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.  
 Report created on: November 12, 2018



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

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 Risk profile  
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 Return Objective  
 Current Income

	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. gr/ (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2020</b>												
MORGAN STANLEY BK UT LT RT 02.5000% MAT 02/24/20 FIXED RATE CD 7/UT CUSIP: 61747M5F4 Initial Purchase Date: 09/14/2018 Original Maturity: 02/24/2020	CD	140,000	2.50%	02/24/2020			3,500.00 2.51%	1.37 2.68%	139,790.00 -131.60	99.756	139,658.40 364.38	0.20%
ABBOTT LABS NTS B/E 02.000% 031520 DTD031015 FC091515 CALL@MMW+10BP CUSIP: 002824AZ3 Initial Purchase Date: 05/12/2016 Original Maturity: 03/15/2020	Baa1/AAA/BBB NR/NR/NR	1,000,000	2.00%	03/15/2020			20,000.00 2.03%	1.42 2.87%	999,370.00 -11,780.00	98.759	987,590.00 833.33	1.39%
FNMA NTS 01.500 % DUE 032320 DTD 032316 FC 09232016 CUSIP: 3136G3CC7 Initial Purchase Date: 03/01/2016 Original Maturity: 03/23/2020	Aaa/AAA/AA+ NR/NR/NR	1,750,000	1.50%	03/23/2020	100.00	12/23/2018	26,250.00 1.53%	1.45 2.74%	1,748,250.00 -29,540.00	98.212	1,718,710.00 510.42	2.42%
NBCUNIVERSAL MEDIA LLC 05.150% 04/30/20 DTD043011 CALL@MMW+25BP CUSIP: 63946BAD2 Initial Purchase Date: 09/08/2016 Original Maturity: 04/30/2020	A3/A-/A- NR/NR/NR	2,000,000	5.15%	04/30/2020			103,000.00 4.99%	1.49 3.11%	2,113,298.75 -50,718.75	103.129	2,062,580.00 42,916.67	2.91%
QUALCOMM INC NTS B/E 02.250% 052020 DTD052015 FC112015 CUSIP: 747325AD5 Initial Purchase Date: 02/22/2017 Original Maturity: 05/20/2020	A2/NR/A- NR/NR/NR	2,879,000	2.25%	05/20/2020			64,777.50 2.28%	1.58 3.07%	2,885,791.56 -44,477.67	98.691	2,841,313.89 23,391.88	4.01%
AMERICAN EXPRESS CRD 02.375% 052620 DTD052615 FC112615 CORP NTS CUSIP: 0258M0DT3 Initial Purchase Date: 08/03/2018 Original Maturity: 05/26/2020	A2/A/A- NR/NR/NR	900,000	2.38%	05/26/2020	100.00	04/25/2020	21,375.00 2.40%	1.60 3.15%	889,414.07 -565.07	98.761	888,849.00 7,362.50	1.25%
CITIBANK NA NTS B/E 02.100% 061220 DTD061217 FC121217 CUSIP: 17325FAE8 Initial Purchase Date: 07/17/2018 Original Maturity: 06/12/2020	A1/A+/A+ NR/NR/NR	550,000	2.10%	06/12/2020	100.00	05/12/2020	11,550.00 2.14%	1.64 3.18%	539,005.50 1,160.50	98.212	540,166.00 3,465.00	0.76%
FILMCM MED TERM NTS 01.500 % DUE 062920 DTD 062916 FC 12292016 CUSIP: 3134G9LQ8 Initial Purchase Date: 06/03/2016 Original Maturity: 06/29/2020	Aaa/AAA/AA+ NR/NR/NR	3,500,000	1.50%	06/29/2020	100.00	09/29/2018	52,500.00 1.53%	1.70 2.80%	3,500,000.00 -77,280.00	97.792	3,422,720.00 13,270.83	4.83%

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



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 Risk profile  
 Return Objective  
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 Current Income

Bond holdings - as of September 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 (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2020</b>												
FNN/A NTS 01.350 % DUE 08/24/20	Aaa/AAA/AA+	3,500,000	1.35%	08/24/2020	11/24/2018	47,250.00	2.78%	1.85	3,498,250.00	97.359	3,407,565.00	4.81%
DTD 08/24/16 FC 02242017	NR/NR/AR				100.00	1.39%	2.78%		-90,685.00		4,725.00	
CUSIP: 313663W92												
Initial Purchase Date: 08/02/2016												
Original Maturity: 08/24/2020												
J.P. MORGAN CHASE & CO	A3/AA-/A-	1,000,000	2.55%	10/29/2020	09/29/2020	25,500.00	3.26%	1.99	994,430.00	98.583	985,830.00	1.39%
02.550% 102920 DTD102915	NR/NR/AR				100.00	2.59%	3.26%		-8,600.00		10,695.83	
FC042916 NTS B/E												
CUSIP: 46625HNX4												
Initial Purchase Date: 11/04/2015												
Original Maturity: 10/29/2020												
VISA INC NTS B/E 02.200% 12/14/20	A1/NR/A+	1,500,000	2.20%	12/14/2020	11/14/2020	33,000.00	3.01%	2.12	1,480,215.00	98.270	1,474,050.00	2.08%
DTD12/14/15 FC061416	NR/NR/AR				100.00	2.24%	3.01%		-6,165.00		9,716.67	
CALL@MMW+10BP												
CUSIP: 92826CAB8												
Initial Purchase Date: 04/05/2018												
Original Maturity: 12/14/2020												
<b>Total 2020</b>		<b>19,059,000</b>	<b>2.20%</b>	<b>06/26/2020</b>		<b>\$416,582.50</b>	<b>2.93%</b>	<b>1.68</b>	<b>\$19,126,640.6</b>		<b>\$18,807,443.29</b>	<b>26.52%</b>
						<b>2.21%</b>	<b>2.93%</b>		<b>\$-319,197.36</b>		<b>\$118,305.88</b>	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) YTW (%)	Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2021</b>												
E I DU POINT DE NEMOURS	A3/A/A-	400,000	3.63%	01/15/2021		14,500.00	3.16%	2.17	414,557.92	101.009	404,036.00	0.57%
03.625% 011521 DTD092310	NR/NR/AR					3,59%	3.16%		-10,521.92		3,020.83	
CALL@MMW+158P B/E												
CUSIP: 263534CB3												
Initial Purchase Date: 06/03/2016												
Original Maturity: 01/15/2021												
ANHEUSER BUSCH INBEV FIN	A3/BBB/A-	600,000	2.65%	02/01/2021	01/01/2021	15,900.00	3.30%	2.23	591,840.00	98.548	591,288.00	0.83%
02.650% 020121 DTD012516	NR/NR/AR				100.00	2.69%	3.30%		-552.00		2,605.83	
FC080116 CALL@MMW+20BP												
CUSIP: 035242A15												
Initial Purchase Date: 05/16/2018												
Original Maturity: 02/01/2021												
FFCB BOND 01.470 % DUE 021721	Aaa/AAA/AA+	4,500,000	1.47%	02/17/2021		66,150.00	2.87%	2.31	4,496,625.00	96.803	4,356,135.00	6.14%
DTD 081716 FC 02172017	NR/NR/AR					1,52%	2.87%		-140,490.00		7,901.25	
CUSIP: 3133EGRN7												
Initial Purchase Date: 08/12/2016												
Original Maturity: 02/17/2021												

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

Report created on: November 12, 2018



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

**Bond holdings - as of September 30, 2018 (continued)**

**Maturing 2021**

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$) Unreal. gain (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
FHLMC MED TERM NTS 01.500 % DUE 03/30/21 DTD 09/30/16 FC 03/30/2017	Aaa/AAA/AA+ NR/NR/NR	3,525,000	1.50%	03/30/2021	09/30/2018 100.00	52,875.00 1.55%	2.90% 2.90%	3,524,118.75 -117,171.00	96.651	3,406,947.75 0.00	4.80%
CUSIP: 3134GAEE0 Initial Purchase Date: 09/08/2016 Original Maturity: 03/30/2021											
EI DU PONT DE NEMOURS 04.250% 04/01/21 DTD03/25/11 CALL@MMW+15BP CUSIP: 263534CE7	A3/AA- NR/NR/NR	250,000	4.25%	04/01/2021		10,625.00 4.16%	3.31% 3.31%	264,593.42 -8,985.92	102.243	255,607.50 5,282.99	0.36%
Initial Purchase Date: 09/08/2016 Original Maturity: 04/01/2021											
BURLINGTON NTHN SANTA FE 04.100% 06/01/21 DTD05/19/11 CALL@MMW +15BP CORP NTS CUSIP: 12189LAD3	A3/NR/AA+ NR/NR/NR	1,000,000	4.10%	06/01/2021	03/01/2021 100.00	41,000.00 4.03%	3.45% 3.38%	1,042,659.33 -26,129.33	101.653	1,016,530.00 13,552.78	1.43%
Initial Purchase Date: 02/22/2017 Original Maturity: 06/01/2021											
FNMA NTS 01.530 % DUE 07/28/21 DTD 07/28/16 FC 01/28/2017 CUSIP: 31366G3S97	Aaa/AAA/AA+ NR/NR/NR	3,750,000	1.53%	07/28/2021	10/28/2018 100.00	57,375.00 1.60%	3.22% 3.22%	3,750,000.00 -170,100.00	95.464	3,579,900.00 9,881.25	5.05%
Initial Purchase Date: 08/02/2016 Original Maturity: 07/28/2021											
FHLEB NTS 01.550 % DUE 09/01/21 DTD 09/01/16 FC 03/01/2017 CUSIP: 3130A9B19	Aaa/NR/AA+ NR/NR/NR	500,000	1.55%	09/01/2021		7,750.00 1.61%	2.89% 2.89%	499,375.00 -18,050.00	96.265	481,325.00 624.31	0.68%
Initial Purchase Date: 09/08/2016 Original Maturity: 09/01/2021											
LOS ANG CAL TAX SR A 2.150 09/01/21 DTD 12/21/16 /CA CUSIP: 544351KQ1	Aaa/NR/NR Aaa/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00 2.21%	3.07% 3.07%	994,250.00 -19,780.00	97.447	974,470.00 1,731.94	1.37%
Initial Purchase Date: 12/23/2016 Original Maturity: 09/01/2021											
CISCO SYSTEMS, INC B/E 01.850% 09/20/21 DTD09/20/16 FC03/2017 CALL@MMW+10BP CUSIP: 17275RB10	A1/NR/AA- NR/NR/NR	1,000,000	1.85%	09/20/2021	08/20/2021 100.00	18,500.00 1.92%	3.12% 3.12%	993,660.00 -29,400.00	96.426	964,260.00 513.89	1.36%
Initial Purchase Date: 09/15/2017 Original Maturity: 09/20/2021											
FHLEB BOND 01.520 % DUE 09/23/21 DTD 09/23/16 FC 03/23/2017 CUSIP: 3130A9FB2	Aaa/NR/AA+ NR/NR/NR	2,290,000	1.52%	09/23/2021		34,808.00 1.58%	2.89% 2.89%	2,289,150.00 -88,551.60	96.096	2,200,598.40 676.82	3.10%
Initial Purchase Date: 09/27/2016 Original Maturity: 09/23/2021											

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



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 Prepared for  
**Kern Health Systems**  
 Risk profile  
 Return Objective  
 Conservative  
 Current Income

Bond holdings - as of September 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 2021</b>												
FHLB BOND 01.600 % DUE 09/27/21	Aaa/NR/AA+	255,000	1.60%	09/27/2021		4,080.00	2.89%	2.89	255,000.00	96.311	245,593.05	0.35%
DTD 09/27/16 FC 032/72017	NR/NR/NR					1,666	2.89%		-9,406.95		34.00	
CUSIP: 3130A9JZ5												
Initial Purchase Date: 09/27/2016												
Original Maturity: 09/27/2021												
MISSISSIPPI ST TAX SR G	Aaa/A/AAA	1,450,000	2.47%	11/01/2021		35,815.00	3.07%	2.91	1,463,310.94	98.230	1,424,335.00	2.01%
BE/R/ 2.470 110121 DTD 120815	Aaa/A/AA					2,515	3.07%		-38,975.94		14,823.43	
/MS	NR/NR/NR											
CUSIP: 605581GN1												
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>3.03%</b>	<b>2.57</b>	<b>\$20,579,140.3</b>		<b>\$19,901,025.70</b>	<b>28.06%</b>
						<b>1,91%</b>	<b>3.03%</b>		<b>\$-678,114.66</b>		<b>\$60,649.32</b>	

	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 2022</b>												
APPLE INC NTS B/E 02.500%	Aaa/NR/AA+	2,000,000	2.50%	02/09/2022	01/09/2022	50,000.00	3.19%	3.18	2,003,991.48	97.804	1,956,080.00	2.76%
020922 DTD020917 FC080917	NR/NR/NR				100.00	2,566	3.19%		-47,911.48		7,083.33	
CALL@MWA+10BP												
CUSIP: 037833CM0												
Initial Purchase Date: 02/22/2017												
Original Maturity: 02/09/2022												
FFCB BOND 02.730 % DUE 02/14/22	Aaa/AAA/AA+	900,000	2.73%	02/14/2022	02/14/2019	24,570.00	3.00%	3.19	898,200.00	99.146	892,314.00	1.26%
DTD 02/14/18 FC 08/14/2018	NR/NR/NR				100.00	2,755	3.00%		-5,886.00		3,139.50	
CUSIP: 3133EJCG2												
Initial Purchase Date: 02/23/2018												
Original Maturity: 02/14/2022												
PEPSICO INC NTS B/E 02.250%	A1/AA+	1,089,000	2.25%	05/02/2022	04/02/2022	24,502.50	3.19%	3.38	1,087,301.16	96.839	1,054,576.71	1.49%
050222 DTD050217 FC110217	NR/NR/NR				100.00	2,325	3.19%		-32,724.45		10,073.25	
CALL@MWA+10BP												
CUSIP: 713448DT2												
Initial Purchase Date: 05/16/2017												
Original Maturity: 05/02/2022												
QUALCOMM INC NTS B/E 03.000%	A2/NR/A-	1,000,000	3.00%	05/20/2022		30,000.00	3.47%	3.38	1,021,822.38	98.386	983,860.00	1.39%
052022 DTD052015 FC112015	NR/NR/NR					3,055	3.47%		-37,962.38		10,833.33	
CALL@MWA+15BP												
CUSIP: 747525AE3												
Initial Purchase Date: 09/15/2017												
Original Maturity: 05/20/2022												

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

Report created on: November 12, 2018





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**Kern Health Systems**  
 Risk profile  
 Conservative  
 Return Objective  
 Current Income

Bond holdings - as of September 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. gr/ (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
<b>Maturing 2022</b>												
FHLB NTS 02.000 % DUE 09/01/22	Aaa/NR/AA+	3,000,000	2.00%	09/01/2022		60,000.00 2.08%	3.10% 3.10%	3.72	2,988,750.00 -109,980.00	95.959	2,878,770.00 4,833.33	4.06%
DTD 09/01/17 FC 03/01/2018	NR/NR/NR											
CUSIP: 3130ACDB4												
Initial Purchase Date: 09/26/2017												
Original Maturity: 09/01/2022												
FFCB BOND 02.100 % DUE 09/26/22	Aaa/AAA/AA+	2,000,000	2.10%	09/26/2022		42,000.00 2.18%	3.05% 3.05%	3.79	1,999,000.00 -69,920.00	96.454	1,929,080.00 466.67	2.72%
DTD 09/26/17 FC 03/26/2018	NR/NR/NR											
CUSIP: 3133EHZ4												
Initial Purchase Date: 09/26/2017												
Original Maturity: 09/26/2022												
FFCB BOND 02.160 % DUE 10/11/22	Aaa/AAA/AA+	2,500,000	2.16%	10/11/2022	10/11/2018	54,000.00 2.24%	3.08% 3.08%	3.78	2,495,150.00 -81,950.00	96.528	2,413,200.00 25,350.00	3.40%
DTD 10/11/17 FC 04/11/2018	NR/NR/NR				100.00							
CUSIP: 3133EH58												
Initial Purchase Date: 10/17/2017												
Original Maturity: 10/11/2022												
FHLB BOND 02.510 % DUE 12/29/22	Aaa/NR/AA+	2,000,000	2.51%	12/29/2022	09/29/2018	50,200.00 2.58%	3.18% 3.18%	3.96	1,991,000.00 -43,640.00	97.368	1,947,360.00 12,689.44	2.75%
DTD 12/29/17 FC 06/29/2018	NR/NR/NR				100.00							
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>2.39%</b>	<b>3.14%</b> <b>3.14%</b>	<b>3.62</b>	<b>\$14,485,215.0</b> <b>\$-429,974.31</b>		<b>\$14,055,240.71</b> <b>\$74,468.86</b>	<b>19.82%</b>
<b>Maturing 2023</b>												
FFCB BOND 02.550 % DUE 01/17/23	Aaa/AAA/AA+	2,500,000	2.55%	01/17/2023	01/17/2019	63,750.00 2.61%	3.15% 3.15%	4.01	2,489,625.00 -49,525.00	97.604	2,440,100.00 12,927.08	3.44%
DTD 01/17/18 FC 07/17/2018	NR/NR/NR				100.00							
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>2.61%</b>	<b>3.15%</b> <b>3.15%</b>	<b>4.01</b>	<b>\$2,489,625.00</b> <b>\$-49,525.00</b>		<b>\$2,440,100.00</b> <b>\$12,927.08</b>	<b>3.44%</b>
<b>Total Bond Portfolio</b>												
		<b>72,297,000</b>	<b>2.11%</b>	<b>12/19/2020</b>	<b>NA</b>	<b>\$1,504,153.00</b> <b>2.12%</b>	<b>2.90%</b> <b>2.90%</b>	<b>2.12</b>	<b>\$72,463,119.7</b> <b>\$-1,547,564.98</b>	<b>NA</b>	<b>\$70,915,554.75</b> <b>\$379,121.12</b> <b>\$71,294,675.87</b>	<b>100%</b>

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



# Additional information about your portfolio

as of September 30, 2018

**Inception to date net time-weighted returns**(annualized > 1 year)

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

Performance Start date	Start date to	ITD	
Account EB 02120	12/08/2008	09/30/2018	2.48%

## Benchmark composition

Account EB 02120

### Benchmark 1

Start - 05/15/2017: 50% Barclays US Gov 1-3Y; 50% Barclays Govt/Credit 1-5Y  
05/15/2017 - 05/31/2018: 100% Barclays Agg Bond  
05/31/2018 - 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 accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for the period and then you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

**Performance:** This report presents account activity and performance depending on which inception type you've chosen. The two options are: (1) All Assets (Since Performance Start). This presents performance for all assets since the earliest possible date, (2) Advisory Assets (Advisory Strategy Start) for individual advisory accounts. This presents Advisory level performance since the Latest Strategy Start date. If an account that has never been managed is included in the consolidated report, the total performance of that unmanaged account will be included since inception.

**Time-weighted Returns for accounts / SWP sleeves (Monthly periods):** 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 cash flow 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. This applies to all performance for all assets before 09/30/2010. Advisory assets before 12/31/2010 and SWP sleeves before 04/30/2018.

**Time-weighted Returns for accounts / SWP sleeves (Daily periods):** The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value 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 "TID" 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. This applies to all performance for all assets on or after

09/30/2010. Advisory assets on or after 12/31/2010. SWP sleeves on or after 04/30/2018 as well as all Asset Class and Security level returns.

**Money-weighted returns:** Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure and turns 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 maybe 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, Benchmark 1 is designed to reflect the asset categories in which your account is invested. For Brokerage accounts, you have the option to select any benchmark from the list.

Benchmark 2 - 8 - are optional indices selected by you which may consist of a blend of indexes. For advisory accounts, these indices are for informational purposes only. Depending on the selection, the benchmark selected may not be an appropriate basis for comparison of your portfolio based on it's holdings.

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

**Net Deposits/Withdrawals:** When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement. When shown on Client summary and/or Portfolio review report, program fees (including wrap fees) may not be included in net deposits/withdrawals.

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



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

**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 program 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 'X' 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 labeled as "Review Required" and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

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

**Portfolio:** For purposes of this report, "portfolio" is

defined as all of the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS FS or elsewhere.

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

**Cash:** Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor

for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS FS. More information is available upon request.

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

This information is supplied by Morningstar, Inc. on a 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 operation 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 may 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.

**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.



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

**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 ULTs.

**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 paybacks 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's and the consequential impact on its potential cash flows) 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 assurance 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 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 address the impact of changing interest rates on a 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 "0\*", 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 names displayed in this report and labels used for groupings of accounts can be customizable "nicknames" chosen by you to assist you with your recordkeeping or may have been included by your financial advisor for reference purposes only. The names used have no legal effect, are not intended to reflect any strategy, product, recommendation, investment objective or risk profile associated with your accounts or any group of accounts, and are not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment.

For more information about account or group names, or to make changes, contact your Financial Advisor.

**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.

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

Your Financial Advisor:  
 THE COHEN GROUP  
 Phone: 561-453-3000/300-626-5022

Filtered by: Entry Date 07/01/2018-09/30/2018, Call/Redemption

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
09/12/18	09/12/18	CALL REDEMPTION	INTERCONTINENTAL EXCHANGE 02.500% 101518 DTD100815 7367T2		-300,000.00	REDEMPTION	300,066.00
08/01/18	08/01/18	CALL REDEMPTION	SACRAMENTO CA PENSION OB AGC TAX OID99.264 BE/R	835285	-500,000.00	REDEMPTION	500,000.00
08/01/18	08/01/18	CALL REDEMPTION	PAJARO VLY CAL USD TAX SR B BE/R	661GY3	-300,000.00	REDEMPTION	300,000.00
07/16/18	07/16/18	CALL REDEMPTION	E I DU PONT DE NEMOURS 06.000% 071518 DTD072808	6207A8	-450,000.00	REDEMPTION	450,000.00

Filtered by: Entry Date 07/01/2018-09/30/2018, Bought

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
09/14/18	09/18/18	BOUGHT	GOLDMAN SACHS BANK NY US RT 02.0000% MAT 02/04/20 N31N61		100,000.00	\$99.162	-99,408.35
09/14/18	09/18/18	BOUGHT	BANK OF AMERICA NA NC US RT 02.4500% MAT 02/18/20 ZBEAS-N03K91		240,000.00	\$99.860	-240,211.73
09/14/18	09/18/18	BOUGHT	MORGAN STANLEY BK UT US RT 02.5000% MAT 02/24/20 ZBAHY-N03002		140,000.00	\$99.850	-140,039.32
08/03/18	08/07/18	BOUGHT	AMERICAN EXPRESS CRD 02.375% 052620 DTD052615	659L71	900,000.00	\$98.824	-893,629.70
07/17/18	07/19/18	BOUGHT	CITIBANK NA NTS BVE 02.100% 061220 DTD061217	677J24	550,000.00	\$98.001	-540,192.58

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 **November 9, 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**  
**09/01/2018 - 09/30/2018**

KERN HEALTH SYSTEMS  
 9700 STOCKDALE HWY  
 Account Number  
 1AB84780

**Account Value Summary USD**

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	27,979,180.28	31,464,157.86	28%
Bonds	71,966,769.89	80,777,092.86	72%
Stocks	0.00	0.00	0%
<b>Total Account Value</b>	<b>\$ 99,967,950.17</b>	<b>\$ 112,241,250.72</b>	<b>100%</b>
<b>Value Change Since Last Statement Period</b>		<b>\$ 12,273,300.55</b>	
<b>Percent Increase Since Last Statement Period</b>			<b>12%</b>
<b>Value Last Year-End</b>		<b>\$ 106,942,632.68</b>	
<b>Percent Increase Since Last Year-End</b>			<b>5%</b>

**Income Summary USD**

	This Period	Year-To-Date
Interest	\$ 38,620.40	\$ 1,125,465.58
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	46,250.67	349,178.01
Other	0.00	0.00
<b>Income Total</b>	<b>\$ 84,871.07</b>	<b>\$ 1,474,643.59</b>

**Interest Charged USD**

Description	This Period
Debit Interest For September 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>\$ 27,979,180.28</b>
Deposits and Other Additions	117,273,645.52
Distributions and Other Subtractions	(113,834,918.61)
Dividends Reinvested	46,250.67
Change in Value	0.00
<b>Closing Balance</b>	<b>\$ 31,464,157.86</b>

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Safekeeping

## Important Information

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

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

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

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

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

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>								
50000EK45	KOCH INDUSTRIES INC DISCOUNTED COMMERCIAL PAPER	10/04/18	0.000%	3,000,000.000	99.9644	2,998,931.49		
02665WAC5	AMERICAN HONDA FINANCE	10/10/18	2.125%	1,300,000.000	99.9870	1,299,831.00		N
912796NZ8	UNITED STATES TREASURY BILL	10/11/18	0.000%	58,000,000.000	99.9432	57,967,032.80		
795450ZE8	SALLIE MAE BK/SALT LKE INTEREST BEARING CERTIFICATE OF DEPOSIT	10/12/18	1.150%	250,000.000	99.9623	249,905.75		
45826FKF9	INTEL CORPORATION 4(2) DISCOUNTED COMMERCIAL PAPER	10/15/18	0.000%	3,000,000.000	99.8960	2,996,938.59		
69353RET1	PNC BANK NA	11/05/18	1.800%	1,000,000.000	99.9400	999,399.52		Y
48306BM44	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	12/04/18	0.000%	3,000,000.000	99.5424	2,986,270.59		
24422ESF7	JOHN DEERE CAPITAL CORP	12/13/18	1.950%	2,955,000.000	99.8972	2,951,962.05		N
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	99.6592	996,591.78		N
94974BFU9	WELLS FARGO & COMPANY	04/22/19	2.125%	1,621,000.000	99.6829	1,615,859.53		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	99.7160	1,306,279.60		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.3816	993,815.53		N
02665WBE0	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	98.8038	988,038.42		N
58768MAC5	MBALT 2016-B A3	08/15/19	1.350%	428,734.650 1,000,000.000	99.8267	427,991.61		N
43815HAB3	HAROT 2018-3 A2	12/22/20	2.670%	2,000,000.000	99.9122	1,998,244.60		
				80,864,734.650		80,777,092.86	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
09/06/18	09/06/18	Received	912796PZ6	UNITED STATES TREASURY BILL	23,000,000.00		0.00	0.00	0.00

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Safekeeping

**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>Transaction Activity USD</b>									
09/13/18	09/13/18	Receive	912796NZ8	UNITED STATES TREASURY BILL	28,000,000.00		0.00	0.00	0.00
09/13/18	09/13/18	Receive	912796NZ8	UNITED STATES TREASURY BILL	20,000,000.00		0.00	0.00	0.00
09/17/18	09/17/18	Security Receipt	45826FKF9	INTEL CORPORATION 4(2)	3,000,000.00		0.00	0.00	0.00
09/19/18	09/19/18	Receive	912796NZ8	UNITED STATES TREASURY BILL	10,000,000.00		0.00	0.00	0.00
09/19/18	09/19/18	Security Receipt	50000EK45	KOCH INDUSTRIES INC DISCOUNTED	3,000,000.00		0.00	0.00	0.00

**Income / Payment Activity USD**

09/06/18	09/06/18	Matured	912796PY9	UNITED STATES TREASURY BILL			23,000,000.00		23,000,000.00
09/13/18	09/13/18	Matured	912796NV7	UNITED STATES TREASURY BILL			28,000,000.00		28,000,000.00
09/14/18	09/14/18	Matured	94974BGD8	WELLS FARGO & COMPANY			3,070,000.00		3,070,000.00
09/14/18	09/14/18	Interest	94974BGD8	WELLS FARGO & COMPANY				21,462.54	21,462.54
09/17/18	09/17/18	Paydown	58768MAC5	MBALT 2016-B A3		123,429.56			123,429.56
09/17/18	09/17/18	Interest	58768MAC5	MBALT 2016-B A3				621.19	621.19
09/20/18	09/20/18	Matured	912796PZ6	UNITED STATES TREASURY BILL			23,000,000.00		23,000,000.00
09/21/18	09/21/18	Interest	43815HAB3	HAROT 2018-3 A2				3,411.67	3,411.67
09/26/18	09/26/18	Matured	90521APJ1	MUFG UNION BANK NA		1,000,000.00			1,000,000.00
09/26/18	09/26/18	Interest	90521APJ1	MUFG UNION BANK NA				13,125.00	13,125.00

**Cash Activity USD**

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
09/05/18	09/05/18	ACH/DDA Transaction	DESIGNATED DDA	14,000,000.00	
09/06/18	09/06/18	Journal	AUTO SK SETTLEMENT	22,983,631.67	
09/11/18	09/11/18	ACH/DDA Transaction	DESIGNATED DDA	13,900,000.00	
09/13/18	09/13/18	Cash Wire Journal Entry	SAFEKEEPING ADJ	19,970,133.33	
09/13/18	09/13/18	Journal	AUTO SK SETTLEMENT	27,958,404.44	
09/13/18	09/13/18	ACH/DDA Transaction	DESIGNATED DDA		67,000,000.00
09/17/18	09/17/18	Journal	AUTO SK SETTLEMENT	2,995,498.67	
09/18/18	09/18/18	ACH/DDA Transaction	DESIGNATED DDA	12,000,000.00	
09/19/18	09/19/18	Journal	AUTO SK SETTLEMENT	9,988,144.44	
09/19/18	09/19/18	Journal	AUTO SK SETTLEMENT	2,987,512.50	
09/19/18	09/19/18	Journal	AUTO SK SETTLEMENT	15,000,000.00	
09/25/18	09/25/18	ACH/DDA Transaction	DESIGNATED DDA		

Statement Ending: September 30, 2018

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 September 30, 2018				
USD		46,250.67	1.860%	1.820%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	<b>Beginning Balance</b>		<b>1.0000</b>	<b>27,979,180.28</b>		<b>27,979,180.28</b>
09/05/18	Redemption	(14,000,000.00)		(14,000,000.00)		13,979,180.28
09/06/18	Purchase	23,000,000.00		23,000,000.00		36,979,180.28
09/06/18	Redemption	(22,983,631.67)		(22,983,631.67)		13,995,548.61
09/11/18	Redemption	(13,900,000.00)		(13,900,000.00)		95,548.61
09/13/18	Purchase	41,595.56		41,595.56		137,144.17
09/13/18	Purchase	67,000,000.00		67,000,000.00		67,137,144.17
09/13/18	Redemption	(19,970,133.33)		(19,970,133.33)		47,167,010.84
09/14/18	Purchase	3,091,462.54		3,091,462.54		50,258,473.38
09/17/18	Purchase	124,050.75		124,050.75		50,382,524.13
09/17/18	Redemption	(2,995,496.67)		(2,995,496.67)		47,387,027.46
09/18/18	Redemption	(12,000,000.00)		(12,000,000.00)		35,387,027.46
09/19/18	Redemption	(9,988,144.44)		(9,988,144.44)		25,398,883.02
09/19/18	Redemption	(2,997,512.50)		(2,997,512.50)		22,401,370.52
09/20/18	Purchase	23,000,000.00		23,000,000.00		45,401,370.52
09/21/18	Purchase	3,411.67		3,411.67		45,404,782.19
09/25/18	Redemption	(15,000,000.00)		(15,000,000.00)		30,404,782.19
09/26/18	Purchase	1,013,125.00		1,013,125.00		31,417,907.19
09/28/18	Reinvest	46,250.67			46,250.67	31,464,157.86
	<b>Ending Balance</b>		<b>1.0000</b>	<b>31,464,157.86</b>		<b>31,464,157.86</b>

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Safekeeping





**To: KHS Board of Directors**

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

**Date: December 13, 2018**

**Re: 2019 Marketing Plan and Advertising Campaign**

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**Background**

The objective of our 2019 Marketing Plan is to remain the Health Plan of choice for the low income population of Kern County.

Our Marketing Goals in 2019 are:

1. Member Retention (at 2018 current membership level approximating 250,000 enrollees)
2. Member Growth (approximating 4,400 new enrollees)
3. Continued outreach to expanded enrollment gateway through KFHC providers, Community Based Organizations and the Kern County Department of Human Services
4. Retain current member voluntary health plan selection ratio of 4 of every 5 eligible Medical beneficiaries selecting KFHC over Health Net.

The enclosed PowerPoint presentation covers historical campaign strategies and resulting enrollment stemming from these campaigns, the premise and message of our current advertising campaign and key areas KHS's Marketing Department will undertake or become involved with if we are to achieve our 2019 Marketing Goals.

**Requested Action**

Receive and File.



# **2019 Marketing Plan and Advertising Campaign**

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



## Marketing Objective

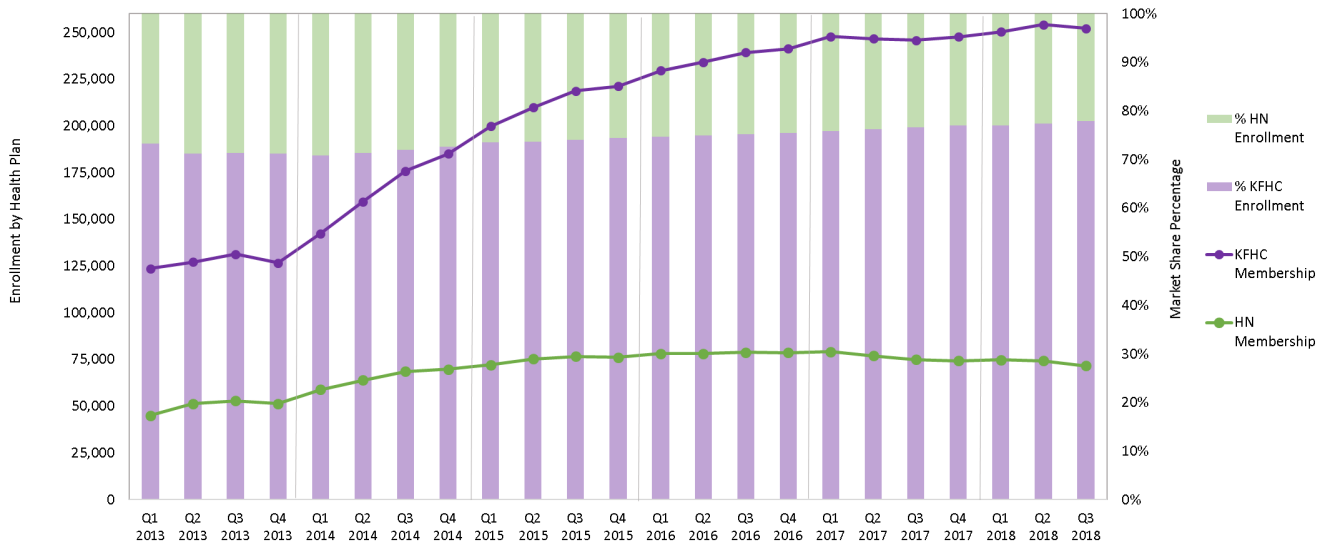
***Remain the Health Plan of choice for the low income population of Kern County***

### **Demonstrated through:**

- ❖ Kern Family Health Care serves one of four Kern County citizens
- ❖ Kern Family Health Care is the largest health plan in Kern County with enrollment of over 250,000 members

# Enrollment Performance

Medi-Cal Managed Care Enrollment  
Kern County  
between 2013 - 2018



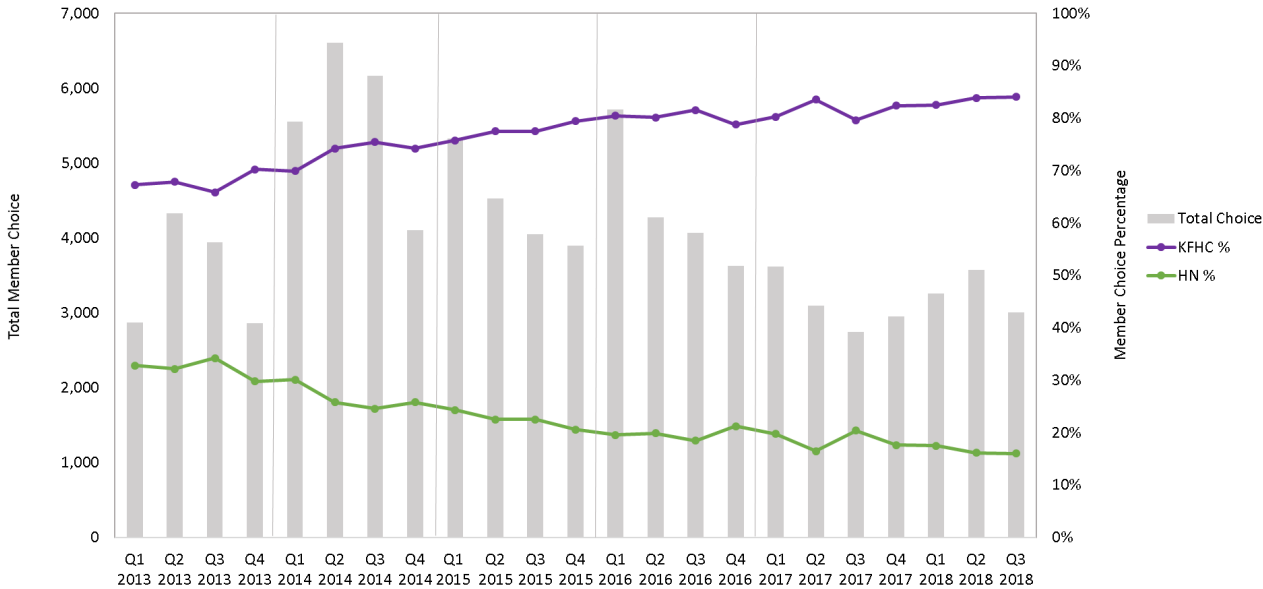
4 of every 5 Medi-Cal managed care enrollees are KFHC members

3



# Enrollment Performance

Percentage of Members Who Chose a Health Plan  
KFHC vs. HN  
between 2013 - 2018



## Annual Enrollment Changes

**On average, members are enrolled in KFHC for 3 years. Thus, every year, we have a turnover of 33% of our membership.**

- Nearly 55,000 Medi-Cal eligibles enroll or reenroll in KFHC each year
  - 84% are new enrollees – never enrolled or dis-enrolled for more than 6 months
  - 16% are re-enrolled members – previously enrolled within the last 6 months

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

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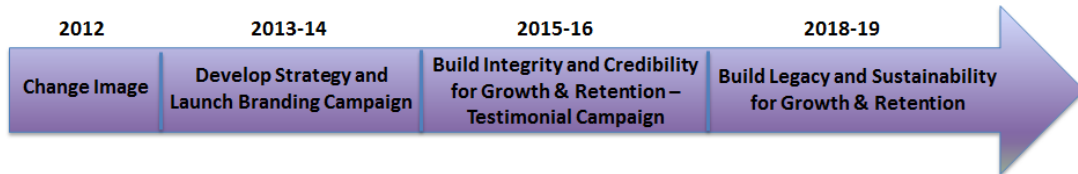
## 2019 Marketing Plan

### **Four Marketing Goals in 2019:**

1. Member Retention (at 2018 current membership level approximating 250,000 enrollees)
2. Member Growth (approximating 4,400 new enrollees)
3. Continued outreach to expanded enrollment gateway through providers, CBOs and KCDHS
4. Retain current member voluntary health plan selection ratio of 4 of every 5 eligible Medi-Cal beneficiaries selecting KFHC over Health Net.



## Timeline of KFHC Advertising Campaigns



### 2013/14

- KHS launched its “Together in Unity Campaign” featuring collaboration between providers, members and Kern Family Health Care in a way our target population could identify.

### 2015/16

- KHS used real members testifying to the positive experience they receive as a Kern Family Health Care member. Using our member’s own experience and testimonies, KHS was able to validate its commitment to improve the lives of its members.

### 2018/19

- Establish the Kern Family Health Care Legacy - KFHC’s success through 20+ years of providing high quality, comprehensive and personalized health care to the Medi-Cal population of Kern County.

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## Advertising Campaign Highlights

### **Advertising Campaign Premise (Building on Our Legacy):**

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

### **Advertising Campaign Message** (consistent with previous advertising campaigns) is:

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



## Advertising Campaign Highlights (cont.)

**KHS uses legacy to mean:**

- **Assurance** – that KHS will continue to provide consistent, high quality clinical services and customer responsive administrative services of which members have come to rely on
- **Security** – in knowing that KHS will continue to be here for them as we've been for over 20 years
- **Trust** - that KHS will put the member's interest first and do what it can to ensure a positive experience and outcome

**The Ad campaign identifies four prominent medical conditions inflicting KFHC members: Children's Asthma, Diabetes, Cancer and Premature Birth. Each story emphasizes how early detection and treatment gives patients the greatest chance for living a long and quality life that brings joy to them and their family.**

**Please click on the link below to see a presentation of our Ad campaign.**

**<http://my.visme.co/projects/y4ym0kpr-2018-kfhc-media-campaign-presentation>**



## Key Areas of Involvement for Achieving our 2019 Marketing Goals

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

**Area 2.** Continued outreach to expanded enrollment gateway through providers, CBOs and KCDHS to improve Medi-Cal renewals.

**Area 3.** Continue to work with and support outside influencers and non-profit community partners serving our same population through nominal community based organization grants.

**Area 4.** Sponsor health related events and charitable fund raising activities which promote health, address disease or improve the quality of life of Kern County's low income population.

**Area 5.** Continue our Public Relation's effort (including Press Releases) promoting community involvement, provider alliances, and other KHS and KFHC achievements occurring throughout 2019.







**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: December 13, 2018**

**Re: Annual Renewal of the Reinsurance Policy**

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### **Background**

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

### **Discussion**

Over the last 3 years KHS reinsurance recoveries have approximated the reinsurance claim payments. For the policy years 2015, 2016, and 2017 KHS recovered approximately \$5.0 million in reinsurance claims while paying reinsurance premiums of approximately \$5.0 million. **These 3 years represent a 100% ratio of recoveries to expense.**

Based on information through November 1, 2018, KHS has requested approximately \$150,000 in recoveries against approximately \$1.4 million in premiums paid. **This represents an overall cumulative 81% ratio for all periods.** We have until December 31, 2019 to turn in claims for the 2018 policy period. Accordingly, continuing with the reinsurance program is still warranted.

### **Fiscal Impact**

The lowest quote for renewal is with the carrier Optum at a blended rate of \$.59 pmpm with the current deductible of \$250,000 per member and a \$.30 pmpm aggregate deductible for an overall expected reinsurance cost of \$2,655,849.

KHS can lower the Optum premium to a blended rate of \$.51 pmpm and a \$.26 pmpm aggregate deductible by increasing the deductible to \$275,000. This would save approximately \$358,092 of reinsurance costs, but would cost KHS an additional \$25,000 per member that reaches the reinsurance deductible. The savings of \$358,092 would be lost if the members reaching the \$275,000 deductible exceeds 14 ( $\$358,092 \text{ savings} / \$25,000 \text{ increase in deductible} = 14.32$  members). Based on utilization data of 14 members in 2017 and 6 members through October 31, 2018, management expects the 2018 utilization to be 14 or fewer members. Accordingly, management recommends increasing the deductible to \$275,000 and lowering the blended rate to \$.51 pmpm and lowering the aggregate deductible to \$.26 pmpm.

The 2019 Budget includes estimated reinsurance premium payments at a blended rate of \$.51 pmpm and reinsurance recoveries at a blended rate of \$.51 pmpm. Estimated fiscal dollar impact is \$1,521,891.

**Risk Assessment**

Based on the prior program years, the continued expense of the SPD population and the increasing trend in medical expenses for the longer-term enrolled Expansion members, management believes that binding coverage is warranted for 2019 and is recommending the Optum option at a blended rate of \$.51 pmpm and increasing the deductible at \$275,000.

**Requested Action**

Approve; Authorize Chief Executive Officer to Sign



**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: December 13, 2018**

**Re: 2019 Budget**

---

**Background**

The 2019 Budget supports the KHS Goals and Objectives, 2019 Annual Projects and contributes to the 2018-2021 Strategic Plan Initiatives. The size and scope of the 2019 Goals and Objectives reflect the changing medical complexity and the corresponding required changes in the provider delivery system that began in 2012 with the addition of the Seniors and Persons with Disabilities (SPD) population and continued in 2014-2017 with CBAS, Childless Adults (Affordable Care Act - Expansion) and Children with Autism.

Major projects for 2019 include:

- Relocation of Kern Health Systems Offices to the Northeast Corner of Buck Owens Boulevard and Sillect Avenue
- Expansion of Health Home Sites that include Physical, Mental Health and Social Integration along with a State mandated go-live date of 7/1/19 for existing sites
- Creation of the Diabetic Prevention Program mandated go-live date of 1/1/19.
- Modified provider compensation structures to incorporate value based purchasing arrangements

Several uncertainties impacting our 2019 Budget include:

- Federal atmosphere of reducing/eliminating benefits (including “public charge” to reject immigrants applying for an immigration visa/green card if they plan on using certain forms of public assistance like Medi-Cal in the future) for our existing members along with possible changes to the future rate setting and funding process
- California legislation theme of exploring Single Payer (“Medicare for All”)/Public Option/Universal Coverage
- Increased regulatory oversight and data requests by DHCS and DMHC along with an increasing amount of All Plan Letters that require increased demands on KHS
- Tightening of State budgets along with shifting more risk to health plans
- Increased demand from providers seeking rate increases
- Providing new benefits such as a Diabetes Prevention Program and other services with no historical data similar to what we faced with Non-Emergency Medical Transportation, Palliative Care, and Health Homes
- Unilateral Changes by the State to the Pharmacy Formulary

To: KHS Finance Committee  
Re: 2019 Budget  
Page 2

- Retroactive revenue recovery associated with non-eligible members occurring from historical discrepancies between DHCS's enrollment files and County welfare eligibility files

The 2019 budget is "realistic" with moderately aggressive assumptions around utilization and medical cost trends. We are projecting that our Revenue increases will offset our rising medical cost trends. Administrative expenses will go up to implement newly mandated benefits. All of this points to a financially challenging year for KHS.

Specifically, key factors (to name a few) impacting the 2019 budget include:

- Projected growth of approximately 5,000 enrollees
- Multi-Government regulatory and organization compliance and performance responsibilities through:
  - DHCS
  - DMHC
  - CMS (Including implementation of certain sections of the Medicaid Managed Care Final Rule)
- Continued Implementation of a New Medical Management Platform which includes dynamic application of evidence based medical criteria and point of service decision making
- Monitoring Non-Emergency Medical Transportation services that include non-covered services such as dental and opioid treatment per DHCS requirements
- Development of Provider Performance Based Alternative reimbursement arrangements
- Palliative Care program implementation
- Member Incentive Program
- Enhancing Medi-Cal Benefits initiative
- Expansion of KHS departmental dashboards for operational metric transparency
- New or expanded provider collaborative programs:
  - Developing Kern Medical Integration Health Care Concept
  - Strengthen collaboration with Kern County Mental Health and GATE team for Substance Use Disorders
  - Prepare for KHS role and responsibility in Whole Person Care Pilot Program with Kern Medical
  - Expanding access for Diabetic Clinic sites at Bakersfield Memorial Hospital, Delano Regional Medical Center and Kern Medical
  - Expanding the Transitional Care Program to additional hospitals with a critical mass of patients with an increase focus on the socio-economic barriers to care
  - Emergency Room Avoidance program expansion with location of KHS based Social Worker in local hospital ER to provide coordination of care with ER discharge instructions
  - Expanding TeleHealth Specialty Care services

To: KHS Finance Committee  
 Re: 2019 Budget  
 Page 3

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

Attached are the following documents relating to the 2019 Budget:

- 1) Consolidated Operating Budget
- 2) Operating Budget by Aid Category

To: KHS Finance Committee

Re: 2019 Budget

Page 4

- 3) Enrollment Assumptions
- 4) Revenue Assumptions
- 5) Medical Expense Assumptions
- 6) Administrative Expense Assumptions
- 7) Budgeted FTE by Department
- 8) Capital Budget for 2019

**Requested Action**

Approve.

**KERN HEALTH SYSTEMS  
P & L BY MAJOR CATEGORY OF SERVICE  
2019 BUDGET**

	2019 BUDGET	EST. ANNUAL	DIFFERENCE	PMPM	EST. PMPM	PMPM
	\$	\$	\$	2019 BUDGET	2018 ANNUAL	DIFFERENCE
				2,984,100	2,947,546	36,554
<b>REVENUE</b>						
Capitation (includes Prop 56)	644,654,241	607,382,338	37,271,903	216.03	206.06	9.97
Maternity Kick	31,987,328	29,566,148	2,421,180	10.72	10.03	0.69
Health Home Kick	5,362,007	-	5,362,007	1.80	-	1.80
HEP C Kick	9,989,267	8,571,565	1,417,702	3.35	2.91	0.44
BHT Kick	7,846,609	5,402,104	2,444,505	2.63	1.83	0.80
Total MCAL Revenue	699,839,453	650,922,155	48,917,298	234.52	220.84	13.69
MCO Tax Revenue	99,655,013	93,801,381	5,853,632	33.40	31.82	1.57
COB Revenue	-	16,916,339	(16,916,339)	-	5.74	(5.74)
Interest	4,728,149	4,248,218	479,930	1.58	1.44	0.14
Reinsurance	1,521,891	600,681	921,210	0.51	0.20	0.31
<b>TOTAL REVENUE</b>	<b>805,744,506</b>	<b>766,488,774</b>	<b>39,255,732</b>	<b>270.01</b>	<b>260.04</b>	<b>9.97</b>
<b>MEDICAL</b>						
Inpatient Hospital	162,686,594	165,679,691	(2,993,097)	54.52	56.21	(1.69)
Outpatient Facility	68,407,970	65,598,612	2,809,357	22.92	22.26	0.67
Health Home Capitation	1,275,000	-	1,275,000	0.43	-	0.43
Emergency Room Facility	55,042,764	54,143,754	899,010	18.45	18.37	0.08
Long-Term Care Facility	9,369,484	9,942,451	(572,967)	3.14	3.37	(0.23)
Primary Physician Services	35,091,327	34,102,164	989,163	11.76	11.57	0.19
Urgent Care	16,494,265	15,599,702	894,563	5.53	5.29	0.23
Physician Specialty	110,535,191	110,680,948	(145,757)	37.04	37.55	(0.51)
BHT	7,846,609	6,090,959	1,755,651	2.63	2.07	0.56
Mental Health	1,942,551	1,382,079	560,472	0.65	0.47	0.18
VSP	3,139,601	2,970,029	169,572	1.05	1.01	0.04
Other Medical Professional	12,483,269	11,458,655	1,024,614	4.18	3.89	0.30
Pharmacy	100,637,470	95,541,510	5,095,959	33.72	32.41	1.31
HEP C	9,989,268	8,255,762	1,733,506	3.35	2.80	0.55
DME	7,202,445	7,100,588	101,857	2.41	2.41	0.00
Pharmacy Rebates	(1,750,000)	(1,584,734)	(165,265)	(0.59)	(0.54)	(0.05)
Home Health and CBAS	3,507,763	3,897,968	(390,205)	1.18	1.32	(0.15)
Other- Ambulance and Non-Emergent Transportation	14,647,116	11,806,152	2,840,965	4.91	4.01	0.90
Other Medical - Enhanced Benefits	749,904	507,241	242,663	0.25	0.17	0.08
Pay for Performance Quality Incentive	5,968,200	5,895,092	73,108	2.00	2.00	-
Provider Incentive Payments (Prop 56)	13,292,700	10,152,088	3,140,612	4.45	3.44	1.01
Reinsurance Premium	1,521,891	1,382,809	139,083	0.51	0.47	0.04
UM/QA Costs (including Utilization & Quality Review)	21,730,481	16,531,858	5,198,623	7.28	5.61	1.67
<b>Total Medical Costs</b>	<b>661,811,864</b>	<b>637,135,377</b>	<b>24,676,487</b>	<b>221.78</b>	<b>216.16</b>	<b>5.62</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>143,932,642</b>	<b>129,353,397</b>	<b>14,579,245</b>	<b>48.23</b>	<b>43.89</b>	<b>4.35</b>
<b>ADMINISTRATIVE</b>	<b>43,907,021</b>	<b>37,250,952</b>	<b>6,656,069</b>	<b>14.71</b>	<b>12.64</b>	<b>2.08</b>
<b>NET PROFIT/(LOSS) BEFORE MCO TAX</b>	<b>100,025,622</b>	<b>92,102,445</b>	<b>7,923,176</b>	<b>33.52</b>	<b>31.25</b>	<b>2.27</b>
<b>MCO TAX EXPENSE</b>	<b>99,655,013</b>	<b>92,756,438</b>	<b>6,898,575</b>	<b>33.40</b>	<b>31.47</b>	<b>1.93</b>
<b>NET PROFIT/(LOSS) AFTER MCO TAX</b>	<b>370,609</b>	<b>(653,993)</b>	<b>1,024,601</b>	<b>0.12</b>	<b>(0.22)</b>	<b>0.35</b>
<b>HEALTH HOME PROGRAM EXPENSE</b>	<b>3,360,000</b>	<b>2,787,235</b>				
<b>NET PROFIT/(LOSS) AFTER GRANT EXPENSE</b>	<b>(2,989,391)</b>	<b>(3,441,228)</b>	<b>(1)(2)</b>			
<b>MEDICAL LOSS RATIO (EXCLUDING MCO TAX)</b>	93.73%	94.71%				
<b>ADMIN RATIO (EXCLUDING GRANT AND MCO TAX)</b>	6.22%	5.54%				

(1) 2018 has been adjusted for approximately \$7 million of prior period adjustments.  
 (2) 2018 Annual is estimated using YTD August 2018 plus September - December 2018 budget amounts.

**KERN HEALTH SYSTEMS  
P & L BY MAJOR CATEGORY OF SERVICE  
2019 BUDGET**

	ALL COAs		FAMILY & OTHER		SPD		EXPANSION	
	\$	2,984,100	\$	2,097,600	\$	170,400	\$	716,100
<b>REVENUE</b>								
Capitation	644,654,241	216.03	252,350,108	120.30	138,569,621	813.20	253,734,513	354.33
Maternity Kick	31,987,328	10.72	29,071,091	13.86	-	-	2,916,237	4.07
Health Home Cap	5,362,007	1.80	1,212,815	0.58	1,777,683	10.43	2,371,510	3.31
HEP C Kick	9,989,267	3.35	908,115	0.43	2,542,723	14.92	6,538,430	9.13
BHT Kick	7,846,609	2.63	7,142,827	1.50	4,703,782	27.60	-	-
Total MCAL Revenue	699,839,453	234.52	286,684,956	136.67	147,593,808	866.16	265,560,689	370.84
MCO Tax Revenue	99,655,013	33.40	70,050,050	33.40	5,690,565	33.40	23,914,398	33.40
COB Revenue	-	-	-	-	-	-	-	-
Interest	4,728,149	1.58	4,728,149	2.25	-	-	-	-
Reinsurance	1,521,891	0.51	1,069,776	0.51	86,904	0.51	365,211	0.51
<b>TOTAL REVENUE</b>	<b>805,744,506</b>	<b>270.01</b>	<b>362,532,931</b>	<b>172.83</b>	<b>153,371,277</b>	<b>900.07</b>	<b>289,840,298</b>	<b>404.75</b>
<b>MEDICAL</b>								
Inpatient Hospital	162,686,594	54.52	60,763,709	28.97	43,183,079	253.42	58,739,805	82.03
Outpatient Facility	68,407,970	22.92	26,523,461	12.64	16,386,515	96.16	25,497,993	35.61
Health Home Capitation	1,275,000	0.43	358,913	0.17	385,815	2.26	530,273	0.74
Emergency Room Facility	55,042,764	18.45	34,030,726	16.22	5,915,109	34.71	15,096,929	21.08
Long-Term Care Facility	9,369,484	3.14	1,632,612	0.78	4,951,940	29.06	2,784,932	3.89
Primary Physician Services	35,091,327	11.76	23,789,023	11.34	2,628,141	15.42	8,674,163	12.11
Urgent Care	16,494,265	5.53	12,420,461	5.92	796,118	4.67	3,277,685	4.58
Physician Specialty	110,535,191	37.04	48,197,469	22.98	19,967,291	117.18	42,370,431	59.17
BHT	7,846,609	2.63	3,142,827	1.50	4,703,782	27.60	-	-
Mental Health	1,942,551	0.65	1,021,989	0.49	574,606	3.37	345,955	0.48
VSP	3,139,601	1.05	2,138,770	1.02	299,768	1.23	791,053	1.10
Other Medical Professional	12,483,269	4.18	4,740,617	2.26	2,547,276	14.95	5,195,376	7.26
Pharmacy	100,637,470	33.72	33,878,183	16.15	25,241,566	148.13	41,517,721	57.98
HEP C	9,989,268	3.35	908,115	0.43	2,542,723	14.92	6,538,430	9.13
DME	7,202,445	2.41	1,964,273	0.94	3,265,203	19.16	1,972,969	2.76
Pharmacy Rebates	(1,750,000)	(0.59)	(143,515)	(0.07)	(563,477)	(3.31)	(1,043,008)	(1.46)
Home Health and CBAS	3,507,763	1.18	1,107,627	0.53	1,609,291	9.44	790,844	1.10
Other- Ambulance and Non-Emergent Transportation	14,647,116	4.91	8,523,712	4.06	2,589,780	15.20	3,533,624	4.93
Other Medical - Enhanced Benefits	749,904	0.25	527,127	0.25	42,822	0.25	179,956	0.25
Pay for Performance Quality Incentive	5,968,200	2.00	4,195,200	2.00	340,800	2.00	1,432,200	2.00
Provider Incentive Payments (Prop 56)	13,292,700	4.45	7,999,284	3.77	1,504,632	8.83	3,878,784	5.42
Reinsurance Premium	1,521,891	0.51	1,069,776	0.51	86,904	0.51	365,211	0.51
UM/QA Costs (including Utilization & Quality Review)	21,730,481	7.28	8,396,999	4.00	4,727,274	27.74	8,606,208	12.02
<b>Total Medical Costs</b>	<b>661,811,864</b>	<b>221.78</b>	<b>287,097,360</b>	<b>136.87</b>	<b>143,636,958</b>	<b>842.94</b>	<b>231,077,545</b>	<b>322.69</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>143,932,642</b>	<b>48.23</b>	<b>75,435,571</b>	<b>35.96</b>	<b>9,734,319</b>	<b>57.13</b>	<b>58,762,753</b>	<b>82.06</b>
<b>ADMINISTRATIVE</b>	<b>43,907,021</b>	<b>14.71</b>	<b>16,966,264</b>	<b>8.09</b>	<b>9,551,583</b>	<b>56.05</b>	<b>17,389,074</b>	<b>24.28</b>
<b>NET PROFIT/(LOSS) BEFORE MCO TAX</b>	<b>100,025,622</b>	<b>33.52</b>	<b>58,469,207</b>	<b>27.87</b>	<b>182,736</b>	<b>1.07</b>	<b>41,373,679</b>	<b>57.78</b>
<b>MCO TAX EXPENSE</b>	<b>99,655,013</b>	<b>33.40</b>	<b>70,050,050</b>	<b>33.40</b>	<b>5,690,565</b>	<b>33.40</b>	<b>23,914,398</b>	<b>33.40</b>
<b>NET PROFIT/(LOSS) AFTER MCO TAX</b>	<b>370,609</b>	<b>0.12</b>	<b>(11,580,843)</b>	<b>(5.52)</b>	<b>(5,507,829)</b>	<b>(32.32)</b>	<b>17,459,281</b>	<b>24.38</b>
<b>MEDICAL LOSS RATIO (EXCLUDING MCO TAX)</b>	93.73%		98.16%		97.26%		86.90%	
<b>ADMIN RATIO (EXCLUDING MCO TAX)</b>	6.22%		5.80%		6.47%		6.54%	



**KERN HEALTH SYSTEMS  
BUDGETED MEMBER MONTHS  
CY 2019**

MEDI-CAL	Increased Amt	SEPT 2018 FimeMS	JAN'19	FEB'19	MAR'19	APR'19	MAY'19	JUN'19	JUL'19	AUG'19	SEP'19	OCT'19	NOV'19	DEC'19	CY 2019
<b>19 &amp; OVER</b>	-	43,888	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000
<b>UNDER 19</b>	400	122,103	123,000	123,400	123,800	124,200	124,600	125,000	125,400	125,800	126,200	126,600	127,000	127,400	1,502,400
<b>SPDS</b>	-	14,158	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	170,400
<b>TOTAL OTHER</b>	-	5,587	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	67,200
-Blind/Disabled Dual	-	3,363	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	3,375	40,800
-Aged Dual	-	2,201	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	26,400
-BCCTP	-	23	25	25	25	25	25	25	25	25	25	25	25	25	300
<b>MEDI-CAL EXPANSION</b>	-	59,188	59,200	59,200	59,200	59,200	59,200	59,200	59,200	59,200	59,200	59,200	59,200	59,200	710,400
-Expansion Dual	-	445	450	450	450	450	450	450	450	450	450	450	450	450	5,400
-Expansion Partial Dual	-	21	25	25	25	25	25	25	25	25	25	25	25	25	300
<b>TOTAL MEDI-CAL</b>	400	245,390	246,475	246,875	247,275	247,675	248,075	248,475	248,875	249,275	249,675	250,075	250,475	250,875	2,984,100
<b>Kaiser Membership</b>	-	8,322	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400	100,800
<b>TOTAL MEDI-CAL</b>	400	253,712	254,875	255,275	255,675	256,075	256,475	256,875	257,275	257,675	258,075	258,475	258,875	259,275	3,084,900

**KERN HEALTH SYSTEMS  
MEDI-CAL  
2019 REVENUE BUDGET**

ENROLLMENT	
Family and Other	2,097,600
SPD Members	170,400
MCAL Expansion	716,100
<b>SUBTOTAL MEMBERS</b>	<b>2,984,100</b>
Kaiser	
<b>Total Members - MCAL</b>	<b>2,984,100</b>

REVENUES	PMPM	\$
Title XIX - Medicaid Adult & Child	132.90	278,775,672
Title XIX - Medicaid Seniors & Persons w/Disabilities	857.33	146,089,176
Title XIX - Medicaid Expansion	365.43	261,681,905
<b>SUBTOTAL PREMIUM REVENUE</b>	<b>230.07</b>	<b>686,546,753</b>
Title XIX - Medicaid - MCO TAX	33.40	99,655,013
<b>TOTAL MEDICAID REVENUE</b>	<b>263.46</b>	<b>786,201,766</b>
Interest /Dividends	1.58	4,728,149
Reinsurance Recoveries	0.51	1,521,891
PROP 56	4.45	13,292,700
<b>TOTAL REVENUES</b>	<b>270.01</b>	<b>805,744,506</b>

REVENUE ASSUMPTIONS

- 1) PREMIUM REVENUE IS BASED ON PRELIMINARY RATES PROVIDED BY DHCS (JANUARY-JUNE 2019) ON JUNE 29, 2018. THERE IS NO RATE INFORMATION FOR JULY - DECEMBER 2019. FOR THAT PERIOD ALL CATEGORIES OF AID ARE ASSUMED TO RECEIVE A 4% INCREASE EXCEPT EXPANSION WHICH IS BUDGETED TO HAVE THE SAME RATE FOR THE SECOND HALF OF THE YEAR.
- 2) MATERNITY KICK REVENUE INCLUDED IN PREMIUM REVENUE INCLUDES A MONTHLY DELIVERY ASSUMPTION OF 432 DELIVERIES PER MONTH AND IS BASED ON CY2017 RDT WITH AN ASSUMED 5% INCREASE.
- 3) HEALTH HOME PROGRAM REVENUE IS BUDGETED TO BEGIN JULY 1, 2019 AND IS BASED ON DRAFT RATES PROVIDED 12/5/2017 WITH ESTIMATED PROGRAM MEMBERS OF 2,500.
- 4) HEP C KICK REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON 660 MEMBER MONTHS OF TREATMENT AT 18/19 NON 340B RATES RECEIVED 4/30/2018 AND ASSUMES AN INCREASE IN UTILIZATION. REVENUE IS BUDGETED TO OFFSET EXPENSE.
- 5) BHT KICK REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON 3,512 UTILIZER MONTHS OF TREATMENT AT \$3,397 PER MONTH FOR 0-6 YEAR OLDS AND \$2,584 FOR 7-20 YEAR OLDS IN ACCORDANCE WITH 18/19 RATES RECEIVED JULY 27, 2018 .
- 6) INTEREST REVENUE IS BASED ON ACTUAL AS OF AUGUST 31, 2018 ANNUALIZED AND ASSUMES SIMILAR PRINCIPAL BALANCES AVAILABLE FOR INVESTMENT AND CURRENT INTEREST RATES.
- 7) REINSURANCE RECOVERIES ARE ASSUMED AT 100% OF PREMIUM.
- 8) ESTIMATES FOR RETRO RATE ADJUSTMENTS AND PRIOR YEAR REVENUE ARE NOT BUDGETED
- 9) OTHER REVENUE IS IMMATERIAL AND NOT BUDGETED.
- 10) MCO TAX REVENUE IS BASED ON ESTIMATED PMPM RATES OF \$33.40, ASSUMING A 5% INCREASE FOR 19/20 MCO TAX PAYMENTS OVER THE 18/19 MCO TAX PAYMENTS.

**KERN HEALTH SYSTEMS  
2019 MEDICAL BUDGET  
UTILIZATION AND UNIT COST ASSUMPTIONS  
(BASED ON PAID CLAIMS COST HISTORY AUGUST, 2018)**

**FAMILY & OTHER**

	Annualized Increase	
	Utilization	Unit Cost
Inpatient Hospital	-2.50%	3.00%
Outpatient Facility	1.00%	1.00%
Emergency Room	-3.00%	3.00%
Long Term Care	-10.00%	0.00%
Urgent Care	0.00%	0.00%
Physician Primary Care & Urgent Care	1.00%	1.00%
Physician Specialty	-2.00%	2.00%
Other Medical Professional	1.00%	0.00%
Mental Health	0.00%	0.00%
Pharmacy	0.00%	5.00%
Laboratory and Radiology	-2.00%	3.00%
Home and Community Based Services	1.00%	3.00%
Other, Ambulance, and Non-Emergency Medical Transportation	7.00%	9.00%

**SENIORS & PERSONS WITH DISABILITIES (SPD)\***

	Annualized Increase	
	Utilization	Unit Cost
Inpatient Hospital	-2.00%	3.00%
Outpatient Facility	1.00%	3.00%
Emergency Room	-3.00%	3.00%
Long Term Care	-7.00%	3.00%
Urgent Care	0.00%	0.00%
Physician Primary Care	2.00%	0.00%
Physician Specialty	-2.00%	1.00%
Other Medical Professional	8.00%	1.00%
Mental Health	0.00%	0.00%
Pharmacy	1.00%	5.00%
Laboratory and Radiology	0.00%	3.00%
Home and Community Based Services	1.00%	3.00%
Other, Ambulance, and Non-Emergency Medical Transportation	7.00%	9.00%

**EXPANSION**

	Annualized Increase	
	Utilization	Unit Cost
Inpatient Hospital	0.00%	3.00%
Outpatient Facility	1.00%	1.00%
Emergency Room	0.00%	3.00%
Long Term Care	-10.00%	3.00%
Urgent Care	0.00%	0.00%
Physician Primary Care	4.00%	2.00%
Physician Specialty	1.00%	3.00%
Other Medical Professional	6.00%	3.00%
Mental Health	0.00%	0.00%
Pharmacy	0.00%	5.00%
Laboratory and Radiology	0.00%	2.00%
Home and Community Based Services	1.00%	3.00%
Other, Ambulance, and Non-Emergency Medical Transportation	7.00%	9.00%

KERN HEALTH SYSTEMS MEDI-CAL ADMINISTRATIVE EXPENSES						
Administrative:	2019 BUDGET		2018 ESTIMATED		DIFFERENCE	
	PMPM	\$	PMPM	\$	PMPM	\$
Compensation	8.71	25,990,652	7.97	23,506,067	0.73	2,484,585
Purchased Services	3.29	9,822,524	2.43	7,177,036	0.86	2,645,488
Supplies	0.36	1,063,037	0.29	858,736	0.06	204,301
Depreciation	1.12	3,327,991	0.77	2,280,234	0.34	1,047,757
Other Administrative Expenses	1.24	3,702,817	1.16	3,428,879	0.08	273,938
<b>Total Administrative Expenses</b>	<b>14.71</b>	<b>\$ 43,907,021</b>	<b>12.64</b>	<b>\$ 37,250,952</b>	<b>2.08</b>	<b>\$ 6,656,069</b>
<b>Member Months</b>		<b>2,984,100</b>		<b>2,947,546</b>		<b>36,554</b>

**ASSUMPTIONS**

COMPENSATION

COMPENSATION EXPENSE WAS BASED ON STAFFING LEVELS NEEDED FOR THE GRADUAL ENROLLMENT OF 2,984,100 MEMBER MONTHS.

- 1.) COMPENSATION INCLUDES AN INCREASE OF APPROXIMATELY \$700,000 FOR COST OF LIVING SALARY INCREASE ADJUSTMENTS OF 2.5% AND EXPECTED AVERAGE MERIT INCREASE ADJUSTMENTS OF 1.5% FOR ALL DEPARTMENTS.
- 2.) COMPENSATION EXPENSE BUDGETED FOR 2019 INCLUDES AN INCREASE OF APPROXIMATELY \$200,000 FROM ESTIMATED 2018 EXPENSE FOR TEMPORARY STAFF NEEDED TO BACKFILL PLANNED AND UNPLANNED STAFFING SHORTAGES AND ASSIST WITH THE IMPLEMENTATION OF 2019 PROJECTS.
- 3.) A NET TOTAL OF 12 ADMINISTRATIVE POSITIONS ARE REFLECTED IN THE ABOVE FOR 2019 FOR AN ESTIMATED INCREASE OF APPROXIMATELY \$1,100,000 IN ADDITION TO A FULL YEAR OF SALARY AND BENEFITS FOR 2018 ADDED POSITIONS FOR AN INCREASE OF APPROXIMATELY \$300,000.

PURCHASED SERVICES

- 4.) THE 2019 BUDGET INCLUDES AN INCREASE OF OTHER PROFESSIONAL SERVICES OF APPROXIMATELY \$2,000,000 FOR OUTSIDE PROFESSIONAL SERVICES AND CONSULTING SERVICES NEEDED TO COMPLETE 2019 APPROVED PROJECTS, WHICH INCLUDE REGULATORY REQUIRED PROJECTS.
- 5.) THE 2019 BUDGET INCLUDES AN INCREASE OF APPROXIMATELY \$400,000 DUE TO INCREASED ANNUAL SYSTEM LICENSE AND SUPPORT FEES.

SUPPLIES

- 6.) THE 2019 BUDGETED SUPPLIES EXPENSE INCLUDES AN INCREASE OF APPROXIMATELY \$200,000 FOR DISASTER RECOVERY EXPENSE DUE TO ADDITIONAL COSTS RESULTING FROM PROCESS IMPROVEMENTS AND CHANGES FROM THE EXISTING DISASTER RECOVERY MODEL.

DEPRECIATION

- 7.) THE 2019 DEPRECIATION EXPENSE IS EXPECTED TO INCREASE SIGNIFICANTLY DUE TO A FULL YEAR OF EXPENSE FOR CAPITALIZED ASSETS COMPLETED AND PUT INTO PRODUCTION IN 2018, INCLUDING THE DEVELOPMENT OF THE MEMBER AND PROVIDER WEB PORTALS, AND COMPLETION OF CAPITALIZED PROJECTS IN 2019, INCLUDING THE MEDICAL MANAGEMENT SYSTEM PLATFORM AND CONSTRUCTION OF THE NEW BUILDING.

OTHER ADMINISTRATIVE EXPENSES

- 8.) THE 2019 BUDGETED EXPENSE FOR OTHER ADMINISTRATIVE EXPENSES REFLECTS INCREASES IN PROPERTY INSURANCE PREMIUMS, REGULATORY LICENSE FEES, EMPLOYEE TRAINING COSTS, AND EMPLOYEE RECRUITMENT EXPENSE.

KERN HEALTH SYSTEMS  
 2019 BUDGETED FTE BY DEPARTMENT

		EXPECTED MEMBERSHIP																	
		246,475   246,875   247,275   247,675   248,075   248,475   248,875   249,275   249,675   250,075   250,475   250,875   2,984,100																	
CC	DEPARTMENT	DECEMBER 2018	DEPARTMENT ADJUSTMENTS	PROJECTED DECEMBER 2018	JAN 2019	FEB 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPT 2019	OCT 2019	NOV 2019	DEC 2019	TOTAL 2019	TOTAL 2019 FTE ADDITIONS	
110	EXECUTIVE	4	-	4	-	-	-	-	-	-	-	-	-	-	-	-	4	-	
210	FINANCE	14	-	14	-	-	-	-	-	-	-	-	-	-	-	-	14	-	
220	INFORMATION TECHNOLOGY	33	-	33	3	-	-	-	-	-	-	-	-	-	-	-	36	3	
221	BUSINESS INTELLIGENCE	16	-	16	-	-	-	-	-	-	-	-	-	-	-	-	16	-	
230	CLAIMS	66	-	66	-	-	-	-	-	-	-	-	-	-	-	-	66	-	
240	PROJECT MANAGEMENT	9	-	9	-	-	-	-	-	-	-	-	-	-	-	-	9	-	
310	UM	87	(24)	63	-	-	-	-	-	-	-	-	-	-	-	-	63	-	
314	HEALTH HOME	8	-	8	2	-	-	-	-	-	-	-	-	-	-	-	10	2	
315	CASE MANAGEMENT	-	24	24	-	-	-	-	-	-	1	-	-	-	-	-	25	1	
311	QI	13	-	13	-	-	-	-	-	-	-	-	-	-	-	-	13	-	
312	HEALTH ED	11	-	11	-	-	-	-	-	-	-	-	-	-	-	-	11	-	
313	PHARMACY	11	-	11	-	-	-	-	-	-	-	-	-	-	-	-	11	-	
616	DISEASE MANAGEMENT	9	-	9	-	-	-	-	-	-	-	-	-	-	-	-	9	-	
320	PROVIDER RELATIONS	22	-	22	2	-	-	1	-	-	-	-	-	-	-	-	25	3	
330	MEMBER SERVICES	76	1	77	4	-	-	-	-	1	-	-	-	-	-	-	82	5	
340	CORPORATE SERVICES	8	(1)	7	-	-	-	-	-	-	-	-	-	-	-	-	7	-	
360	COMPLIANCE	6	-	6	-	-	-	-	-	-	-	-	-	-	-	-	6	-	
420	MARKETING	5	-	5	-	-	-	-	-	-	-	-	-	-	-	-	5	-	
510	HR	11	-	11	-	-	-	1	-	-	-	-	-	-	-	-	12	1	
TOTAL		399	-	399	11	0	0	2	0	1	1	0	0	0	0	0	414	15	

The KHS CEO met with each department to go over all departmental budgets and staffing requirements. The 2019 Budget has additional staffing requirements of fifteen (15) net new FTEs due to implementing the 2019 projects required to meet the 2019 Strategic Goals and Objectives, continuing growth and complexities in our technology requirements, and the more complex populations that are being assigned to Managed Care Plans in California.

Staffing changes are required for the following departments:

- Information Technology requires three (3) FTEs to keep up with demand for more sophisticated information reporting and performance requirements on Medi-Cal health plans from DHCS, DMHC and NCQAA. One FTE is required in system configuration for JIVA and QNXT in support of the Provider Relations and Claims Departments need for system changes; One FTE is required in management for the Electronic Data Interchange (EDI) team as the regulatory demands for electronic data transactions (i.e. Encounters, Clinical Medical Records, etc.) by DHCS have significantly increased; and One FTE in management for the oversight of several teams as the technical diversity to manage the department as a whole has increased in complexity.
- Health Homes requires two (2) FTEs for the continued growth of the Health Home Program designed for members with chronic conditions. The FTEs will play an integral role as a resource to the Community Based Care Management Entities by providing clinical oversight of the 6 core components of the program to ensure compliance with State requirements, assist with referrals and authorizations and support sites with mandatory trainings. The 2 FTEs are required to fulfill this role for the oversight of all 7 HHP sites. (2 new sites in 2019). KHS is responsible for the delegation oversight of the Health Home Programs and the addition of these FTEs will assist with fulfilling the DHCS requirements.  
**(Necessary to fulfill DHCS requirements in 2019)**
- Case Management requires one (1) FTE in a Medical Director role. This position will be multi-faceted in the support and education of the KHS Provider network in the critical areas of Care Coordination and addressing the Social Determinants of Health and the impact on barriers to care. In support of KHS's 3 year Strategic plan, the Medical Director will play a key role in the transformation of the Primary Care and Specialty delivery care system methodology. Monitoring clinical profiles of KHS network providers will identify individual provider's styles of practice for treatment and services used and the outcomes of care. The profiling communications provided by the Medical Director will provide meaningful information on clinical performances to help improve the quality of the services provided. Additionally, the Medical Director will assist with the promotion of the defined clinical outcome requirements for the Health Homes Programs and provide support both internally and externally to the Pharmacy processes as a fiduciary and eligibility liaison.  
**(Savings from assuring members receive only medically appropriate, cost-effective care should more than offset the cost for this position).**

- Provider Relations requires three (3) new FTEs. Two Provider Relation Representatives are required due to increases in the KHS provider network size with the addition of added Medi-Cal covered services and new provider types such as behavioral health (i.e. ABA, QASP), mental health (i.e. LCSW, BCBA, LMFT), palliative care, Non-Emergency Medical Transportation providers and an overall increase of PCPs, Urgent Care and Specialty Care Providers. In 2017, the top two provider types that experience significant growth were PCPs/Specialist and Urgent Care Centers. There was a 14% increase in PCP and Specialty Care Providers and a 22% increase in Urgent Care facilities alone. The scope of the Provider Relations Representatives has also expanded as KHS is handling several new systems trainings with providers, provider portal implementation, special projects and expanded number of Joint Operation Meetings with our network hospitals.

Additionally, one Credentialing Coordinator is required as a result of All Plan Letter 17-019, which became effective, 01/01/2018. KHS is now required to create and monitor additional requirements for Screening & Enrollment of providers and developing an infrastructure that includes developing Policies and Procedures and workflow processes for the current network and new providers requesting to be contracted, conducting an assessment of the current network to determine their enrollment status with Fee For Service (“FFS”)Medi-Cal (1,600+ providers), assigning Risk Assignment to our current network as “Limited, Moderate or High”, developing a process to screen and enroll those network providers who are not FFS and/or are not eligible to be enrolled in FFS; KHS is now responsible to screen and enroll those network providers in a manner that is substantively equivalent to the DHCS enrollment process, monthly database checks to ensure current network providers remain in good standing in Medicare and Medi-Cal programs, conduct internal screening and enrollment for approximately 150-200 current providers who are not FFS enrolled or eligible for enrollment and to manage the increase in the volume of initial and re-credentialing applications. Provider demographic changes have also increased workload for address location additions, deletions and changes all with a direct impact to maintaining the integrity of the provider data in our credentialing software system as the primary information source and for the purposes of the 274 State file, SB 137 provider directory & web portal display within the required regulatory timeframes.

**(Necessary to fulfill DHCS requirements in 2019)**

- Member Services requires five (5) FTEs to assist with meeting the growing demand of customer service calls and grievances and appeals due to recent changes to the Grievance and Appeal requirements as set forth under APL 17-006.  
**(Necessary to fulfill DHCS performance standards and service requirements in 2019).**

<b>2019 <del>XXX</del> MEMBER SERVICES NEW POSITIONS</b>		
<b>Count</b>	<b>Position</b>	<b>Justification</b>
1	Supervisor	Additional position needed to reduce the staff to management ratio. Current ratio is at 1 supervisor to 24 staff. Industry standard is 1 supervisor to 12. This position will assist management with monitoring and evaluating agent performance, preparing and analyzing reports, assisting as a subject matter expert on special projects and ensuring agents understand and comply with all call center objectives, performance standards and policies.
2	Grievance Coordinator	Additional staffing needed to comply with APL 17-006. With the implementation of the CMS Mega Rule in July 2017, all dissatisfaction is considered a grievance and accordingly grievances have increased 72%.
1	Member Service Representative	Additional position needed to handle an 11% increase in phone volume and maintain DHCS required phone statistics
1	Senior Ops Analyst/Content Manager	KHS purchased content knowledge management software to centralize standard reference materials pertinent to the day-to-day business needs of the Member Services staff. The solution requires that this position be fully dedicated to creating, editing, posting, analyzing and updating content, and work as the liaison between Member Services and other KHS departments to ensure the information provided by the solution is always current and accurate.

- Human Resources requires 1 FTE in Corporate Training and Development as a second Instructional Designer. With nearly 400 employees, more than 2,500 network providers and 250,000 enrollees, timely, accurate and consistent communication and training is imperative for each constituent group to remain current with KHS policies, procedures and protocols. Designing on-line education and training programs to be used repeatedly ensures KHS achieves this objective. Specifically, programs produced will be used by employees requiring compliance training and work specific procedure changes and updates. For provider's it will be used to orient new office staff to KHS's policies, protocols and patient care information.

**(Savings from reduced classroom instruction and onsite provider office based training should offset the cost for this FTE).**



**KERN HEALTH SYSTEMS  
2019 CAPITAL BUDGET**

ITEM	CORPORATE PROJECTS	QTR	QUANTITY	COST PER ITEM	TOTAL
1	Edifecs (Encounters)	1,2,3,4	1	\$ 637,750	\$ 637,750
2	2D Profiling Management (CE)	1,2,3,4	1	\$ 272,372	\$ 272,372
3	Cactus Software Upgrade	1,2,3,4	1	\$ 357,676	\$ 357,676
4	NetworkX Modeler and Pricer - Professional Contracts	1,2,3,4	1	\$ 307,557	\$ 307,557
5	Diabetes Prevention Program (DPP)	1,2,3	1	\$ 120,035	\$ 120,035
6	New Building Occupation	1,2,3	1	\$ 1,766,300	\$ 1,766,300
7	Screen Pop	2,3,4	1	\$ 112,556	\$ 112,556
8	Computer Assisted Translation Tool	3,4	1	\$ 30,000	\$ 30,000
9	Internal Dashboards	1,2,3,4	1	\$ 654,126	\$ 654,126
10	Call Center Knowledge Manage Solution	2,3,4	1	\$ 15,000	\$ 15,000
11	Medical Management	1	1	\$ 305,679	\$ 305,679
12	Member Engagement Program	1,2,3,4	1	\$ 194,402	\$ 194,402
13	Health Homes Site Expansion	1,2,3,4	1	\$ 157,453	\$ 157,453
<b>CORPORATE PROJECTS SUBTOTAL</b>					<b>4,930,906</b>
<b>NEW BUILDING CONSTRUCTION</b>					
		<b>QTR</b>	<b>QUANTITY</b>	<b>COST PER ITEM</b>	<b>TOTAL</b>
14	New Building Development	1,2,3	1	\$ 22,173,284	\$ 22,173,284
15	New Building Furniture	1,2,3	1	\$ 1,300,000	\$ 1,300,000
<b>NEW BUILDING SUBTOTAL</b>				<b>\$</b>	<b>23,473,284</b>
<b>OFFICE FURNITURE &amp; EQUIPMENT</b>					
		<b>QTR</b>	<b>QUANTITY</b>	<b>COST PER ITEM</b>	<b>TOTAL</b>
16	Department Copiers and Printers	1,2,3,4	9	\$ 8,500	\$ 76,500
<b>OFFICE FURNITURE &amp; EQUIPMENT SUBTOTAL</b>				<b>\$</b>	<b>76,500</b>
<b>TECHNOLOGY</b>					
		<b>QTR</b>	<b>QUANTITY</b>	<b>COST PER ITEM</b>	<b>TOTAL</b>
17	VDI Desktops	1,2,3	1	\$ 298,750	\$ 298,750
18	Voice System Hardware Refresh	1,2,3	1	\$ 167,000	\$ 167,000
19	Laptop Replacements	1,2,3	50	\$ 2,500	\$ 125,000
<b>TECHNOLOGY SUBTOTAL</b>				<b>\$</b>	<b>590,750</b>
<b>TOTAL 2019 CAPITAL ITEMS</b>			<b>\$</b>	<b>29,071,440</b>	

## 2019 Capital Summary

### **Corporate Projects**

**1. *Edifecs (Encounters)***

Kern Health Systems (KHS) is contractually obligated to send medical and pharmacy encounters to the State of California on a monthly basis. These encounters are the fundamental data set that the State utilizes to determine financial reimbursement, member auto assignment, and benefit utilization. The Edifecs (Encounters) project is the creation the new data encounter software for KHS. This new software will preprocess and format encounters to promote high encounter acceptance rates by the State, and allow KHS to process denied encounters for business reprocessing.

(Budgetary Impact: \$637,750.)

**2. *2D Profiling Management (Clinical Engagement)***

Kern Health Systems (KHS) will build a Clinical Engagement team to work with provider practice profiles, and providers, to improve consistency in the management of disease processes by all Primary Care Providers (PCP's). This project will create software data dashboards and process workflows to provide the team automation in its PCP oversight. The current process is done manually, is inefficient, and has risk of error during manual input.

(Budgetary Impact: \$272,372.)

**3. *Cactus Software Upgrade***

Kern Health Systems (KHS) leverages the Symplr Cactus software to manage the credentialing information for the KHS provider network. The manufacturer requires a software upgrade from "Vintage" CACTUS to the new cloud based CACTUS Provider Management Platform. This integrated end to end provider management platform will increase process efficiencies, reduce lag time of credentialing, and increase provider data accuracy and reporting. The current version of CACTUS will no longer be supported in 2020.

(Budgetary Impact: \$357,676.)

**4. *NetworkX Modeler and Pricer – Professional Contracts***

Kern Health Systems (KHS) has purchased the Cognizant NetworkX Modeler and Pricer software and will need to build all of the KHS professional contracts in the new software. This solution integrates into the QNXT core claims processing system and will provide KHS with more flexible payment options in the QNXT system; therefore, promoting more accurate payments and higher auto adjudication.

(Budgetary Impact: \$307,557.)

## 2019 Capital Summary

### 5. *Diabetes Prevention Program (DPP)*

The Department of Healthcare Services (DHCS) has published its requirements in AB 97 for health plans to establish a diabetes prevention program (DPP) by January 1, 2019. This project will allow Kern Health Systems (KHS) to build and establish a pilot DPP in accordance with CDC requirements to adhere to the regulatory requirement.

(Budgetary Impact: \$120,035.)

### 6. *New Building Occupation*

Kern Health Systems (KHS) is constructing a new building on Buck Owens Boulevard and will require various technology procurements and professional services to occupy the facility. The New Building Occupation project, for 2019, will include the procurement and installation of conference room equipment, surveillance system, and the assistive listening devices. Additionally, various professional services to project manage the relocation and physically move equipment and furniture is within the project scope.

(Budgetary Impact: \$1,766,300.)

### 7. *Screen Pop*

Kern Health Systems (KHS) will build a software solution that will allow Member Services to give phone agents the ability to view a customized set of information about the callers' account. KHS has determined that the caller ID data that enters into the KHS call center matches a member's demographic profile approximately 70% of the time. This caller ID data will be used to dynamically retrieve the members' information for the call agent at the time the caller is connected with this new software to promote efficiency.

(Budgetary Impact: \$112,556.)

### 8. *Computer Assisted Translation Tool*

The Culture and Linguistics team is searching for a Computer Assisted Translation (CAT) software tool to purchase and installed on three (3) KHS translator computers. This software tool is needed to meet the increased demand in translation requests and improve translation accuracy and efficiency by: identifying translator's effort based on previously translated documents, identifying and suggest terminology and sentences previously translated for similar documents, notifying translators of spelling and grammatical errors grammatical errors, generate an in-house translation glossary based on projects, and maintaining the same document formatting as English version.

(Budgetary Impact: \$30,000.)

## 2019 Capital Summary

### **9. Internal Dashboards**

Kern Health Systems (KHS) is a data-centric organization that leverages data in its decision-making processes. This project will build four new software data dashboards for internal departments to manage its daily operations. These software dashboards provide various metrics as determined by the department leadership.

(Budgetary Impact: \$654,126.)

### **10. Call Center Knowledge Management Solution**

The Member Services Department is searching for a knowledge base software solution to consolidate and organize the most frequently asked questions and information that members and providers request. This project will involve procuring a software solution from a vendor that can deliver a user friendly desktop knowledge management tool to store said information from all Kern Health Systems (KHS) departments, and will act as an assistant to help Member Services staff deliver accurate and consistent information to our members and providers.

(Budgetary Impact: \$15,000.)

### **11. Medical Management Carryover**

Kern Health Systems (KHS) has been in the process of building a new Medical Management system with the ZeOmega JIVA platform. All Medical Management departments are now utilizing this software to perform their daily operations. This project is the final quarter of the work in order to finalize two important processes for the company. The project entails efforts from both KHS and ZeOmega to create and deploy the Medical Appeals process and Health Education referral functionality for providers.

(Budgetary Impact: \$305,679.)

### **12. Member Engagement Program**

Kern Health Systems (KHS) is seeking to create and develop a program that will address all spectrums of the continuum of care for Plan Members. The initial pilot will focus on members who receive pre and post-natal care to determine ways to increase the number of pregnant members who seek OB/GYN services within their first trimester to promote more positive health outcomes. The results of the research and initial pilot will assist in the development of a formal member engagement program for the company.

(Budgetary Impact: \$194,402.)

## 2019 Capital Summary

### **13. Health Homes Site Expansion**

This project will implement two (2) additional Health Home Sites with the Clinica Sierra Vista (CSV) provider group. The continued goal for the Health Homes Program is to engage eligible members to participate in a patient center care delivery system for their physical, behavioral, and social needs, and work closely with each member to educate, coordinate, and link them to the appropriate services needed for a member to achieve a positive health outcome.

(Budgetary Impact: \$157,453.)

## **New Building Construction**

### **14. New Building Development**

Kern Health Systems (KHS) is in its last stage of general construction of the new facility on Buck Owens Boulevard. This project is to fund the construction work that is being overseen by SC Anderson to complete the new building.

(Budgetary Impact: \$22,173,284.)

### **15. New Building Furniture**

Kern Health Systems (KHS) will need to procure new furniture in order to outfit the new building with cubicles, offices, common areas, and conference rooms. This project also will include the procurement and installation of the furniture.

(Budgetary Impact: \$1,300,000.)

## **Office Furniture & Equipment**

### **16. Department Copiers and Printers**

Annually, Kern Health Systems (KHS) reviews the printing and copying of its department copiers and multifunctional devices. Copiers and multifunctional devices that have reached their end of life are replaced based on the volume and overall life utilization of the hardware. Additionally, KHS is relocating into a much larger building that will require several new copiers, desktop printers, and multifunctional devices

(Budgetary Impact: \$76,500.)

## 2019 Capital Summary

### Technology

#### **17. VDI Desktops**

Kern Health Systems (KHS) is migrating to a Virtual Desktop Infrastructure (VDI) technology for its end users; support a more robust Disaster Recovery (DR) plan; provide a faster remote connectivity environment for teleworkers (hospital based, Medical Directors, etc.); and reduce the overall desktop footprint. This will replace each users end workstation that is using a laptop configuration. The last partial desktop user hardware refresh was completed in 2012.

(Budgetary Impact: \$298,750.)

#### **18. Voice System Hardware Refresh**

Kern Health Systems (KHS) has been operating its existing phone system since 2008, and over the years has performed several software updates to maintain the solution. KHS intends to update the voice system software and replace several components of the phone system (i.e. handsets, headsets, etc.).

(Budgetary Impact: \$167,000.)

#### **19. Laptop Replacements**

Kern Health Systems (KHS) has minimized the amount of hardware it has replaced in order to do a hardware refresh as part of the new building move strategy. The last partial laptop refresh was completed in 2012. The purchase of new laptops will support the new building move for user hardware replacement.

(Budgetary Impact: \$125,000.)



**TO: KHS Board of Directors**  
**FROM: Richard M. Pruitt, CIO**  
**DATE: December 13, 2018**  
**RE: 2019 Professional Services**

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**Background**

In 2018, KHS engaged in a variety of complex corporate projects such as CMS Claims COB Payment, State Provider Reporting, Real-Time Member Portal Communication, Claims Auditing, Provider Dashboards, Hospital Directed Payments, and the Medical Management System. The company has been very successful with the 2018 portfolio, and next year, 2019, the project expectations are equally aggressive.

Each year, the technology team augments the department staff, by outsourcing with professional technical consultants, thus avoiding full-time employee hires, to accommodate the resource requirements of the corporate projects. During the organization's annual project and resource planning, the technology department identified the need for twenty-four (24) resources to adequately staff the twenty-one (21) corporate projects.

The attached Power Point outlines the 2019 scheduled Corporate Projects along with the methodology and regiment that KHS uses to define how many resources for each project are needed in order to properly manage the work efforts.

**Requested Action**

Approve; Authorize the CEO to approve contracts associated with the procurement of Professional Technical Resources for labor needed to complete the 2019 corporate projects with various consulting companies in the amount not to exceed **\$5,321,753** in the 2019 budgeted operating and capital expense.



## 2019 Project Consulting Professional Services

December 2018

Richard M. Pruitt



## Agenda

- General Overview
- Sequence of Events
- Professional Services Vendors
- 2018/2019 Corporate Projects and Planning
- Expenditures
- Benefits of Outsourcing
- Board of Directors Request

## General Overview

In 2018, KHS engaged in a variety of complex corporate projects such as CMS Claims COB Payment, State Provider Reporting, Real-Time Member Portal Communication, Claims Auditing, Provider Dashboards, Hospital Directed Payments, and the Medical Management System. The company has been very successful with the 2018 portfolio, and next year, 2019, the project expectations are equally aggressive.

Each year, the technology team augments the department staff, by outsourcing with professional technical consultants, thus avoiding full-time employee hires, to accommodate the resource requirements of the corporate projects. During the organization's annual project and resource planning, the technology department identified the need for twenty-four (24) resources to adequately staff the twenty-one (21) Corporate Projects.

## Sequence of Events

- Professional Services Vendors RFP Process Performed (2017)
- Update Rate Sheets (2018) with Vendors
- Annual Corporate/Department Project Approval
- Annual Resource Planning
- Annual Budget Process
- Create recommendation for the Board of Directors.

## Professional Services Vendors

COMPANY	PM	DEV	DBA	TA	DA	SYS
Znalytics	\$95	\$95	\$90	\$90	\$90	\$85
SVAM INTL	\$110	\$100	\$93	\$90	\$90	\$90
CEI	\$120	\$105	\$105	\$90	\$95	\$105
Fluidedge	\$120	\$110	\$110	\$110	\$90	\$95

PM	PMI Project Manager	TA	Techcial Analyst
DEV	Application Developer	DA	Data Analytics Developer
DBA	Database Administrator	SYS	Systems Administrator

# 2018 Corporate Projects

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



## 2019 Corporate Projects

#	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	<i>Edifecs (Encounters)</i>											
2	<i>2D Profiling Management (Clinical Engagement)</i>											
3	<i>CACTUS Software Upgrade</i>											
4	<i>Network Modeler and Pricer - Professional Contracts</i>											
5	<i>Diabetes Prevention Program (DPP)</i>											
6	<i>New Building Occupation</i>											
7	<i>Screen Pop</i>											
8	<i>Computer Assisted Translation Tool</i>											
9	<i>Internal Dashboards</i>											
10	<i>Call Center Knowledge Management Solution</i>											
11	<i>Medical Management Carryover and Enhancements</i>											
12	<i>Member Engagement Program</i>											
13	<i>Health Home Site Expansion</i>											
14	<i>Hospital Directed Payments (HDP) Carryover</i>											
15	<i>Preparation for DHCS HHP Implementation</i>											
16	<i>Orchestrator Job Migration Cont.</i>											
17	<i>DST Health Eligibility Process Modification</i>											
18	<i>MicroSoft Server Upgrades</i>											
19	<i>Telehealth-E-consults/Teledocs</i>											
20	<i>KHS Biztalk Upgrade</i>											
21	<i>ACG Upgrade (John Hopkins Tool)</i>											

# 2019 Resource Planning

#	Project Name	Resources								TOTAL
		SM	CONFIG	DEV	OPS	EDI	DBA	DA	BI	
4	Network Modeler and Pricer - Professional	1,038	1,500	-	332	-	500	1,000	40	4,410
5	Diabetes Prevention Program (DPP)	514	166	-	166	-	500	500	40	1,886
6	New Building Occupation	1,500	-	-	3,750	-	-	-	-	5,250
7	Screen Pop	514	40	500	332	-	83	83	40	1,592
8	Computer Assisted Translation Tool	-	-	-	83	-	-	-	40	123
9	Internal Dashboards	685	-	-	-	-	2,000	4,000	1,000	7,685
10	Call Center Knowledge Mgmt Solution	-	-	-	83	-	-	-	40	123
11	Medical Management Carryover and Enhancements	1,557	1,000	1,000	900	500	1,000	1,000	40	6,997
12	Member Engagement Program	571	83	-	83	-	166	500	40	1,443
13	Health Home Site Expansion	343	1,000	-	664	-	1,000	500	40	3,547
14	Hospital Directed Payments (HDP)	343	166	-	166	1,000	83	-	40	1,798
15	Preparation for DHCS HHP Implementation	685	1,000	-	332	-	1,000	500	40	3,557
16	Orchestrator Job Migration Cont.	514	-	664	664	83	750	83	40	2,798
17	DST Health Eligibility Process Modification	228	-	-	166	332	166	-	40	932
18	MicroSoft Server Upgrades	343	-	332	500	83	500	83	40	1,881
19	Telehealth-E-consults/Teledocs	343	83	166	500	500	500	500	40	2,632
20	KHS Biztalk Upgrade	228	-	166	166	166	166	166	40	1,098
21	ACG Upgrade (John Hopkins Tool)	171	-	-	166	166	166	166	40	875
22	MAINTENANCE		12,050	4,100	8,325	3,796	4,650	5,700	7,500	46,121
<b>Estimated Hours Needed:</b>		<b>11,984</b>	<b>17,088</b>	<b>9,260</b>	<b>18,376</b>	<b>9,292</b>	<b>18,730</b>	<b>18,531</b>	<b>9,260</b>	<b>112,521</b>
<b>Estimated FTE Need @ 1,900:</b>		<b>6.31</b>	<b>8.99</b>	<b>4.87</b>	<b>9.67</b>	<b>4.89</b>	<b>9.86</b>	<b>9.75</b>	<b>4.87</b>	<b>60</b>
<b>Total Available FTE:</b>		2.00	5.00	5.00	7.00	3.00	4.00	6.00	5.00	37
<b>Variance:</b>		<b>4.31</b>	<b>3.99</b>	<b>0.00</b>	<b>2.67</b>	<b>1.89</b>	<b>5.86</b>	<b>3.75</b>	<b>0.00</b>	<b>23</b>
<b>Request</b>		<b>5</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>24</b>



## Expenditures

YEAR	PROJECTS	RESOURCES	REQUESTED	ACTUAL	VARIANCE
2017	11	15	\$ 3,469,954	\$ 2,682,603	\$ 787,351
2018*	16	18	\$ 3,979,641	\$ 3,971,647	\$ 7,994
2019	21	24	\$ 5,321,753	N/A	N/A

\* Variance forecasted based on September actuals



## Benefits of Outsourcing

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

## Board of Directors Request

- Authorize the CEO to approve contracts associated to procurement of Professional Technical Resources with various consulting companies in the amount not to exceed \$5,321,753 in operating and capital expenses associated for labor needed to complete the 2019 corporate projects.

## Questions

Please contact:

Richard M. Pruitt

661-664-5078

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





**TO: KHS Board of Directors**

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

**DATE: December 13, 2018**

**RE: Technology Purchases for the New Building**

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**Background**

Kern Health Systems will be relocating in the summer of 2019 to its new facility on Buck Owens Blvd. The relocation of staff to new facilities will require various purchases of equipment and services over the next several months. In order to occupy and relocate staff to the new building there will be additional technology purchases required for user and office equipment.

Due to the required timelines for the purchases and the frequency of the Board meetings, staff is requesting that the CEO be able to engage in various contracts and purchases to avoid delays.

**Requested Action**

Approve; Authorize the KHS Chief Executive Officer to approve contracts associated with the new building for technology infrastructure in the amount not to exceed **\$1,665,250** in the 2019 budgeted capital and expense.



## Technology Purchases for the New Building

December 2018

Richard M. Pruitt

# Agenda

- Overview
- Process Review
- Procurement
- Budget
- Board Request

## Overview

Kern Health Systems will be relocating in the summer of 2019 to its new facility on Buck Owens Blvd. The relocation of staff to new facilities will require various purchases of equipment and services over the next several months. In order to occupy and relocate staff to the new building there will be additional technology purchases required for user and office equipment.

Due to the required timelines for the purchases and the frequency of the Board meetings, staff is requesting that the CEO be able to engage in various contracts and purchases to avoid delays.



## Process Review

- Delayed Hardware Replacements in 2017 and 2018
- Budgeted for the New Building Infrastructure in 2019 Capital budget
- Defined Requirements
- Conduct RFP/RFQ/Purchase Process
- Internal Contracts Committee Presentation and Approval
- Report Budget Status to the Board of Directors

## Procurement

Desktop Configuration

Voice System

Surveillance System

Audio Visual Systems

## Procurement

- Desktop Configuration
  - MONITORS / DESKTOP / PERSONAL PRINTERS / BADGES
  
- Voice System
  - SYSTEM SOFTWARE / HANDSETS
  
- Surveillance System
  - SOFTWARE / CAMERAS / SECURITY STATION / RECORDING
  
- Audio Visual Systems (Board Room / Conference Rooms)
  - WHITE BOARDS / PROJECTORS / TELEVISIONS / ASSISTED LISTENING DEVICES

## Budget

DESCRIPTION	BUDGET
DESKTOP CONFIGURATION	\$ 610,750
VOICE SYSTEM	\$ 155,000
SURVEILLANCE SYSTEM	\$ 200,000
AUDIO VISUAL SYSTEMS	\$ 699,500
<b>TOTAL:</b>	<b>\$ 1,665,250</b>

## Board Request

- Authorize the CEO to approve contracts associated with the new building for technology infrastructure in the amount not to exceed **\$1,665,250** in the 2019 budgeted capital and expense.

## Questions

Please contact:

Richard M. Pruitt

661-664-5078

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



**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: December 13, 2018**

**Re: September 2018 Financial Results**

The September results reflect a \$462,534 Net Increase in Net Position which is a \$493,507 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$4.2 million favorable variance primarily due to:
  - A) \$1.1 million favorable variance relating to Family and Other primarily due to a higher than expected budgeted rate increase from the State (\$.3 million), higher than expected enrollment (\$.3 million) and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.5 million) and offset against amounts included in item 2C below.
  - B) \$1.6 million favorable variance relating to Expansion primarily due to a higher than expected budgeted rate increase from the State (\$1.3 million), higher than expected enrollment (\$.2 million), lower than expected Maternity revenue (\$.2 million) and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.3 million) and offset against amounts included in item 2C below.
  - C) \$.8 million favorable variance relating to SPD primarily due to a higher than expected budgeted rate increase from the State (\$.5 million) and higher than expected enrollment (\$.3 million).
- 2) Total Medical Costs reflect a \$3.2 million unfavorable variance primarily due to:
  - A) \$.6 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Urgent Care and Referral Specialty Services for Family & Other members.
  - B) \$1.0 million unfavorable variance in Outpatient Hospital primarily due to higher than expected utilization.
  - C) \$1.2 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted Proposition 56 expenses on at-risk-basis offset against revenue mention under items 1A-1C above.
  - D) \$.6 million unfavorable variance in IBNR, Incentive, Paid Claims Adjustment primarily due to a recent requirement by CMS instructing DHCS to reinstitute the Expansion Risk Corridor which limits the Expansion Medical Loss Ratio to a range of 85- 95 percent for the period July 2016 – June 2017

The September Medical Loss Ratio is 92.9% which is favorable to the 93.6% budgeted amount. The September Administrative Expense Ratio is 5.3% which is favorable to the 5.9% budgeted amount.

The results for the 9 months ended September 30, 2018 reflects a Net Increase in Net Position of \$4,200,936. This is a \$7,288,120 favorable variance to budget and includes approximately \$6.4 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 94.0% which is slightly favorable to the 94.1% budgeted amount. The year-to-date Administrative Expense Ratio is 5.1% which is favorable to the 5.9% budgeted amount.

**Kern Health Systems  
Financial Packet  
September 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
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2018			
ASSETS	SEPTEMBER 2018	AUGUST 2018	INC(DEC)
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 91,300,427	\$ 88,977,877	\$ 2,322,550
Short-Term Investments	152,185,597	142,986,596	9,199,001
Premiums Receivable - Net	72,784,058	72,922,577	(138,519)
Interest Receivable	332,400	461,567	(129,167)
Other Receivables	1,259,675	1,731,018	(471,343)
Prepaid Expenses & Other Current Assets	1,429,754	1,662,247	(232,493)
<b>Total Current Assets</b>	<b>\$ 319,291,911</b>	<b>\$ 308,741,882</b>	<b>\$ 10,550,029</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEP:</b>			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,440,127	5,943,590	496,537
Automobile - Net	14,274	14,665	(391)
Building and Building Improvements - Net	6,407,265	6,435,121	(27,856)
Capital Projects in Process	23,666,253	21,392,319	2,273,934
<b>Total Capital Assets</b>	<b>\$ 41,404,481</b>	<b>\$ 38,662,257</b>	<b>\$ 2,742,224</b>
<b>LONG TERM ASSETS:</b>			
Officer Life Insurance Receivables	684,615	684,772	(157)
<b>Total Long Term Assets</b>	<b>\$ 684,615</b>	<b>\$ 684,772</b>	<b>\$ (157)</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>\$ 364,571,070</b>	<b>\$ 351,278,974</b>	<b>\$ 13,292,096</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 27,064	\$ 27,854	(790)
Accrued Salaries and Employee Benefits	2,165,507	2,106,266	59,241
Accrued Other Operating Expenses	1,052,154	1,000,621	51,533
Accrued Taxes and Licenses	24,212,316	16,124,399	8,087,917
Claims Payable (Reported)	16,928,829	18,009,842	(1,081,013)
IBNR - Inpatient Claims	34,265,817	33,855,935	409,882
IBNR - Physician Claims	13,317,881	12,064,245	1,253,636
IBNR - Accrued Other Medical	20,793,782	18,329,156	2,464,626
Risk Pool and Withholds Payable	2,787,564	2,293,640	493,924
Statutory Allowance for Claims Processing Expense	2,324,857	2,324,857	-
Other Liabilities	45,873,297	44,782,691	1,090,606
<b>Total Current Liabilities</b>	<b>\$ 163,749,068</b>	<b>\$ 150,919,506</b>	<b>\$ 12,829,562</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	5,808,296	5,808,296	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 5,808,296</b>	<b>\$ 5,808,296</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	4,200,936	3,738,402	462,534
<b>Total Net Position</b>	<b>\$ 194,742,757</b>	<b>\$ 194,280,223</b>	<b>\$ 462,534</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 364,571,070</b>	<b>\$ 351,278,974</b>	<b>\$ 13,292,096</b>

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

CURRENT MONTH MEMBERS			YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>					
166,981	166,500	481	1,495,619	1,484,100	11,519
59,280	58,750	530	533,004	523,350	9,654
14,446	14,050	396	130,369	126,450	3,919
6,255	5,225	1,030	53,966	46,125	7,841
8,291	8,000	291	74,153	71,100	3,053
255,253	252,525	2,728	2,287,111	2,251,125	35,986
<b>REVENUES</b>					
23,083,686	22,027,679	1,056,007	197,874,406	192,045,981	5,828,425
21,704,606	20,083,754	1,620,852	191,158,665	182,301,368	8,857,297
11,987,574	11,164,810	822,764	101,418,909	98,633,829	2,785,080
8,087,918	7,695,494	392,424	70,998,748	68,607,991	2,390,757
328,291	273,067	55,224	3,480,390	2,434,483	1,045,907
-	114,927	(114,927)	139,352	1,024,612	(885,260)
196,954	-	196,954	17,113,293	-	17,113,293
5,175	-	5,175	23,253,088	-	23,253,088
136,661	-	136,661	(374,622)	-	(374,622)
65,530,865	61,359,729	4,171,136	605,062,230	545,048,264	60,013,966
<b>EXPENSES</b>					
<b>Medical Costs:</b>					
13,438,560	12,810,950	(627,610)	122,413,120	114,311,841	(8,101,279)
3,251,122	2,831,448	(419,674)	27,665,835	25,263,500	(2,402,335)
4,531,949	4,175,274	(356,675)	41,919,154	37,244,742	(4,674,412)
12,885,548	13,366,425	480,877	124,947,394	119,384,963	(5,562,431)
116,075	114,927	(1,148)	1,037,555	1,024,612	(12,943)
5,798,828	4,832,745	(966,083)	52,010,532	43,159,127	(8,851,405)
3,605,940	2,418,662	(1,187,278)	29,409,976	21,640,782	(7,769,193)
8,667,417	9,170,714	503,297	81,200,163	81,951,291	751,129
493,924	489,050	(4,874)	4,425,916	4,360,050	(65,866)
6,624	-	(6,624)	20,636,452	-	(20,636,452)
566,662	-	(566,662)	(3,751,417)	-	3,751,417
53,362,649	50,210,195	(3,152,454)	501,914,679	448,340,909	(53,573,770)
<b>GROSS MARGIN</b>					
12,168,216	11,149,534	1,018,682	103,147,551	96,707,355	6,440,196
<b>Administrative:</b>					
2,021,643	1,984,388	(37,256)	17,529,830	17,859,169	329,339
555,317	611,200	55,883	5,293,553	5,534,533	240,980
30,539	101,246	70,707	484,184	911,668	427,484
127,238	133,797	6,559	1,145,122	1,188,011	42,889
315,104	321,048	5,944	2,518,297	2,693,168	174,871
3,049,841	3,151,679	101,838	26,970,986	28,186,549	1,215,563
<b>TOTAL EXPENSES</b>					
56,412,490	53,361,875	(3,050,615)	528,885,665	476,527,458	(52,358,207)
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>					
9,118,375	7,997,855	1,120,520	76,176,565	68,520,806	7,655,759
<b>MCO TAX</b>					
8,087,918	7,695,494	(392,424)	69,953,805	68,607,991	(1,345,814)
<b>OPERATING INCOME (LOSS) NET OF TAX</b>					
1,030,457	302,361	728,096	6,222,760	(87,185)	6,309,944
<b>NONOPERATING REVENUE (EXPENSES)</b>					
-	-	-	-	-	-
(567,923)	(333,334)	(234,589)	(2,021,824)	(3,000,000)	978,176
(567,923)	(333,334)	(234,589)	(2,021,824)	(3,000,000)	978,176
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>					
462,534	(30,973)	493,507	4,200,936	(3,087,185)	7,288,120
<b>NET INCREASE (DECREASE) IN NET POSITION</b>					
92.9%	93.6%	0.7%	94.0%	94.1%	0.1%
<b>MEDICAL LOSS RATIO</b>					
5.3%	5.9%	0.6%	5.1%	5.9%	0.9%
<b>ADMINISTRATIVE EXPENSE RATIO</b>					

KHS11/29/2018  
Management Use Only

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED SEPTEMBER 30, 2018			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
			<b>ENROLLMENT</b>					
166,981	166,500	481	Family Members	1,495,619	1,484,100	11,519		
59,280	58,750	530	Expansion Members	533,004	523,350	9,654		
14,446	14,050	396	SPD Members	130,369	126,450	3,919		
6,255	5,225	1,030	Other Members	53,966	46,125	7,841		
8,291	8,000	291	Kaiser Members	74,153	71,100	3,053		
255,253	252,525	2,728	<b>Total Members - MCAL</b>	2,287,111	2,251,125	35,986		
			<b>REVENUES</b>					
133.25	128.27	4.98	Title XIX - Medicaid - Family and Other	127.70	125.50	2.19		
366.14	341.85	24.29	Title XIX - Medicaid - Expansion Members	358.64	348.34	10.31		
829.82	794.65	35.17	Title XIX - Medicaid - SPD Members	777.94	780.02	(2.09)		
32.75	31.47	1.28	Premium - MCO Tax	32.08	31.47	0.61		
1.33	1.12	0.21	Interest /Dividends	1.57	1.12	0.46		
0.00	0.47	(0.47)	Reinsurance Recoveries	0.06	0.47	(0.41)		
0.80	0.00	0.80	COB/Subrogation Collections	7.73	0.00	7.73		
0.02	0.00	0.02	Rate/Income Adjustments	10.51	0.00	10.51		
0.55	0.00	0.55	Other Income (Expense)	(0.17)	0.00	(0.17)		
265.35	250.93	14.41	<b>TOTAL REVENUES</b>	273.42	250.02	23.40		
			<b>EXPENSES</b>					
			<b>Medical Costs:</b>					
54.42	52.39	(2.02)	Physician Services	55.32	52.44	(2.88)		
13.16	11.58	(1.59)	Other Professional Services	12.50	11.59	(0.91)		
18.35	17.08	(1.28)	Emergency Room	18.94	17.08	(1.86)		
52.18	54.66	2.49	Inpatient	56.46	54.76	(1.70)		
0.47	0.47	(0.00)	Reinsurance Expense	0.47	0.47	0.00		
23.48	19.76	(3.72)	Outpatient Hospital	23.50	19.80	(3.71)		
14.60	9.89	(4.71)	Other Medical	13.29	9.93	(3.36)		
35.10	37.50	2.41	Pharmacy	36.69	37.59	0.90		
2.00	2.00	0.00	Pay for Performance Quality Incentive	2.00	2.00	0.00		
0.03	0.00	(0.03)	Non-Claims Expense Adjustment	9.33	0.00	(9.33)		
2.29	0.00	(2.29)	IBNR, Incentive, Paid Claims Adjustment	(1.70)	0.00	1.70		
216.08	205.34	(10.74)	<b>Total Medical Costs</b>	226.81	205.66	(21.15)		
49.27	45.60	3.67	<b>GROSS MARGIN</b>	46.61	44.36	2.25		
			<b>Administrative:</b>					
8.19	8.12	(0.07)	Compensation	7.92	8.19	0.27		
2.25	2.50	0.25	Purchased Services	2.39	2.54	0.15		
0.12	0.41	0.29	Supplies	0.22	0.42	0.20		
0.52	0.55	0.03	Depreciation	0.52	0.54	0.03		
1.28	1.31	0.04	Other Administrative Expenses	1.14	1.24	0.10		
12.35	12.89	0.54	<b>Total Administrative Expenses</b>	12.19	12.93	0.74		
228.43	218.23	(10.20)	<b>TOTAL EXPENSES</b>	238.99	218.59	(20.41)		
36.92	32.71	4.21	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	34.42	31.43	2.99		
32.75	31.47	(1.28)	<b>MCO TAX</b>	31.61	31.47	(0.14)		
4.17	1.24	2.94	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	2.81	(0.04)	2.85		
			<b>NONOPERATING REVENUE (EXPENSES)</b>					
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00		
2.22	(1.36)	(3.59)	Health Home	0.88	(12.27)	(13.15)		
2.22	(1.36)	(3.59)	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	0.88	(12.27)	(13.15)		
1.87	(0.13)	2.00	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	1.90	(1.42)	3.31		
92.9%	93.6%	0.7%	<b>MEDICAL LOSS RATIO</b>	94.0%	94.1%	0.1%		
5.3%	5.9%	0.6%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	5.1%	5.9%	0.9%		

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH SEPTEMBER 30, 2018		SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	13 MONTH TOTAL
<b>ENROLLMENT</b>															
<b>Members - MCAL</b>		240,564	240,556	239,434	241,567	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	3,175,079
<b>REVENUES</b>															
Title XIX - Medicaid - Family and Other		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	22,819,237	24,767,995	23,083,686	282,744,349
Title XIX - Medicaid - Expansion Members		20,019,384	20,016,706	20,222,674	20,131,172	20,478,437	20,367,468	20,638,072	20,871,430	21,917,368	21,032,090	21,572,232	22,282,962	21,704,606	271,548,601
Title XIX - Medicaid - SPD Members		10,594,072	10,978,591	10,859,865	11,017,790	10,334,530	10,530,984	10,763,523	10,871,613	11,583,059	11,083,574	11,910,574	12,352,541	14,486,927	144,869,227
Premium - MCO Tax		8,087,180	7,402,479	7,658,239	7,651,559	7,720,467	7,638,903	7,815,000	7,859,452	7,883,583	7,817,901	8,087,918	8,087,606	8,087,918	101,768,195
Interest/Dividends		302,348	303,875	268,829	320,014	489,128	312,296	330,992	509,405	392,144	493,098	298,592	326,444	308,291	4,675,526
Reinsurance Recoveries		-	12,4814	781,756	217,296	-	-	-	-	-	139,352	-	-	-	1,263,218
COB/Subrogation Collections		3,431,408	3,148,842	5,324,912	2,458,885	3,191,501	3,191,501	1,095,189	457,845	1,258,562	(1,680,199)	(113,570)	417,006	196,954	31,477,340
Rate/Income Adjustments		9,476,726	12,633,333	2,128,785	5,211,521	1,511,501	5,211,501	1,095,189	457,845	1,258,562	(1,680,199)	(113,570)	417,006	196,954	35,037,653
Other Income (Expense)		(185,865)	378	(20,460)	(708,938)	114,532	(200,000)	(384,933)	(360,661)	(99,712)	345,348	58,667	15,476	136,661	(1,289,507)
<b>TOTAL REVENUES</b>		73,614,708	62,741,067	68,625,230	62,051,308	60,497,598	59,297,299	71,730,403	64,541,073	87,542,939	62,263,852	65,278,535	68,379,666	65,530,865	872,094,604
<b>EXPENSES</b>															
Medical Costs:															
Physician Services		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	13,202,517	13,538,335	13,438,560	177,482,012
Other Professional Services		2,851,866	2,920,876	3,065,669	2,810,522	2,973,811	2,788,374	2,996,590	2,911,566	3,414,891	3,111,320	2,964,061	3,254,300	3,251,122	39,314,768
Emergency Room		4,696,197	3,995,837	5,095,039	3,888,819	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	4,584,869	4,563,430	4,531,949	59,595,036
Inpatient		13,862,008	13,575,463	16,815,315	14,316,486	13,588,711	13,055,324	16,973,565	14,300,202	13,932,093	13,267,422	13,921,068	13,023,461	12,885,348	183,516,666
Reinsurance Expense		105,320	105,848	105,848	105,315	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	1,459,919
Outpatient Hospital		6,213,267	5,886,134	7,151,522	5,457,541	5,307,045	5,138,504	5,372,082	6,217,088	6,587,061	5,930,118	5,662,578	6,047,238	5,798,828	76,719,006
Pharmacy		1,883,596	2,362,997	1,797,103	2,482,691	2,422,006	1,923,264	2,576,860	2,195,432	6,103,942	3,282,963	3,057,129	4,241,840	3,605,940	37,936,362
Other Medical		8,238,934	8,958,655	8,669,446	8,546,330	9,767,063	8,544,614	9,369,495	8,793,635	9,203,737	8,537,706	8,848,741	9,437,755	8,667,417	115,603,528
Pay for Performance Quality Incentive		565,335	-	562,670	567,682	483,354	487,626	489,882	492,694	494,146	494,634	495,722	493,934	493,924	6,686,900
Non-Claims Expense Adjustment		7,973,649	332,212	(382,239)	(105,403)	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,972,835)	342,052	1,872,269	566,662	4,066,802
IBNR, Incentive, Paid Claims Adjustment		60,619,644	51,565,938	57,488,350	51,428,840	49,836,819	48,751,703	58,733,294	53,700,500	76,700,850	51,354,704	53,194,977	56,289,183	53,362,649	723,017,451
<b>Total Medical Costs</b>		12,995,064	11,175,129	11,136,940	10,622,469	10,670,779	10,845,596	12,997,109	10,840,573	10,842,089	10,909,148	12,083,558	12,090,483	12,168,216	149,077,152
Administrative:															
Compensation		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	2,017,219	2,083,690	2,021,643	25,106,093
Purchased Services		522,883	539,809	952,528	659,606	519,892	545,740	804,716	642,623	636,968	578,949	415,147	594,201	555,317	7,968,469
Supplies		168,244	208,982	160,257	329,638	104,203	27,993	(9,431)	72,492	71,465	68,507	57,005	61,411	30,539	692,029
Depreciation		125,881	126,396	127,744	128,722	127,578	127,464	130,267	122,140	127,238	127,238	127,238	127,237	127,238	1,652,607
Other Administrative Expenses		200,081	267,832	317,828	688,273	210,466	225,000	359,883	284,983	279,546	275,729	332,386	255,200	315,104	3,992,311
Administrative Expense Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Administrative Expenses</b>		2,779,132	3,012,050	3,456,295	5,253,280	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,291	2,948,995	3,121,739	3,049,841	41,453,744
<b>TOTAL EXPENSES</b>		63,398,776	54,577,988	60,944,645	56,664,120	52,773,833	51,535,473	62,072,871	56,518,488	79,727,921	54,389,995	56,145,972	59,410,922	56,412,490	764,471,195
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>		10,215,932	8,163,079	7,680,645	5,387,188	7,723,765	7,661,826	9,657,532	8,022,585	7,815,018	7,973,857	9,134,563	8,968,744	9,118,375	107,623,409
<b>MCO TAX</b>		8,059,738	7,454,395	7,650,173	7,652,171	7,650,254	7,650,254	7,650,254	7,650,254	7,650,254	7,650,254	7,650,254	7,650,254	7,650,254	100,770,282
<b>OPERATING INCOME (LOSS) NET OF TAX</b>		2,156,194	708,684	30,472	(2,264,983)	73,511	251,077	2,007,278	372,331	164,764	395,029	1,046,645	881,137	1,030,457	6,853,127
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>		(23,175)	(662,708)	-	(62,543)	(18,783)	(140,027)	(615,733)	(138,970)	43,857	(233,737)	(158,805)	(191,701)	(567,923)	(3,333,143)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>		2,133,019	45,976	30,472	(2,890,419)	54,726	111,050	1,392,076	233,361	208,621	161,292	887,840	689,436	462,534	3,519,984
<b>MEDICAL LOSS RATIO</b>		92.5%	93.2%	94.2%	94.5%	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	93.4%	93.9%
<b>ADMINISTRATIVE EXPENSE RATIO</b>		4.2%	5.4%	5.7%	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.2%	5.4%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH SEPTEMBER 30, 2018	ENROLLMENT													
	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	13 MONTH TOTAL
MEMBERS - MCAL	240,564	240,556	239,434	241,567	241,677	243,913	244,941	246,347	247,073	247,317	247,861	246,907	246,962	3,175,079
REVENUES														
Title XIX - Medicaid - Family and Other	129,216	122,06	126,92	123,23	116,91	118,93	123,47	121,12	133,71	126,38	131,77	143,39	133,25	126,99
Title XIX - Medicaid - Expansion Members	350,11	352,46	359,17	349,73	354,64	347,78	351,14	348,64	370,03	353,55	362,19	373,39	366,14	356,91
Title XIX - Medicaid - SPD Members	754,83	748,37	760,39	769,40	750,41	735,40	755,17	765,50	760,84	759,68	814,12	848,74	829,82	771,91
Prohibitant - MCO Tax	33,62	30,77	31,86	31,67	31,95	31,33	31,91	31,61	31,91	31,61	32,63	32,75	32,75	32,05
Interest/Dividends	1,26	1,26	1,12	1,32	2,02	1,28	1,35	2,07	1,59	1,99	1,20	1,32	1,33	1,47
Reinsurance Recoveries	0,00	0,52	3,27	0,90	0,00	0,00	0,00	0,00	0,00	0,56	0,00	0,00	0,00	0,40
COB/Subrogation Collections	14,26	13,09	22,24	10,18	0,00	0,00	41,83	14,22	5,09	4,16	1,88	1,69	0,80	9,91
Rate/Income Adjustments	39,39	0,53	8,89	0,22	6,25	1,31	4,47	1,86	87,13	(6,79)	(0,46)	0,52	0,02	11,04
Other Income (Expenses)	(0,77)	0,00	(0,09)	(2,93)	0,47	(0,82)	(1,57)	(1,46)	(0,40)	1,40	0,24	0,06	0,55	(0,41)
TOTAL REVENUES	306,01	260,82	286,61	256,87	250,32	245,21	292,85	261,99	354,32	251,76	263,37	276,88	265,35	274,67
EXPENSES														
Medical Costs:														
Physician Services	59,19	53,47	61,01	55,30	54,78	51,71	63,72	58,66	53,89	52,62	53,27	54,82	54,42	55,90
Other Professional Services	11,85	12,14	12,30	11,63	12,30	11,44	12,23	11,82	13,82	12,58	11,96	13,18	13,16	12,38
Emergency Room	19,52	16,61	21,28	16,10	17,67	17,11	21,47	21,50	18,25	19,33	18,50	18,48	18,35	18,77
Inpatient	57,62	56,43	70,23	59,27	56,23	53,55	69,30	58,05	56,39	53,65	56,16	52,73	52,18	57,80
Reinsurance Expense	0,44	0,44	0,44	0,44	0,44	0,48	0,48	0,44	0,47	0,47	0,47	0,47	0,47	0,46
Outpatient Hospital	25,83	24,47	29,87	22,59	21,96	21,08	21,73	25,24	26,66	23,98	22,85	24,49	23,48	24,16
Other Medical	7,83	9,82	7,51	10,28	10,02	7,89	10,52	24,71	13,27	13,27	12,33	17,18	14,60	11,95
Pharmacy	34,21	37,24	36,21	35,38	40,41	35,05	38,25	35,70	37,25	34,64	35,70	38,21	35,10	36,41
Pay for Performance Quality Incentive	2,35	2,35	2,35	2,35	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,00	2,11
Non-Claims Expense Adjustment	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	84,76	(0,05)	0,00	(1,21)	0,03	6,50
IBNR, Incentive, Paid Claims Adjustment	33,15	1,38	(1,60)	(0,44)	(9,68)	(0,33)	0,07	(4,12)	(7,76)	(4,84)	1,38	7,58	2,29	1,38
Total Medical Costs	251,99	214,36	240,10	212,90	206,17	199,96	239,79	217,99	310,44	207,65	214,62	227,92	216,07	227,72
GROSS MARGIN	54,02	46,46	46,51	43,97	44,15	43,25	53,06	44,01	43,88	44,11	48,75	48,96	49,28	46,95
Administrative:														
Compensation	7,32	7,77	7,93	8,47	8,21	7,62	8,48	6,85	7,76	7,62	8,14	8,44	8,19	7,91
Purchased Services	2,17	2,24	3,98	2,73	2,15	2,24	3,29	2,61	2,58	2,34	1,67	2,41	2,25	2,51
Supplies	0,70	0,87	0,67	(1,36)	0,43	0,11	(0,04)	0,29	0,29	0,28	0,23	0,25	0,12	0,22
Depreciation	0,52	0,53	0,53	0,53	0,53	0,52	0,52	0,49	0,49	0,51	0,51	0,52	0,52	0,52
Other Administrative Expenses	0,83	1,11	1,33	2,85	0,87	0,92	1,39	1,16	1,13	1,11	1,34	1,03	1,28	1,26
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	0,64
Total Administrative Expenses	11,55	12,52	14,44	21,67	12,19	11,42	15,63	11,44	12,25	11,87	11,90	12,64	12,35	13,06
TOTAL EXPENSES	263,54	226,88	254,54	234,57	218,37	211,37	253,42	229,43	322,69	219,52	226,51	240,56	238,42	240,77
OPERATING INCOME (LOSS) BEFORE TAX	42,47	33,93	32,08	22,30	31,96	31,84	39,43	32,57	31,63	32,24	36,85	36,32	36,93	33,90
MCO TAX	33,50	30,99	31,95	31,68	31,65	30,81	31,23	31,05	30,96	30,64	32,63	32,75	32,75	31,74
OPERATING INCOME (LOSS) NET OF TAX	8,96	2,95	0,13	(9,38)	0,30	1,03	8,20	1,51	0,67	1,60	4,22	3,57	4,18	2,16
TOTAL NONOPERATING REVENUE (EXPENSES)	(0,10)	(2,75)	0,00	(2,59)	(0,08)	(0,57)	(2,51)	(0,56)	0,18	(0,95)	(0,64)	(0,78)	(2,30)	(1,05)
NET INCREASE (DECREASE) IN NET POSITION	8,87	0,19	0,13	(11,97)	0,23	0,46	5,68	0,95	0,84	0,65	3,58	2,79	1,88	1,11
MEDICAL LOSS RATIO	92,5%	93,2%	94,2%	94,4%	94,4%	94,4%	91,9%	94,7%	96,3%	94,3%	93,0%	93,4%	92,9%	93,9%
ADMINISTRATIVE EXPENSE RATIO	4,2%	5,3%	5,7%	9,6%	5,0%	5,4%	5,3%	5,0%	3,8%	5,4%	5,2%	5,2%	5,3%	5,4%

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
	VARIANCE		VARIANCE
<b>KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2018</b>			
<b>REVENUES</b>			
Title XIX - Medicaid - Family & Other			
19,981,878	19,412,853	171,579,153	169,693,255
	569,025		1,885,898
2,218,854	2,211,218	19,134,159	18,771,288
	7,636		362,871
60,541	177,723	601,407	1,583,671
	(117,182)		(982,264)
233,924	135,407	1,748,496	1,206,601
	98,517		541,895
503,414	-	4,006,657	-
	503,414		4,006,657
85,075	90,478	804,534	791,166
	(5,403)		13,368
23,083,686	22,027,679	197,874,406	192,045,981
	1,056,007		5,828,425
Title XIX - Medicaid - Expansion Members			
20,721,480	19,244,390	182,903,744	174,913,007
	1,477,090		7,990,737
199,201	427,591	2,294,811	3,714,805
	(228,390)		(1,419,994)
485,260	381,852	3,521,364	3,401,571
	103,408		119,793
272,430	-	2,166,561	-
	272,430		2,166,561
26,235	29,921	272,185	271,985
	(3,686)		200
21,704,606	20,083,754	191,158,665	182,301,368
	1,620,852		8,857,297
Title XIX - Medicaid - SPD Members			
11,354,335	10,583,008	96,065,296	93,397,612
	771,327		2,667,684
181,623	320,007	1,819,292	2,880,063
	(138,384)		(1,060,771)
337,000	261,795	2,633,714	2,356,154
	75,205		277,560
114,616	-	900,607	-
	114,616		900,607
11,987,574	11,164,810	101,418,909	98,633,829
	822,764		2,785,080

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2018		CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
3,000,514	2,808,901	(191,613)	25,828,127	25,046,438	(781,689)
8,909,332	8,883,030	(26,302)	83,948,304	79,288,139	(4,660,165)
1,519,714	1,110,019	(409,695)	12,554,789	9,904,665	(2,650,124)
9,000	9,000	-	81,900	72,600	(9,300)
13,438,560	12,810,950	(627,610)	122,413,120	114,311,841	(8,101,279)
<b>PHYSICIAN SERVICES</b>					
246,967	251,476	4,509	2,207,563	2,242,101	34,538
133,346	175,171	41,825	1,257,987	1,576,542	318,555
647,970	683,714	35,744	5,899,346	6,064,281	164,935
69,522	89,148	19,626	714,155	802,323	88,168
82,671	89,883	7,212	704,696	782,967	78,271
77,352	79,191	1,839	675,872	712,717	36,845
53,966	50,527	(3,439)	426,119	454,743	28,624
42,999	55,701	12,702	392,492	501,305	108,813
499,373	439,517	(59,856)	4,829,624	3,939,823	(889,802)
321,217	53,988	(267,229)	1,486,706	482,077	(1,004,630)
1,075,739	863,132	(212,607)	9,071,274	7,704,621	(1,366,653)
3,251,122	2,831,448	(419,674)	27,665,835	25,263,500	(2,402,335)
4,531,949	4,175,274	(356,675)	41,919,154	37,244,742	(4,674,412)
12,885,548	13,366,425	480,877	124,947,394	119,384,963	(5,562,431)
116,075	114,927	(1,148)	1,037,555	1,024,612	(12,943)
5,798,828	4,832,745	(966,083)	52,010,532	43,159,127	(8,851,405)
<b>OTHER MEDICAL</b>					
278,480	336,135	57,655	2,939,542	2,997,176	57,634
220,846	358,371	137,525	2,682,358	3,207,495	525,137
203,185	262,929	59,744	1,891,264	2,366,359	475,095
1,142,414	807,669	(334,745)	7,847,668	7,229,898	(617,770)
-	122,263	122,263	16,466	1,090,013	1,073,547
948,004	-	(948,004)	7,554,280	-	(7,554,280)
813,011	531,295	(281,716)	6,478,398	4,749,842	(1,728,556)
3,605,940	2,418,662	(1,187,278)	29,409,976	21,640,782	(7,769,193)
<b>PHARMACY SERVICES</b>					
7,237,060	7,918,194	681,134	71,019,055	70,743,315	(275,740)
726,518	837,266	110,748	5,625,354	7,488,236	1,862,883
732,321	519,900	(212,421)	5,749,236	4,654,652	(1,094,584)
(28,482)	(104,646)	(76,164)	(1,193,482)	(934,912)	258,570
8,667,417	9,170,714	503,297	81,200,163	81,951,291	751,129
493,924	489,050	(4,874)	4,425,916	4,360,050	(65,866)
6,624	-	(6,624)	20,636,452	-	(20,636,452)
566,662	-	(566,662)	(3,751,417)	-	3,751,417
53,362,649	50,210,195	(3,152,454)	501,914,679	448,340,909	(53,573,770)

\* Medical costs per DMHC regulations

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
	VARIANCE		VARIANCE
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM</b> <b>FOR THE MONTH ENDED SEPTEMBER 30, 2018</b>			
<b>PHYSICIAN SERVICES</b>			
12.15	11.49	11.67	11.49
36.08	36.33	37.93	36.37
6.15	4.54	5.67	4.54
0.04	0.04	0.04	0.03
54.42	52.39	55.32	52.44
<b>OTHER PROFESSIONAL SERVICES</b>			
1.00	1.03	1.00	1.03
0.54	0.72	0.57	0.72
2.62	2.80	2.67	2.78
0.28	0.36	0.32	0.37
0.33	0.37	0.32	0.36
0.31	0.32	0.31	0.33
0.22	0.21	0.19	0.21
0.17	0.23	0.18	0.23
2.02	1.80	2.18	1.81
1.30	0.22	0.67	0.22
4.36	3.53	4.10	3.53
13.16	11.58	12.50	11.59
18.35	17.08	18.94	17.08
52.18	54.66	56.46	54.76
0.47	0.47	0.47	0.47
23.48	19.76	23.50	19.80
<b>OTHER MEDICAL</b>			
1.13	1.37	1.33	1.37
0.89	1.47	1.21	1.47
0.82	1.08	0.85	1.09
4.63	3.30	3.55	3.32
0.00	0.50	0.01	0.50
3.84	0.00	3.41	0.00
3.29	2.17	2.93	2.18
14.60	9.89	13.29	9.93
<b>PHARMACY SERVICES</b>			
29.30	32.38	32.09	32.45
2.94	3.42	2.54	3.43
2.97	2.13	2.60	2.14
(0.12)	(0.43)	(0.54)	(0.43)
35.10	37.50	36.69	37.59
2.00	2.00	2.00	2.00
0.03	0.00	9.33	0.00
2.29	0.00	1.70	0.00
216.08	205.34	226.81	205.66

\* Medical costs per DMHC regulations



	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	YEAR TO DATE 2018
<b>KERN HEALTH SYSTEMS</b>										
<b>MEDI-CAL</b>										
<b>SCHEDULE OF MEDICAL COSTS BY MONTH</b>										
<b>THROUGH SEPTEMBER 30, 2018</b>										
<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	2,750,342	2,588,711	3,000,514	25,828,127
Referral Specialty Services	9,240,467	8,846,562	10,522,041	9,730,130	8,733,446	8,952,433	9,283,840	9,731,053	8,909,332	83,948,304
Urgent Care & After Hours Advice	1,069,333	1,008,534	2,281,593	1,678,588	1,474,529	1,133,192	1,180,035	1,209,271	1,519,714	12,554,739
Hospital Admitting Team	9,300	8,400	9,300	9,300	9,300	9,300	9,300	9,300	9,300	81,900
<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>13,202,517</b>	<b>13,538,335</b>	<b>13,438,560</b>	<b>122,413,120</b>
<b>OTHER PROFESSIONAL SERVICES</b>										
Vision Service Capitation	241,567	249,668	251,973	228,790	246,347	247,073	247,317	247,861	246,967	2,207,563
221 - Business Intelligence	-	-	-	-	-	825,183	144,979	154,479	133,346	1,257,987
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,729	642,963	755,456	241,323	668,754	677,825	647,970	5,899,346
311 - Health Services - Quality Improvement - UM Allocation *	118,821	107,550	123,692	89,357	91,557	22,420	22,420	67,521	69,522	714,155
312 - Health Services - Education - UM Allocation *	76,022	65,961	79,421	70,442	80,056	86,012	79,826	84,285	82,671	704,696
313 - Health Services - Pharmacy - UM Allocation *	96,522	85,975	103,112	80,930	95,489	121,368	76,094	81,766	77,352	675,872
314 - Health Homes - UM Allocation *	44,203	41,266	48,457	41,054	48,687	47,631	52,937	53,966	42,619	426,119
616 - Disease Management - UM Allocation *	56,128	59,793	70,852	54,370	64,544	47,728	43,748	47,786	42,999	392,492
Behavior Health Treatment	488,079	385,879	454,810	490,975	524,803	387,958	133,646	1,464,101	499,373	4,829,654
Mental Health Services	63,645	122,463	96,062	319,743	431,902	290,129	458,142	(616,587)	321,217	1,486,706
Other Professional Services	1,027,749	965,677	968,982	892,942	1,075,750	1,051,105	1,041,504	972,326	1,075,739	9,071,274
<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>3,414,459</b>	<b>3,111,320</b>	<b>2,964,061</b>	<b>3,254,300</b>	<b>3,251,122</b>	<b>27,665,935</b>
EMERGENCY ROOM	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	4,584,869	4,563,430	4,531,949	41,919,154
INPATIENT HOSPITAL	13,588,711	13,055,324	16,973,565	14,300,202	13,932,093	13,267,422	13,921,068	13,023,461	12,885,546	124,947,594
REINSURANCE EXPENSE PREMIUM	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	1,037,555
OUTPATIENT HOSPITAL SERVICES	5,307,045	5,138,504	5,322,082	6,217,088	6,587,061	5,930,118	5,602,579	6,047,228	5,798,828	52,010,532
<b>OTHER MEDICAL</b>										
Ambulance	338,351	352,496	350,066	327,106	381,817	257,885	320,988	332,353	278,480	2,939,542
Home Health Services & CBAS	387,076	354,315	265,517	292,019	278,153	334,350	266,062	284,020	220,846	2,683,358
Utilization and Quality Review Expenses	284,192	42,175	226,751	159,266	241,649	243,855	202,768	287,423	203,185	1,891,264
Long Term/SNF/Hospice	999,658	777,025	923,259	686,826	808,413	789,958	828,025	891,490	1,142,414	7,847,668
Enhanced Medical Benefits	-	9,604	-	-	6,862	-	-	-	-	16,166
Provider Enhancement Expense	-	-	-	-	3,585,959	945,276	500,000	1,575,041	948,004	7,554,280
Non-Medical Transportation	413,329	387,049	811,267	730,215	807,951	704,777	939,286	871,513	813,011	6,478,398
<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>6,102,942</b>	<b>3,282,963</b>	<b>3,057,129</b>	<b>4,241,840</b>	<b>3,605,940</b>	<b>29,409,976</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	7,710,676	8,197,125	7,237,060	71,019,055
RX - IIEP-C	729,042	557,006	600,369	500,230	483,336	454,893	734,583	839,377	726,518	5,625,354
Rx - DME	620,941	570,130	608,597	643,269	823,066	618,977	566,882	564,653	732,321	5,749,236
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(163,400)	(163,400)	(163,400)	(28,482)	(1,193,482)
<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>9,202,737</b>	<b>8,567,706</b>	<b>8,848,741</b>	<b>9,437,755</b>	<b>8,667,417</b>	<b>81,200,163</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>495,722</b>	<b>493,934</b>	<b>493,924</b>	<b>4,425,916</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>-</b>	<b>(299,363)</b>	<b>-</b>	<b>6,624</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>342,052</b>	<b>1,872,269</b>	<b>566,662</b>	<b>(3,751,417)</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>51,354,704</b>	<b>53,194,977</b>	<b>56,289,183</b>	<b>53,362,649</b>	<b>501,914,679</b>

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH SEPTEMBER 30, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 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	11.02	10.48	12.15	11.67
Referral Specialty Services	38.23	36.28	42.96	39.50	35.35	36.20	37.45	39.40	36.08	37.93
Urgent Care & After Hours Advice	4.42	4.14	9.31	6.81	5.97	4.58	4.76	4.90	6.15	5.67
Hospital Admitting Team	0.04	0.03	0.04	0.04	0.04	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>53.27</b>	<b>54.82</b>	<b>54.42</b>	<b>55.32</b>
<b>OTHER PROFESSIONAL SERVICES</b>										
Vision Service Capitation	1.00	1.02	1.03	0.93	1.00	1.00	1.00	1.00	1.00	1.00
221 - Business Intelligence	0.00	0.00	0.00	0.00	0.00	0.00	0.58	0.63	0.54	0.57
310 - Health Services - Utilization Management - UM Allocation *	3.15	2.89	3.26	2.61	3.06	3.08	2.70	2.74	2.62	2.67
311 - Health Services - Quality Improvement - UM Allocation *	0.49	0.44	0.50	0.36	0.37	0.32	0.09	0.35	0.28	0.32
312 - Health Services - Education - UM Allocation *	0.31	0.27	0.32	0.29	0.32	0.35	0.32	0.34	0.33	0.32
313 - Health Services - Pharmacy - UM Allocation *	0.40	0.35	0.42	0.33	0.39	(0.09)	0.31	0.33	0.31	0.31
314 - Health Homes - UM Allocation *	0.18	0.17	0.20	0.17	0.20	0.19	0.19	0.21	0.22	0.19
616 - Disease Management - UM Allocation *	0.23	0.25	0.29	0.22	0.26	(0.19)	0.18	0.19	0.17	0.18
Behavior Health Treatment	2.02	1.58	1.86	1.99	2.12	1.57	0.54	5.93	2.02	2.18
Mental Health Services	0.26	0.50	0.39	1.30	1.75	1.85	1.85	(2.50)	1.30	0.67
Other Professional Services	4.25	3.96	3.95	3.62	4.35	4.25	4.20	3.94	4.36	4.10
<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>11.96</b>	<b>13.18</b>	<b>13.16</b>	<b>12.50</b>
EMERGENCY ROOM	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.94
INPATIENT HOSPITAL	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	56.46
REINSURANCE EXPENSE PREMIUM	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47
OUTPATIENT HOSPITAL SERVICES	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	23.50
<b>OTHER MEDICAL</b>										
Ambulance	1.40	1.45	1.43	1.33	1.55	1.04	1.30	1.35	1.13	1.33
Home Health Services & CBAS	1.60	1.45	1.08	1.19	1.13	1.35	1.07	1.15	0.89	1.21
Utilization and Quality Review Expenses	1.18	0.17	0.93	0.65	0.98	0.99	0.82	1.16	0.82	0.85
Long Term/SNE/Hospice	4.14	3.19	3.77	2.79	3.27	3.19	3.34	3.61	4.63	3.55
Enhanced Medical Benefits	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provider Enhancement Expense	0.00	0.00	0.00	0.00	14.51	3.82	2.02	6.38	3.84	3.41
Non-Medical Transportation	1.71	1.59	3.31	2.96	3.27	2.85	3.79	3.53	3.29	2.93
<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>12.33</b>	<b>17.18</b>	<b>14.60</b>	<b>13.29</b>
<b>PHARMACY SERVICES</b>										
RX - Drugs & OTC	35.31	30.90	33.79	31.72	32.62	30.96	31.11	33.19	29.30	32.09
RX - HEP-C	3.02	2.28	2.45	2.03	1.96	1.84	2.96	3.40	2.94	2.54
Rx - DME	2.57	2.34	2.49	2.61	3.33	2.50	2.29	2.29	2.97	2.60
RX - Pharmacy Rebates	(0.48)	(0.48)	(0.47)	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)	(0.12)	(0.54)
<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>35.70</b>	<b>38.21</b>	<b>35.10</b>	<b>36.69</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>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>0.00</b>	<b>(1.21)</b>	<b>0.03</b>	<b>9.33</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>1.38</b>	<b>7.58</b>	<b>2.29</b>	<b>(1.70)</b>
Total Medical Costs	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	226.81

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT</b> <b>FOR THE MONTH ENDED SEPTEMBER 30, 2018</b>			
316,432	263,760	2,166,698	2,195,435
	(52,672)		28,737
159,698	144,769	1,169,558	1,302,908
	(14,929)		133,350
378,360	394,578	3,337,820	3,551,175
	16,218		213,355
-	3,167	1,898	28,485
	3,167		26,587
191,786	319,531	1,751,446	2,875,733
	127,745		1,124,287
463,257	450,005	4,139,697	4,059,825
	(13,252)		(79,872)
87,107	100,658	720,771	905,925
	13,551		185,154
87,215	87,087	755,403	772,768
	(128)		17,365
28,412	32,758	239,366	294,816
	4,346		55,450
408	553	2,231	4,980
	145		2,749
107,154	121,044	1,036,479	1,059,378
	13,890		22,899
5,403	2,325	38,321	20,925
	(3,078)		(17,396)
18,711	23,972	169,350	215,752
	5,261		46,402
207,287	201,520	1,859,225	1,816,293
	(5,767)		(42,932)
417,483	511,179	4,535,319	4,600,563
	93,696		65,244
276,558	295,315	2,573,653	2,641,669
	18,757		68,016
54,523	59,285	480,158	533,568
	4,762		53,410
68,039	49,901	410,061	496,997
	(18,138)		86,936
50,501	62,897	404,216	566,061
	12,396		161,845
131,507	152,372	1,179,316	1,368,277
	20,865		188,961
-	(124,999)	-	(1,124,984)
	(124,999)		(1,124,984)
3,049,841	3,151,679	26,970,986	28,186,549
	101,838		1,215,563

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED SEPTEMBER 30, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	YEAR TO DATE 2018
110 - Executive	249,360	227,269	224,150	218,301	143,752	215,868	332,148	239,418	316,432	2,166,698
210 - Accounting	121,592	122,208	139,362	119,259	106,858	172,387	117,377	110,817	159,698	1,169,558
220 - Management Information Systems (MIS)	432,742	431,903	432,298	272,224	376,551	348,119	281,772	383,851	378,360	3,337,820
221 - Business Intelligence	122,020	134,571	151,816	129,810	151,271	(687,770)	53	127	-	1,898
225 - Infrastructure	126,761	233,198	186,762	250,471	163,797	146,181	164,738	287,752	191,786	1,751,446
230 - Claims	476,893	392,682	482,563	405,196	484,785	423,369	483,567	527,385	463,257	4,139,697
240 - Project Management	83,613	64,943	73,023	71,038	95,057	81,230	85,023	79,737	87,107	720,771
310 - Health Services - Utilization Management	5,036	(156)	768	270	(404)	483,745	95,558	83,371	87,215	755,403
311 - Health Services - Quality Improvement	10	358	329	-	-	102,349	78,633	29,275	28,412	239,366
312 - Health Services - Education	147	(130)	-	190	705	12	388	511	408	2,231
313 - Pharmacy	104,959	104,858	84,757	91,752	99,028	210,335	114,825	118,811	107,154	1,036,479
314 - Health Homes	83	(76)	99	698	(25)	2,930	11,049	18,160	5,403	38,321
616 - Disease Management	-	129	-	-	-	110,553	19,477	20,480	18,711	169,350
320 - Provider Relations	262,401	186,821	205,072	172,555	251,582	191,269	190,507	191,731	207,287	1,859,225
330 - Member Services	406,721	390,353	869,265	527,594	564,101	554,776	382,784	422,242	417,483	4,535,319
340 - Corporate Services	327,904	251,490	222,176	270,949	291,810	309,374	289,935	333,457	276,558	2,573,653
360 - Audit & Investigative Services	55,126	54,243	55,402	47,224	52,331	52,008	54,129	55,172	54,523	480,158
410 - Advertising Media	4,575	21,825	23,427	81,259	78,893	38,290	65,711	28,042	68,039	410,061
420 - Sales/Marketing/Public Relations	50,590	41,234	44,701	55,893	39,311	40,380	40,042	41,564	50,501	404,216
510 - Human Resources	116,481	126,047	143,307	103,305	127,668	139,886	141,279	149,836	131,507	1,179,316
Total Department Expenses	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,291	2,948,995	3,121,739	3,049,841	26,970,986

<b>KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF SEPTEMBER 30, 2018</b>			
<b>ASSETS</b>	<b>SEPTEMBER 2018</b>	<b>AUGUST 2018</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,444,449	\$ 1,458,696	(14,247)
Interest Receivable	6,225	2,936	3,289
Prepaid Expenses & Other Current Assets	2,500	3,332	(832)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,453,174</b>	<b>\$ 1,464,964</b>	<b>\$ (11,790)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	5,000	19,247	(14,247)
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 358,849</b>	<b>\$ 373,096</b>	<b>\$ (14,247)</b>
<b>NET POSITION:</b>			
Net Position- Beg. of Year	1,081,027	1,081,027	-
Increase (Decrease) in Net Position - Current Year	13,298	10,841	2,457
Total Net Position	\$ 1,094,325	\$ 1,091,868	\$ 2,457
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,453,174</b>	<b>\$ 1,464,964</b>	<b>\$ (11,790)</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED SEPTEMBER 30, 2018	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
-	-	-	Members	-	-	-
<b>REVENUES</b>						
-	-	-	Premium	-	-	-
3,289	-	3,289	Interest	18,130	-	18,130
-	-	-	Other Investment Income	2,668	-	2,668
3,289	-	3,289	<b>TOTAL REVENUES</b>	20,798	-	20,798
<b>EXPENSES</b>						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
3,289	-	3,289	<b>GROSS MARGIN</b>	20,798	-	20,798
<b>Administrative</b>						
832	-	(832)	Management Fee Expense and Other Admin Exp	7,500	-	(7,500)
832	-	(832)	Total Administrative Expenses	7,500	-	(7,500)
832	-	(832)	<b>TOTAL EXPENSES</b>	7,500	-	(7,500)
2,457	-	2,457	<b>OPERATING INCOME (LOSS)</b>	13,298	-	13,298
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	-	-	-
2,457	-	2,457	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	13,298	-	13,298
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	0%	0%	0%
25%	0%	-25%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	36%	0%	-36%

**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	33,475	33,694	34,300			
MIN - FAMILY	0	0	0	0	0	0	0	0	0			
REFUGEE - FAMILY	0	0	0	0	0	0	0	0	0			
FOSTER CARE	707	678	719	731	701	713	729	713	707			
POVERTY-133/200%	1	1	1	1	1	1	1	1	1			
POVERTY-100%	0	0	0	0	0	0	0	0	0			
MI - CHILD	107,133	108,725	109,378	110,181	111,205	110,796	111,208	110,586	109,982			
CHILD-ACA	115	104	120	40	40	43	45	44	41			
FAMILY - UNDER 19	21,195	21,355	21,188	21,708	21,196	21,272	21,636	21,517	21,950			
<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>167,094</b>	<b>166,555</b>	<b>166,981</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>MEDI-CAL EXPANSION</b>	<b>427</b>
LHP Transition Pre-ACA	52
ACA Expansion Adult-Citizen	58,118
ACA Expansion CAL Fresh Adult	5
LHP Transition Pre-ACA	389
<b>SUB-TOTAL MANDATORY</b>	<b>57,744</b>

<b>SDP MEMBERS</b>	<b>1,667</b>
SSI-AGED	191
MIN - AGED	1,457
SSI - BLIND & DIS-ABLED	12,242
MIN - BLIND & DIS-ABLED	259
<b>SUB-TOTAL MANDATORY SPD</b>	<b>14,320</b>

<b>TOTAL MANDATORY</b>	<b>235,834</b>
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<b>OTHER MEMBERS</b>	<b>218</b>
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<b>DUALS</b>	<b>147</b>
PA - FAMILY DUALS	771
PART D SSI-AGED	1,295
PART D MN - AGED	2,338
PART D SSI - BLIND & DIS-ABLED	1,038
PART D MN - BLIND & DIS-ABLED	3
PART D BCCTP-TOBACCO SETTLEMENT	0
PART D MI - ADULT	346
PART D MI - CHILD	5,815
<b>SUB-TOTAL DUALS</b>	<b>53,748</b>

<b>TOTAL OTHERS</b>	<b>53,966</b>
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<b>TOTAL KAISER</b>	<b>74,153</b>
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<b>TOTAL MEDI-CAL MEMBERS</b>	<b>2,287,111</b>
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	52	52	52	52	28	49	48	47	47			
	57,307	58,118	58,262	59,224	58,660	59,413	59,517	59,152	58,697			
	5	5	6	5	5	5	5	5	5			
	380	389	454	418	539	508	488	474	531			
	<b>57,744</b>	<b>58,564</b>	<b>58,774</b>	<b>59,639</b>	<b>59,232</b>	<b>59,975</b>	<b>60,058</b>	<b>59,678</b>	<b>59,280</b>	<b>0</b>	<b>0</b>	<b>0</b>

	191	182	174	186	186	195	168	193	192			
	1,457	1,414	1,533	1,483	1,544	1,551	1,558	1,587	1,534			
	12,242	12,366	12,213	12,177	12,373	12,386	12,281	12,272	12,272			
	259	358	334	356	1,121	458	606	493	448			
	<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>14,630</b>	<b>14,554</b>	<b>14,446</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>241,782</b>	<b>241,782</b>	<b>240,787</b>	<b>240,707</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>OTHER MEMBERS</b>	<b>218</b>
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	24	14	19	23	-8	19	25	16	15			
	771	776	767	784	805	787	836	798	848			
	1,295	1,364	1,331	1,359	1,390	1,364	1,399	1,439	1,439			
	2,338	2,300	2,314	2,389	2,324	2,463	2,433	2,559	2,525			
	1,038	978	973	980	983	980	991	1,011	1,030			
	3	1	1	0	0	0	0	0	1			
	0	0	0	0	0	0	0	0	0			
	346	385	390	386	414	432	407	374	375			
	<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>6,056</b>	<b>6,157</b>	<b>6,233</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>6,079</b>	<b>6,180</b>	<b>6,255</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<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>8,278</b>	<b>8,340</b>	<b>8,291</b>			
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<b>TOTAL MEDI-CAL MEMBERS</b>	<b>249,666</b>	<b>251,973</b>	<b>253,166</b>	<b>254,614</b>	<b>255,380</b>	<b>255,611</b>	<b>256,139</b>	<b>255,307</b>	<b>255,253</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**To: KHS Board of Directors**

**From: Robert Landis, CFO**

**Date: December 13, 2018**

**Re: October 2018 Financial Results**

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The October results reflect a \$963,804 Net Increase in Net Position which is a \$1,219,732 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$4.3 million favorable variance primarily due to:
  - A) \$.9 million favorable variance relating to Family and Other primarily due to a higher than expected budgeted rate increase from the State (\$.3 million), higher than expected enrollment (\$.2 million) and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.5 million) and offset against amounts included in item 2A below.
  - B) \$1.4 million favorable variance relating to Expansion primarily due to a higher than expected budgeted rate increase from the State (\$1.3 million), higher than expected enrollment (\$.1 million), lower than expected Maternity revenue (\$.2 million) and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.3 million) and offset against amounts included in item 2A below.
  - C) \$1.0 million favorable variance relating to SPD primarily due to a higher than expected budgeted rate increase from the State (\$.5 million) and higher than expected enrollment (\$.3 million) and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.1 million) and offset against amounts included in item 2A below.
- 2) Total Medical Costs reflect a \$3.2 million unfavorable variance primarily due to:
  - A) \$1.4 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted Proposition 56 expenses on at-risk-basis offset against revenue mentioned under items 1A-1C above.
  - B) \$1.4 million unfavorable variance in IBNR, Incentive, Paid Claims Adjustment primarily due to a recent requirement by CMS instructing DHCS to reinstitute the Expansion Risk Corridor which limits the Expansion Medical Loss Ratio to a range of 85- 95 percent for the period July 2016 – June 2017

The October Medical Loss Ratio is 92.9% which is favorable to the 93.6% budgeted amount. The October Administrative Expense Ratio is 5.4% which is favorable to the 6.3% budgeted amount.

The results for the 10 months ended October 31, 2018 reflect a Net Increase in Net Position of \$5,164,740. This is a \$8,507,853 favorable variance to budget and includes approximately \$5.1 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 93.9% which is slightly favorable to the 94.0% budgeted amount. The year-to-date Administrative Expense Ratio is 5.1% which is favorable to the 6.0% budgeted amount.



**Kern Health Systems  
Financial Packet  
October 2018**

**KHS – Medi-Cal Line of Business**

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Statement of Revenue, Expenses, and Changes in Net Position	Page 2
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**KHS Group Health Plan – Healthy Families Line of Business**

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

**KHS Administrative Analysis and Other Reporting**

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF OCTOBER 31, 2018			
ASSETS	OCTOBER 2018	SEPTEMBER 2018	INC(DEC)
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 92,926,868	\$ 91,300,427	\$ 1,626,441
Short-Term Investments	112,528,310	152,185,597	(39,657,287)
Premiums Receivable - Net	75,598,704	72,784,058	2,814,646
Interest Receivable	246,587	332,400	(85,813)
Other Receivables	1,493,000	1,259,675	233,325
Prepaid Expenses & Other Current Assets	1,377,478	1,429,754	(52,276)
<b>Total Current Assets</b>	<b>\$ 284,170,947</b>	<b>\$ 319,291,911</b>	<b>\$ (35,120,964)</b>
<b>RESTRICTED ASSETS</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ -</b>
<b>CAPITAL ASSETS - NET OF ACCUM DEP:</b>			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,451,310	6,440,127	11,183
Automobile - Net	13,882	14,274	(392)
Building and Building Improvements - Net	6,379,410	6,407,265	(27,855)
Capital Projects in Process	27,116,469	23,666,253	3,450,216
<b>Total Capital Assets</b>	<b>\$ 44,837,633</b>	<b>\$ 41,404,481</b>	<b>\$ 3,433,152</b>
<b>LONG TERM ASSETS:</b>			
Officer Life Insurance Receivables	684,615	684,615	-
<b>Total Long Term Assets</b>	<b>\$ 684,615</b>	<b>\$ 684,615</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>\$ 332,883,258</b>	<b>\$ 364,571,070</b>	<b>\$ (31,687,812)</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$ 28,176	\$ 27,064	1,112
Accrued Salaries and Employee Benefits	2,436,613	2,165,507	271,106
Accrued Other Operating Expenses	1,096,055	1,052,154	43,901
Accrued Taxes and Licenses	8,036,340	24,212,316	(16,175,976)
Claims Payable (Reported)	22,279,356	16,928,829	5,350,527
IBNR - Inpatient Claims	36,042,990	34,265,817	1,777,173
IBNR - Physician Claims	11,930,945	13,317,881	(1,386,936)
IBNR - Accrued Other Medical	20,784,497	20,793,782	(9,285)
Risk Pool and Withholds Payable	3,278,096	2,787,564	490,532
Statutory Allowance for Claims Processing Expense	2,324,857	2,324,857	-
Other Liabilities	22,859,527	45,873,297	(23,013,770)
<b>Total Current Liabilities</b>	<b>\$ 131,097,452</b>	<b>\$ 163,749,068</b>	<b>\$ (32,651,616)</b>
<b>NONCURRENT LIABILITIES:</b>			
Net Pension Liability	5,808,296	5,808,296	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 5,808,296</b>	<b>\$ 5,808,296</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	5,164,740	4,200,936	963,804
<b>Total Net Position</b>	<b>\$ 195,706,561</b>	<b>\$ 194,742,757</b>	<b>\$ 963,804</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 332,883,258</b>	<b>\$ 364,571,070</b>	<b>\$ (31,687,812)</b>

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED OCTOBER 31, 2018			YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE				ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>								
165,473	166,900	(1,427)	Family Members			1,661,092	1,651,000	10,092
59,199	58,900	299	Expansion Members			592,203	582,250	9,953
14,472	14,050	422	SPD Members			144,841	140,500	4,341
6,122	5,250	872	Other Members			60,088	51,375	8,713
8,284	8,025	259	Kaiser Members			82,437	79,125	3,312
253,550	253,125	425	<b>Total Members - MCAL</b>			<b>2,540,661</b>	<b>2,504,250</b>	<b>36,411</b>
<b>REVENUES</b>								
23,000,590	22,076,447	924,143	Title XIX - Medicaid - Family and Other			220,874,996	214,122,427	6,752,569
21,501,088	20,134,196	1,366,892	Title XIX - Medicaid - Expansion Members			212,659,753	202,435,564	10,224,189
12,128,124	11,164,810	963,314	Title XIX - Medicaid - SPD Members			113,547,033	109,798,638	3,748,395
8,087,777	7,713,590	374,187	Premium - MCO Tax			79,086,525	76,321,581	2,764,944
331,150	273,709	57,441	Interest/Dividends			3,811,540	2,708,192	1,103,348
-	115,197	(115,197)	Reinsurance Recoveries			139,352	1,139,809	(1,000,457)
325,659	-	325,659	COB/Subrogation Collections			17,438,952	-	17,438,952
212,890	-	212,890	Rate/Income Adjustments			23,465,978	-	23,465,978
142,515	-	142,515	Other Income (Expense)			(232,107)	-	(232,107)
65,729,793	61,477,948	4,251,845	<b>TOTAL REVENUES</b>			<b>670,792,023</b>	<b>606,526,212</b>	<b>64,265,812</b>
<b>EXPENSES</b>								
<b>Medical Costs:</b>								
12,587,105	12,838,359	251,254	Physician Services			135,000,225	127,150,201	(7,850,024)
3,323,654	2,834,346	(489,308)	Other Professional Services			30,989,489	28,097,846	(2,891,642)
4,490,225	4,184,516	(305,709)	Emergency Room			46,409,379	41,429,258	(4,980,121)
13,069,188	13,391,782	322,594	Inpatient			138,016,582	132,776,746	(5,239,837)
116,072	115,197	(875)	Reinsurance Expense			1,153,627	1,139,809	(13,818)
4,785,905	4,842,066	56,161	Outpatient Hospital			56,796,437	48,001,194	(8,795,243)
3,863,995	2,422,195	(1,441,800)	Other Medical			33,273,971	24,062,978	(9,210,993)
9,382,074	9,186,968	(195,106)	Pharmacy			90,582,237	91,138,260	556,023
490,532	490,200	(332)	Pay for Performance Quality Incentive			4,916,448	4,850,250	(66,198)
2,670	-	(2,670)	Non-Claims Expense Adjustment			20,639,122	-	(20,639,122)
1,438,167	-	(1,438,167)	IBNR, Incentive, Paid Claims Adjustment			(2,313,250)	-	2,313,250
53,549,587	50,305,631	(3,243,956)	<b>Total Medical Costs</b>			<b>555,464,266</b>	<b>498,646,540</b>	<b>(56,817,726)</b>
12,180,206	11,172,316	1,007,890	<b>GROSS MARGIN</b>			<b>115,327,757</b>	<b>107,879,671</b>	<b>7,448,085</b>
<b>Administrative:</b>								
2,161,106	1,988,888	(172,219)	Compensation			19,690,936	19,848,056	157,120
465,811	612,449	146,638	Purchased Services			5,759,364	6,146,982	387,618
67,086	101,247	34,161	Supplies			551,270	1,012,916	461,646
127,238	376,184	248,946	Depreciation			1,272,360	1,564,195	291,835
265,994	302,554	36,560	Other Administrative Expenses			2,784,291	2,995,723	211,432
3,087,235	3,381,322	294,087	<b>Total Administrative Expenses</b>			<b>30,058,221</b>	<b>31,567,871</b>	<b>1,509,650</b>
56,636,822	53,686,953	(2,949,869)	<b>TOTAL EXPENSES</b>			<b>585,522,487</b>	<b>530,214,411</b>	<b>(55,308,076)</b>
9,092,971	7,790,994	1,301,977	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>			<b>85,269,536</b>	<b>76,311,801</b>	<b>8,957,735</b>
8,087,777	7,713,590	(374,187)	<b>MCO TAX</b>			<b>78,041,582</b>	<b>76,321,581</b>	<b>(1,720,001)</b>
1,005,194	77,405	927,789	<b>OPERATING INCOME (LOSS) NET OF TAX</b>			<b>7,227,954</b>	<b>(9,780)</b>	<b>7,237,734</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>								
-	-	-	Reserve Fund Projects/Community Grants			-	-	-
(41,390)	(333,333)	291,943	Health Home			(2,063,214)	(3,333,333)	1,270,119
(41,390)	(333,333)	291,943	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>			<b>(2,063,214)</b>	<b>(3,333,333)</b>	<b>1,270,119</b>
963,804	(255,928)	1,219,732	<b>NET INCREASE (DECREASE) IN NET POSITION</b>			<b>5,164,740</b>	<b>(3,343,113)</b>	<b>8,507,853</b>
92.9%	93.6%	0.7%	<b>MEDICAL LOSS RATIO</b>			<b>93.9%</b>	<b>94.0%</b>	<b>0.2%</b>
5.4%	6.3%	0.9%	<b>ADMINISTRATIVE EXPENSE RATIO</b>			<b>5.1%</b>	<b>6.0%</b>	<b>0.9%</b>

			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED OCTOBER 31, 2018			
CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
165,473	166,900	(1,427)	Family Members	1,661,092	1,651,000	10,092
59,199	58,900	299	Expansion Members	592,203	582,250	9,953
14,472	14,050	422	SPD Members	144,841	140,500	4,341
6,122	5,250	872	Other Members	60,088	51,375	8,713
8,284	8,025	259	Kaiser Members	82,437	79,125	3,312
253,550	253,125	425	<b>Total Members - MCAL</b>	2,540,661	2,504,250	36,411
<b>REVENUES</b>						
134.04	128.24	5.80	Title XIX - Medicaid - Family and Other	128.33	125.78	2.55
363.20	341.84	21.36	Title XIX - Medicaid - Expansion Members	359.10	347.68	11.42
838.04	794.65	43.39	Title XIX - Medicaid - SPD Members	783.94	781.48	2.46
32.98	31.47	1.50	Premium - MCO Tax	32.17	31.47	0.70
1.35	1.12	0.23	Interest /Dividends	1.55	1.12	0.43
0.00	0.47	(0.47)	Reinsurance Recoveries	0.06	0.47	(0.41)
1.33	0.00	1.33	COB/Subrogation Collections	7.09	0.00	7.09
0.87	0.00	0.87	Rate/Income Adjustments	9.55	0.00	9.55
0.58	0.00	0.58	Other Income (Expense)	(0.09)	0.00	(0.09)
267.99	250.83	17.17	<b>TOTAL REVENUES</b>	272.88	250.10	22.78
<b>EXPENSES</b>						
Medical Costs:						
51.32	52.38	1.06	Physician Services	54.92	52.43	(2.49)
13.55	11.56	(1.99)	Other Professional Services	12.61	11.59	(1.02)
18.31	17.07	(1.23)	Emergency Room	18.88	17.08	(1.80)
53.29	54.64	1.35	Inpatient	56.14	54.75	(1.39)
0.47	0.47	(0.00)	Reinsurance Expense	0.47	0.47	0.00
19.51	19.76	0.24	Outpatient Hospital	23.10	19.79	(3.31)
15.75	9.88	(5.87)	Other Medical	13.54	9.92	(3.61)
38.25	37.48	(0.77)	Pharmacy	36.85	37.58	0.73
2.00	2.00	0.00	Pay for Performance Quality Incentive	2.00	2.00	0.00
0.01	0.00	(0.01)	Non-Claims Expense Adjustment	8.40	0.00	(8.40)
5.86	0.00	(5.86)	IBNR, Incentive, Paid Claims Adjustment	(0.94)	0.00	0.94
218.33	205.25	(13.09)	<b>Total Medical Costs</b>	225.96	205.62	(20.34)
49.66	45.58	4.08	<b>GROSS MARGIN</b>	46.92	44.48	2.43
Administrative:						
8.81	8.11	(0.70)	Compensation	8.01	8.18	0.17
1.90	2.50	0.60	Purchased Services	2.34	2.53	0.19
0.27	0.41	0.14	Supplies	0.22	0.42	0.19
0.52	1.53	1.02	Depreciation	0.52	0.64	0.13
1.08	1.23	0.15	Other Administrative Expenses	1.13	1.24	0.10
12.59	13.80	1.21	<b>Total Administrative Expenses</b>	12.23	13.02	0.79
230.92	219.04	(11.88)	<b>TOTAL EXPENSES</b>	238.19	218.63	(19.56)
37.07	31.79	5.29	<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	34.69	31.47	3.22
32.98	31.47	(1.50)	<b>MCO TAX</b>	31.75	31.47	(0.28)
4.10	0.32	3.78	<b>OPERATING INCOME (LOSS) NET OF TAX</b>	2.94	(0.00)	2.94
<b>NONOPERATING REVENUE (EXPENSES)</b>						
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00
0.16	(1.36)	(1.52)	Health Home	0.81	(13.60)	(14.41)
0.16	(1.36)	(1.52)	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	0.81	(13.60)	(14.41)
3.93	(1.04)	4.97	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	2.10	(1.38)	3.48
92.9%	93.6%	0.7%	<b>MEDICAL LOSS RATIO</b>	93.9%	94.0%	0.2%
5.4%	6.3%	0.9%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	5.1%	6.0%	0.9%



KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH OCTOBER 31, 2018	SEPTEMBER 2017	OCTOBER 2017	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	13 MONTH TOTAL
	240,564	240,556	239,434	241,507	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	3,470,345
<b>ENROLLMENT</b>															
<b>REVENUES</b>															
Title XIX - Medicaid - Family and Other	129.26	122.06	126.92	123.23	116.91	118.93	123.47	121.12	133.71	126.38	131.77	143.39	133.25	134.04	1,371.18
Title XIX - Medicaid - Expansion Members	350.11	352.46	359.17	349.73	354.64	347.78	351.14	348.64	370.03	353.55	362.19	373.39	366.14	363.20	3,841.45
Title XIX - Medicaid - SPD Members	754.83	748.37	760.39	769.40	730.41	735.40	755.17	765.50	760.84	759.68	814.12	848.74	829.82	838.04	8,344.59
Premium - MCO Tax	33.63	30.77	31.86	31.67	31.93	31.33	31.91	31.60	31.91	32.63	32.75	32.75	32.75	32.98	34.60
Interest /Dividends	1.26	1.16	1.12	1.32	2.02	1.28	1.35	2.07	1.59	1.99	1.20	1.00	1.33	1.35	1.58
Reinsurance Recoveries	0.00	0.52	3.27	0.90	0.00	0.00	0.00	0.00	0.00	0.56	0.00	0.00	0.00	0.00	0.40
COB/Subscription Collections	14.26	13.09	22.24	10.18	0.00	0.00	41.83	14.22	5.09	4.16	1.88	1.69	0.80	1.33	10.02
Rate/Income Adjustments	39.39	0.53	8.89	0.22	(6.79)	1.31	4.47	1.86	87.13	(6.79)	(0.46)	0.52	0.02	0.87	11.10
Other Income (Expense)	(0.77)	0.00	(1.86)	(2.93)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	0.52	0.24	0.06	(0.40)	0.58	(0.30)
<b>TOTAL REVENUES</b>	306.01	260.82	286.61	256.87	250.32	243.21	292.85	261.99	354.32	251.76	263.37	276.88	265.35	267.99	2,953.77
<b>EXPENSES</b>															
Medical Costs:															
Physician Services	59.19	53.47	61.01	55.30	54.78	51.71	63.72	58.66	53.89	59.62	53.27	54.82	54.42	51.32	59.86
Other Professional Services	11.85	12.14	12.80	11.63	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	13.43
Emergency Room	19.52	16.61	21.28	16.10	17.67	17.11	21.47	18.35	18.25	19.33	18.50	18.48	18.35	18.31	20.18
Inpatient	57.62	56.43	70.23	59.27	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	61.92
Reinsurance Expense	0.44	0.44	0.44	0.44	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.50
Outpatient Hospital	25.83	24.67	29.87	22.59	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	25.67
Other Hospital	7.83	9.52	7.51	10.28	10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	13.17
Pharmacy	34.21	37.24	36.21	35.38	40.41	35.05	36.25	35.70	37.25	34.64	35.70	38.21	35.10	35.25	39.36
Pay for Performance Quality Incentive	2.35	2.35	2.35	2.35	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.26
Non-Claims Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84.76	(0.05)	0.00	(1.21)	0.03	0.01	6.50
IBNR, Incentive, Paid Claims Adjustment	33.15	1.38	(1.60)	(0.44)	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	1.73
<b>Total Medical Costs</b>	251.99	214.36	240.10	212.90	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.07	216.83	2,443.58
<b>GROSS MARGIN</b>	54.02	46.46	46.51	43.97	44.15	43.25	53.06	44.01	43.88	44.11	48.75	48.96	49.28	51.16	507.79
Administrative:															
Compensation	7.32	7.77	7.93	8.47	8.21	7.62	8.48	6.85	7.76	7.62	8.14	8.44	8.19	8.81	8.59
Purchased Services	2.17	2.24	3.98	2.73	2.15	2.24	3.29	2.61	2.58	2.34	1.67	2.41	2.25	1.90	2.66
Supplies	0.70	0.87	0.67	(1.30)	0.43	0.11	(0.04)	0.29	0.29	0.28	0.23	0.25	0.12	0.27	0.24
Depreciation	0.52	0.53	0.53	0.53	0.53	0.52	0.52	0.53	0.49	0.51	0.51	0.52	0.52	0.52	0.56
Other Administrative Expenses	0.83	1.11	1.33	2.85	0.87	1.39	1.39	1.16	1.13	1.11	1.34	1.03	1.28	1.08	1.34
Administrative Expense Adjustment	0.00	0.00	0.00	8.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.64
Total Administrative Expenses	11.55	12.52	14.44	21.67	12.19	11.42	13.63	11.44	12.25	11.87	11.90	12.64	12.35	12.50	14.03
<b>TOTAL EXPENSES</b>	263.54	226.88	254.54	234.57	218.37	211.37	253.42	229.43	322.69	219.52	226.51	240.56	228.42	229.33	2,586.61
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	42.47	33.93	32.08	22.30	31.96	31.84	39.43	32.57	31.63	32.24	36.85	36.33	36.93	38.66	36.76
<b>MCO TAX</b>	33.50	30.99	31.95	31.68	31.68	30.81	31.23	31.05	30.96	30.64	31.63	32.75	32.75	32.98	34.29
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	8.96	2.95	0.13	(9.38)	0.30	1.03	8.20	1.51	0.67	1.60	4.22	3.57	4.18	5.69	2.48
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	(0.10)	(2.75)	0.00	(2.59)	(0.08)	(0.57)	(2.51)	(0.56)	0.18	(0.25)	(0.64)	(0.78)	(2.30)	(0.17)	(1.06)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	8.87	0.19	0.13	(11.97)	0.23	0.46	5.68	0.95	0.84	0.65	3.58	2.79	1.88	5.52	1.41
<b>MEDICAL LOSS RATIO</b>	92.5%	93.2%	94.2%	94.5%	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.3%	93.8%
<b>ADMINISTRATIVE EXPENSE RATIO</b>	4.2%	5.4%	5.7%	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.3%	5.4%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED OCTOBER 31, 2018				YEAR-TO-DATE	
ACTUAL	CURRENT MONTH BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
R E V E N U E S					
Title XIX - Medicaid - Family & Other					
19,935,187	19,460,637	474,550	191,514,340	189,153,892	2,360,448
2,224,089	2,211,218	12,871	21,358,248	20,982,506	375,742
15,135	178,163	(163,028)	616,542	1,761,834	(1,145,292)
239,382	135,742	103,640	1,987,878	1,342,343	645,535
504,429	-	504,429	4,511,086	-	4,511,086
82,368	90,687	(8,319)	886,902	881,853	5,049
23,000,590	22,076,447	924,143	220,874,996	214,122,428	6,752,568
Title XIX - Medicaid - Expansion Members					
20,672,474	19,293,780	1,378,694	203,576,218	194,206,787	9,369,431
217,410	427,591	(210,181)	2,512,221	4,142,396	(1,630,175)
314,760	382,827	(68,067)	3,836,124	3,784,398	51,726
270,245	-	270,245	2,436,806	-	2,436,806
26,199	29,998	(3,799)	298,384	301,983	(3,599)
21,501,088	20,134,196	1,366,892	212,659,753	202,435,564	10,224,189
Title XIX - Medicaid - SPD Members					
11,386,177	10,583,008	803,169	107,451,473	103,980,620	3,470,853
230,121	320,007	(89,886)	2,049,413	3,200,070	(1,150,657)
397,595	261,795	135,800	3,031,309	2,617,949	413,360
114,231	-	114,231	1,014,838	-	1,014,838
12,128,124	11,164,810	963,314	113,547,033	109,798,639	3,748,394

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
<b>KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED OCTOBER 31, 2018</b>			
PHYSICIAN SERVICES			
2,612,960	2,815,392	28,441,087	27,861,830
8,539,217	8,901,339	92,487,521	88,189,478
1,425,628	1,112,327	13,980,417	11,025,992
9,300	9,300	91,200	72,900
12,587,105	12,838,359	135,000,225	127,150,201
TOTAL PHYSICIAN SERVICES			
OTHER PROFESSIONAL SERVICES			
246,962	252,064	2,454,525	2,494,166
150,200	175,171	1,408,187	1,751,714
723,862	683,714	6,623,208	6,747,994
87,748	89,147	801,903	891,470
91,376	89,883	796,072	872,850
75,757	79,191	751,629	791,909
58,534	50,527	484,653	505,270
47,380	55,701	439,872	557,005
1,235,629	439,957	6,065,253	4,379,780
(317,897)	54,094	1,168,809	536,171
924,103	864,897	9,995,377	8,569,518
3,323,654	2,834,346	30,989,489	28,097,846
4,490,225	4,184,516	46,409,379	41,429,258
13,069,188	13,391,782	138,016,582	132,776,746
116,072	115,197	1,153,627	1,139,809
4,785,905	4,842,066	56,796,437	48,001,194
TOTAL OTHER PROFESSIONAL SERVICES			
EMERGENCY ROOM			
INPATIENT HOSPITAL			
REINSURANCE EXPENSE PREMIUM			
OUTPATIENT HOSPITAL SERVICES			
OTHER MEDICAL			
330,444	336,914	3,269,986	3,334,090
235,341	358,866	2,917,699	3,566,361
234,815	262,930	2,126,079	2,629,289
1,218,127	808,756	9,065,795	8,038,654
-	122,550	16,466	1,212,563
944,853	(944,853)	8,499,133	-
900,415	532,179	7,378,813	5,282,021
3,863,995	2,422,195	33,273,971	24,062,978
TOTAL OTHER MEDICAL			
PHARMACY SERVICES			
8,360,970	7,932,651	79,380,025	78,675,966
564,928	838,577	6,190,282	8,326,813
522,910	520,579	6,272,146	5,175,231
(66,734)	(104,838)	(1,260,216)	(1,039,749)
9,382,074	9,186,968	90,582,237	91,138,260
490,532	490,200	4,916,448	4,850,250
2,670	-	20,639,122	-
1,438,167	-	(2,313,250)	-
53,549,587	50,305,631	555,464,266	498,646,540
Total Medical Costs			

\* Medical costs per DMHC regulations



CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM</b> <b>FOR THE MONTH ENDED OCTOBER 31, 2018</b>					
10.65	11.49	0.83	11.57	11.49	(0.08)
34.82	36.32	1.50	37.62	36.36	(1.26)
5.81	4.54	(1.27)	5.69	4.55	(1.14)
0.04	0.04	0.00	0.04	0.03	(0.01)
51.32	52.38	1.06	54.92	52.43	(2.49)
PHYSICIAN SERVICES					
1.01	1.03	0.02	1.00	1.03	0.03
0.61	0.71	0.10	0.57	0.72	0.15
2.95	2.79	(0.16)	2.69	2.78	0.09
0.36	0.36	0.01	0.33	0.37	0.04
0.37	0.37	(0.01)	0.32	0.36	0.04
0.31	0.32	0.01	0.31	0.33	0.02
0.24	0.21	(0.03)	0.20	0.21	0.01
0.19	0.23	0.03	0.18	0.23	0.05
5.04	1.80	(3.24)	2.47	1.81	(0.66)
(1.30)	0.22	1.52	0.48	0.22	(0.25)
3.77	3.53	(0.24)	4.07	3.53	(0.53)
13.55	11.56	(1.99)	12.61	11.59	(1.02)
18.31	17.07	(1.23)	18.88	17.08	(1.80)
53.29	54.64	1.35	56.14	54.75	(1.39)
0.47	0.47	(0.00)	0.47	0.47	0.00
19.51	19.76	0.24	23.10	19.79	(3.31)
OTHER MEDICAL					
1.35	1.37	0.03	1.33	1.37	0.04
0.96	1.46	0.50	1.19	1.47	0.28
0.96	1.07	0.12	0.86	1.08	0.22
4.97	3.30	(1.67)	3.69	3.31	(0.37)
0.00	0.50	0.50	0.01	0.50	0.49
3.85	0.00	(3.85)	3.46	0.00	(3.46)
3.67	2.17	(1.50)	3.00	2.18	(0.82)
15.75	9.88	(5.87)	13.54	9.92	(3.61)
PHARMACY SERVICES					
34.09	32.36	(1.72)	32.29	32.44	0.15
2.30	3.42	1.12	2.52	3.43	0.92
2.13	2.12	(0.01)	2.55	2.13	(0.42)
(0.27)	(0.43)	(0.16)	(0.51)	(0.43)	0.08
38.25	37.48	(0.77)	36.85	37.58	0.73
2.00	2.00	0.00	2.00	2.00	0.00
0.01	0.00	-0.01	0.40	0.00	(0.40)
5.86	0.00	(5.86)	(0.94)	0.00	0.94
218.33	205.25	(13.09)	225.96	205.62	(20.34)

\* Medical costs per DMHC regulations

	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	YEAR TO DATE 2018
<b>KERN HEALTH SYSTEMS</b>											
<b>MEDICAL</b>											
<b>SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH OCTOBER 31, 2018</b>											
<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	2,730,342	2,588,711	3,000,514	2,612,960	28,441,087
Referral Specialty Services	9,240,467	8,846,562	10,322,041	9,730,130	8,232,446	8,952,433	9,282,840	9,731,053	8,209,332	8,539,217	92,487,521
Urgent Care & After Hours Advice	1,069,333	1,008,534	2,281,593	1,678,888	1,474,529	1,133,192	1,180,035	1,209,271	1,519,714	1,425,628	13,980,417
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,000	9,000	9,300	91,200
<b>TOTAL PHYSICIAN SERVICES</b>	<b>13,239,777</b>	<b>12,606,454</b>	<b>15,608,603</b>	<b>14,480,621</b>	<b>13,315,057</b>	<b>13,013,296</b>	<b>13,202,417</b>	<b>13,538,335</b>	<b>13,438,560</b>	<b>12,587,105</b>	<b>135,000,225</b>
<b>OTHER PROFESSIONAL SERVICES</b>											
Vision Services Capitation	241,567	249,668	251,973	228,790	245,347	247,073	247,317	247,861	246,967	246,962	2,454,524
221 - Business Intelligence	-	-	-	-	-	835,183	144,979	154,479	133,346	150,200	1,408,187
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,739	682,963	755,456	241,232	668,754	677,835	647,970	722,862	6,633,208
311 - Health Services - Quality Improvement - UM Allocation *	118,821	107,550	125,692	89,357	91,557	3,715	22,420	87,527	82,671	87,748	801,903
312 - Health Services - Education - UM Allocation *	76,022	65,961	79,421	70,442	80,526	86,012	79,826	84,285	82,671	91,376	796,072
313 - Health Services - Pharmacy - UM Allocation *	96,572	85,975	103,112	80,930	95,489	121,368	76,994	77,352	77,552	751,629	484,653
314 - Health Homes - UM Allocation *	44,203	41,266	48,457	41,054	48,687	47,918	47,631	52,937	53,966	58,534	459,872
616 - Disease Management - UM Allocation *	56,128	59,793	70,852	54,370	64,544	47,728	43,748	47,786	47,389	47,380	459,872
Behavior Health Treatment	488,079	385,879	454,810	490,975	524,803	387,958	133,646	1,464,101	499,373	1,335,629	6,065,253
Mental Health Services	63,645	172,453	96,062	319,743	431,902	290,129	458,142	(616,587)	321,217	(317,897)	1,168,809
Other Professional Services	1,027,749	965,677	968,482	892,942	1,075,500	1,051,105	1,041,504	972,376	1,075,739	924,103	9,995,377
<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>3,414,590</b>	<b>3,111,320</b>	<b>2,964,061</b>	<b>3,254,300</b>	<b>3,251,122</b>	<b>3,323,654</b>	<b>30,989,489</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>4,780,947</b>	<b>4,584,869</b>	<b>4,563,430</b>	<b>4,531,949</b>	<b>4,490,225</b>	<b>46,409,379</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>13,921,068</b>	<b>13,023,461</b>	<b>12,885,548</b>	<b>13,069,188</b>	<b>138,016,582</b>
REINSURANCE EXPENSE PREMIUM	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	116,072	1,153,627
OUTPATIENT HOSPITAL SERVICES	5,307,045	5,138,504	5,322,082	6,217,088	6,587,061	5,930,118	5,662,578	6,047,228	5,798,828	4,785,905	56,796,437
<b>OTHER MEDICAL</b>											
Ambulance	338,351	352,496	350,066	327,106	381,817	257,885	320,988	332,353	278,480	330,444	3,269,286
Home Health Services & CBAS	387,076	354,315	265,517	292,019	278,153	334,350	266,062	284,020	220,846	235,341	2,917,659
Utilization and Quality Review Expenses	284,192	424,175	246,649	159,266	241,649	243,855	202,668	287,473	203,185	234,815	2,126,079
Long Term/SNF/Hospice	999,658	777,625	923,259	686,826	808,413	789,958	828,025	891,490	1,142,414	1,218,127	9,065,795
Enhanced Medical Benefits	-	9,604	-	-	6,862	-	-	-	-	-	16,466
Provider Enhancement Expense	-	-	-	-	3,585,959	945,276	500,000	1,575,041	948,004	944,853	8,499,133
Non-Medical Transportation	413,329	387,049	811,267	730,215	807,951	704,777	939,286	871,513	813,011	900,415	7,378,813
<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>3,832,963</b>	<b>3,057,129</b>	<b>4,241,840</b>	<b>3,605,940</b>	<b>3,863,995</b>	<b>33,273,771</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	7,710,676	8,197,125	7,237,060	8,360,970	79,380,025
RX - HEP-C	729,042	557,006	600,369	500,230	483,336	454,893	734,583	839,377	736,518	564,928	6,190,282
Rx - DME	620,941	570,130	608,997	643,269	823,066	618,977	566,382	564,653	732,321	522,910	6,272,146
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(163,400)	(163,400)	(163,400)	(28,483)	(66,734)	(1,260,216)
<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>8,848,741</b>	<b>9,437,755</b>	<b>8,667,417</b>	<b>9,382,074</b>	<b>90,582,237</b>
PAY FOR PERFORMANCE QUALITY INCENTIVE	483,354	487,626	489,882	492,694	494,146	494,634	495,722	493,934	493,924	490,537	4,916,448
NON-CLAIMS EXPENSE ADJUSTMENT	-	-	-	-	20,941,682	(11,991)	-	(299,863)	6,624	2,670	20,639,122
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,197,835)	342,052	1,872,269	566,662	1,438,167	(2,313,250)
Total Medical Costs	49,826,819	48,751,703	58,733,294	53,700,500	76,700,850	51,354,704	53,194,977	56,289,183	53,862,649	53,549,587	555,464,266

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH OCTOBER 31, 2018												JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	YEAR TO DATE 2018	
PHYSICIAN SERVICES												12.09	11.25	11.41	12.31	12.54	11.80	11.02	10.48	12.15	10.65	11.57	
Primary Care Physician Services												38.23	36.28	42.96	39.50	35.35	36.20	37.45	39.40	36.08	34.82	37.62	
Referral Specialty Services												4.42	4.14	9.31	6.81	5.97	4.58	4.76	4.90	6.15	5.81	5.69	
Urgent Care & After Hours Advise												0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	
Hospital Admitting Team												54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	54.92	
TOTAL PHYSICIAN SERVICES												1.00	1.02	1.03	0.93	1.00	1.00	1.00	1.00	1.00	1.01	1.00	
OTHER PROFESSIONAL SERVICES												0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Vision Service Capitation												3.15	2.89	3.26	2.61	3.06	2.70	2.74	2.62	2.95	2.69	2.69	
221 - Business Intelligence												0.49	0.44	0.50	0.36	0.37	0.02	0.09	0.35	0.28	0.36	0.33	
310 - Health Services - Utilization Management - UM Allocation *												0.31	0.27	0.32	0.29	0.32	0.35	0.32	0.34	0.33	0.37	0.32	
311 - Health Services - Quality Improvement - UM Allocation *												0.40	0.35	0.42	0.33	0.39	(0.09)	0.31	0.33	0.31	0.31	0.31	
312 - Health Services - Education - UM Allocation *												0.18	0.17	0.20	0.17	0.20	0.19	0.19	0.21	0.22	0.24	0.20	
313 - Health Services - Pharmacy - UM Allocation *												0.23	0.25	0.29	0.22	0.26	(0.19)	0.18	0.19	0.17	0.19	0.18	
314 - Health Homes - UM Allocation *												2.02	1.58	1.86	1.99	2.12	1.57	0.54	5.93	2.02	5.04	2.47	
616 - Disease Management - UM Allocation *												0.26	0.50	0.39	1.30	1.75	1.17	1.85	(2.50)	1.30	(1.50)	0.48	
Behavior Health Treatment												4.25	3.96	3.95	3.62	4.35	4.25	4.20	3.94	4.36	3.77	4.07	
Mental Health Services												12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	12.61	
Other Professional Services												17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	18.88	
TOTAL OTHER PROFESSIONAL SERVICES												56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	56.14	
EMERGENCY ROOM												0.47	0.48	0.48	0.44	0.44	0.47	0.47	0.47	0.47	0.47	0.47	
INPATIENT HOSPITAL												21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	23.10	
REINSURANCE EXPENSE PREMIUM																							
OUTPATIENT HOSPITAL SERVICES																							
OTHER MEDICAL												1.40	1.45	1.43	1.33	1.55	1.04	1.30	1.35	1.13	1.35	1.33	
Ambulance												1.60	1.45	1.08	1.19	1.13	1.35	1.07	1.15	0.89	0.96	1.19	
Home Health Services & CBAS												1.18	0.17	0.93	0.65	0.98	0.99	0.82	1.16	0.82	0.96	0.86	
Utilization and Quality Review Expenses												4.14	3.19	3.77	2.79	3.27	3.19	3.34	3.61	4.63	4.97	3.69	
Long Term/SNF/Hospice												0.00	0.04	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.01	
Enhanced Medical Benefits												0.00	0.00	0.00	0.00	0.00	3.82	2.02	6.38	3.84	3.85	3.46	
Provider Enhancement Expense												1.71	1.59	3.31	2.96	3.27	2.85	3.79	3.53	3.29	3.67	3.00	
Non-Medical Transportation												10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	13.54	
TOTAL OTHER MEDICAL																							
PHARMACY SERVICES												35.31	30.90	33.79	31.72	32.62	30.96	31.11	33.19	29.30	34.09	32.29	
RX - Drugs & OTC												3.02	2.28	2.45	2.03	1.96	1.84	2.96	3.40	2.94	2.30	2.52	
RX - HEP-C												2.57	2.34	2.49	2.61	3.33	2.50	2.29	2.29	2.97	2.13	2.55	
RX - DME												(0.48)	(0.48)	(0.47)	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)	(0.12)	(0.27)	(0.51)	
RX - Pharmacy Rebates												40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	36.85	
TOTAL PHARMACY SERVICES												2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
PAY FOR PERFORMANCE QUALITY INCENTIVE												0.00	0.00	0.00	0.00	84.76	(0.05)	0.00	(1.21)	0.03	0.01	8.40	
NON-CLAIMS EXPENSE ADJUSTMENT												(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	(0.94)	
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT												206.17	199.96	239.79	217.99	310.44	207.65	214.62	277.92	216.08	218.33	225.96	
Total Medical Costs																							

		CURRENT MONTH		YEAR-TO-DATE		
ACTUAL	BUDGET	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
<b>KERN HEALTH SYSTEMS</b> <b>MEDI-CAL</b> <b>SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT</b> <b>FOR THE MONTH ENDED OCTOBER 31, 2018</b>						
208,658	253,735	45,077		2,375,356	2,449,171	73,815
123,815	144,770	20,955		1,293,373	1,447,678	154,305
385,866	394,578	8,712		3,723,686	3,945,753	222,067
61	3,168	3,107		1,959	31,652	29,693
135,139	319,531	184,392		1,886,585	3,195,264	1,308,679
532,865	452,005	(80,860)		4,672,562	4,511,830	(160,732)
162,503	100,658	(61,845)		883,274	1,006,583	123,309
80,604	87,087	6,483		836,007	859,855	23,848
29,284	32,757	3,473		268,650	327,573	58,923
9,104	553	(8,551)		11,335	5,533	(5,802)
121,278	116,044	(5,234)		1,157,757	1,175,421	17,664
1,097	2,325	1,228		39,418	23,250	(16,168)
20,306	23,972	3,666		189,656	239,725	50,069
218,090	202,395	(15,695)		2,077,315	2,018,688	(58,627)
423,287	511,179	87,892		4,958,606	5,111,742	153,136
286,202	537,702	251,500		2,859,855	3,179,371	319,516
93,724	59,285	(34,439)		573,882	592,853	18,971
37,008	49,901	12,893		447,069	546,898	99,829
74,893	62,897	(11,996)		479,109	628,958	149,849
143,451	151,777	8,326		1,322,767	1,520,054	197,287
-	(124,999)	(124,999)		-	(1,249,983)	(1,249,983)
3,087,235	3,381,322	294,087		30,058,221	31,567,871	1,509,650

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED OCTOBER 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	YEAR TO DATE 2018
110 - Executive	249,360	227,269	224,150	218,301	143,752	215,868	332,148	239,418	316,432	208,658	2,375,356
210 - Accounting	121,592	122,208	139,362	119,259	106,858	172,387	117,377	110,817	159,698	123,815	1,293,373
220 - Management Information Systems (MIS)	432,742	431,903	432,298	272,224	376,551	348,119	281,772	383,851	378,360	385,866	3,723,686
221 - Business Intelligence	122,020	134,571	151,816	129,810	151,271	(687,770)	53	127	-	61	1,959
225 - Infrastructure	126,761	233,198	186,762	250,471	163,797	146,181	164,738	287,752	191,786	135,139	1,886,585
230 - Claims	476,893	392,682	482,563	405,196	484,785	423,369	483,567	527,385	463,257	532,865	4,672,562
240 - Project Management	83,613	64,943	73,023	71,038	95,057	81,230	85,023	79,737	87,107	162,503	883,274
310 - Health Services - Utilization Management	5,036	(156)	768	270	(404)	483,745	95,558	83,371	87,215	80,604	836,007
311 - Health Services - Quality Improvement	10	358	329	-	-	102,349	78,633	29,275	28,412	29,284	268,650
312 - Health Services - Education	147	(130)	-	190	705	12	388	511	408	9,104	11,335
313 - Pharmacy	104,959	104,858	84,757	91,752	99,028	210,335	114,825	118,811	107,154	121,278	1,157,757
314 - Health Homes	83	(76)	99	698	(25)	2,930	11,049	18,160	5,403	1,097	39,418
616 - Disease Management	-	129	-	-	-	110,553	19,477	20,480	18,711	20,306	189,656
320 - Provider Relations	262,401	186,821	205,072	172,555	251,582	191,269	190,507	191,731	207,287	218,090	2,077,315
330 - Member Services	406,721	390,353	869,265	527,594	564,101	554,776	382,784	422,242	417,483	423,287	4,958,606
340 - Corporate Services	327,904	251,490	222,176	270,949	291,810	309,374	289,935	333,457	276,558	286,202	2,859,855
360 - Audit & Investigative Services	55,126	54,243	55,402	47,224	52,331	52,008	54,129	55,172	54,523	93,724	573,882
410 - Advertising Media	4,575	21,825	23,427	81,259	78,893	38,290	65,711	28,042	68,039	37,008	447,069
420 - Sales/Marketing/Public Relations	50,590	41,234	44,701	55,893	39,311	40,380	40,042	41,564	50,501	74,893	479,109
510 - Human Resources	116,481	126,047	143,307	103,305	127,668	139,886	141,279	149,836	131,507	143,451	1,322,767
Total Department Expenses	2,947,014	2,783,770	3,339,277	2,817,988	3,027,071	2,935,291	2,948,995	3,121,739	3,049,841	3,087,235	30,058,221

**KERN HEALTH SYSTEMS  
GROUP HEALTH PLAN - HFAM  
BALANCE SHEET STATEMENT  
AS OF OCTOBER 31, 2018**

<b>ASSETS</b>	<b>OCTOBER 2018</b>	<b>SEPTEMBER 2018</b>	<b>INC(DEC)</b>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,452,138	\$ 1,444,449	7,689
Interest Receivable	1,036	6,225	(5,189)
Prepaid Expenses & Other Current Assets	1,667	2,500	(833)
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,454,841</b>	<b>\$ 1,453,174</b>	<b>\$ 1,667</b>

<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	5,000	5,000	-
Other Liabilities	353,849	353,849	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 358,849</b>	<b>\$ 358,849</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	14,965	13,298	1,667
Total Net Position	\$ 1,095,992	\$ 1,094,325	\$ 1,667
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,454,841</b>	<b>\$ 1,453,174</b>	<b>\$ 1,667</b>

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED OCTOBER 31, 2018	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
<b>ENROLLMENT</b>						
-	-	-	Members	-	-	-
<b>REVENUES</b>						
-	-	-	Premium	-	-	-
2,500	-	2,500	Interest	20,630	-	20,630
-	-	-	Other Investment Income	2,668	-	2,668
2,500	-	2,500	<b>TOTAL REVENUES</b>	<b>23,298</b>	<b>-</b>	<b>23,298</b>
<b>EXPENSES</b>						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	<b>Total Medical Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>
2,500	-	2,500	<b>GROSS MARGIN</b>	<b>23,298</b>	<b>-</b>	<b>23,298</b>
<b>Administrative</b>						
833	-	(833)	Management Fee Expense and Other Admin Exp	8,333	-	(8,333)
833	-	(833)	<b>Total Administrative Expenses</b>	<b>8,333</b>	<b>-</b>	<b>(8,333)</b>
833	-	(833)	<b>TOTAL EXPENSES</b>	<b>8,333</b>	<b>-</b>	<b>(8,333)</b>
1,667	-	1,667	<b>OPERATING INCOME (LOSS)</b>	<b>14,965</b>	<b>-</b>	<b>14,965</b>
-	-	-	<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
1,667	-	1,667	<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>14,965</b>	<b>-</b>	<b>14,965</b>
0%	0%	0%	<b>MEDICAL LOSS RATIO</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
33%	0%	-33%	<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>36%</b>	<b>0%</b>	<b>-36%</b>

**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

**KERN HEALTH SYSTEMS**

**MEDICAL**

	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>2018 MEMBER MONTHS</b>												
<b>ADULT AND FAMILY</b>												
PA - FAMILY	34,790	34,221	34,687	33,840	33,542	33,859	33,475	33,694	34,300	33,768		
MIN - FAMILY	0	0	0	0	0	0	0	0	0	0		
REFUGEE - FAMILY	0	0	0	0	0	0	0	0	0	0		
FOSTER CARE	707	678	719	731	701	713	729	713	707	699		
POVERTY-133/200%	1	1	1	1	1	1	1	1	1	1		
POVERTY-100%	0	0	0	0	0	0	0	0	0	0		
MI - CHILD	107,133	108,725	109,378	110,181	111,205	110,796	111,208	110,566	109,982	109,015		
CHILD-ACA	115	104	120	40	40	43	45	44	41	40		
FAMILY - UNDER 19	21,195	21,355	21,188	21,708	21,196	21,272	21,636	21,517	21,950	21,949		
<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>167,094</b>	<b>166,555</b>	<b>166,981</b>	<b>165,473</b>	<b>0</b>	<b>0</b>

**MEDI-CAL EXPANSION**

LHP Transition Pre-ACA	52	52	52	52	28	49	48	47	47	47	6	
ACA Expansion Adult-Citizen	57,307	58,178	58,262	59,224	58,660	59,473	59,577	59,152	58,697	58,700		
ACA Expansion CAL Fresh Adult	5	5	6	5	5	5	5	5	5	5		
LHP Transition Pre-ACA	380	389	454	418	539	508	488	474	531	488		
<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>60,058</b>	<b>59,678</b>	<b>59,280</b>	<b>59,199</b>	<b>0</b>	<b>0</b>

**SDP MEMBERS**

SSI-AGED	191	182	174	186	186	195	188	193	192	205		
MIN - AGED	1,457	1,414	1,533	1,483	1,544	1,551	1,534	1,587	1,534	1,541		
SSI - BLIND & DIS-ABLED	12,242	12,366	12,213	12,177	12,373	12,386	12,288	12,281	12,272	12,229		
MIN - BLIND & DIS-ABLED	259	358	334	356	1,121	458	606	493	448	497		
<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>14,630</b>	<b>14,554</b>	<b>14,446</b>	<b>14,472</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>241,782</b>	<b>240,787</b>	<b>240,707</b>	<b>239,144</b>	<b>0</b>	<b>0</b>

**OTHER MEMBERS**

BCCTP-TOBACCO SETTLEMENT	28	26	25	24	24	23	23	23	22	21		
<b>DUALS</b>												
PA - FAMILY DUALS	24	14	19	23	-8	19	25	16	15	23		
PART D SSI - AGED	771	776	767	784	805	787	836	798	848	830		
PART D MN - AGED	1,295	1,364	1,331	1,359	1,390	1,364	1,364	1,399	1,439	1,434		
PART D SSI - BLIND & DIS-ABLED	2,338	2,300	2,314	2,389	2,324	2,453	2,433	2,559	2,525	2,399		
PART D MN - BLIND & DIS-ABLED	1,038	978	973	980	983	980	991	1,011	1,030	1,035		
PART D BCCTP-TOBACCO SETTLEMENT	3	1	1	0	0	0	0	0	0	1		
PART D MI - ADULT	0	0	0	0	0	0	0	0	0	0		
PART D MI - CHILD	346	385	390	386	414	432	407	374	375	378		
<b>SUB-TOTAL DUALS</b>	<b>5,815</b>	<b>5,878</b>	<b>5,795</b>	<b>5,921</b>	<b>5,908</b>	<b>6,045</b>	<b>6,056</b>	<b>6,157</b>	<b>6,233</b>	<b>6,101</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>6,079</b>	<b>6,180</b>	<b>6,255</b>	<b>6,122</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>8,278</b>	<b>8,340</b>	<b>8,291</b>	<b>8,284</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>256,139</b>	<b>255,307</b>	<b>255,253</b>	<b>253,550</b>	<b>0</b>	<b>0</b>



# KERN·HEALTH SYSTEMS

September AP Vendor Report  
Amounts over \$10,000

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC	1,315,136.52	6,386,583.81	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T3448	CDW GOVERNMENT	560,560.81	592,133.82	BACKUP AND RECOVERY SOLUTION FOR DISASTER RECOVERY & BUSINESS CONTINUITY PLAN FOR NEW BUILDING	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	551,346.25	656,569.90	2018 SERVICES, BASIC 101, ONXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T1045	KAISER FOUNDATION HEALTH	414,828.15	3,573,643.01	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1001	KERN MEDICAL CENTER	273,336.71	520,191.22	KW GROW CLINIC REIMBURSEMENT	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	170,727.51	1,612,041.49	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T2726	DST PHARMACY SOLUTIONS, INC.	97,075.90	847,995.25	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	79,225.94	361,207.10	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T4699	Z6OMEGA, INC.	74,116.01	1,531,450.30	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2488	THE LINCOLN NATIONAL LIFE INSURANCE***	55,426.74	55,426.74	2018/19 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4696	ZNALYTICS, LLC	44,000.00	559,283.24	PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T4308	TRUXTUN PLACE PARTNERS	36,244.58	274,413.54	TRUXTUN- LEASE & UTILITIES	CORPORATE SERVICES
T4582	HEALTHX, INC.	39,200.00	390,700.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4193	TECHNOSOCIALWORK.COM DBA STRIA	36,474.15	302,639.49	OCR SERVICES	CLAIMS
T2707	ACT 1 PERSONNEL SERVICES, INC.	29,890.32	208,553.51	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T4460	PAYSPAN, INC	28,797.93	139,259.96	2018 ELECTRONIC CLAIMS FOR HEALTHCARE PAYERS & PROVIDERS W/PRINT & MAIL SERVICES , W/ EFT PAYMENTS	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	25,815.73	135,205.56	SUMMER 2018 ISSUE OF FAMILY HEALTH	HEALTH EDUCATION
T2961	SOLUTION BENCH, LLC	25,353.74	83,212.32	2018 ANNUAL SUPPORT RENEWAL FOR M-FILES	MIS INFRASTRUCTURE
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY***	24,023.21	24,023.21	2017-18 ANNUAL WORKERS' COMPENSATION RECONCILIATION	VARIOUS



September AP Vendor Report  
Amounts over \$10,000

Vendor Vendor Name	Current Month	Year-to-Date	Description	Department
T4992 C/JM/AUTOMOTIVE GROUP, INC. DBA BAKERSFIELD CHRYSLER JEEP	23,228.65	23,228.65	2018 DODGE CARAVAN	CORPORATE SERVICES
T4546 LEVEL 3 COMMUNICATIONS, LLC	23,028.73	184,179.92	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011 OFFICE ALLY, INC.	19,555.75	154,715.25	2018 EDI CLAIM PROCESSING	CLAIMS
T4396 KAISER FOUNDATION HEALTH-DHMO	19,106.60	143,528.01	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4350 COMPUTER ENTERPRISE INC.	18,477.83	1,390,970.62	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4962 LIBERTY DATA, INC.***	17,100.00	17,100.00	VERIFICATION SERVICE OF PROVIDER TAX IDS	MIS
T1183 MILLIMAN USA	16,630.75	176,988.13	RDT & 2018 RATE SUPPORT ANALYSIS, PHARMACY BUDGET IN RATES, ACA EXPANSION MLR TEMPLATE	ADMINISTRATION
T4801 ZEAL STAFFING LLC, DBA Z STAFFING	15,219.01	76,353.55	TEMPORARY LABOR	VARIOUS
T4563 SOILS ENGINEERING, INC.	15,105.00	65,549.45	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T4538 CHANGE HEALTHCARE SOLUTIONS, LLC	15,081.08	130,700.29	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T3001 MERCER**	15,000.00	15,000.00	PROFESSIONAL CONSULTING SERVICES	ADMINISTRATION
T4982 NGC US, LLC**	15,000.00	15,000.00	HEALTH HOMES INCENTIVE	HEALTH HOME
T4478 AMERICAN FIDELITY ASSURANCE COMPANY	14,636.32	127,884.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T3469 CPACINC.COM INC***	13,840.78	13,840.78	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SQL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T4657 DAPONDE SZABO ROWE PC	12,278.50	24,475.00	PROFESSIONAL SERVICES - REGARDING KHS REGULATORY	ADMINISTRATION
T4563 SPH ANALYTICS	11,207.60	41,669.25	MEMBER SATISFACTION SURVEY	MEMBER SERVICES /PROVIDER RELATIONS
T4902 CHANGE HEALTHCARE, LLC	11,134.41	265,688.50	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4945 SHERRIE L. CREGGETT	10,750.00	32,591.36	2018 CONSULTING SERVICES HHP OUTREACH PROGRAM DEVELOPMENT	HEALTH HOME
T1861 CERIDIAN HCM, INC.	10,522.81	98,964.59	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES

# KERN·HEALTH SYSTEMS

September AP Vendor Report  
Amounts over \$10,000

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2918	STINSONS	10,254.37	74,179.79	OFFICE SUPPLIES	VARIOUS
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES**	10,000.00	12,000.00	2018 KERN PARTNERSHIP FOR CHILDREN & FAMILIES - GALA SPONSORSHIP	MARKETING
		<u>\$ 4,200,738.39</u>			
	TOTAL VENDORS OVER \$10,000	4,200,738.39			
	TOTAL VENDORS UNDER \$10,000	300,178.31			
	TOTAL VENDOR EXPENSES- September	<u>\$ 4,500,916.70</u>			

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



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC	6,386,563.81	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	3,573,643.01	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY, LLC	2,557,002.46	DEC 2017-JUNE 2018, MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T4237	FLUIDEDGE CONSULTING, INC.	1,612,041.49	NOV. - DEC. 2017 ; JAN - AUG 2018 .CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ ALOHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4699	Z6OMEGA, INC.	1,531,450.30	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4350	COMPUTER ENTERPRISE INC.	1,390,970.62	JAN - AUG. 2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T1071	CLINICA SIERRA VISTA	1,175,120.44	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT AND RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T4391	OMNI FAMILY HEALTH	915,448.80	SEPT-DEC. 2017 , MAY 2018 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T2726	DST PHARMACY SOLUTIONS, INC.	847,995.25	PHARMACY AND CLAIMS PROCESSING - JANUARY - AUG 2018	PHARMACY
T2686	ALLIANT INSURANCE SERVICES INC.	683,496.48	EARTH MOVEMENT INSURANCE-NEW BUILDING; WORKERS COMPENSATION; CRIME PROPERTY & LIABILITY; EXCESS LIABILITY; FIDUCIARY LIABILITY; EXCESS CYBER; MANAGED CARE ERRORS AND OMISSION, EARTHQUAKE & FLOOD INSURANCE 2018-19	CAPITAL PROJECT IN PROGRESS /INSURANCE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	656,589.90	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T3130	OPTUMINSIGHT, INC.	655,445.00	CES DIRECT LICENSE - 12/17 - 12/18, ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS
T2704	MCG HEALTH LLC	599,840.68	SOFTWARE LICENSE - HEALTH CARE MANAGEMENT 6/5/18- 6/4/19	UTILIZATION MANAGEMENT
T3449	CDW GOVERNMENT	592,133.82	BACKUP AND RECOVERY SOLUTION FOR DISASTER RECOVERY & BUSINESS CONTINUITY PLAN FOR NEW BUILDING; HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T4696	ZNALYTICS, LLC	559,283.24	JAN - JULY, 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
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
T1001	KERN MEDICAL CENTER	520,191.22	KM GROW CLINIC REIMBURSEMENT	COMMUNITY GRANTS



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3460	THE GUARDIAN LIFE INSURANCE CO.	489,497.88	2018/19 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T1408	DELL MARKETING L.P.	484,089.70	HARDWARE- 6- LATITUDE E5480, 1 DELL SMART PRINTER, 6510, 20 OPTIPLEX 3050/DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T4582	HEALTHX, INC.	390,700.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	361,207.10	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T2392	CITY OF BAKERSFIELD	353,620.87	BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUILDING/
T4685	NATIONAL GIFT CARD CORP	336,311.40	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4193	TECHSOCIALWORK.COM DBA STRIA	302,639.49	2018 OCR SERVICES	CLAIMS
T4308	TRUXTUN PLACE PARTNERS	274,413.54	TRUXTUN- 2018 LEASE & UTILITIES	CORPORATE SERVICES
T4902	CHANGE HEALTHCARE LLC	285,688.50	EDI CLAIMS, CLAIM CHECK	CLAIMS /MIS
T4695	EDIFICS, INC.	247,782.02	JAN - JULY, 2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T1645	DEPARTMENT OF MANAGED HEALTH CARE	247,162.24	2018-2019 (1ST SEMESTER) MHC ANNUAL ASSESSMENT	ADMINISTRATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	208,553.51	TEMPORARY HELP - MIS -2 ; MS-2 ; CS - 1;	VARIOUS
T2413	TREK IMAGING INC	200,981.30	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	184,179.92	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T1183	MILLUMAN USA	176,938.13	NOV-DEC 2017 ACTUARIAL SERVICES, CY2016 RDT, 2018 RATE SUPPORT, VALUE-BASED PURCHASING ANALYSIS, OTHER CONSULTING SERVICES	ADMINISTRATION
T3011	OFFICE ALLY, INC.	154,715.25	2018 EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO	143,528.01	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	139,259.96	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	135,205.56	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	130,700.29	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2564	UNITED STATES POSTAL SVC.-HASLER	130,000.00	POSTAGE-METERED	VARIOUS
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	127,884.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4165	SHI INTERNATIONAL CO.	125,415.63	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
T4452	WELLS FARGO	107,376.64	EXECUTIVE, MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	98,964.59	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T1960	LOCAL HEALTH PLANS OF CA INC	97,377.08	2018/2019 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T4467	MEDISOFTRX, LLC.	95,985.18	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROCESS
T4654	DELAWIE	92,881.95	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T2933	SIERRA PRINTERS, INC.	92,043.16	MEMBER EDUCATION MATERIAL / PROVIDER DIRECTORY	VARIOUS
T2961	SOLUTION BENCH, LLC	83,212.32	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T2287	CALIFORNIA WATER SERVICE	77,257.22	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING / WATER
T4801	ZEAL STAFFING LLC DBA Z STAFFING	76,353.55	TEMPORARY LABOR	VARIOUS
T2918	STINSON S	74,179.79	OFFICE SUPPLIES	VARIOUS
T4792	KP LLC	73,078.59	DRUG FORMULARY	PHARMACY
T4421	JON SLAGLE	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	70,169.00	JANITORIAL SERVICES	CORPORATE SERVICES
T1785	AT&T	66,942.71	NEW BUILDING UNDERGROUND UTILITIES TELEPHONE SERVICE	CAPITAL PROJECT IN PROCESS / MIS
T4785	COMMIGAP	66,872.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T4873	L5 HEALTHCARE SOLUTIONS, INC.	66,000.00	ONE TIME LICENSE FEE/IMPLEMENTATION/ANNUAL MAINTENANCE & SUPPORT FEES-ALCHEMY	CAPITAL PROJECT IN PROGRESS
T4583	SOILS ENGINEERING INC	65,549.45	SOIL SAMPLING OBSERVATION-OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING



September AP Vendor Report  
Amount over \$10,000

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
T1644	BRIGHT HOUSE NETWORK	62,733.43	UNDERGROUND UTILITIES FOR NEW BUILDING INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T4699	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
T2488	THE LINCOLN NATIONAL LIFE INSURANCE****	55,426.74	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4884	GAINES SOLUTIONS, INC.	55,000.00	ANNUAL HOSTING FEE AND CONSULTING SERVICES - PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
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
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 AND RETENTION GRANT	COMMUNITY GRANTS
T4603	ECFIRST.COM	42,986.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM HIPAA SECURITY	CAPITAL PROJECT IN PROCESS
T2446	AT&T MOBILITY	41,941.97	CELLULAR PHONE / INTERNET	MIS
T4563	SPH ANALYTICS	41,669.25	MEMBER SATISFACTION SURVEY	MEMBER SERVICES /PROVIDER RELATIONS
T1128	HALL LETTER SHOP INC.	41,521.39	NEW MEMBER PACKETS / MEMBERSHIP CARDS	MEMBER SERVICES
T1180	LANGUAGE LINE SERVICES, INC	40,672.06	INTERPRETATION SERVICES	MEMBER SERVICES
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	40,621.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T4653	FORMS ON FIRE INC	40,288.25	FORMS ON FIRE-SITE REVIEW AUTOMATION PROJECT-FORM DESIGN FOR 5 FORMS	CAPITAL PROJECT IN PROCESS
T4561	SRI & SHARMA, LLC	39,375.00	PARKING RENTAL	CORPORATE SERVICES
T2969	AMERICAN BUSINESS MACHINES INC	38,849.80	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	38,609.00	2018 ANNUAL DUES ASSESSMENT CAHP SEMINAR FEES	ADMINISTRATION
T1957	MERCY FOUNDATION-BAKERSFIELD	38,500.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4537	BURKE, WILLIAMS & SORENSEN, LLP	38,244.51	OCT-DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING) -	CAPITAL PROJECT-NEW BUILDING
T4733	UNITED STAFFING ASSOCIATES	38,071.93	TEMPORARY LABOR	VARIOUS
T4876	CIRESON, LLC	37,921.50	BUSINESS MANAGEMENT SOLUTIONS, LICENSES, SOFTWARE, 3 YR MAINTENANCE & SUPPORT, CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T3986	JACQUELYN S JANS	37,116.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
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
T4739	SECURITAS SECURITY SERVICES USA INC	35,199.36	SECURITY SERVICES	CORPORATE
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	35,179.95	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T3084	KERN COUNTY - COUNTY COUNSEL	34,206.60	LEGAL FEES	ADMINISTRATIVE
T4183	LAMAR ADVERTISING OF BAKERSFIELD	34,150.00	BILLBOARD ADVERTISING	MEDIA & ADVERTISING
T4945	SHERRIA CREGGETT	32,591.36	2018 CONSULTING SERVICES IHP OUTREACH PROGRAM DEVELOPMENT	HEALTH HOME
T2941	KERN PRINT SERVICES INC	31,233.70	ENVELOPES AND LETTERHEAD WELL CHILD INCENTIVE VOUCHERS	CORPORATE SERVICES, HEALTH EDUCATION
T4216	NEXSTAR BROADCASTING INC	30,530.00	MEDIA - ADVERTISEMENTS	MARKETING
T2441	LAURA BREZINSKI	30,105.00	MARKETING MATERIALS	MARKETING
T4501	ALLIED UNIVERSAL SECURITY SERVICES	29,548.00	ONSITE SECURITY	CORPORATE SERVICES
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	27,911.50	LEGAL SERVICES	ADMINISTRATION
T1189	APPLE ONE INC	27,317.36	TEMPORARY LABOR	VARIOUS
T4228	THE SSI GROUP, LLC	26,857.60	EDI CLAIMS	CLAIMS
T2232	DLT SOLUTIONS, LLC	26,537.76	SOL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE





September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1022	UNUM LIFE INSURANCE CO	26,155.60	EMPLOYEE PREMIUMS LONG TERM CARE	VARIOUS
T4390	SOLARWINDS WORLDWIDE, LLC	26,000.00	SOFTWARE LICENSES - 2018	MIS
T4708	HEALTH MANAGEMENT ASSOCIATES INC	25,046.25	CONSULTING SERVICES-2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION
T3990	SPARKLETT'S, INC	24,479.36	BOTTLED WATER SERVICE	VARIOUS
T4657	DAPONDE SZABO ROWE PC	24,475.00	CONSULTING SERVICES TO REVIEW CONTRACTS	PROVIDER RELATIONS
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY****	24,023.21	2017-2018 ANNUAL WORKERS COMPENSATION	VARIOUS
T4906	EVERLASTING HEALTHCARE	23,760.00	PROVIDER REIMBURSEMENT FOR CLAIMS PAID	CLAIMS
T4967	ADMINISTRATIVE SOLUTIONS, INC	23,318.34	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T4992	CJM AUTOMOTIVE GROUP, INC. DBA BAKERSFIELD CHRYSLER ,	23,228.65	2018 DODGE CARAVAN	CORPORATE SERVICE
T1347	ADVANCED DATA STORAGE	23,181.70	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T4182	THE LAMAR COMPANIES	21,629.00	PRODUCTION FEE FOR ADS ON BUSES	MARKETING
T4497	SKILLSOFT CORPORATION	20,836.93	ANNUAL LICENSE FEE- ON LINE TRAINING & DESKTOP VIDEOS	HUMAN RESOURCE
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	20,250.00	LEASE AGREEMENT PARKING SPACE -STOCKDALE HWAY	CORPORATE SERVICES
T4587	MCINTOSH & ASSOCIATE	19,475.01	PROFESSIONAL SERVICES ENGINEERING NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T4883	MARTHA TASINGA	18,913.94	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES
T2921	DOUBLETREE HOTEL	17,805.69	HEDIS DINNER TO ACKNOWLEDGE PROVIDERS- FOOD-AUDIO VISUAL FEES & MISCELLANOUS FEES	QUALITY IMPROVEMENT
T4585	DELANO UNION SCHOOL DISTRICT	18,000.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4747	SYED ALAM, M.D. INC.	17,500.00	2016/17 PROVIDER RECRUITMENT AND RETENTION GRANTS	COMMUNITY GRANTS
T4605	KERVILLE UNION SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4798	KERN HIGH SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4962	LIBERTY DATA, INC.***	17,100.00	SERVICE TO AUTOMATICALLY VERIFY NON PAR PROVIDER TAX IDS TO PREVENT FRAUD OR POTENTIAL PENALTIES FROM IRS.	MIS
T4963	LINKEDIN CORPORATION	16,500.00	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCE
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	16,459.00	SPONSORSHIPS	COMMUNITY ACTIVITIES
T4417	KAISER FOUNDATION HEALTH PLAN	16,296.87	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4195	SCRIPPS MEDIA, INC DBA KERO-TV	16,046.25	MEDIA - TELEVISION ADVERTISEMENTS	MARKETING
T4925	VMEDU, INC	16,000.00	PMP ON-SITE TRAINING (JUNE 11-14, 2018)	PROJECT MANAGEMENT
T4198	LAW OFFICES OF CARL SHUSTERMAN	15,620.00	LEGAL SERVICES	ADMINISTRATION
T4016	FIRST DATABANK, INC.	15,135.00	ANNUAL LICENSE- SOFTWARE- NATIONAL DRUG CODE DATABASE WITH GENERIC CODE NUMBER	MIS
T3001	MERCER***	15,000.00	PROFESSIONAL CONSULTING SERVICES	ADMINISTRATION
T4982	NGC US, LLC***	15,000.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T1650	UNIVISION TELEVISION GROUP***	14,535.00	COMMERCIAL MEDIA - TV ADS	MARKETING
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016/17 PROVIDER RECRUITMENT AND RETENTION GRANTS	COMMUNITY GRANTS
T2955	DELTA ELECTRIC INC	13,991.00	PROPOSAL FOR RELOCATION OF 2ND CCTV CAMERA & SEALING OF ELEVEN AT STOCKDALE	CORPORATE SERVICES
T3469	CPACINC.COM INC***	13,840.78	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SOL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T1032	THE BAKERSFIELD CALIFORNIAN	13,627.66	EMPLOYMENT AD	HUMAN RESOURCE
T2840	ATALASOFT, INC.	13,596.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4688	INFINITY COMMUNICATIONS & CONSULTING, INC.	13,500.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE I	CAPITAL PROJECT-NEW BUILDING
T4731	LOGMEIN USA INC	13,491.00	GoToMEETINGS CORPORATE SERVICES / GoTo WEBINAR SERVICE	MIS



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE	13,349.03	SUBMITTED 2013 UNCLAIMED PROPERTY	ACCOUNTING
T4230	COFFEE BREAK SERVICE INC	12,982.82	COFFEE SUPPLIES - STOCKDALE & TRUXTUN	CORPORATE SERVICE
T2407	KAISER FOUNDATION HEALTH****	12,879.10	INSURANCE PREMIUM	PAYROLL DEDUCTION
T4425	PRO RESTORATION SERVICES INC	12,859.75	RESTORATION - STRUCTURAL REPAIR, WATER EXTRACTION AND REMEDIATION	CORPORATE SERVICES
T3065	CAREERBUILDER, LLC	12,750.00	JOB POSTINGS & ADVERTISEMNT	HUMAN RESOURCE
T4760	CAMERON CHANG	12,750.00	MAY-DEC. 2017 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4297	PRAGMATIC WORKS SOFTWARE	12,500.80	3 YEAR RENEWAL MAINTENANCE WORKBENCH PRO UPGRADE	MIS
T2787	SAGE SOFTWARE	12,474.00	PROFESSIONAL SERVICES	ACCOUNTING
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
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES****	12,000.00	2018 KERN PARTNERSHIP FOR CHILDREN & FAMILIES - GALA SPONSORSHIP	MARKETING
T4683	CLAUDIA M. BACA	11,875.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4239	COAST TO COAST COMPUTER PRODUCTS	11,870.69	COMPUTER PRODUCTS	CORPORATE SERVICES
T4786	LOST HILLS UNION SCHOOL DISTRICT	11,550.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T3378	CARRIER CORPORATION	11,090.51	SERVICE AGREEMENT	CORPORATE SERVICE
T4594	MEDVERSANT TECHNOLOGIES LLC	11,000.00	MONTHLY MONITORING FEES	PROVIDER RELATIONS
T4968	ZIPRECRUITER, INS	10,790.99	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCE
T4935	RKL LLP	10,651.37	SAGE LICENSE RENEWAL & 3 ADDITIONAL USERS	ACCOUNTING
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA****	10,519.22	INSURANCE BENEFITS	ADMINISTRATION
T4707	SHAFTER PEDIATRICS	10,144.82	2016/17 PROVIDER RECRUITMENT AND RETENTION GRANTS; SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3502	VIRTUAL GRIFFITI, INC	10,041.54	SOFTWARE LICENSE - 2018	MIS



September AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4936	SEEPPOINT, LLC	10,026.89	PURCHASE AND MAINTENANCE - VANTAGEPOINT KIOSK SYSTEM	MIS
		\$ 34,600,762.52		
	TOTAL VENDORS OVER \$10,000	34,600,762.52		
	TOTAL VENDORS UNDER \$10,000	822,668.98		
	TOTAL VENDOR EXPENSES- September	\$ 35,423,431.50		

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



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC	2,838,804.13	9,225,387.94	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	415,029.64	3,988,672.65	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4689	ZeOMEGA, INC.	200,102.42	1,731,552.72	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4695	EDIFECs, INC.	182,055.83	429,837.85	2018 ANNUAL TSM OF TRANSACTION MANAGEMENT XES, XEM, & 5SB	CAPITAL PROJECT IN PROGRESS
T4350	COMPUTER ENTERPRISE INC.	164,561.48	1,555,532.10	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4237	FLUIDEDGE CONSULTING, INC.	132,454.35	1,744,495.84	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T2726	DST PHARMACY SOLUTIONS, INC.	90,677.46	938,672.71	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4165	SHI INTERNATIONAL CO.	86,880.50	212,296.13	350 CITRIX XENDESKTOP LICENSES (VDI)	CAPITAL PROJECT IN PROGRESS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	86,755.99	743,325.89	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T4982	NGC US, LLC	73,340.00	88,340.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T4909	GEM PHYSICIANS MEDICAL GROUP, INC.	52,932.18	88,112.13	MARCH 2018 HEALTH HOME GRANT	HEALTH HOME GRANTS
T1183	MILLIMAN USA	51,702.50	228,640.63	RD1 & 2018 RATE SUPPORT ANALYSIS, PHARMACY BUDGET IN RATES, ACA EXPANSION MLR TEMPLATE	ADMINISTRATION
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	46,165.46	101,592.20	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4193	TECHSOCIALWORK.COM DBA STRIA	38,802.88	341,442.37	OCR SERVICES	CLAIMS
T4607	AGILITY RECOVERY SOLUTIONS INC. ****	36,288.00	36,288.00	2018 ANNUAL RENEWAL	ASIS
T4696	ZNALYTICS, LLC	34,440.00	593,723.24	PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T4308	TRUXTUN PLACE PARTNERS	30,837.04	305,250.58	TRUXTUN- LEASE & UTILITIES	CORPORATE SERVICES



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T3449	CDW GOVERNMENT	29,672.93	621,806.75	BACKUP AND RECOVERY SOLUTION FOR DISASTER RECOVERY & BUSINESS CONTINUITY PLAN FOR NEW BUILDING; HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T4583	SOILS ENGINEERING, INC.	28,405.44	93,954.89	SOIL SAMPLING OBSERVATION-OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T2707	ACT 1 PERSONNEL SERVICES, INC.	27,228.95	235,782.46	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T1408	DELL MARKETING L.P.	25,541.58	489,631.28	5 Latitude 5490 W/DOCKING STATIONS	MIS INFRASTRUCTURE
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	23,673.72	133,098.80	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4654	DELAWIE	22,180.24	115,062.19	SEPT 2018 ARCHITECTURAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T4396	KAISER FOUNDATION HEALTH-DHIMO	21,767.50	165,295.51	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	21,067.44	205,247.36	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4977	HE T4 SOLUTIONS, LLC***	18,073.88	18,073.88	OCTOBER 2018 TRAVEL EXPENSES - PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T2413	TREK IMAGING INC	18,064.63	219,045.93	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T3011	OFFICE ALLY, INC.	16,862.75	171,578.00	2018 EDI CLAIM PROCESSING	CLAIMS
T4801	ZEAL STAFFING LLC, DBA Z STAFFING	15,898.49	92,252.04	TEMPORARY LABOR	VARIOUS
T4967	ADMINISTRATIVE SOLUTIONS, INC.	14,731.20	38,049.54	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T4460	PAYSPAN, INC	14,184.73	153,444.69	2018 ELECTRONIC CLAIMS FOR HEALTHCARE PAYERS & PROVIDERS W/PRINT & MAIL SERVICES , W/EFT PAYMENTS	CLAIMS
T2562	CACTUS SOFTWARE LLC***	14,000.00	14,000.00	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE
T4902	CHANGE HEALTHCARE, LLC	13,532.92	289,362.22	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T1742	CHANNING L. BETE CO., INC	12,988.50	13,777.39	HEDIS (ENG/SPN) NUTRITION BOOKLETS	QUALITY IMPROVEMENT

# KERN • HEALTH SYSTEMS

October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1005	COLONIAL LIFE & ACCIDENT****	1,881.08	1,881.08	SEPTEMBER 2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
	TOTAL VENDORS OVER \$10,000	\$ 4,911,585.84			
	TOTAL VENDORS UNDER \$10,000	264,796.66			
	TOTAL VENDOR EXPENSES- October	\$ 5,176,382.50			

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



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC	9,225,387.94	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	3,988,672.65	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY, LLC	2,557,002.46	DEC 2017-JUNE 2018 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T4237	FLUIDEDGE CONSULTING, INC.	1,744,495.84	NOV. - DEC. 2017 ; JAN. - AUG 2018, CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4699	ZeOMEGA, INC.	1,731,552.72	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4350	COMPUTER ENTERPRISE INC.	1,565,532.10	JAN - AUG. 2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T1071	CLINICA SIERRA VISTA	1,175,120.44	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT AND RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T2726	DST PHARMACY SOLUTIONS, INC.	938,672.71	PHARMACY AND CLAIMS PROCESSING - JANUARY - AUG 2018	PHARMACY
T4391	OMNI FAMILY HEALTH	915,448.80	SEPT- DEC. 2017, MAY 2018 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	743,325.89	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T2686	ALLIANT INSURANCE SERVICES INC.	684,313.67	EARTH MOVEMENT INSURANCE-NEW BUILDING; WORKER'S COMPENSATION; CRIME ; PROPERTY & LIABILITY; EXCESS LIABILITY; FIDUCIARY LIABILITY; EXCESS CYBER; MANAGED CARE ERRORS AND OMISSION; EARTHQUAKE & FLOOD INSURANCE 2018-19	CAPITAL PROJECT IN PROGRESS / INSURANCE
T3130	OPTUMINSIGHT, INC.	655,445.00	CES DIRECT LICENSE - 12/17 - 12/18 ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS





October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3449	CDW GOVERNMENT	621,806.75	BACKUP AND RECOVERY SOLUTION FOR DISASTER RECOVERY & BUSINESS CONTINUITY PLAN FOR NEW BUILDING; HARDWARE AND LICENSES	MIS INFRASTRUCTURE
T2704	MCG HEALTH LLC	599,840.68	SOFTWARE LICENSE - HEALTH CARE MANAGEMENT 6/5/18-6/4/19	UTILIZATION MANAGEMENT
T4696	ZNALYTICS, LLC	593,723.24	JAN - JULY 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
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
T1001	KERN MEDICAL CENTER	520,191.22	KM GROW CLINIC REIMBURSEMENT	COMMUNITY GRANTS
T1408	DELL MARKETING LP.	489,631.28	HARDWARE- 6- LATTITUDE E5480, 1 DELL SMART PRINTER, 6510, 20 OPTIPLEX 3050 DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T3460	THE GUARDIAN LIFE INSURANCE CO.	469,497.68	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4695	EDIFECs, INC.	429,837.85	JAN - JULY 2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4582	HEALTHX, INC.	390,700.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	361,207.10	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
T2292	CITY OF BAKERSFIELD	354,129.91	BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUILDING/ CLAIMS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	341,442.37	2018 OCR SERVICES	CLAIMS
T4685	NATIONAL GIFT CARD CORP	336,311.40	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4308	TRUXTUN PLACE PARTNERS	305,250.58	TRUXTUN- 2018 LEASE & UTILITIES	CORPORATE SERVICES



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4902	CHANGE HEALTHCARE LLC	289,362.22	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	247,162.24	2018-2019 (1ST SEMESTER) MHC ANNUAL ASSESSMENT	ADMINISTRATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	235,782.46	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T1183	MILLIMAN USA	228,640.63	NOV - DEC 2017 ACTUARIAL SERVICES, CY2016 RDT, 2018 RATE SUPPORT, VALUE-BASED PURCHASING ANALYSIS, OTHER CONSULTING SERVICES	ADMINISTRATION
T2413	TREK IMAGING INC	219,045.93	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4165	SHI INTERNATIONAL CO.	212,296.13	STORAGE MAINTENANCE/ HARDWARE	CAPITAL PROJECT IN PROCESS
T4546	LEVEL 3 COMMUNICATIONS, LLC	205,247.36	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	171,578.00	2018 EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO	165,295.51	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	153,444.69	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	144,233.21	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	135,205.56	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T2584	UNITED STATES POSTAL SVC.-HASLER	130,000.00	POSTAGE-METERED	VARIOUS
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	127,884.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4452	WELLS FARGO	119,285.09	EXECUTIVE, MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T2469	DST HEALTH SOLUTIONS, INC.	116,800.00	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4654	DELAWIE	115,062.19	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	101,592.20	2018 VOLUNTARY LIFE, AD&D, DENTAL INSURANCE	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	99,414.59	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T1960	LOCAL HEALTH PLANS OF CA INC	97,377.08	2018/2019 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T4467	MEDISOFTX, LLC.	95,985.18	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4583	SOILS ENGINEERING INC	93,954.89	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T2933	SIERRA PRINTERS, INC.	92,338.74	MEMBER EDUCATION MATERIAL / PROVIDER DIRECTORY	VARIOUS
T4801	ZEAL STAFFING LLC DBA Z STAFFING	92,252.04	TEMPORARY LABOR	VARIOUS
T2961	SOLUTION BENCH, LLC	89,212.32	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4882	NGC US, LLC	88,340.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	88,112.13	DEC-17 HEALTH HOME GRANT	COMMUNITY GRANTS
T2287	CALIFORNIA WATER SERVICE	77,842.66	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING / WATER
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	77,679.00	JANITORIAL SERVICES	CORPORATE SERVICES
T2918	STINSON'S	74,179.79	OFFICE SUPPLIES	VARIOUS
T4792	KP LLC	73,678.59	DRUG FORMULARY	PHARMACY
T4421	JON SLAGLE	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T4785	COMMIGAP	71,972.50	INTERPRETATION SERVICES	HEALTH EDUCATION



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1785	AT&T	66,942.71	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
T1644	BRIGHT HOUSE NETWORK	62,872.72	UNDERGROUND UTILITIES FOR NEW BUILDING INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T4899	SUMEET BHINDER, MD INC	60,167.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4884	GAINES SOLUTIONS, INC.	60,000.00	ANNUAL HOSTING FEE AND CONSULTING SERVICES - PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
T3077	VMWARE, INC	59,544.72	VSPHERE 5 ENTERPRISE RENEWAL	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
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	49,121.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T1128	HALL LETTER SHOP INC.	46,534.01	NEW MEMBER PACKETS / MEMBERSHIP CARDS	MEMBER SERVICES
T2446	AT&T MOBILITY	46,470.62	CELLULAR PHONE / INTERNET	MIS
T4563	SPH ANALYTICS	45,986.00	MEMBER SATISFACTION SURVEY	MEMBER SERVICES / PROVIDER RELATIONS
T4039	KERN RURAL WELLNESS CENTERS, INC	45,647.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4653	FORMS ON FIRE INC	45,288.25	FORMS ON FIRE-SITE REVIEW AUTOMATION PROJECT-FORM DESIGN FOR 5 FORMS	CAPITAL PROJECT IN PROGRESS

# KERN·HEALTH SYSTEMS

October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1180	LANGUAGE LINE SERVICES, INC	44,917.49	INTERPRETATION SERVICES	MEMBER SERVICES
T4345	ASHOK PARMAR	44,254.04	NOV 2017 PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4561	SRI & SHARMA, LLC	43,750.00	PARKING RENTAL	CORPORATE SERVICES
T4603	ECFIRST.COM	42,986.29	PROFESSIONAL SERVICES - INFORMATION SYSTEM HIPAA SECURITY	CAPITAL PROJECT IN PROCESS
T2969	AMERICAN BUSINESS MACHINES INC	42,494.80	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE
T4733	UNITED STAFFING ASSOCIATES	41,947.93	TEMPORARY LABOR	VARIOUS
T3986	JACQUELYN S JANS	41,283.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
T4183	LAMAR ADVERTISING OF BAKERSFIELD	41,275.00	BILLBOARD ADVERTISING	MEDIA & ADVERTISING
T4537	BURKE, WILLIAMS & SORENSEN, LLP	39,432.51	OCT- DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING)	CAPITAL PROJECT-NEW BUILDING
T4739	SECURITAS SECURITY SERVICES USA INC	38,828.16	SECURITY SERVICES	CORPORATE
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	38,609.00	2018 ANNUAL DUES ASSESSMENT CAHP SEMINAR FEES	ADMINISTRATION
T1957	MERCY FOUNDATION-BAKERSFIELD	38,500.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4967	ADMINISTRATIVE SOLUTIONS, INC	38,049.54	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T4876	CIRESON, LLC	38,034.00	BUSINESS MANAGEMENT SOLUTIONS, LICENSES; SOFTWARE ;3 YR MAINTENANCE & SUPPORT, CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T3084	KERN COUNTY - COUNTY COUNSEL	38,021.40	LEGAL FEES	ADMINISTRATIVE
T4945	SHERRIA CREGGETT	37,641.36	2018 CONSULTING SERVICES HHP OUTREACH PROGRAM DEVELOPMENT	HEALTH HOME



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4607	AGILITY RECOVERY SOLUTIONS INC. ****	36,288.00	PROVIDES DISASTER RECOVERY & BUSINESS CONTINUITY	AIS
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
T4501	ALLIED UNIVERSAL SECURITY SERVICES	35,626.75	ONSITE SECURITY	CORPORATE SERVICES
T4216	NEXSTAR BROADCASTING INC	34,855.00	MEDIA - ADVERTISEMENTS	MARKETING
T2941	KERN PRINT SERVICES INC	32,161.41	ENVELOPES AND LETTERHEAD, WELL CHILD INCENTIVE VOUCHERS	CORPORATE SERVICES, HEALTH EDUCATION
T4657	DAPONDE SZABO ROWE PC	31,302.50	CONSULTING SERVICES TO REVIEW CONTRACTS	PROVIDER RELATIONS
T2441	LAURA BREZINSKI	30,105.00	MARKETING MATERIALS	MARKETING
T4514	AJ KLEIN INC T. DENATALE, B. GOLDNER	29,836.50	LEGAL SERVICES	ADMINISTRATION
T4228	THE SSI GROUP, LLC	29,740.80	EDI CLAIMS	CLAIMS
T1022	UNUM LIFE INSURANCE CO	28,988.80	EMPLOYEE PREMIUMS LONG TERM CARE	VARIOUS
T1189	APPLE ONE INC	27,317.36	TEMPORARY LABOR	VARIOUS
T3990	SPARKLETTS, INC	27,206.43	BOTTLED WATER SERVICE	VARIOUS
T2232	DLT SOLUTIONS, LLC	26,537.76	SQL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE
T4390	SOLARWINDS WORLDWIDE, LLC	26,000.00	SOFTWARE LICENSES - 2018	MIS
T4182	THE LAMAR COMPANIES	25,629.00	PRODUCTION FEE FOR ADS ON BUSES	MARKETING
T4708	HEALTH MANAGEMENT ASSOCIATES INC	25,046.25	CONSULTING SERVICES -2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION
T4195	SCRIPPS MEDIA , INC DBA KERO-TV	24,824.00	MEDIA - TELEVISION ADVERTISEMENTS	MARKETING



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY	24,023.21	2017-2018 ANNUAL WORKERS' COMPENSATION	VARIOUS
T4906	EVERLASTING HEALTHCARE	23,760.00	REIMBURSEMENT PROVIDER FOR CLAIMS PAID UNDER INCORRECT PROVIDER BANK ACCOUNT RETURNED BY EL MONTE MED CK 1024	CLAIMS
T4992	CJM AUTOMOTIVE GROUP, INC. DBA BAKERSFIELD CHRYSLER JEEP	23,228.65	2018 DODGE CARAVAN	CORPORATE SERVICE
T1347	ADVANCED DATA STORAGE	23,181.70	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	22,500.00	LEASE AGREEMENT PARKING SPACE - STOCKDALE HWAY	CORPORATE SERVICES
T4497	SKILLSOFT CORPORATION	20,836.93	ANNUAL LICENSE FEE- ON LINE TRAINING & DESKTOP VIDEOS	HUMAN RESOURCE
T4198	LAW OFFICES OF CARL SHUSTERMAN	20,180.00	LEGAL SERVICES	ADMINISTRATION
T4587	MCINTOSH & ASSOCIATE	19,475.01	PROFESSIONAL SERVICES ENGINEERING NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T1650	UNIVISION TELEVISION GROUP	19,380.00	TELEVISION ADVERTISEMENT WITH THE GOAL OF MEMBER RETENTION	MARKETING
T4883	MARTHA TASINGA	18,913.94	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES
T4731	LOGMEIN USA INC	18,312.00	GoToMEETINGS CORPORATE SERVICES / GoTo WEBINAR SERVICE	MIS
T4417	KAISER FOUNDATION HEALTH PLAN	18,184.38	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4977	HE T4 SOLUTIONS, LLC ***	18,073.88	PROFESSIONAL CONSULTANTS BASED ON TIME AND MATERIAL BASIS	MIS
T4585	DELANO UNION SCHOOL DISTRICT	18,000.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T2921	DOUBLETREE HOTEL	17,805.69	HEDIS DINNER TO ACKNOWLEDGE PROVIDERS- FOOD-AUDIO VISUAL FEES & MISCELLANEOUES FEES	QUALITY IMPROVEMENT
T4747	SYED ALAM, M.D. INC.	17,500.00	2016/17 PROVIDER RECRUITMENT AND RETENTION GRANTS	COMMUNITY GRANTS



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4605	KERNVILLE UNION SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4611	LAMONT SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4798	KERN HIGH SCHOOL DISTRICT	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T4962	LIBERTY DATA, INC.	17,100.00	SERVICE TO AUTOMATICALLY VERIFY NON PAR PROVIDER TAX IDS TO PREVENT FRAUD OR POTENTIAL PENALTIES FROM IRS.	MIS
T4963	LINKEDIN CORPORATION	16,500.00	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCE
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	16,459.00	SPONSORSHIPS	COMMUNITY ACTIVITIES
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	16,000.00	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE I	CAPITAL PROJECT-NEW BUILDING
T4925	VMEDU, INC	16,000.00	PMP ON-SITE TRAINING (JUNE 11-14,2018)	PROJECT MANAGEMENT
T4016	FIRST DATABANK, INC.	15,135.00	ANNUAL LICENSE- SOFTWARE- NATIONAL DRUG CODE DATABASE WITH GENERIC CODE NUMBER	MIS
T3001	MERCER	15,000.00	PROFESSIONAL CONSULTING SERVICES	ADMINISTRATION
T1032	THE BAKERSFIELD CALIFORNIAN	14,833.81	EMPLOYMENT ADS	HUMAN RESOURCE
T4230	COFFEE BREAK SERVICE INC	14,451.43	COFFEE SUPPLIES -STOCKDALE & TRUXTUN	CORPORATE SERVICE
T4603	VISION SERVICE PLAN	14,412.71	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016/17 PROVIDER RECRUITMENT AND RETENTION GRANTS	COMMUNITY GRANTS
T2562	CACTUS SOFTWARE LLC ****	14,000.00	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE



# KERN·HEALTH SYSTEMS

October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2955	DELTA ELECTRIC INC	13,991.00	PROPOSAL FOR RELOCATION OF 2ND CCTV CAMERA & SEALING OF ELEVEN AT STOCKDALE	CORPORATE SERVICES
T2407	KAISER FOUNDATION HEALTH	13,914.09	INSURANCE PREMIUM	PAYROLL DEDUCTION
T3469	CPACINC.COM INC	13,840.78	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SQL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T1742	CHANNING L. BETE CO., INC	13,777.39	HEDIS (ENG/SPN) NUTRITION BOOKLETS	QUALITY IMPROVEMENT
T2840	ATALASOFT, INC.	13,596.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE	13,349.03	SUBMITTED 2013 UNCLAIMED PROPERTY	ACCOUNTING
T4425	PRO RESTORATION SERVICES INC	12,859.75	RESTORATION - STRUCTURAL REPAIR, WATER EXTRACTION AND REMEDIATION	CORPORATE SERVICES
T3065	CAREERBUILDER. LLC	12,750.00	JOB POSTINGS & ADVERTISEMENT	HUMAN RESOURCE
T4760	CAMERON CHANG	12,750.00	MAY-DEC. 2017 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4297	PRAGMATIC WORKS SOFTWARE	12,500.80	3 YEAR RENEWAL MAINTENANCE WORKBENCH PRO UPGRADE	MIS
T2787	SAGE SOFTWARE	12,474.00	PROFESSIONAL SERVICES	ACCOUNTING
T4932	CHARTER COMMUNICATIONS HOLDINGS,LLC DBA SPECTRUM REACH	12,387.30	TELEVISION ADVERTISEMENT WITH GOAL OF MEMBER RETENTION	MARKETING
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
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES	12,000.00	2018 KERN PARTNERHIP FOR CHILDREN & FAMILIES - GALA SPONSORSHIP	MARKETING
T1005	COLONIAL LIFE & ACCIDENT****	11,881.08	EMPLOYEE BENEFIT PREMIUMS	PAYROLL DEDUCTION



October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4683	CLAUDIA M. BACA	11,875.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4239	COAST TO COAST COMPUTER PRODUCTS	11,870.69	COMPUTER PRODUCTS	CORPORATE SERVICES
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA****	11,746.70	EXECUTIVES INSURANCE BENEFITS	ADMINISTRATION
T4786	LOST HILLS UNION SCHOOL DISTRICT	11,550.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T1152	MICHAEL K. BROWN LANDSCAPE INC.	11,392.33	BUILDING MAINTENANCE	CORPORATE SERVICES
T3465	JMP BUSINESS SYSTEMS INC	11,174.18	HASLER BULK MAILER PROFESSIONAL SOFTWARE MACHINE	CORPORATE SERVICES
T3378	CARRIER CORPORATION	11,090.51	SERVICE AGREEMENT	CORPORATE SERVICE
T4594	MEDVERSANT TECHNOLOGIES LLC	11,000.00	MONTHLY MONITORING FEES	PROVIDER RELATIONS
T4968	ZIPRECRUITER, INS	10,790.99	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCE
T4935	RKL LLP	10,651.37	SAGE LICENSE RENEWAL & 3 ADDITIONAL USERS	ACCOUNTING
T1263	THE GAS COMPANY	10,149.81	UTILITIES	CORPORATE SERVICES
T4707	SHAFTER PEDIATRICS	10,144.82	2016/17 PROVIDER RECRUITMENT AND RETENTION GRANTS; SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T1996	SEQUOIA SANDWICH CO	10,087.83	MEETING FOOD EXPENSES	VARIOUS
T4961	ALLEGIS GROUP HOLDINGS, INC.	10,050.91	TEMPORARY EMPLOYEE SERVICES	UTILIZATION MANAGEMENT
T3502	VIRTUAL GRIFFITI, INC	10,041.54	SOFTWARE LICENSE - 2018	MIS

# KERN·HEALTH SYSTEMS

October AP Vendor Report  
Amount over \$10,000

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4936	SEEPPOINT, LLC	10,026.89	PURCHASE AND MAINTENANCE - VANTAGEPOINT KIOSK SYSTEM	MIS
		<u>\$ 39,767,398.78</u>		
	TOTAL VENDORS OVER \$10,000	39,767,398.78		
	TOTAL VENDORS UNDER \$10,000	832,415.22		
	TOTAL VENDOR EXPENSES- October	<u>\$ 40,599,814.00</u>		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
<b>January</b>							
Jacquelyn Jans	\$50,004.00	Yes	MRK	Louie Iurriaria	Marketing and corporate image consulting	1/1/2018	12/31/2018
Poppyrock	\$36,000.00	Yes	MRK	Louie Iurriaria	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	3/1/2019
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 Grouper 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
Deel	\$99,549.41	Yes	MIS	Richard Pruitt	Citrix Licenses with support and NetScaler 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 Broadcasting	\$53,850.00	Yes	MKT	Louie Iurriaria	English & Spanish TV advertisements	6/12/2018	12/31/2018
Scripps-KERO	\$39,995.00	Yes	MKT	Louie Iurriaria	English & Spanish TV advertisements	6/12/2018	12/31/2018
Univision	\$33,915.00	Yes	MKT	Louie Iurriaria	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
<b>July</b>							
ZeOmega	\$85,505.70	Yes	UM	Deborah Murr	Quote#560, JIVA HHP DGA support & implementation	7/23/2018	12/31/2018
ZeOmega	\$41,252.75	Yes	UM	Deborah Murr	Quote#453, JIVA QI DGA support & implementation	7/23/2018	12/31/2018
<b>August</b>							
ZeOmega	\$74,831.61	Yes	UM	Deborah Murr	Quote#622, UM Enhancement & Functionality improvement	8/9/2018	12/31/2018
ZeOmega	\$43,423.80	Yes	UM	Deborah Murr	Quote#666, Appeals enhancement	8/28/2018	12/31/2018
ZeOmega	\$78,131.73	Yes	UM	Deborah Murr	Quote#623, PR Enhancement & Functionality improvement	8/9/2018	12/31/2018
Daniells Phillips Vaughan	\$49,000.00	Yes	ACCT	Robin Plumb	Auditing Services	8/14/2018	8/14/2019
<b>September</b>							
DME Consulting	\$95,000.00	Yes	UM	Deborah Murr	Medical necessity assessment	9/25/2018	9/24/2019
Milliman, Inc	\$40,000.00	Yes	ACCT	Robin Plumb	Rate Analysis	9/11/2018	9/10/2019
<b>October</b>							
Med Exec Solutions	\$49,950.00	Yes	HR	Anita Martin	QI Director Job Search	10/30/2018	10/30/2019
FluidEdge	\$75,411.00	Yes	IT	Richard Pruitt	EDW Data Integration SOW	10/15/2018	12/31/2018

**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
NEW VENDOR CONTRACTS  
DECEMBER 13, 2018**

Legal Name	DBA	Specialty	Address	Comments	Contract Effective Date
<b>PAC 11/07/2018</b>					
Delano Kidney Center, LLC	Delano Kidney Center	Dialysis Center	1980 Cecil Avenue Delano CA 93215		12/1/2018
Timothy Galan MD Inc	Galan, Timothy MD	Orthopedic Surgery	Mercy Ortho Clinic 300 Old River Road Suite 200 Bakersfield CA 93311		12/1/2018
Bassel Hadaya M.D.	Antelope Valley Nephrology Medical Group	Nephrology	1759 W Avenue J Suite 101 Lancaster CA 93534		12/1/2018
<b>PAC 12/05/2018</b>					
Ashok Parmar, MD, Inc.	Niles Children's Clinic	Pediatrics	6055 Niles St. Bakersfield, CA 93306	*Contingent upon passing Site Review	*1/1/2019
Niranjan Dass, MD	Niranjan Dass - Pediatric for All	Pediatrics	2700 F Street Ste. 104 Bakersfield CA 93301		1/1/2019
Dignity Health Medical Foundation dba Dignity Health Medical Group – Bakersfield, a service of Dignity Health Medical Foundation	Dignity Health Medical Group – Bakersfield	PCP	3737 San Dimas Street, Suite 101 Bakersfield CA 93301	*Dignity Health is acquiring GMA Healthcare Providers (including GMA Health Homes) *Contingent upon passing Site Review *DH is working on populating a physician roster as well as confirming practice locations to be acquired under this new agreement. *P. Memon MD is currently credentialed.	GMA to term 12/27/2018 Dignity Health Eff 12/28/2018

**KERN HEALTH SYSTEMS  
BOARD OF DIRECTORS  
TERMED CONTRACTS  
December 13, 2017**

Legal Name	DBA / Address	Specialty	Comments	Effective Date
Rosamond Pharmacy	1415 Rosamond Blvd. Rosamond, CA 93560	Pharmacy	License has been Cancelled	8/31/2018
Hall Ambulance	1001 21st Street Bakersfield CA 93301	Ambulance	Resigned	9/30/2018
The Jasmine Nyree Education Center	6800 District Blvd Bakersfield CA 93313	Behavioral Health	Business Closed	10/15/2018
The Jasmine Nyree Lamont Center	10215 Stobaugh Street Lamont CA 93241	Behavioral Health	Business Closed	3/30/2018
Byron Mui, MD Inc	2222 19th Street Bakersfield CA 93301	Infectious Disease	Retired	8/30/2018

12/5/2018



**To: KHS Board of Directors**  
**From: Martha Tasinga, MD, MPH, MBA, Chief Medical Officer**  
**Date: December 13, 2018**  
**Re: CMO BOARD REPORT**

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**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 but has stabilized and leveled off over the last 6 months. The number of visits per thousand enrollees continues to exceed expectation but based on the diagnosis treated visits to the provider appears to be for preventive measures (immunizations and checkups or chronic conditions; the latter leads to stabilizing the patient's medical condition and avoiding hospitalization. (This is borne out by lower hospitalizations occurring when compared to budget). Specifically, the most frequent diagnosis for physician services for the family and other aid code is wellness exams and immunizations a close second. Hypertension, low back pain and Type 2 Diabetes are the top 3 diagnosis in the expansion and SPD Aid codes. We have a disease management program for patients with hypertension and diabetes and we will be implementing a Diabetic Prevention Program in January 2019

The Overall (all aid categories) PMPM cost is stable, even though it remains higher than expected for the SPDs. With implementation of more disease specific programs in 2019, we are hopeful that physician services utilization and cost for the SPDs will start trending downward, more in line with expectations. Likewise, we should see a similar pattern from our population based programs such as Health Homes in 2019.

**Pharmacy**

The monthly cost and utilization per enrollee for all aid categories combined is within budget. However, we are starting to see the number of scripts increase on average due in part to the start of the flu season. We continue to analyze utilization patterns and cost of utilization to identify ways to better manage this benefit. Some of our programs will initially increase use of appropriate medications but should reduce the need for ER visits and hospitalization over time. We continue to work with the Pharmacy and Therapeutic Committee to identify less expensive bioequivalent formulations of expensive medications when available to add to our formulary.

### **Inpatient Services**

The overall PMPM, cost per bed-day, bed-days incurred and average length of stay in the acute hospital for all aid codes is below budget. We continue to work closely with our hospital partners and the hospitalists to identify alternatives levels of care that are safe and less costly for our members. We are continuing to focus on better management of chronic conditions consistent with evidenced based guidelines and believe this is positively impacting acute hospital utilization.

The top inpatient diagnosis for the Family Aid Category is single live born infant and full-term uncomplicated deliveries. 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 (**Attachment B**).

The C/Section rate is 17 % which continues to be below State average for low –risk, first birth deliveries. For the month of October 2018, most of our Deliveries occurred at BMH with KMC a close second. (**Attachment C**).

### **Hospital Outpatient**

Hospital outpatient utilization for all aid categories combined is stable. However, the cost per visit for all aid categories is over budget which is higher in the SPD aid category. 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 care but at a lower cost such as surgery centers, infusion centers, imaging centers, etc.

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

The overall PMPM cost has been trending upward since September. This trend is expected to continue beginning of the Flu season. The most frequent diagnosis for the ER for Family/Other Aid code for October was Upper Respiratory Infection. The most frequent diagnosis seen in the SPD population is low back pain with urinary tract infections running a close second.

Most of the ER visits are occurring at BMH with Mercy Hospitals showing the second highest utilization of ER visits (**Attachment D**).





# **Kern Health Systems**

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



Governed Reporting System

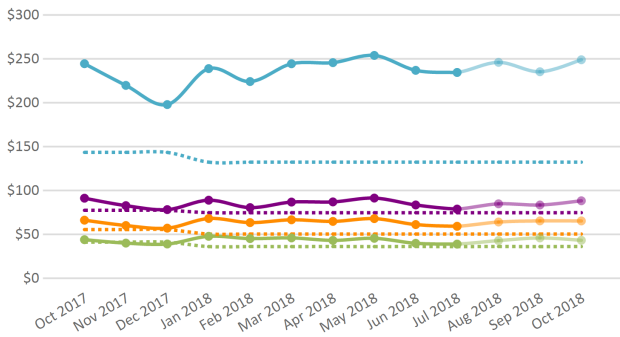


Physician Services

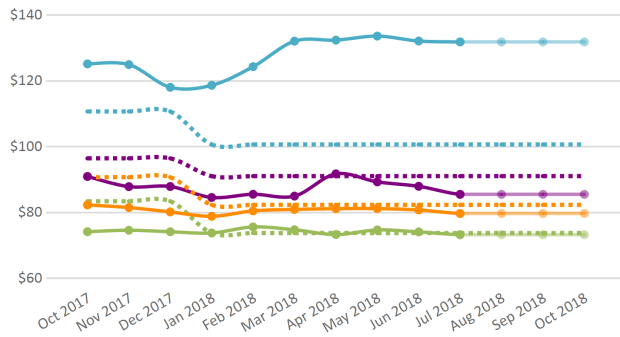
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

- 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

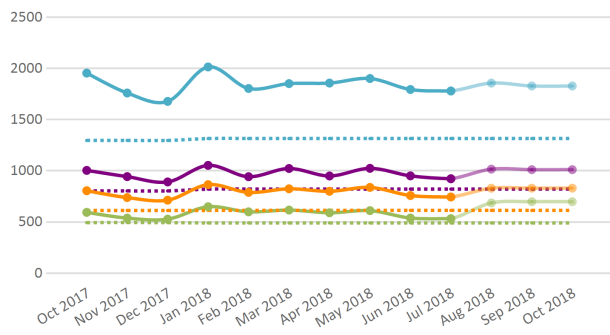
Professional Services Incurred by Aid Group PMPM



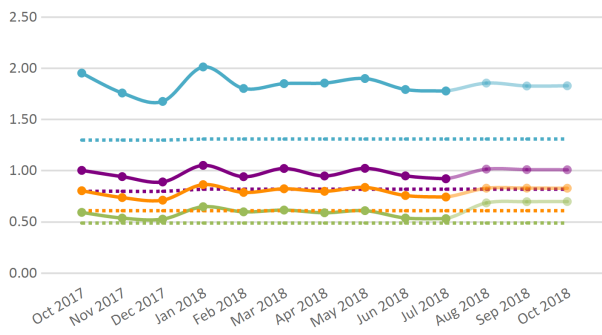
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





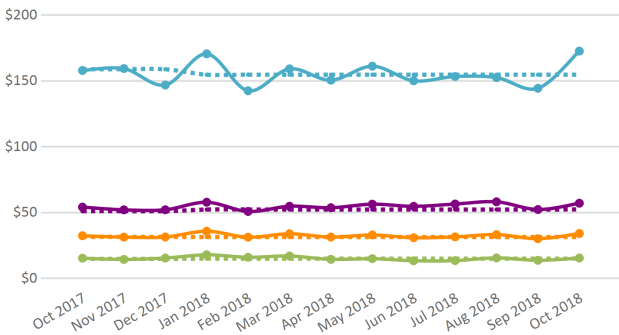
Governed Reporting System

Pharmacy

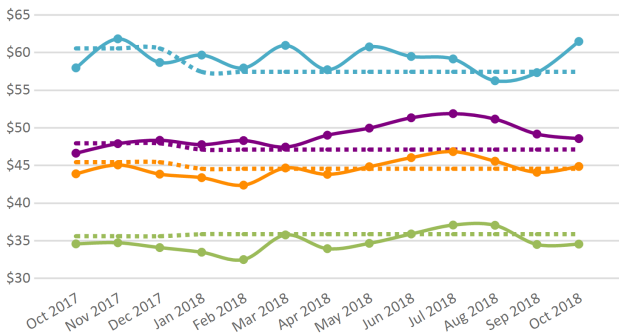
(Includes: Claims paid by PBM)

- MCAL Expansion - Actual
- MCAL 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

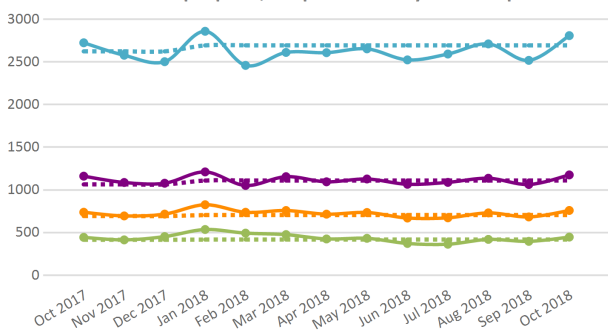
Pharmacy Services Incurred by Aid Group PMPM



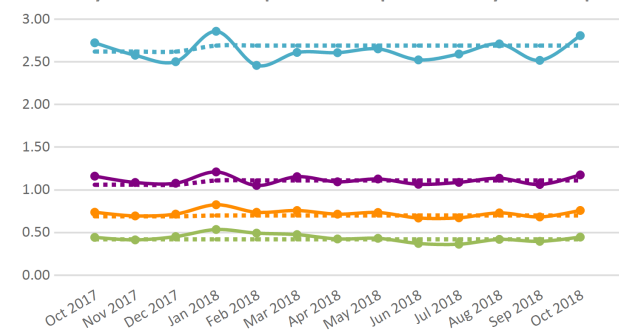
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





Governed Reporting System

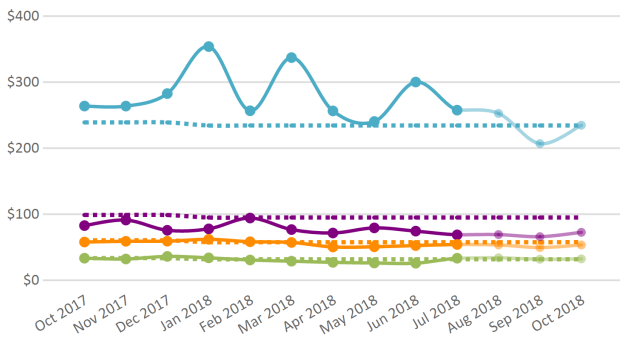


Inpatient

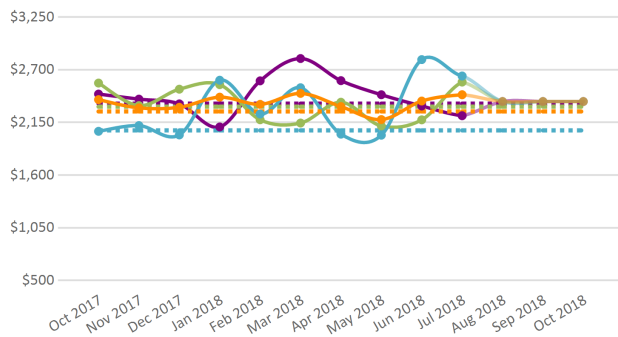
(Includes: Inpatient Hospital Claims)

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

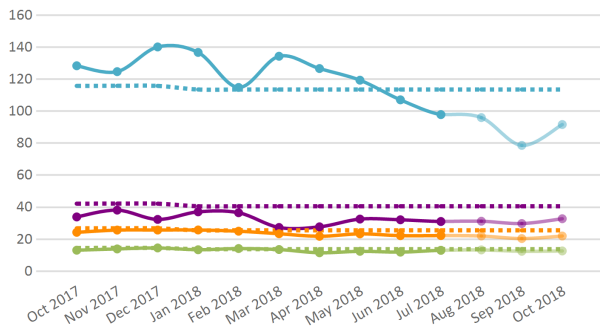
Inpatient Services Incurred by Aid Group PMPM



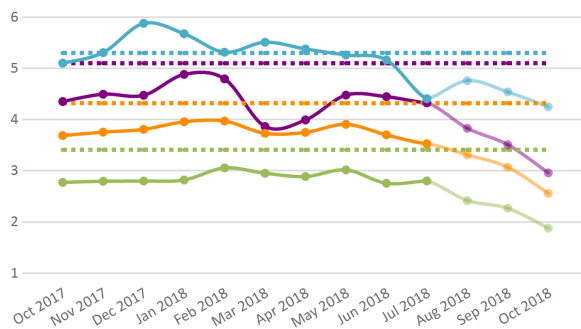
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group



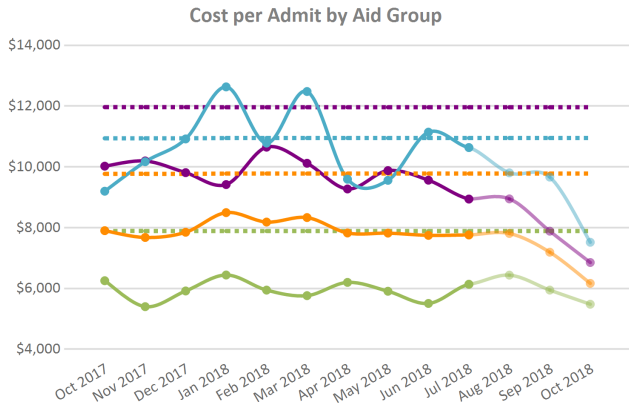
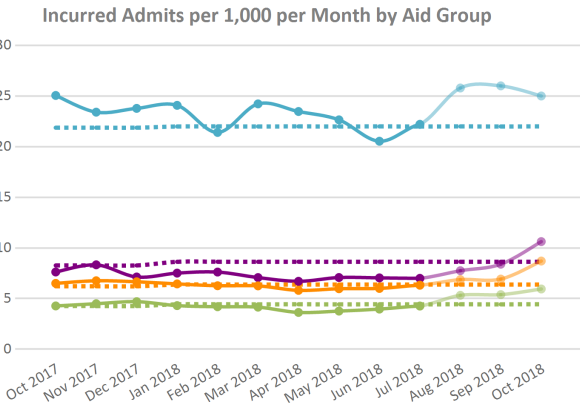


Governed Reporting System

**Inpatient**

(Includes: Inpatient Hospital Claims)

- MCAL Expansion - Actual
- MCAL 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





Governed Reporting System

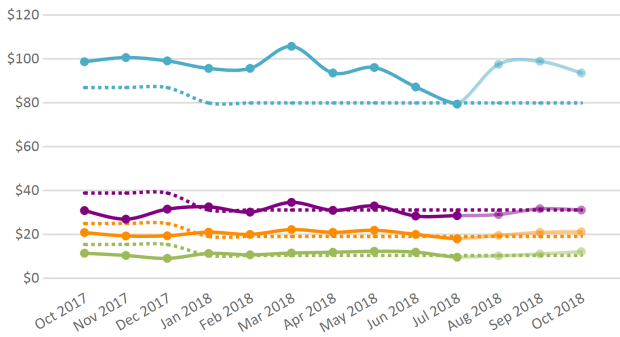


Outpatient Hospital

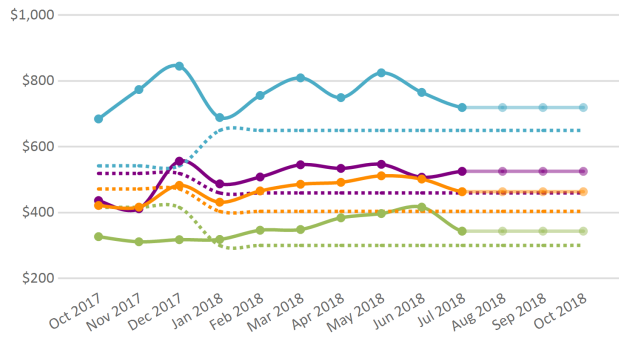
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

- 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

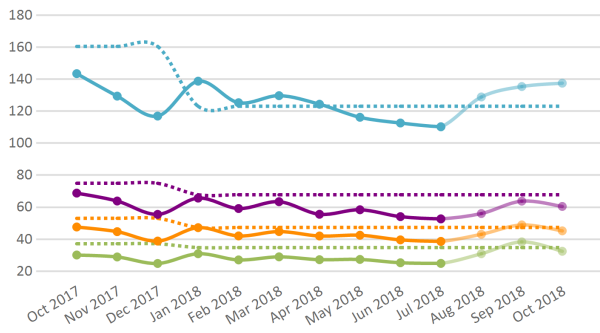
Outpatient Services Incurred by Aid Group PMPM



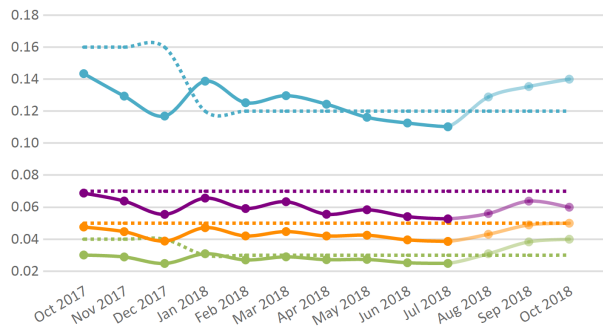
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





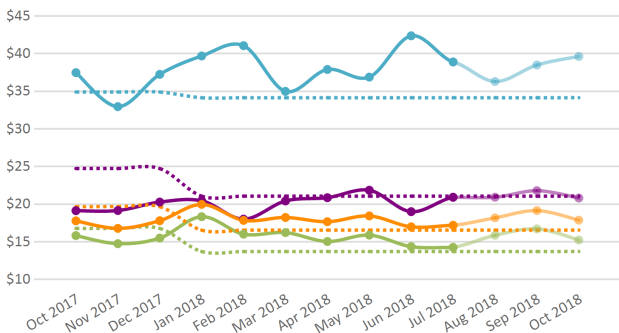
Governed Reporting System



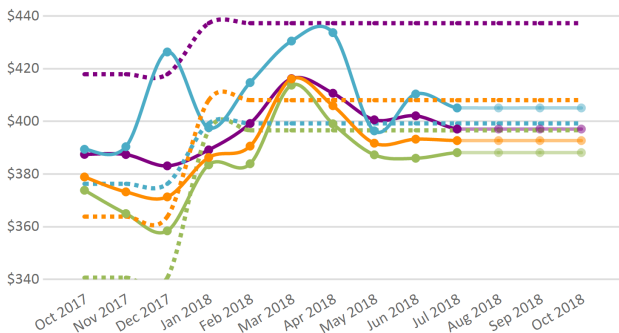
Emergency Room

- 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

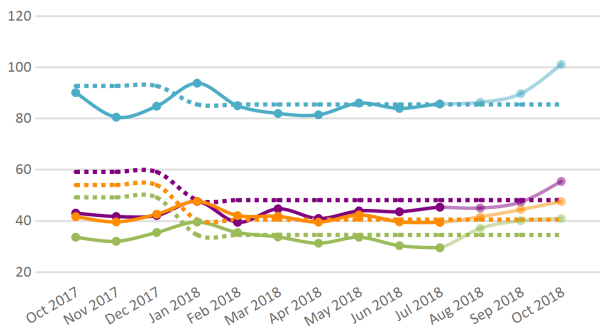
ER Services Incurred by Aid Group PMPM



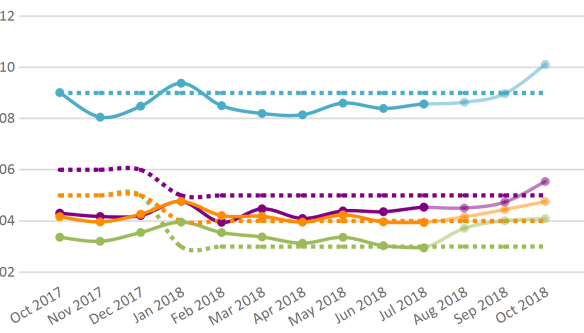
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



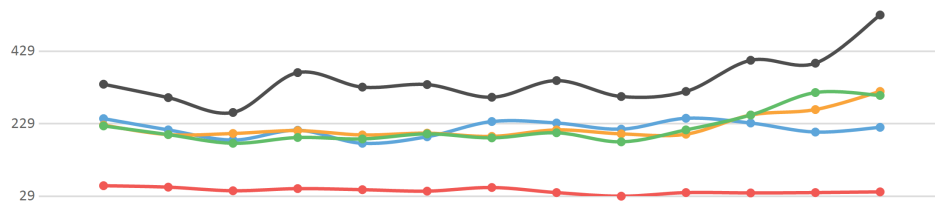
ER Visits per Member per Month by Aid Group



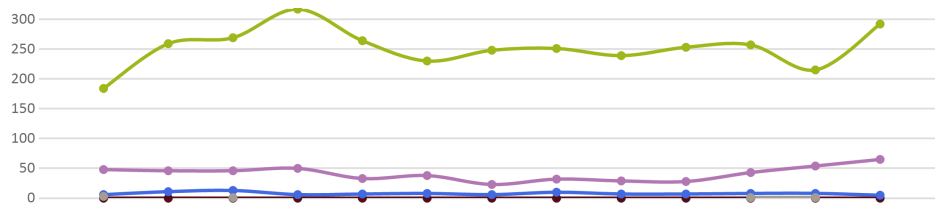


Governed Reporting System

Inpatient Admits by Hospital



	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
BAKERSFIELD MEMORIAL	338	301	260	370	330	337	302	348	304	318	404	396	529
MERCY HOSPITAL	223	199	175	191	187	201	190	204	179	212	253	315	307
KERN MEDICAL	225	199	202	210	198	203	194	212	201	200	253	268	318
SAN JOAQUIN COMMUNITY	243	212	184	211	175	193	235	231	214	244	231	206	219
GOOD SAMARITAN HOSPITAL	58	54	44	50	47	43	53	39	29	39	38	39	41



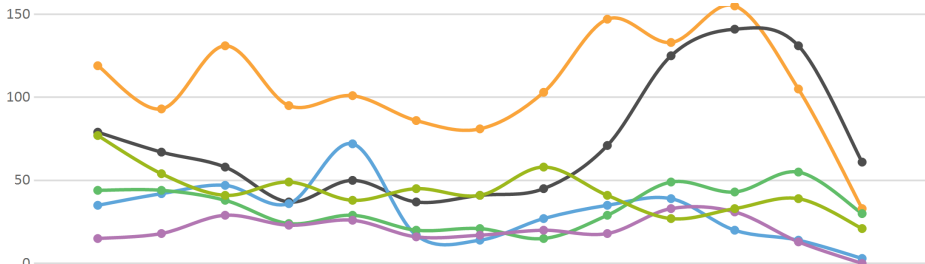
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
BAKERSFIELD HEART HOSP	52	67	70	83	57	65	44	56	51	52	45	64	67
OUT OF AREA	184	259	269	317	264	230	248	251	239	253	257	215	292
DELANO REGIONAL HOSPITAL	48	46	46	50	33	38	23	32	29	28	43	54	65
KERN VLY HLTHCRE HOSP	6	11	13	6	7	8	6	10	7	7	8	8	5
ADVENTIST HEALTH MEDICAL CENTER	3	0	1	0	0	0	0	0	0	0	1	1	0



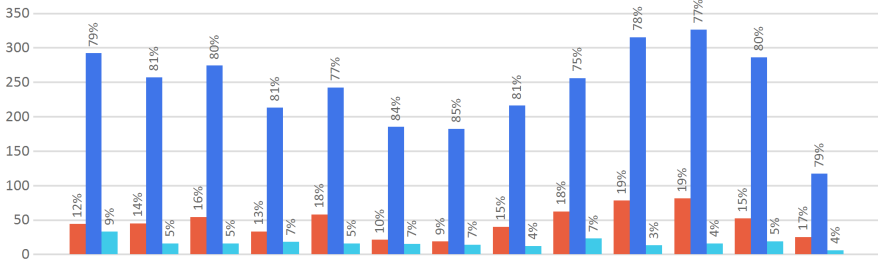


Governed Reporting System

Obstetrics Metrics



	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
KERN MEDICAL	119	93	131	95	101	86	81	103	147	133	155	105	33
BAKERSFIELD MEMORIAL	79	67	58	37	50	37	41	45	71	125	141	131	61
SAN JOAQUIN COMMUNITY	35	42	47	36	72	17	14	27	35	39	20	14	3
MERCY HOSPITAL	44	44	38	24	29	20	21	15	29	49	43	55	30
DELANO REGIONAL HOSPITAL	15	18	29	23	26	16	17	20	18	33	31	13	0
OTHER	77	54	41	49	38	45	41	58	41	27	33	39	21

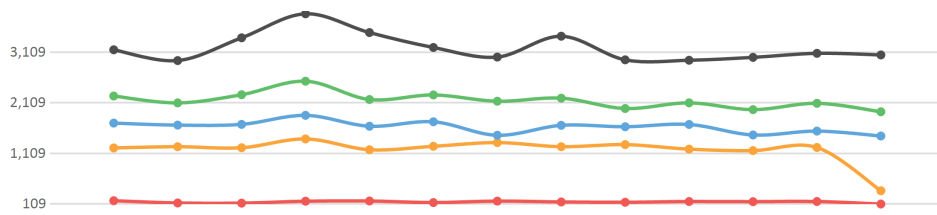


	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
VAGINAL DELIVERY	292	257	274	213	242	185	182	216	256	315	326	286	117
C-SECTION DELIVERY	44	45	54	33	58	21	19	40	62	78	81	52	25
PREVIOUS C-SECTION DELIVERY	33	16	16	18	16	15	14	12	23	13	16	19	6

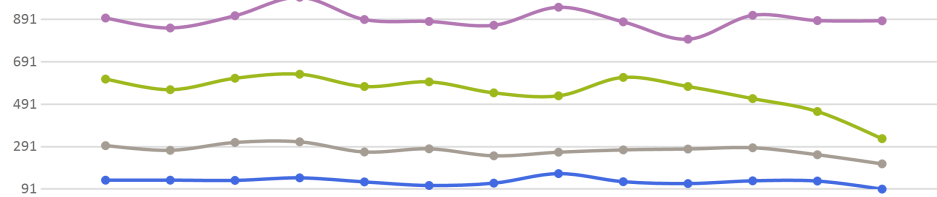


Governed Reporting System

Emergency Visits by Hospital



	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
BAKERSFIELD MEMORIAL	3,158	2,945	3,395	3,869	3,498	3,204	3,014	3,426	2,959	2,951	3,008	3,088	3,056
MERCY HOSPITAL	2,244	2,108	2,270	2,537	2,175	2,265	2,141	2,202	1,997	2,109	1,975	2,100	1,933
SAN JOAQUIN COMMUNITY	1,709	1,669	1,684	1,862	1,647	1,735	1,468	1,665	1,637	1,682	1,474	1,551	1,454
KERN MEDICAL	1,218	1,242	1,222	1,396	1,182	1,250	1,324	1,242	1,284	1,194	1,165	1,227	371
BAKERSFIELD HEART HOSP	175	130	127	165	169	138	167	150	144	159	156	159	109



	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
DELANO REGIONAL HOSPITAL	898	851	909	996	891	882	864	949	880	798	911	886	885
OUT OF AREA	610	560	614	633	575	597	545	531	618	575	518	457	329
ADVENTIST HEALTH MEDICAL CENTER	296	274	311	314	266	281	248	265	276	280	286	253	210
KERN VLY HLTHCRE HOSP	133	133	132	144	125	108	119	164	126	117	130	129	91

**KERN HEALTH SYSTEMS**  
**CHIEF EXECUTIVE OFFICER'S REPORT**  
**For December 13<sup>th</sup>, 2018**  
**BOARD OF DIRECTORS MEETING**

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**REGULATORY AND COMPLIANCE ACTIVITIES**

*Regulatory and Compliance Monthly Activities Report*

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

*Regulatory Compliance Audit Program*

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. **Two new audit reports are included under Attachments B and C. Besides regularly auditing DHCS APL and PLs, the Compliance Department extended their audits to include DMHC APLs and PLs as well.**

**In addition, under Attachment D, a new report: 2018 Policy and Procedure Audit Status Updates was created to ensure our “internal policies and procedures” that staff follow are current with changes received from DHCS or DMHC when APLs or PLs are updated.**

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

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## **Program Development Summary Update**

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

KHS staff is working with DHCS and contracted Hospitals on changes to Hospital Directed Payments. Eligible hospitals, KHS, and the State have to ensure all eligible encounters have been submitted and approved in order for the full Directed Payment amount to be realized. An internal KHS project is underway to help coordinate this effort. Additionally, CMS recently released a draft update to the mega-reg intended to reduce administrative and regulatory burden. Feedback to CMS is due mid-January and KHS is working with our various trade associations to provide input.

### ***Health Homes***

HHP sites with Omni, Dignity, Premier, and Kern Medical are operational and meeting enrollment targets. A second Omni site in Shafter will be ready to open upon hiring a Physician. Meetings with CSV are underway with a targeted site opening of early Q2 2019. As we transition into 2019, KHS will be working with DHCS and the existing HHP Sites to ensure all DHCS requirements are met prior to the July transition to the DHCS program.

### ***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. KHS has received funds from the State for service dates through 6/30/18. The first set of payments to providers went out in July and subsequent payments have also been made. For the 2018-2019 budget the State expanded the CPT Codes eligible for reimbursement and increased the supplemental payment amounts. DHCS is still finalizing the methodology and guidance to plans. KHS staff are working to determine the payment schedule for 2018-2019 services, pending final guidance from DHCS.

### ***Diabetes Prevention Program***

Senate Bill 97 requires DHCS to establish the Diabetes Prevention Program (DPP) as a Medi-Cal benefit. The DPP is an evidence-based, lifestyle change program designed to assist Medi-Cal beneficiaries diagnosed with prediabetes. DHCS released the final All-Plan Letter (APL) in November, with a benefit effective date of January 1, 2019. KHS staff has initiated an internal project to meet the requirements defined in the APL.

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 Board of Directors Meeting  
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## **FEDERAL AND STATE LEGISLATIVE SUMMARY UPDATE**

### ***Department of Homeland Security “Public Charge” Definition***

The Department of Homeland Security (DHS) recently released a proposed rule for comment that would expand the definition of “public charge” when reviewing green card applications for legal immigrants. Public Charge is an existing category that reviews the likelihood of an immigrant becoming primarily dependent on government assistance. The proposal would expand that definition to include legal immigrants who are on Medicaid (among other new programs). This would result in their green card applications being penalized.

The concern is members will elect to forego coverage to maintain favorability on their green-card application. DHS estimates 2.5% of eligible immigrants would drop out of public assistance, but critics fear that estimate is low. According to a UCLA Center for Health Policy Research study, California has over 3.3 million Legal Permanent Residents and 2.6 million children who are U.S. citizens with a non-citizen parent. UCLA estimates that between 15-35% of these mixed-immigration status homes could choose to forego coverage.

This policy is going through the federal rule-making process and will be open for comment through December 10th. KHS continues to work with our various Trade Associations to provide feedback.

### ***Midterm Election Report***

**Federal** – The Democratic Party recaptured the majority in the House of Representatives, while the Republican Party retained and slightly added to their majority in the Senate. With the majority party changing in the House, it means Democrats will take over the Chairs of the various House Committees. Many political analysts expect the result of this change to mean additional scrutiny and oversight hearings examining the Presidential Administration’s actions. Additionally, most believe the potential for ACA repeal is now minimal. One potential area that may be up for bipartisan legislation is addressing the rising costs of prescription drugs. Staff will continue to monitor future Federal Legislation for internal impact.

**State** – The Democratic Party strengthened their super-majority in both the State Senate and Assembly. Additionally, California will see a new Democratic Governor in Gavin Newsom. Governor-elect Newsom is expected to be more engaged in Healthcare, and had initially supported single-payer but has since tempered expectations. With the turnover in the administration, many analysts are expecting previously-failed bills to be reintroduced in the upcoming session. Additionally, the State’s fiscal outlook appears strong so there will likely be interest by some to increase spending. Staff will continue to monitor and report on the upcoming State Legislative session.

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**DECEMBER ENROLLMENT:**

***Medi-Cal Enrollment***

As of DECEMBER 1, 2018, Medi-Cal enrollment is 170,074, which represents a decrease of 0.8% from NOVEMBER enrollment.

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

As of DECEMBER 1, 2018, SPD enrollment is 13,270, which represents no change from NOVEMBER enrollment.

***Expanded Eligible Enrollment***

As of DECEMBER 1, 2018, Expansion enrollment is 59,046, which represents a decrease of 0.1% from NOVEMBER enrollment.

***Kaiser Permanente (KP)***

As of DECEMBER 1, 2018, Kaiser enrollment is 8,207, which represents a decrease of 1.0% from NOVEMBER enrollment.

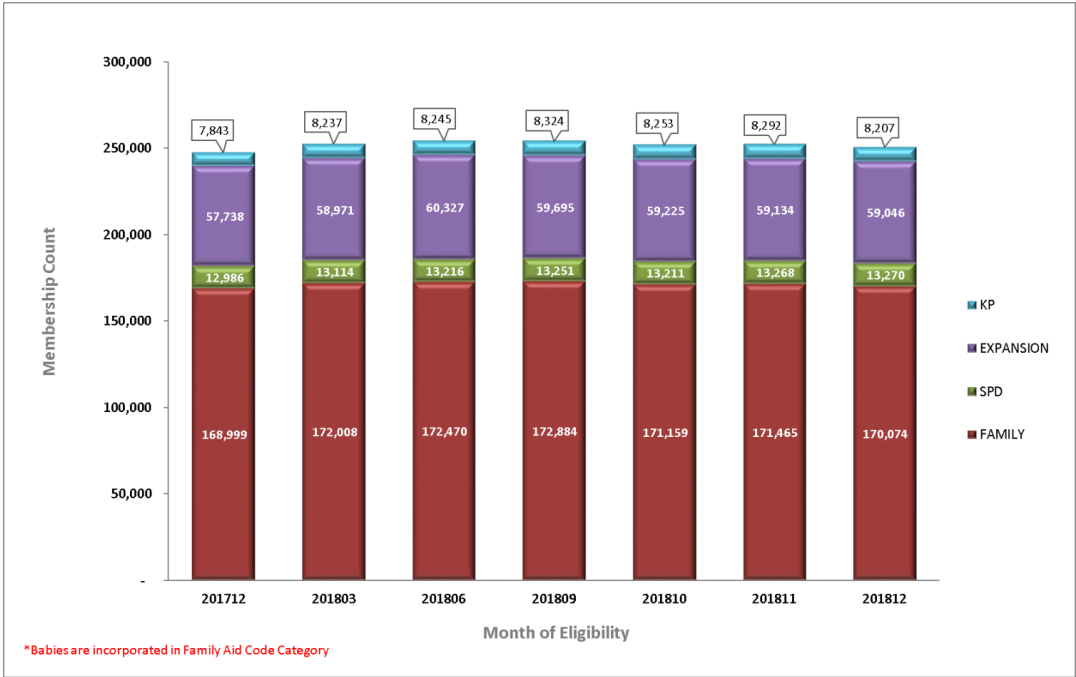
***Total KHS Medi-Cal Managed Care Enrollment***

As of DECEMBER 1, 2018, total Medi-Cal enrollment is 250,597, which represents a decrease of 0.6% from NOVEMBER enrollment.

<b>Membership as of Month of Eligibility</b>	<b>FAMILY</b>	<b>SPD</b>	<b>EXPANSION</b>	<b>KP</b>	<b>BABIES</b>	<b>Monthly/Member Months Total</b>
201712	168,568	12,986	57,738	7,843	431	247,566
201803	171,607	13,114	58,971	8,237	401	252,330
201806	172,083	13,216	60,327	8,245	387	254,258
201809	172,425	13,251	59,695	8,324	459	254,154
201810	170,703	13,211	59,225	8,253	456	251,848
201811	171,092	13,268	59,134	8,292	373	252,159
201812	169,650	13,270	59,046	8,207	424	250,597*

*\*Annually, the Kern County Department of Human Services (DHS) processes Medi-Cal renewals resulting in decreased enrollment until eligibility redetermination is complete which isn't expected before yearend. Historically, this enrollment reappears as new member growth during the 1st quarter of the following year as these Medi-Cal eligible become re-enrolled.*

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**KHS ADMINISTRATIVE INITIATIVES**

*Provider Relations*

**Credentialing Activities:**

- 45 in November & 35 in December - **New or Initial Credentialed providers**
- 44 in November & 37 in December - **Re-Credentialed providers**

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

- Delano Kidney Center, LLC
- Timothy Galan MD Inc.
- Antelope Valley Nephrology Medical Group
- Niranjan Dass - Pediatric For All
- Ashok Parmar, MD Inc. dba: Niles Children's Clinic

***Marketing/Public Relations Update***

**Sponsorships:**

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

- KHS donated \$1,000 to the California Living Museum Foundation to sponsor 2018 Holiday Lights at CALM from November 30<sup>th</sup> – January 6<sup>th</sup>.
- KHS donated \$1,000 to the Bakersfield City School District Foundation to sponsor their Teddy Bear Picnic on December 6<sup>th</sup> at the Bakersfield Marriott.
- KHS donated \$3,000 to the CBCC Foundation for Community Wellness Pediatric Christmas Party on Saturday, December 15<sup>th</sup> at CBCC. Our donation will allow the Foundation to provide sweatshirts to all the children, food for the children and family members in attendance and help cover the costs to rent an outdoor tent for the program.
- KHS employees will serve as volunteers at this rewarding annual event and our Christmas Carolers will provide entertainment. KHS employees are also holding a toy drive benefitting the children and their siblings



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- KHS donated \$1,500 to Houchin Community Blood Bank for their promotion in January – “Resolve to Get Fit and Save Lives!” The goal is to encourage blood donations and to promote exercise and good health while also benefiting a patient in need. One lucky blood donor each week throughout the month of January will win a Fit Bit and \$100 Nike gift card sponsored by KHS.

**In December & January, KHS will participate in:**

- 12/1 South High School Health & Wellness Fair
- 1/17 Homeless Consumer & Service Provider Day @ the Bakersfield Homeless Center

**KHS OFFICES RELOCATION PROJECT UPDATE**

**Project Status: Green**

The activities undertaken since the last report include:

- **Construction Progress:**
  - Interior framing is almost complete
  - External framing is 2 weeks from completion
  - South portion of building is sheeted and water proofing is ready to be started
  - Fire sprinklers are 100% complete
  - All HVAC units inside building are installed
  - Door and window frames are on-site and ready to be installed
  - PG&E undergrounding is complete
  - AT&T will be complete at the first of the year
  - Curb & gutter will be poured on Sillect this month
  - Recent rain has not affected schedule or progress

Kern Health Systems  
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➤ **Administrative Updates:**

- 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 with GC and Developer to oversee schedule. Site visits occur regularly.
- 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.
- The cubicle design was completed and KHS Corporate Services is finalizing the contract with Stinson's to procure said cubicles.
- 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, Brick Veneer, and Solar).
- Board Room and Executive Conference Room finishes and furniture have been presented to CEO.
- Working with Itani to design Executive Offices and other conference rooms in the Executive suite.
- KHS working closely with Ironshore regarding Pollution Claim.

***Dashboard Presentation***

- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment E.
- The 2018 Fall Member Newsletter is found under Attachment F.



**KERN HEALTH  
SYSTEMS**

**Attachment A**

**Board of Directors Meeting**

**December 13, 2018**

**STATE**

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

*All Plan Letters (APL)*

The DHCS issued four (4) APLs during the months of October and November to provide guidance for Managed Care Plans (MCP).

*All Plan Letters (APL)*

*APL 18-016* - The purpose of this APL is to inform all Medi-Cal MCPs of updated requirements for reviewing and approving written health education materials. Documents that correspond to this APL were also updated: Document A, Review and Approval Guidance for Written Health Education and Member Information Materials, and Document B, Readability and Suitability Checklist for Written Health Education Materials (Checklist). This APL and the corresponding documents supersede the previously released APL 11-018.

*APL 18-017* - The purpose of this APL is to clarify blood lead screening and reporting requirements for Medi-Cal MCPs. This APL supersedes Policy Letter (PL) 02-01.

MCPs must ensure that their contracted providers:

- 1) Provide oral or written anticipatory guidance to the parent(s) or guardian(s) of a child that at a minimum, includes information that children can be harmed by exposure to lead. This anticipatory guidance must be performed at each periodic health assessment, starting at 6 months of age and continuing until 72 months of age.

- 2) Perform BLL testing on all children in accordance with the following: a) At 12 months and at 24 months of age. b) When the health care provider performing a periodic health assessment becomes aware that a child 12 to 24 months of age has no documented evidence of BLL test results taken at 12 months of age or thereafter. c) When the health care provider performing a periodic health assessment becomes aware that a child 24 to 72 months of age has no documented

*APL 18-018* - The purpose of this APL is to provide guidance to Medi-Cal MCPs on the implementation of the Diabetes Prevention Program (DPP). Effective January 1, 2019, MCPs must cover the DPP benefit and make it available to eligible members. MCPs must comply with requirements for the DPP benefit as outlined in this APL and all Medi-Cal NewsFlash updates, Provider Bulletins, and Provider Manual updates on the Medi-Cal website.

KHS' project management team will be managing the Plan's DPP as a project.

*APL 18-019* - The purpose of this APL is to provide clarification for Medi-Cal MCPs and their delegates regarding requirements for coverage of self-administered hormonal contraceptive supplies for family planning. This APL supersedes APL 16-003.

Pursuant to state law, MCPs must cover up to a 12-month supply of FDA-approved, self-administered hormonal contraceptives when dispensed or furnished at one time by a provider or pharmacist or at a location licensed or authorized to dispense drugs or supplies.

### **Department of Manage Health Care (DMHC)**

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

The DMHC issued four (4) APLs during the months of October and November to provide guidance to health care service plans.

*APL 18-017* - California Health and Safety Code section 1374.21, subdivision (a), as amended by SB 546 (Leno, 2015), requires all commercial full-service health care service plans ("plans") to comply with disclosure requirements relating to large group renewal notices. Specifically, no change in premium rates or changes in coverage stated in a group health care service plan contract shall become effective unless the plan has delivered in writing a notice indicating the change or changes at least 60 days prior to the contract renewal effective date. For the purpose of this section, large group plans include In Home Support Services (IHSS) products. This letter provides plans with confirmation of the timing and content requirements of the notices.

The APL does not apply to specialized plans or to Medi-Cal, Medicare, individual, or small group products.

*APL 18-018* - The purpose is to inform health plans that in January 2019, the Department will release the 2019 Annual Filing Checklist regarding the annual reporting required by Health and Safety Code section 1367.27, as enacted by Senate Bill 137 (2015). The Department does not anticipate any significant changes from the current Annual Filing Checklist.

*APL 18-019* - On November 8, 2018, Acting California Governor Gavin Newsom declared a state of emergency in Butte, Los Angeles and Ventura Counties due to the effects of the Camp, Hill and Woolsey fires. This APL provides instruction to health care service plans to ensure their enrollees who have been displaced by the fires continue to have appropriate access to medically necessary health care services.

*APL 18-020* - The purpose to inform health plans that DMHC computer systems and servers will be offline from 5 p.m. Friday, November 30, 2018, until 6 p.m. Saturday, December 1, 2018. During this time, all DMHC systems, including e-Filing and data submission portals, will be offline and unavailable.

## 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], Retrospective Audits [Attachment C], and Policy Audits [Attachment D]

### *California State Auditor's Office*

*Update: The California State Auditor's Office on-site concluded; the Plan continues to respond to additional questions from the audit team.*

The California State Auditor's Office contacted the Director of Compliance and Regulatory Affairs regarding their intent to audit KHS' Administrative Expenses for the period 2015 – 2018 including Kern's fraud detection program.

The California State Auditor is responsible for conducting audits requested by the Legislature and approved by the Joint Legislative Audit Committee. The Audit Committee directed the State Auditor to audit the oversight provided by the DHCS of the Health Plan of San Joaquin and similar Medi-Cal health maintenance organizations. Kern Health Systems is a similar Plan, hence an audit was deemed necessary.

### *Compliance Committee*

On November 15<sup>th</sup>, the inaugural compliance Committee meeting was hosted by the Director of Compliance and Regulatory Affairs.

The purpose of the Committee is to establish and maintain a centralized organizational structure that promotes a culture of transparency, ethical behavior, organizational integrity, and reduces the risk of non-compliance with regulations, contractual requirements, and KHS approved policies and procedures.

The Committee is responsible for overseeing the enforcement of all regulatory, contractual, and policy requirements that will ensure the Company's continued participation in the State of California's Medicaid (Medi-Cal) program through the California Department of Health Care Services (DHCS), its Knox Keene licensure through the California Department of Managed Health Care (DMHC), and future endeavors of business activities and relationships in which compliance oversight is warranted.

The KHS Compliance Committee provides oversight and general guidance on all matters relating to current and potential organizational functions and activities of KHS that may involve risk for non-compliance with the regulations, requirements, and/or standards set forth by the Department of Health Care Services (DHCS), Department of Managed Health Care (DMHC), and other regulatory bodies. The Compliance Committee reports to the KHS Chief Operating Officer (COO).

### *DHCS Medical Audit –2018*

*Update: The draft report is has been received by the Director of Compliance and Regulatory Affairs. The exit interview was held on December 6<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.

**Reporting to government agencies****October 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	On Time
Dental Report Quarterly	On Time
MER Monthly	On Time
Monthly Certification Statement	On Time
NMT-NEMT Monthly	On Time
Provider Calls Monthly	On Time
Provider Network Reports Quarterly	On Time

**November 2018**

<b>Report Name/Item</b>	<b>Status</b>
BHT-CDE Monthly	On Time
Claims Settlement Payment (Quarterly) (DMHC)	On Time
Grievance & Appeals Report	On Time
Grievance Tabulated	On Time
Health Education Cultural & Linguistics Annual Report	On Time
MER Monthly	On Time
Mental Health	On Time
Monthly Certification Statement	On Time
NMT-NEMT Monthly	On Time
Out-of-Network Report	On Time
Prop 56 Report	On Time
Provider Calls Monthly	On Time
Palliative Care	On Time

**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="#">APL18-001 (PDF)</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="#">APL18-002 (PDF)</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="#">APL18-003</a>	Plan Year 2019 QHP/QDP Filing Requirements	N/A	N/A	N/A	N/A	N/A
<a href="#">APL18-004</a>	Unified Billing	N/A	N/A	N/A	N/A	N/A
<a href="#">APL18-005</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 100.12-1 is currently being updated to reflect operational processes.	
<a href="#">APL18-006 (PDF)</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.	



**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="#">APL18-007 (PDF)</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 (PDF)</a>	AB72 Delegated Entity Report	N/A	N/A	4/11/2018	N/A	N/A
<a href="#">APL18-009 (PDF)</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
<a href="#">APL18-012 (PDF)</a>	State of emergency in Riverside and Shasta Counties due to the effects of the Cranston and Carr fires.	N/A	N/A	7/27/2018	N/A	N/A
<a href="#">APL18-013 (PDF)</a>	Revisions to the Independent Medical Review Form (IMR)/Complaint Form	Compliance	Compliance distributed the All Plan Letter (APL) to Stakeholders.	8/1/2018	KHS is prepared to adhere to the requirements of APL18-013.	
<a href="#">APL18-014 (PDF)</a>	States of emergency due to wild fires in ten California counties.	N/A	N/A	8/15/2018	N/A	N/A

**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="#">APL18-015 (PDF)</a>	Filing Requirements for the Medi-Cal Health Homes Program	HHP Compliance	Compliance is working with HHP to identify gaps in program administration.	9/21/2018	KHS will file the necessary documents prior to the April 2019 due date.	
<a href="#">APL18-016 (PDF)</a>	Communication between the Help Center and Health Plans Regarding Consumer Complaints	Compliance	Compliance distributed the All Plan Letter (APL) to Stakeholders.	9/12/2018	KHS is prepared to adhere to the requirements of APL18-016.	
<a href="#">APL18-017 (PDF)</a>	Large Group Renewal Notice Requirements for SB546 Implementation	N/A	N/A	10/5/2018	N/A	N/A
<a href="#">APL18-018 (PDF)</a>	Notice for the January 2019 release of the Annual Filing Checklist for HSC Sec. 1367.27	Compliance	Compliance will distribute the Annual Filing Checklist as appropriate in January 2019.	11/8/2018	KHS is prepared to adhere to the requirements of APL18-018.	
<a href="#">APL18-019 (PDF)</a>	State of Emergency Due To Fires in Butte, Los Angeles and Ventura Counties	N/A	N/A	11/9/2018	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**

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.	11/28/2018	P&P 4.25-P is being circulated for signatures. Stakeholders operationalizing mandate by January 2019	
<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 and implemented by KHS	
<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.	
<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-I Approved by DHCS and implemented by KHS	

**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="#">APL18-009 (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.	11/28/2018	Quarterly Report to be sent 11/15/18, 4th Payment 2017-2018 & 1st Payment 2018-2019 to be sent the week of 11/12/18	
<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="#">APL18-012 (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	11/28/2018	KHS currently has an HHP. Stakeholders will review the requirements of the APL and align current operations with the mandates of the APL.	
<a href="#">APL18-013 (PDF)</a>	Hepatitis C Virus Treatment Policy Update	Health Services Pharmacy	Updates DHCS hepatitis C policy that was previously released in July 2015.	11/28/2018	P&P 3.22 - P updated and it is out for signature. KHS Hep C Approval Criteria has been updated and posted in SharePoint.	
<a href="#">APL18-014 (APL)</a>	Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care	Health Services Provider Relations	Clarifies primary care requirement to provide Alcohol Misuse Screening and Behavioral Counseling interventions to members 18 years and older.	11/11/2018	P&P 3.10-P signed and awaiting implementation. Provider Bulletin to be posted.	

**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="#">APL18-015 (PDF)</a>	Memorandum of Understanding requirements for Medi-Cal Managed Care Plans	Health Services Provider Relations	Describes the responsibilities of Medi-Cal Managed Care Plans for amending or replacing MOUs with county Mental Health Plans for coordination of Medi-Cal mental health services.	11/11/2018	P&P 3.14-P updated and it is out for signature. MOU with KBRs currently being updated by Stakeholders to reflect APL requirements.	
<a href="#">APL18-016 (PDF)</a>	Readability and Suitability of Written Health Education Materials	Health Education Member Services Compliance	The APL provides updated requirements for reviewing and approving written health education materials for Plan Members.	10/26/2018	P&P 2.30-I has been updated and it is ready to be circulated for signature.	
<a href="#">APL18-017 (PDF)</a>	Blood Lead Screening of Young Children	Health Services Provider Relations Member Services	The APL clarifies blood lead screening and reporting requirements for Medi-Cal managed care health plans .	11/28/2018	P&P 3.13-P has been updated and it is ready to be circulated for signature. Provider Bulletin to be posted	
<a href="#">APL18-018 (PDF)</a>	Diabetes Prevention Program	Health Services Disease Management Provider Relations Member Services	The APL provides guidance on the implementation of the Diabetes Prevention Program.	11/28/2018	Project Management is holding Stakeholder Meetings and P&P will be completed by the end of Q4 2018.	
KEY						
					Compliance - YES	
					Compliance - NO	
					Outcome Pending	
					N/A - informational document	

**Kern Health Systems  
2017 DMHC All Plan Letters and Status Updates  
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="#">DMHC APL 17-001 (OPL).pdf</a>	Federal Summary of Benefits and Coverage Template Filing	N/A	N/A-Informational document	N/A	N/A	Applies only to all full service health plan commercial contracts.	N/A	N/A	N/A
<a href="#">DMHC APL 17-002 (OPL).pdf</a>	Timely Access Compliance Reports - MY 2016 & MY 2017	N/A	N/A	N/A	N/A	APL 17-007 (OPL) Timely Access Compliance Reports - MY 2016 & 2017 is superseded by APL 17-007 released on April 7, 2017.	N/A	N/A	N/A
<a href="#">DMHC APL 17-003 (OPL).pdf</a>	Oroville Dam State of Emergency and Evacuations	N/A	N/A	N/A	N/A	Applies only to the following counties: Butte, Sutter, and Yuba due to the significant flooding below the Oroville Dam.	N/A	N/A	N/A
<a href="#">DMHC APL 17-004 (OPL).pdf</a>	2018 DMHC Checklist and Worksheet for Qualified Health Plans in the California Health Benefits Exchange	N/A	N/A	N/A	N/A	Applies to Health Care Service Plan Filings relating to QHP in the California Health Benefits Exchange.	N/A	N/A	N/A
<a href="#">DMHC APL 17-005 (OPL).pdf</a>	2018 DMHC Checklist and Attachment for Qualified Dental Plans in the California Health Benefits Exchange	N/A	N/A	N/A	N/A	Checklist for Health Care Service Plan Filings relating to the Qualified Dental Plans in the California Health Benefits Exchange.	N/A	N/A	N/A
<a href="#">DMHC APL 17-006 (OPL).pdf</a>	Newly Enacted Statutes and Regulations	Provider Relations Health Services Pharmacy	Various	8/1/2018	9/1/2018	Compliance Requirement Not Met: Policy Revisions required for 3.02-P, 3.07-P, and 3.42-P.		Compliance Requirement Met: Policies and Procedures were revised.	
<a href="#">DMHC APL 17-007 (OPL).pdf</a>	Timely Access Compliance Reports Measurement Years 2016 and 2017	Compliance Provider Relations IT Grievance	Provider Appointment Availability Survey Timely Access Compliance Reports	11/28/2018	11/30/2018	Compliance Requirement Met: The Plan operationalized all APL requirements, including contracting with two (2) external vendors to perform the required Reports and Surveys for MY 2016 and MY 2017. The Plan maintains the administrative capacity and expertise to self administer PAAS. All DMHC filings were submitted timely.			
<a href="#">DMHC APL 17-008 (OPL).pdf</a>	Filing EHB Worksheets	N/A	N/A	N/A	N/A	Pertains to Individual Plan Subscriber contracts, Small Group Plan EOC's or Combined Individual or Small Group EOC/Disclosure Forms.	N/A	N/A	N/A
<a href="#">DMHC APL 17-009 (OPL).pdf</a>	Guidance Regarding AB 72 and Notice to Enrollees	N/A	N/A	N/A	N/A	Informational: AB 72's prohibition on surprise balance billing effective July 1, 2017.	N/A	N/A	N/A
<a href="#">DMHC APL 17-010 (OPL).pdf</a>	Qualified Health Plan Guidance Regarding Silver and Dual Rates	N/A	N/A	N/A	N/A	Qualified Health Plan Guidance regarding Silver and Dual Rates.	N/A	N/A	N/A

**Kern Health Systems  
2017 DMHC All Plan Letters and Status Updates  
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="#">DMHC APL 17-011 (OPL).pdf</a>	Guidance Regarding AB 72 and Notice to Enrollees	N/A	N/A	N/A	N/A	Guidance for non contracting individual health care professionals from surprise balance billing an enrollee.	N/A	N/A	N/A
<a href="#">DMHC APL 17-012 (OPL).pdf</a>	Compliance With SB 908's Requirements	N/A	N/A	N/A	N/A	Requirements Regarding Notice of Unreasonable or Not Justified Rate Increases for Individual or Small Group Products.	N/A	N/A	N/A
<a href="#">DMHC APL 17-013 (OPL).pdf</a>	State of Emergency Due To Fires in Napa, Sonoma and Yuba Counties	N/A	N/A	N/A	N/A	Pertains to State of Emergency due to fires in Napa, Sonoma and Yuba Counties.	N/A	N/A	N/A
<a href="#">DMHC APL 17-014 (OPL).pdf</a>	SB 546 Implementation - Large Group Renewal Notice Requirements	N/A	N/A	N/A	N/A	Pertains to Large Group Renewal Notice Requirements.	N/A	N/A	N/A
<a href="#">DMHC APL 17-015 (OPL).pdf</a>	SB 137 Guidance Regarding Provider Directory Annual Filings	Provider Relations Compliance IT	Provider Directory Annual Filings	11/26/2018	12/20/2018	Compliance Requirement Met: 12.13-1, Provider Directory, is under review with DMHC.			
<a href="#">DMHC APL 17-016 (OPL).pdf</a>	State of Emergency Due To Fires in Ventura and Los Angeles Counties	N/A	N/A	N/A	N/A	State of Emergency due to Fires in Ventura and Los Angeles Counties.	N/A	N/A	N/A
<a href="#">DMHC APL 17-017 (OPL).pdf</a>	Knox-Keene Act Standard For Determining Whether An "Emergency" Existed For Purposes Of Provider Reimbursement	N/A	N/A	N/A	N/A	Applies to all Full Service Commercial Health Plans and Specialized Behavioral Health Plans only.	N/A	N/A	N/A

Key	
	Compliance - YES
	Compliance - NO
	Outcome Pending
	N/A-Informational document

**Kern Health Systems  
2017 DHCS All Plan Letters and Status Updates  
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="#">APL17-001.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	Compliance Requirement Not Met: Policy 2.11-1, Group Needs Assessment, requires minor policy revisions.		Compliance Requirement Met: 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	Compliance Requirement Not Met: Policy 6.01- P, Claims Submission and Reimbursement, was updated with the required revisions. Policy 6.29-4, Recovery of Claims Overpayments requires minor policy revisions.		Compliance Requirement Met: Policy 6.29-4, 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	Corporate Services Utilization Management Quality Improvement Provider Relations Information Technology	New and existing Subcontracting and Delegation requirements.	8/9/2018	12/31/2018	In Process: Minor revisions required, key Stakeholders will revise the Professional Services Agreement (PSA) and align the PSA with the APL.			
<a href="#">APL17-005.pdf</a>	Certification of Document and Data Submissions	Claims Health Services Provider Relations Accounting Member Services Compliance Executive Information Systems	Timely submission of accurate data, documents, and reporting to DHCS	8/7/2018	8/28/2018	Compliance Requirement Met: 14.57-i, is in alignment with the APL requirements. The Plan and the Delegated entities comply with the requirements related to certification of data, information, and documentation.			
<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	10/1/2018	Compliance Requirement Not Met: The quarterly Grievance Report to DHCS does not include the Exempt Grievances.		Compliance Requirement Met: The Plan integrated the Exempt Grievances into the quarterly DHCS Grievance Report and resubmitted Q3'17, Q4'17, Q1'18, and Q2'18.	
<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	Compliance Requirement Not Met: The Plan failed to retain a copy of the Notification of the Medical Exemption Request (MER) sent to the Member.		Compliance Requirement Met: 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.	



**Kern Health Systems  
2017 DHCS All Plan Letters and Status Updates  
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="#">APL17-008.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	Compliance Requirement Met: 13.04-I, Formulary Process and Drug Utilization Review, is in alignment with the APL requirements.			
<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	Compliance Requirement Not Met: A Provider Bulletin Notice advising Providers of current PPC reporting requirements was not generated.		Compliance Requirement Met: The Plan generated a Provider Bulletin advising Providers of current PPC reporting requirements and posted the Bulletin on the External Website on 7/25/18.	
<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	11/30/2018	Compliance Requirement Met: 5.15-I, Member Transportation Assistance, is in alignment with the APL requirements. Compliance randomly selected samples for verification of reconciliation.			
<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	Compliance Requirement Met: 3.70-I, Cultural and Linguistic Services, 3.71-P Linguistic Services, and 12.02-I Translation of Written Member Informing Materials, are in line with APL requirements.			
<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 Health Homes Program	Outlines the Requirements for the Health Risk Assessment of Medi-Cal Seniors and Persons with Disabilities	5/23/2018	12/10/2018	Compliance Requirement Not Met: 3.75-I, is not in alignment with the APL requirements, DHCS Contract A.10.A, and CA.WB§14182 14.A-E. The Plan will operationalize process and procedures and revise 3.75-I, on 12/10/2018.			
<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	9/8/2018	11/28/2018	20.50-I, Medi-Cal Managed Care Quality and Performance Improvement Program Requirements is in alignment with APL 17-014 Implementation date 4/13/2018.			

**Kern Health Systems  
2017 DHCS All Plan Letters and Status Updates  
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="#">APL17-015.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.	11/30/2018	12/31/2018	In process: Compliance will perform a policy comparison matrix against the APL and conduct interviews with key Stakeholders.			
<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.	N/A	N/A	APL 17-016 is superseded by APL 18-014.	N/A	N/A	N/A
<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.	11/28/2018	12/28/2018	In process: A Compliance Auditor will meet with the Administrative Director of Health Services on 12/20/18 to discuss current Process and Procedures in place.			
<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.	11/28/2018	12/28/2018	In process: A Compliance Auditor will meet with the Administrative Director of Health Services on 12/10/18 to discuss current Process and Procedures in place.			
<a href="#">APL17-019.pdf</a>	Provider Credentialing / Recredentialing and Screening / Enrollment (Supersedes APL 16-012)	Provider Relations Quality Improvement	Updates to the Plan's requirements related to screening, enrollment, credentialing, and Recredentialing of Providers.	N/A	N/A	The State extended the deadline to implement the APL requirements. The Plan meets current requirements.	N/A	N/A	N/A
<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	Compliance Requirement Met: 6.31-P American Indian Programs, is in line with the APL requirements. 6.31-P was approved by KHS Management and fully implemented on 4/2/2018.			
<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	Compliance Requirement Met: 60.06-1, Third Party Liability, policy revisions are in line with the APL requirements. 60.06-1 was fully implemented on 6/21/2018.			

Key
<span style="background-color: green; color: black;"> </span> Compliance - Yes
<span style="background-color: red; color: black;"> </span> Compliance - No
<span style="background-color: yellow; color: black;"> </span> Outcome Pending
<span style="background-color: gray; color: black;"> </span> N/A- Informational/Supersedes

**Kern Health Systems  
2018 Compliance Policy and Procedure Audit Status Updates  
Attachment D**

Policy	Description	Responsibility	Audit Start Date	Audit Completion Date	Initial Status/ Comment	Initial Compliance Status	Current Status/ Comment	Current Compliance Review Status
<a href="#">4.31-P, Urgent Care Center</a>	Kern Health Systems (KHS) will contract with a facility as an Urgent Care Center only if the facility meets the requirements for hours of operation and facility capabilities set forth in this policy.	Provider Relations	9/20/2018	10/15/2018	Compliance Requirement Met.			
<a href="#">4.08-P, Informed Consent</a>	Contracted providers treating Kern Health Systems (KHS) members are responsible for obtaining consent prior to treatment. No elective surgery or invasive procedure requiring consent may be initiated by a KHS contract provider or KHS contract facility without the verification by those in control of the patient that a properly executed informed consent is in the patient's chart.	Provider Relations	9/20/2018	10/19/2018	The Policy Review/Revision date exceeded the three (3) year review period.		Compliance Requirement Met: 4.08-P is current.	
<a href="#">4.25-P, Provider Network and Contracting</a>	Addresses compliance requirements for all provider types willing to contract with Kern Health System.	Provider Relations	9/20/2018	10/23/2018	Minor Policy revisions required.		Compliance Requirement Met: 4.25-P is current.	
<a href="#">5.09-I, Telephone Answering Standards</a>	Defines department standards for answering incoming calls during business hours. Defines Process and Procedures for incoming calls.	Director of Member Services	10/1/2018	11/21/2018	Compliance Requirement Met: 5.09 is in line with current standards.			
<a href="#">5.31-I, Member Services Training</a>	Defines the Plan's requirements for providing comprehensive training and an orientation program to new employees in the Member Services Department.	Director of Member Services	10/1/2018	11/21/2018	The Policy was eliminated. Contractual requirements do not require implementation of a Member Services Training Policy.			
<a href="#">5.33-I, Personal Representatives</a>	To provide guidelines for recognizing a Member's Personal Representative as having the right to be provided a Member's PHI and to provide the steps necessary for verification of the identity and legal authority of a person requesting a Member's PHI prior to disclosure.	Director of Member Services	10/1/2018	11/21/2018	Compliance Requirement Not Met: The review date and format of the Policy were not current.		Compliance Requirement Met: The review date and format of the Policy are current.	
<a href="#">5.16-I, Assistance with Medi-Cal Members Verification of Citizenship</a>	Kern Health Systems (KHS) will provide assistance to Members requesting information on Medi-Cal Citizenship Verification Requirements. As a Managed Care Plan, the Policy outlines its responsibility in conjunction with the Federal Deficit Reduction Act of 2005, Section 60.6 as referenced in MMCD All Plan Letter 07017.	Director of Member Services	11/7/2018	11/21/2018	5.16-I, was retired and the process was incorporated into the Member Services Representative (MSR) Training Protocol.			

Key

	Compliance - YES
	Compliance - NO
	Outcome Pending
	N/A - informational document



*Governed Reporting System*

# **Kern Health Systems Attachment E**

KHS Dashboard Performance Reports  
(Critical Performance Measurements)

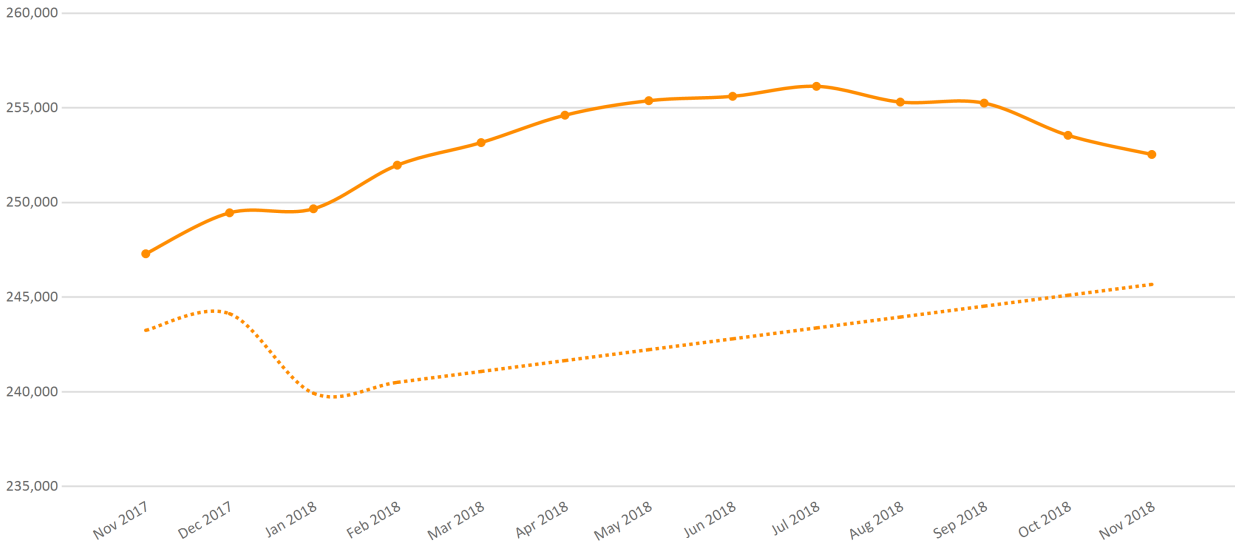


Governed Reporting System

### Membership

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

Total MCAL Membership



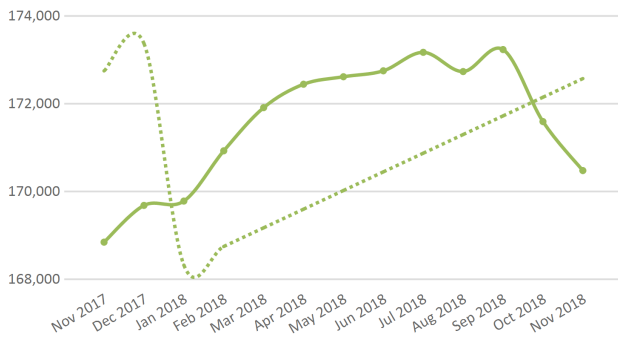


Governed Reporting System

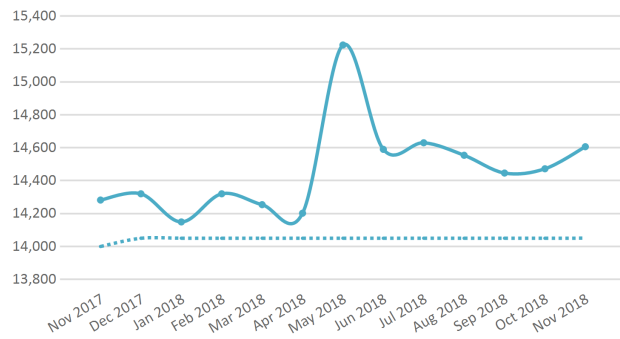
Membership

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

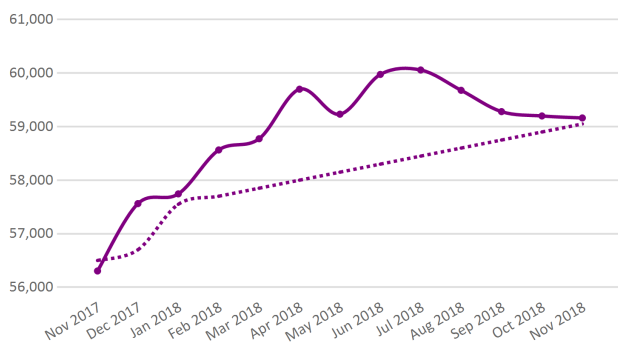
MCAL Family/Other Membership



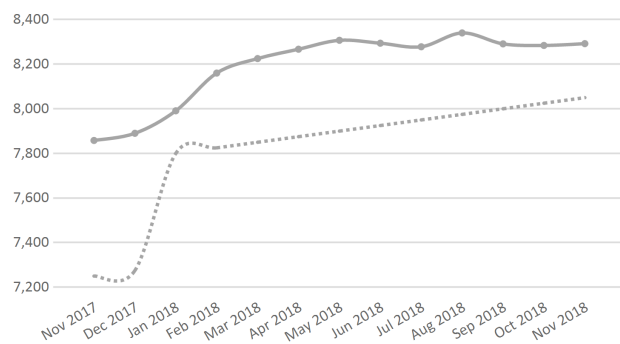
MCAL SPD Membership



MCAL Expansion Membership



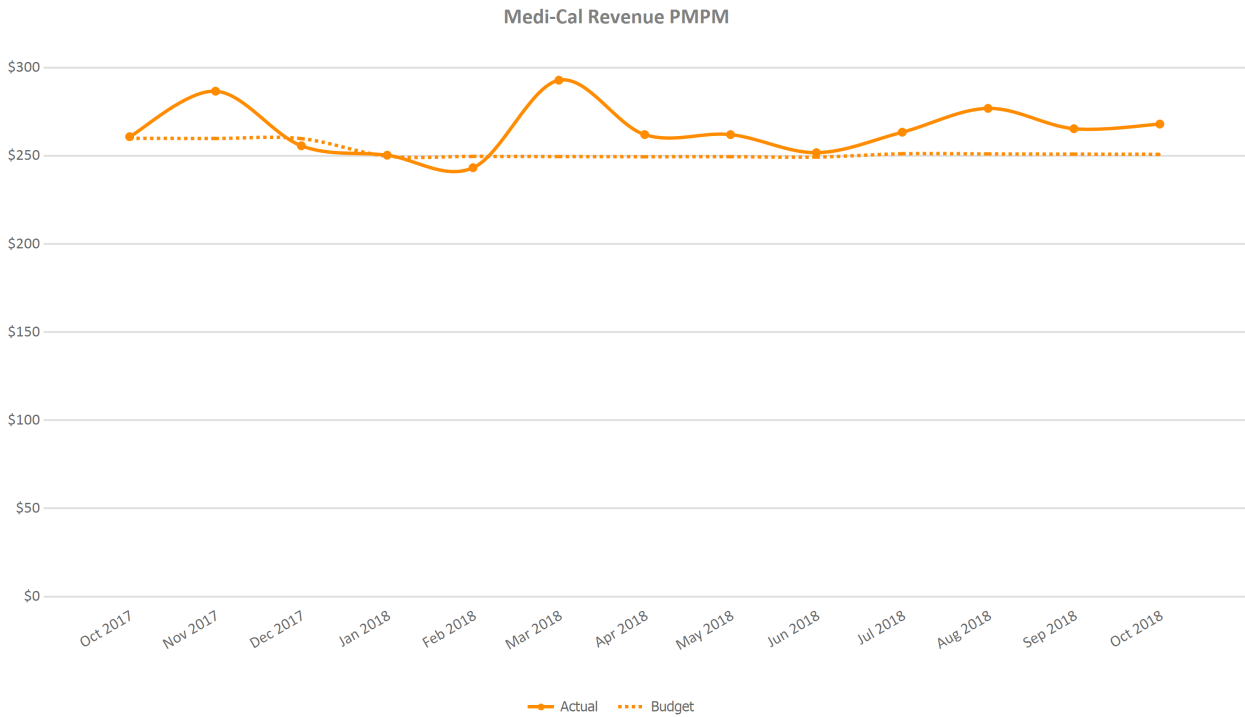
KP Membership





Governed Reporting System

### Revenue





*Governed Reporting System*

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# **Kern Health Systems**

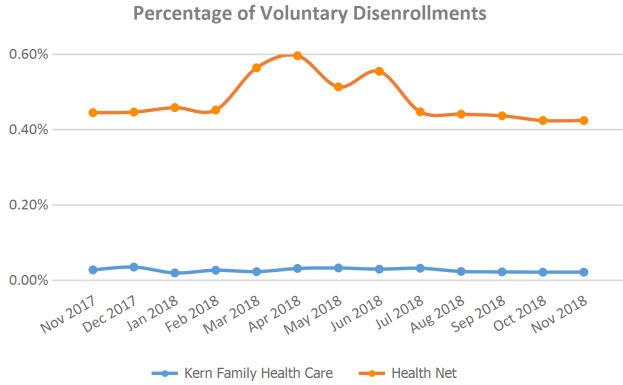
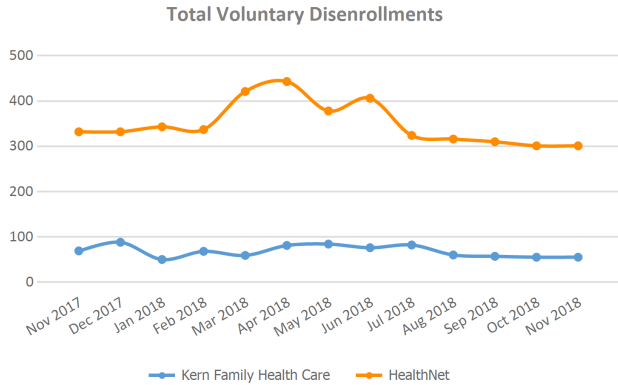
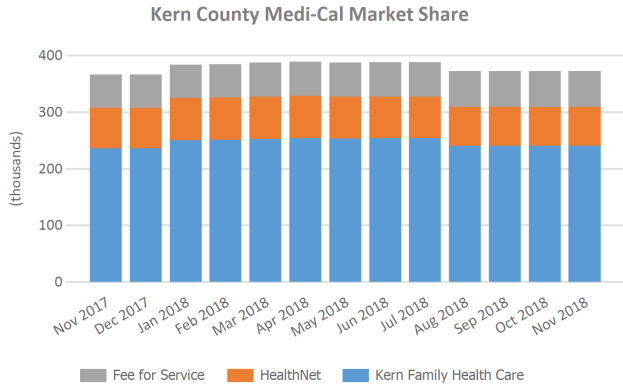
Performance Reports  
Operations Metrics





Governed Reporting System

Enrollment - Market Share

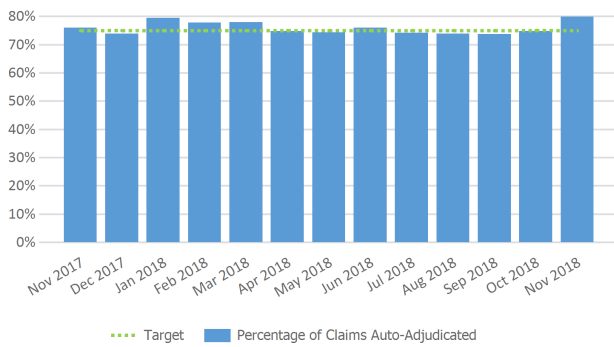




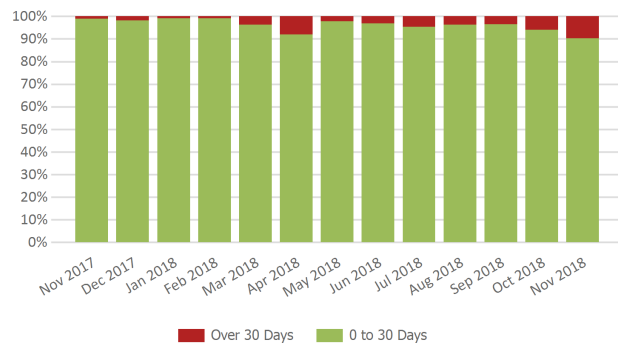
Governed Reporting System

Claims Efficiency and Quality

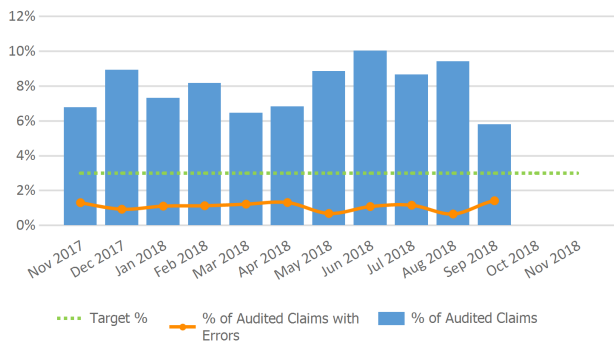
Claims Auto-Adjudication Rates



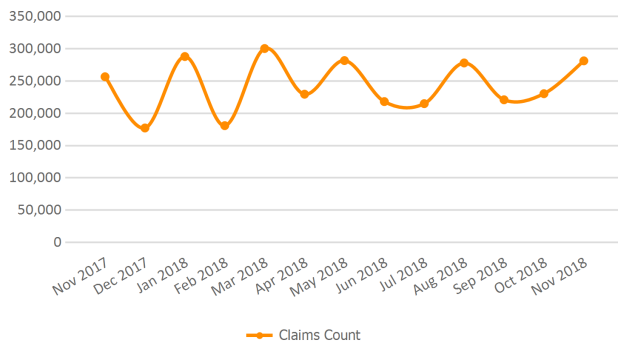
Claims Turnaround Days



Claims Audit Percentage and Accuracy



Claims Processed

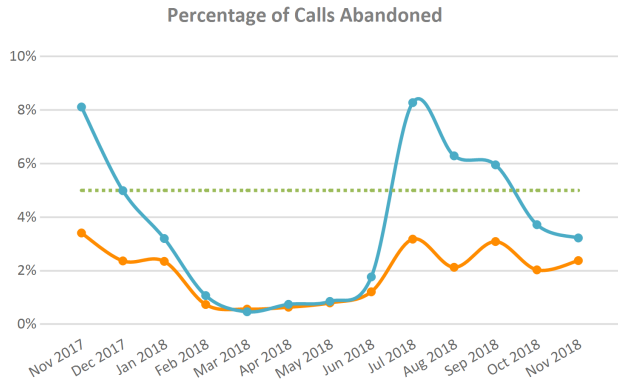
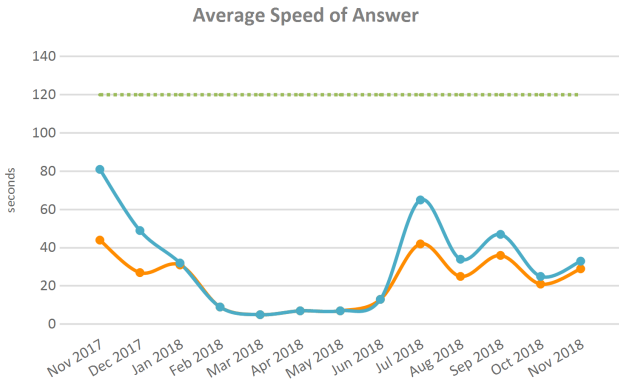
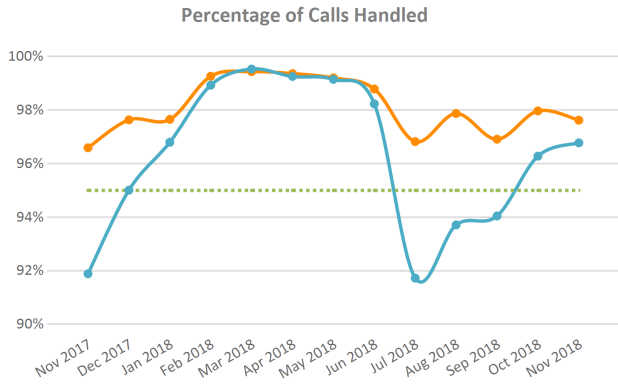
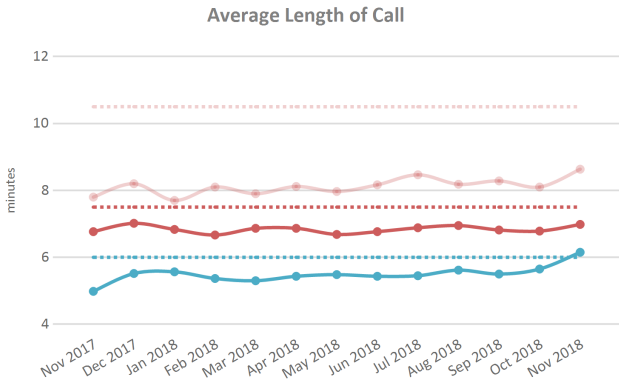




Governed Reporting System

Member Services

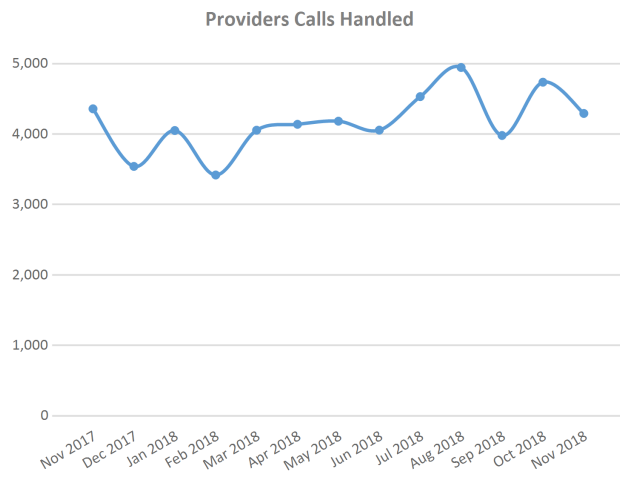
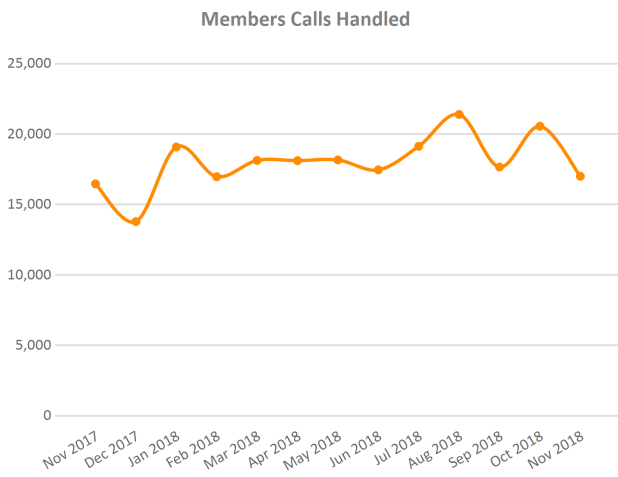
Members Providers Target  
 Members - English Members - Spanish





*Governed Reporting System*

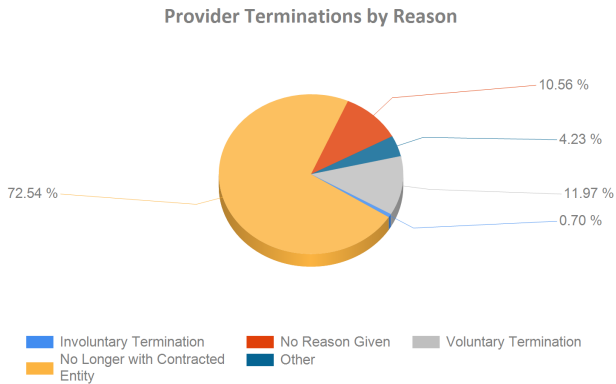
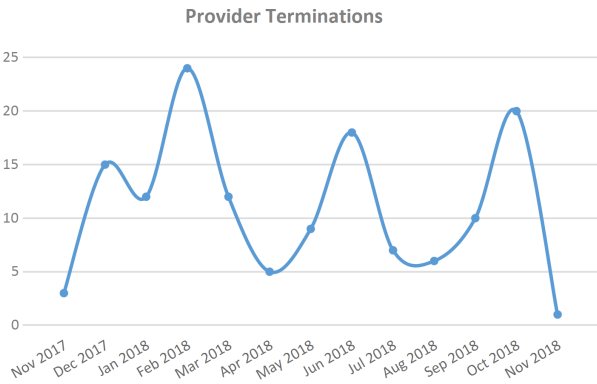
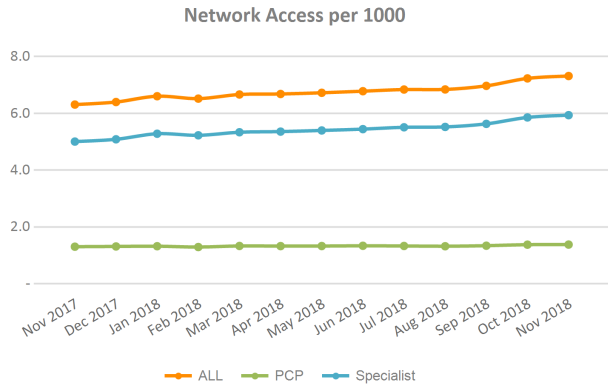
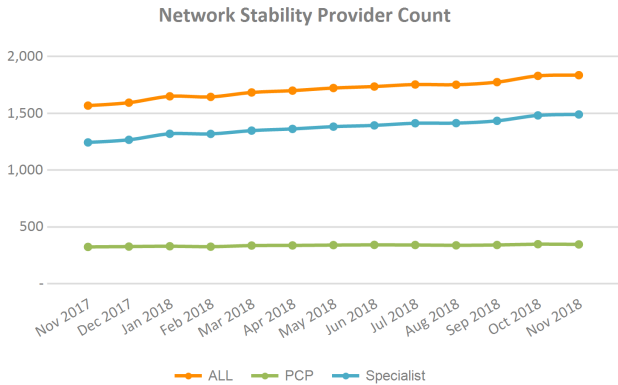
**Member Services Calls Handled**





Governed Reporting System

Provider Network and Terminations



# family health



Attachment F

Fall • 2018

## Kern Care

**K**ern Family Health Care would like to introduce our Health Home Program, Kern Care. Kern Care started in 2017 and is made up of health care workers who are helping our members achieve better health.

There are four Health Home sites in Kern County. Kern Medical has REACH and GROW, Omni-Roberts Lane, and Dignity Comprehensive Care Clinic. Two more sites will open by the end of the year.

Kern Care offers:

- Free transportation for your medical visits.
- Helping your family and caregivers be part of your journey to better health.
- Helping you get in touch with community-based care that can help you.
- Free gifts for keeping your scheduled appointments and for taking part in Kern Care.
- Did we forget to mention it's a free service? Yes, it's free.

Eligibility depends on a few factors. Members with more than one chronic condition, a severe condition, and members who have had



emergency care or hospitalizations may be able to join Kern Care.

If you would like to learn more about the Kern Care program, please call **844-597-5342**.

## Member Rights

Do you have a service or quality of care complaint against Kern Family Health Care or a provider? Please call us first at **661-632-1590** (Bakersfield) or **800-391-2000** (outside of Bakersfield). Or visit our website: **kernfamilyhealthcare.com**.

You may call the Department of Managed Health Care (DMHC) for help if:

- Your grievance is an emergency.
- You are not happy with Kern Family Health Care's decision.
- It has not been resolved in 30 days.

The DMHC's toll-free number is **888-HMO-2219 (888-466-2219)**. Its TDD line (for people with hearing and speech impairments) is **877-688-9891**. You may also call the DHCS Office of the Ombudsman toll-free at **888-452-8609**.

**WE SPEAK YOUR LANGUAGE** Please call **800-391-2000**.

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wellness

# KFHC covers acupuncture for select members

**A**cupuncture is the practice of using fine needles at specific points in the body to relieve pain.

### What could you use acupuncture for?

Acupuncture is used to relieve discomfort from a variety of conditions, including pain that has not responded to traditional treatment, such as:

- Unexplained nausea and vomiting.
- Lower back and neck pain.

**What is covered?** Acupuncture services are covered when they are medically necessary and meet Kern Family Health Care authorization of coverage and utilization review requirements.

Acupuncture services are limited to a maximum of two services per calendar month.



## Should you be for probiotics?



If you spend any time in the yogurt aisles of supermarkets, you've probably heard of probiotics. But what are they? Are they good for your health?

To answer those questions, here are the basics. First, most probiotics are live cultures. These bacteria are similar to or the same as those naturally found in your gut that help your body function properly.

You can find probiotics in yogurt and other dairy products, like kefir and aged cheeses. They can also be found in some nondairy foods (like kimchi or sauerkraut) and supplements.

And what about their health benefits? There's evidence that some probiotics may help prevent diarrhea caused by infections or prescription drugs when your normal bowel flora has been altered. Some may also ease the symptoms of IBS (irritable bowel syndrome) or lactose intolerance.

The U.S. Food and Drug Administration only approves health claims for drugs, not supplements. Much more research is needed to find out exactly how they work.

One caution: Be sure to check with your doctor before taking any probiotic supplements. They have a good safety record with healthy people. But they may cause severe side effects if you have serious health problems.

Sources: Academy of Nutrition and Dietetics; National Institutes of Health







## Is it depression? Talk to your doctor

We all go through sad times. But if sadness casts a long and lasting shadow over your life, it could be more serious. For some, it is serious enough to commit suicide!

Feeling that way can be a sign of depression. Depression isn't a character flaw or failure—it's an illness that you shouldn't ignore. It shouldn't be ignored by a family or a community either. And if you are that family member, friend or stranger whom a person is reaching out to, stop and listen; be present; seek professionals and resources; and if you think the person is a danger to themselves or others, call 911. Be observant of others.

If you are depressed, you might lose interest in hobbies or other things you once enjoyed. And you might feel like you're empty inside.

There are other warning signs too. For instance, you may:

- Sleep too much or not enough.
- Overeat—or lose your appetite.
- Feel restless.
- Easily get distracted or have trouble remembering things.
- Feel like you don't have any energy.
- Feel hopeless or worthless or dislike yourself.
- Get irritated easily.
- Think about death or suicide.
- Attempt suicide.

If you think you might be depressed, tell your doctor or a family member or friend. Reach out to someone! Your doctor may want to learn more about your symptoms. Depressed? It's treatable. Medicines, therapy or an attentive ear help most people feel better.

Sources: American Psychiatric Association; crisiscallcenter.org; Mental Health America; suicidepreventionlifeline.org

# Know your asthma medicines

**A**sthma is treated with two kinds of medicines: controller medicines to **prevent** symptoms and rescue medicines to stop asthma symptoms.

**Controller medicines are also called long-term medicines.** They help **prevent** asthma symptoms and should be used every day, even if you feel well. They work by helping to reduce swelling and mucus buildup inside the airways (breathing tubes). They also relax the muscles around the airways. This opens the airways, which allows more air to be breathed in and out. Controller medicines will not help you during an asthma attack.

**Rescue medicines are also called quick-relief medicines.** They work fast to relieve asthma symptoms when they occur. Rescue inhalers are the most common rescue medicines.

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

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



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

family health **3**





### Valley fever

*Bernardo Ochoa, MPH, Member Health Educator*

#### Q Do I have valley fever or the flu?

**A** Valley fever has common symptoms like the flu. This may lead to a delay in diagnosis. Many people who are exposed to the fungus that causes valley fever have never had symptoms. Other people may have flu-like symptoms, like fatigue (tiredness), cough, fever, shortness of breath, headache, night sweats, muscle aches, joint pain, and a rash on the upper body or legs. For more information, please go to [cdc.gov](http://cdc.gov). Don't forget to wash your hands! And get a FLU SHOT today!



### Tuberculosis (TB)

*Carlos Bello, MPH, CHES, Senior Health Educator*

#### Q Who is at high risk for developing TB disease?

**A** There are two common groups of people at high risk for TB disease:

- People who have recent TB infections. This includes children less than 5 years old and people from areas of the world with high rates of TB. Other high-risk groups include homeless people, injection drug users, and people with HIV infection.
- People with a weak immune system. This includes babies and young children. Other high-risk groups include people with certain health conditions, such as HIV infection, substance abuse, diabetes, and organ transplants.



### Winter recipes

*Flor Del Hoyo, MPH, Member Health Educator*

#### Q What should I do to balance my meals in the cold months?

**A** Most of us struggle to keep a healthy balance during the fall and winter. This season, take a breather. Stock up on veggies that are in season, like Brussels sprouts, winter squash, carrots and sweet potatoes. It's time for warm soups and roasted veggies.

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

### Oral health

In Kern County, 1 out of 3 children does not have a yearly oral health exam. Oral health includes the person's ability to bite, chew, smile and speak. Here are some tips to improve oral health:

- Reduce sugar intake to prevent tooth decay and tooth loss.
- Use fluoride toothpaste to prevent cavities.
- Brush teeth in the morning and at night.
- Floss between the teeth to remove dental plaque.
- Ask your doctor about fluoride varnish if your child is under 6 years old.

Always talk to your dentist if you have any concerns about dental health.

If you have Medi-Cal, you may be approved for Medi-Cal's Dental Program. For more information, call the Department of Human Services at **661-631-6000**.

Sources: California Health and Human Services; Centers for Disease Control and Prevention; World Health Organization

» **CHECK OUT** our weekly recipes on Facebook: [@KernFamilyHealthCare](https://www.facebook.com/KernFamilyHealthCare).

## healthy pregnancy



**A**re you thinking of starting or growing your family? Take good care of your health as soon as you think about getting pregnant. Mom's health is vital to a growing baby. KFHC will reward you for visiting your provider in the first trimester and after the birth of your child.

As soon as you know or think you're pregnant, schedule a visit with your primary care provider (PCP). Your PCP will confirm pregnancy. The PCP may also find your due date!

Once you have a confirmed pregnancy, choose an obstetrician (OB). OBs are doctors trained to care for women during pregnancy. During your pregnancy visits, expect full examinations to make sure you and the baby are healthy. You will also need lab tests and will answer questions about your health. Keep

all your OB visits to ensure a safe and healthy pregnancy.

Once you're home with your new baby, don't forget about your own health—even if the birth went smoothly. Your OB will check to make sure you're healing well. Schedule your postpartum visit for 3 to 7 weeks after birth. Your OB will discuss your plans for future pregnancies. Talk to your OB about how you are feeling (body and mind). This visit focuses on you, your health and well-being. Ask any questions you may have!

"What's missing? Am I ready?" These are common thoughts for new parents during a pregnancy. Start a list of things to ask your provider during the follow-up visits.

To qualify for our KFHC Member Pregnancy Incentives, do the following:

### As soon as you know that you're pregnant:

- Make an appointment for your first prenatal visit within the first 3 months of pregnancy.
- Schedule transportation for your appointment, if needed.
- Have your provider's office fill out, sign, and return the incentive form to KFHC.
- At your appointment, have your provider fill out the form.
- Send the form by mail or fax to receive a \$30 Target gift card by mail.

### After the birth of your baby:

- Schedule your postpartum care visit soon after the birth of your baby.
- Make sure your visit is between 3 to 7 weeks (21 to 56 days) after the birth of your baby.
- You will receive a \$30 Target gift card by mail.

Have more questions about your pregnancy? Talk to your provider. They can help answer your questions and guide you to make the best choices possible.

Sources: Office on Women's Health; World Health Organization

**» IF YOU NEED HELP with any of the items above, call 800-391-2000. A Member Services Representative can help with finding a provider, scheduling appointments and transportation.**

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

family health **5**

# member news

## Ask your provider

Have you been to the emergency room recently? Not sure when to go to the urgent care center? Write down three questions for your provider to help you decide what would be your best care option when you get sick.

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



Take them to your next provider visit.



## Help stop fraud!

You can help us stop health care fraud.

- Here are some kinds of fraud:
- Letting someone use a Kern Family Health Care (KFHC) member ID Card that does not belong to him or her.
  - Giving wrong information on forms.
  - Visiting many doctors and pharmacies for the same drug.
  - Trying to get medicines that a doctor didn't order.

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



## Timely access to care

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

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

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



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

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

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

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**To: KHS Board of Directors**

**From: Bruce Wearda, R.Ph.**

**Date: December 13, 2018**

**Re: Pharmacy & Therapeutics (P&T) modifications**

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**Background**

The P&T committee has assessed that the KHS formulary adequately provides medically necessary drug classes and appropriate limits to help ensure that the pharmaceuticals available and their manner prescribed will provide appropriate care (aligned with national guidelines), improve HEDIS scores, and minimize fraud, waste, and abuse in the area of pulmonology, dermatology, and OB/GYN.

The formulary was evaluated not only on upcoming therapies and medicines available, but also scrutinized older medications for relevancy.

The P&T committee is continuing to evaluate the appropriateness of the pharmaceuticals available are not only efficacious and cost effective, but that the safety profile is sound.

**Requested Action**

Accept the following recommendation of the P&T Committee:

Add the following drugs. They are in the same class as current medications on the Formulary. The relative cost per prescription is similar or better than current drugs in the same category.

- For the management of COPD: Anoro Ellipta and Stiolto Respimat (as an alternative), Trelegy Ellipta will require a prior authorization after documentation of trying and failing long acting cholinergics and inhaled corticosteroid/long acting bronchodilator combinations.
- For dermatology management: isotretinoin 20 mg and 40 mg capsules if prescribed by dermatologists. Ivermectin if prescribed by dermatologists.
- OB/GYN management: Lo Loestrin by prior authorization if prescribed by an OB/GYN. Orilissa with prior authorization by OB/GYN.

The following modification will occur with Nuva Ring. It no longer will require a prior authorization.

- Clotrimazole/betamethasone will be removed due to clinical reasons. Formulary alternatives are available.





**To: KHS Board of Directors**

**From: Bruce Wearda, R.Ph.**

**Date: December 13, 2018**

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

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**Background**

In accordance to KHS Policy 10.01-I, candidates nominated to sit on the clinical committees are to be presented to the Board of Directors.

Committee members serve for two-year terms. Five members are up for re-appointment: Allison Bell, Pharm. D, Dilbaugh Gehlawat, M.D., pediatrician, Sarabjeet Singh, MD., FACC, FAHA, FACP, general medical doctor position, Saman Ratnayake, M.D, internist, and Vasanthi Srinivas, M.D., OB/GYN.

Other members currently on the committee, continuing to serve are: Jeremiah Joson, Pharm. D, CGP, BCPS, BC-ADM geriatric specialty practice pharmacist and Joseph Tran, Pharm D, community chain pharmacist. The Board Pharmacy Representative, KHS CMO, and Director of Pharmacy are ongoing standing committee members.

**Requested Action**

Approve re-appointment of the following members to the P&T Committee:

- Allison Bell, Pharm. D is a local pharmacist representing the independent retail pharmacy.
- Dilbaugh Gehlawat, M.D., is a local pediatrician.
- Sarabjeet Singh, MD., FACC, FAHA, FACP, representing the general medical doctor position.
- Saman Ratnayake, M.D, is the committee's internal medicine representative.
- Vasanthi Srinivas, M.D., is representing the OB/GYN function of the committee.







## SUMMARY

### FINANCE COMMITTEE MEETING

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

Friday, October 5, 2018

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: Deats, McGlew, Melendez, Rhoades

Members absent: Casas

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

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

COMMITTEE ACTION SHOWN IN CAPS

#### 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 August 3, 2018 -  
APPROVED  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 4) Proposed Agreement with VOYA, to administer services related to the Employer 401(a) and 457(b) Retirement Plans (Fiscal Impact: None) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 5) Proposed Agreement with Crayon Software Experts, LLC, to purchase Microsoft Licensing, maintenance and technical support, from January 1, 2019 through December 31, 2021, in an amount not to exceed \$844,495 (Fiscal Impact: \$844,495; Budgeted) -  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 6) Proposed Purchasing agreements associated with the new building for technology infrastructure, from October 11, 2018 through December 31, 2018, in an amount not to exceed \$1,500,000 (Fiscal Impact: \$1,500,000; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 7) Unusual travel request for Kern Health Systems Director of Government Affairs and Business Development to attend the Project Management Institute’s PMO Symposium in Washington DC, from November 11, 2018 through November 14, 2018, in an amount not to exceed \$4,047 (Fiscal Impact: \$4,047; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-McGlew: 4 Ayes; 1 Absent – Casas**
- 8) Unusual travel request for Kern Health Systems Project Management Supervisor to attend the Project Management Institute’s PMO Symposium in Washington DC, from November 10, 2018 through November 14, 2018, in an amount not to exceed \$4,082 (Fiscal Impact: \$4,082; Budgeted) –  
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Rhoades: 4 Ayes; 1 Absent – Casas**
- 9) Report on Kern Health Systems financial statements for July 2018 and August 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-Melendez: 4 Ayes; 1 Absent – Casas**
- 10) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted for July 2018 and August 2018 (Fiscal Impact: None) –  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Rhoades-Melendez: 4 Ayes; 1 Absent – Casas**

**Summary**  
Finance Committee Meeting  
Kern Health Systems

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10/5/2018

ADJOURN TO FRIDAY, DECEMBER 7, 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.

